

Leading Asia

 **Maybank**

ANNUAL REPORT 2019
Maybank (Cambodia) Plc.

 **Humanising
Financial Services
SINCE 1960**



**Together Through
Generations**

USD33.9 Million

- Highest ever Profit Before Tax since local incorporation

Positive Growth in KHR Portfolio

- Exceeded the regulatory requirement of 10% of total KHR loan outstanding

Hall of Fame in 2019

- Best SME Bank Cambodia
- Best Retail Bank in Cambodia
- Best CSR Initiative

Together Through Generations

When Alia was six years old, her father gave her a Maybank *tabung harimau* (tiger coin box) to inculcate the habit of saving money. As her *tabung* became full, she would make a trip with her father to the Maybank branch near their home to deposit the savings into her bank account. Many decades later, Alia continues to use the trusted Maybank brand for her banking needs and has started her 12-year-old grandson, Omar, on his journey of financial management by using Maybank's latest product MAE, an e-wallet.

By serving many generations of customers – initially starting with branches located near popular *kopitiams* in small towns to now offering digital services accessible in the comfort of one's home - Maybank has evolved to become the largest bank in Malaysia and one of the largest banks in ASEAN.

Here in Cambodia, Maybank went through a similar journey since 1993, operating along and supporting Cambodia's growth journey, cementing a strong 26 years' presence in the Kingdom.

Our growth is accomplished by staying true to our mission of Humanising Financial Services which drives us to constantly innovate and incorporate sustainability considerations in our pursuit of meeting the evolving needs of our stakeholders today and of the future generations.



1993

Opened **first Maybank branch** in Phnom Penh, Cambodia



2012

Maybank Phnom Penh Branch **locally incorporated** as Maybank (Cambodia) Plc.



2012

Launched Maybank's award-winning Internet Banking portal in Cambodia, **Maybank2u**



2016

Official launch of **Maybank Tower**, the new Phnom Penh skyline, demonstrating Maybank's commitment towards partnering Cambodia in its growth journey



2016

Launched the first in the market **Maybank Visa Debit Picture Card**



2016

Introduced  Maybank Foundation flagship programmes, **Maybank Women Eco-Weavers** and **Maybank CashVille Kidz** financial literacy programme



2014



Launched **Maybank Premier Wealth**, a new branded segment offering designed to cater to affluent customers through personalized and comprehensive financial solutions

2015



Launched **Maybank Visa Debit Card**, the first dual purpose card which provides local and international access to cardholder's bank account

2015



Entered into a licensing partnership with American Express, with Maybank becoming the **sole acquirer for American Express** in Cambodia

2018



Launched our **FutureReady Digital Upskilling Programme** with the aim of increasing employees' digital literacy

2019



Added **Host-to-Host Capabilities to our M2E**, enabling straight through processing (STP) directly from the corporate client's host to our Cash Management System

2019



Pilot rollout of the updated **Maybank Mobile App** with a fresh and intuitive UI/UX, and standardized interface across key countries where Maybank operates

ABOUT OUR REPORT

Maybank (Cambodia) Plc's Annual Report is our primary report and include corporate and financial statements which provides an assessment of the Bank's performance for 2019 and outlook for 2020.



Icons Used in This Report

Five capitals that we use to create value are:

-  Financial Capital
-  Intellectual Capital
-  Manufactured Capital
-  Human Capital
-  Social & Relationship Capital

Our identified stakeholders are:

-  Customers
-  Investors
-  Regulators
-  Communities
-  Employees

Our identified material matters are:

-  Cyber Security
-  Risk Culture
-  Good Governance
-  Sustainable Business Growth
-  Responsible Financing
-  Financial Inclusion
-  Our Environmental Footprint
-  Low-Carbon Economy
-  Customer Experience
-  Product and Service Innovation
-  Leadership and Talent Pipeline
-  Employee Well-being, Diversity and Inclusivity
-  Community Empowerment

Cross references:

-  Tells you where you can find more information within the reports
-  Tells you where you can find more information online at www.maybank2u.com.kh

INSIDE THIS REPORT

PG. **02 - 13**

OVERVIEW

- 02 We Are Maybank
- 04 Local Branch Network
- 06 Strategic Business Units
- 08 Group Corporate Structure
- 09 Organisation Structure
- 10 Key Messages from Chairman
- 12 Key Messages from Our CEO

PG. **14 - 15**

OUR STRATEGY TO CREATE VALUE

- 14 Our Business Model

PG. **16 - 22**

FINANCIAL CAPITAL

- 16 Reflections from Our Chief Financial Officer
- 18 Community Financial Services
- 21 Commercial & Transaction Banking

PG. **23 - 27**

INTELLECTUAL CAPITAL

- 23 Technology & Operational Excellence
- 25 Service Delivery
- 26 Risk Management
- 27 Compliance

PG. **28 - 35**

HUMAN CAPITAL

- 28 Human Capital
- 32 Board of Directors
- 34 Executive Committee

PG. **36 - 48**

ENSURING RESPONSIBLE GOVERNANCE

- 36 Corporate Governance Overview Statement
- 40 Statement on Risk Management and Internal Control
- 45 Audit Committee Report

PG. **49 - 51**

SOCIAL & RELATIONSHIP CAPITAL

- 49 Corporate Responsibility

PG. **52 - 106**

FINANCIAL STATEMENTS

- 53 Report of the Board of Directors
- 55 Independent Auditor's Report
- 57 Statement of Financial Position
- 58 Statement of Comprehensive Income
- 59 Statement of Changes in Equity
- 60 Statement of Cash Flows
- 61 Notes to the Financial Statements

PG. **107 - 114**

OTHER INFORMATION

- 107 Event Highlights 2019
- 110 Corporate Information
- 111 Group Directory
- 114 Branch Directory



WE ARE

Established in 1960, Maybank is the largest financial services group in Malaysia with an established presence in the ASEAN region. Maybank established its presence in Cambodia in 1993 and has since grown from a single branch set-up to become a locally incorporated bank in 2012.

OUR VALUES...

- T**eamwork
- I**ntegrity
- G**rowth
- E**xcellence & Efficiency
- R**elationship Building

Our **T.I.G.E.R.** values are the guiding principles for all Maybankers to serve our mission of Humanising Financial Services.

✓ fulfil

OUR MISSION

Humanising Financial Services

We fulfil our customers' ambitions by building trusted relationships that last for generations through thick and thin. We believe in treating all our stakeholders fairly and in simplifying financial solutions.

✓ guides

OUR ASPIRATION

Advancing Asia's Ambitions With You

As we grow together with our customers, the Maybank brand has reached all 10 ASEAN countries, Greater China and other key global financial markets. Our aspiration is to be the top ASEAN bank, fulfilling our customers' ambitions in the region and linking them to Asia and beyond.

WITH OUR UNIQUE DIFFERENTIATORS...

We serve our communities in ways that are simple, fair and human,

embodying our mission.



Over **43,000** Maybankers

who serve the mission, empowered by our **T.I.G.E.R.** values.



Our strong retail community franchise

spanning across ASEAN.



AND OUR STRUCTURE...

In serving our mission, we provide an array of financial products and services through three key business pillars, supported by shared corporate functions across our global network of 18 countries.

In Cambodia, our key business pillars and shared corporate functions are as follows.

Business Pillars

Community Financial Services

For: Individuals and Retail Small Medium Enterprise (RSME)

Offers: RSME, Consumer Finance, Premier Wealth, Funding Deposit & Bancassurance, Virtual Banking & Payments and Cards Business

Commercial & Transaction Banking

For: Business, corporates and institutions

Offers: SME and Business Banking, Short Term & Long Term Business loan, Overdrafts, Trade Financing, Trade Facilities, Payment and Cash Management Solution

Global Markets

For: Individuals and corporates

Offers: Money Market, FI/ FX Sales & Advisory.

Corporate Functions

Business Operations Support | Corporate Affairs & Communications | Finance & Strategy | Human Capital | Compliance | Risk | Internal Audit

MAYBANK

We provide a full suite of conventional and Shariah-compliant products and services in commercial banking, investment banking and insurance.

HELP DELIVER VALUE ACROSS ASEAN...

We take a leading role in driving economic growth and helping communities progress towards a sustainable future. Our strategy is focused on areas where we believe we can make a significant difference in fulfilling our customers' and communities' ambitions including financial inclusion, whilst supporting businesses, big and small, to succeed in ASEAN and beyond.

USD732 million

(RM3.0 billion)

loans approved for affordable housing in Malaysia in FY2019.

Over 1.1 million

MAE accounts opened since launch in 2019 - supporting efforts towards a cashless society.

USD2.2 billion

(RM9.0 billion)

new retail SME loans disbursed across the region in FY2019.

7,332

differently abled participants trained under R.I.S.E. since its pilot in 2014.

208,746

students benefited from Cashville Kidz financial literacy programme since its launch in 2013.

> AND BEYOND.

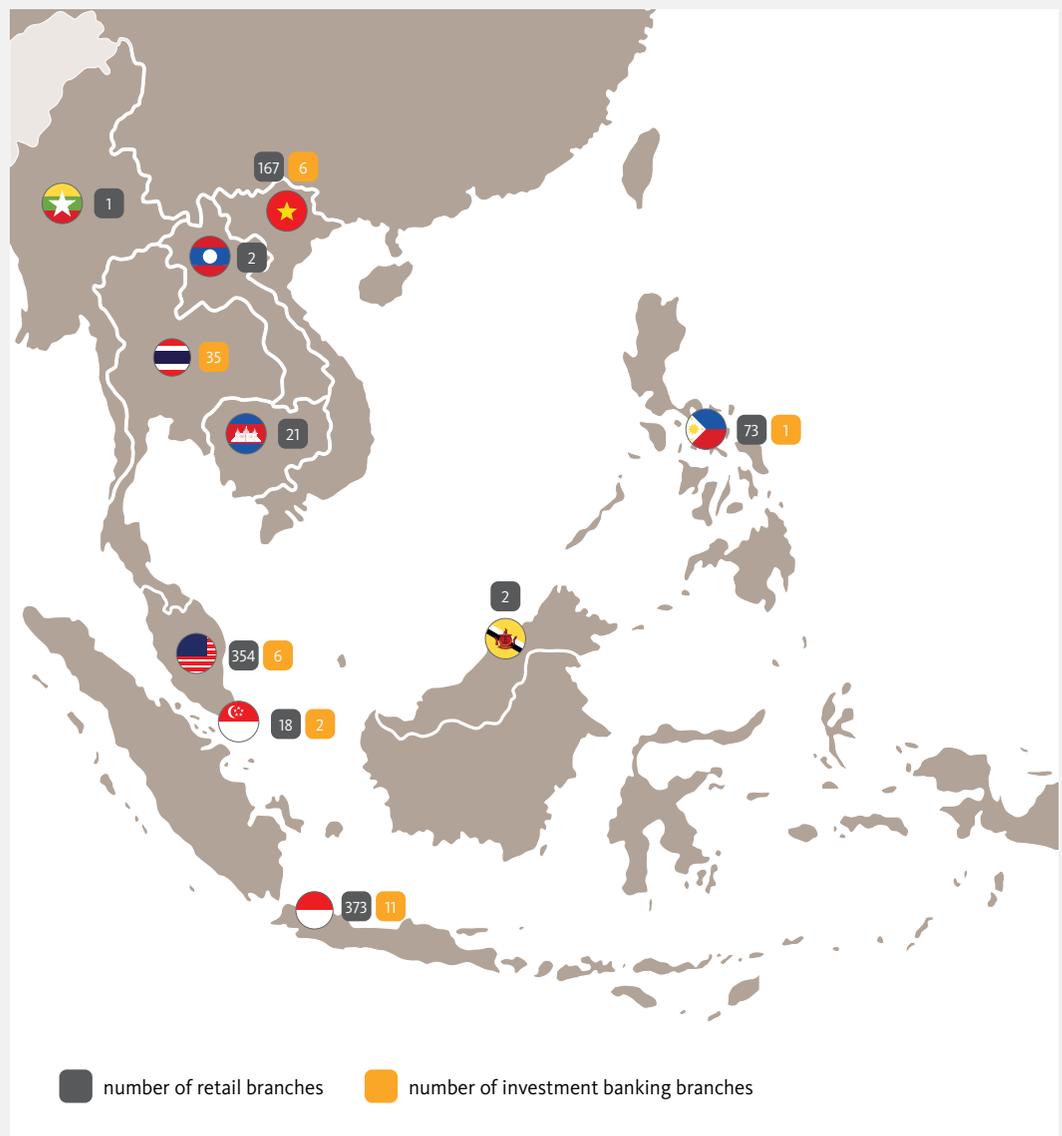
We are in 18* countries including all 10 ASEAN countries, with Malaysia, Singapore and Indonesia being our home markets. We are also present in international financial centres such as London, New York, Hong Kong and Dubai.

2,629

retail branches worldwide

65

investment banking branches worldwide

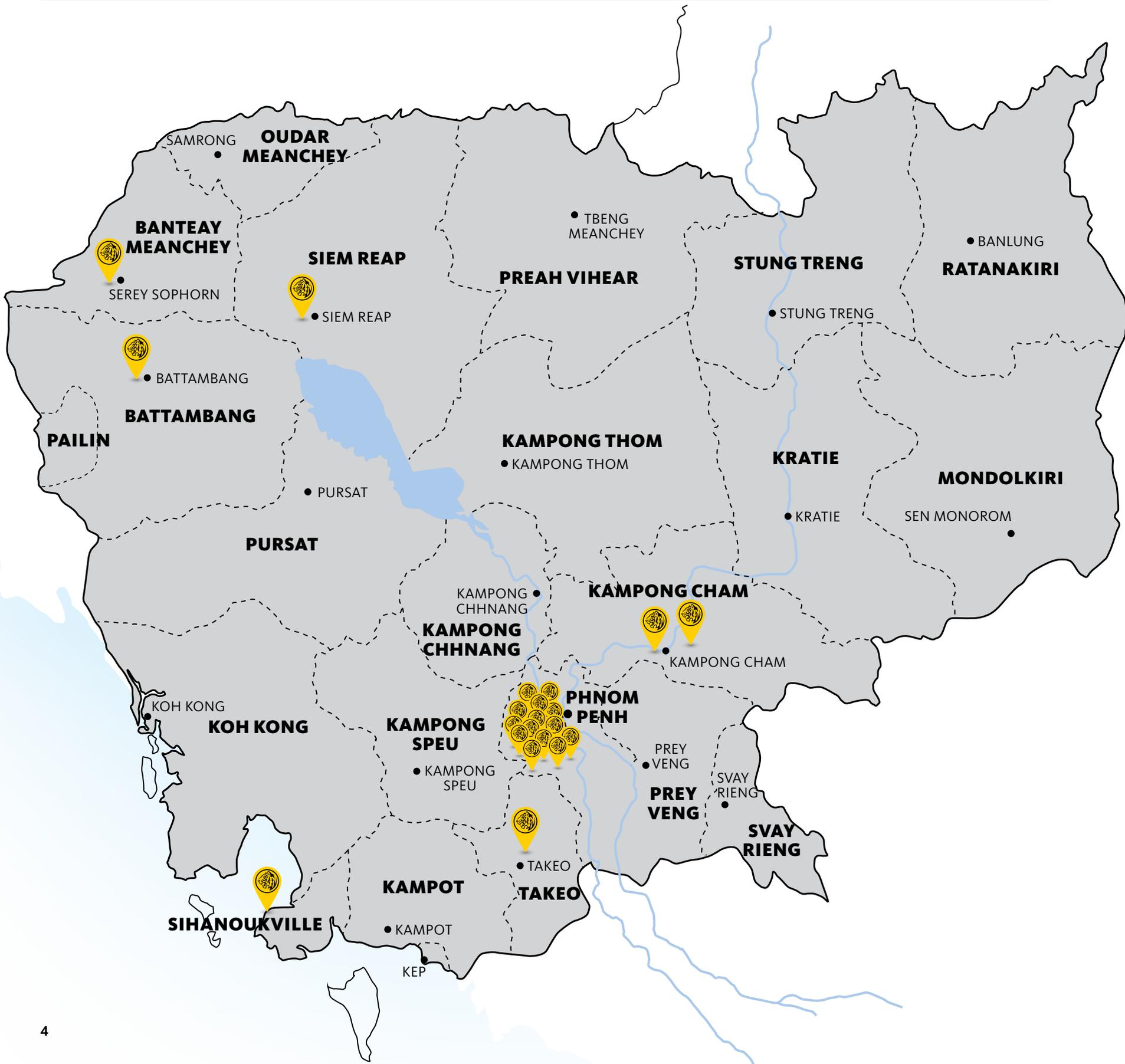


For more details about our global network, refer to www.maybank.com/worldwide

* The non-ASEAN countries are Greater China, Saudi Arabia, India, Pakistan, UK, USA, Uzbekistan and UAE.

LOCAL BRANCH NETWORK

Maybank is among Cambodia's top ten banks by assets. It was established in Phnom Penh in 1993 and has since grown from a single branch set up to become a locally incorporated bank in 2012. Maybank offers the full range of financial services ranging from corporate, commercial and consumer banking as well as internet and mobile banking. It operates in the main city of Phnom Penh and in most of the major provinces in Cambodia with a network of 21 branches.



Local Branch Network

PHNOM PENH BRANCHES



PHNOM PENH MAIN BRANCH
18 December 1993



MAO TSE TOUNG BRANCH
21 January 2009



TOUL KORK BRANCH
28 December 2009



TOEUK THLA BRANCH
17 March 2008



OLYMPIC BRANCH
19 October 2009



KAMPUCHEA KROM BRANCH
28 October 2013



OBK KAORM BRANCH
28 October 2013



BOENG KENG KANG TI MOUY BRANCH
18 December 2014



CHROY CHANGVAR BRANCH
28 October 2013



PHNOM PENH SPECIAL ECONOMIC ZONE BRANCH
28 October 2012



CHBAR AMPOV BRANCH
10 August 2009



OU RUESSEI BRANCH
29 December 2014



STUNG MEANCHEY BRANCH
26 December 2011

PROVINCIAL BRANCHES



KRONG SOUNG BRANCH
29 December 2014



KAMPONG CHAM BRANCH
29 April 2011



SEREY SOPHORN BRANCH
28 October 2013



SIEM REAP BRANCH
15 June 2009



BATTAMBANG BRANCH
21 June 2010



SIHANOUKVILE BRANCH
13 October 2010



TAKEO PROVINCIAL BRANCH
29 December 2014



TA KHMAO BRANCH
09 June 2014

STRATEGIC BUSINESS UNITS



Malayan Banking Berhad is the holding company and listed entity for Maybank Group. Our key subsidiaries and associates are as follows:

Islamic Banking



Maybank Group Islamic Banking is the largest Islamic banking group by assets in ASEAN. Leveraging on the Group's system, IT infrastructure and distribution network, we offer a range of Islamic financial products and services across 354 Maybank touchpoints in Malaysia, as well as in our international operations in Indonesia, Singapore, Hong Kong, London, Labuan and Dubai.

In Malaysia, Maybank Islamic continues to be the market leader in terms of total assets, total financing, and total funding (Deposits and Unrestricted Investment Account) as well as profitability across all key business segments.

The Group adopts an Islamic-first approach where we offer Shariah-compliant products and services to our customers as a standard product. Our Islamic banking business contributed 60.7% to Maybank's financing in Malaysia as at 31 December 2019.

Insurance & Takaful



Etiqa is a leading insurance and Takaful business in ASEAN, offering a full range of Life and General conventional insurance policies as well as Family and General Takaful plans via our multiple distribution channels of over 10,000 agents, 46 branches and 17 offices, and over 490 bancassurance network (via branches, cooperatives, brokers and online platforms) across Malaysia, Singapore, Indonesia, the Philippines and Cambodia. We are also the leading digital insurance/Takaful player in Malaysia with over 60% market share of online premium/contribution in the past three consecutive years.

Investment Banking



Maybank Kim Eng (MKE) Group is the investment banking arm of Maybank Group. It comprises two groups of companies; namely, Maybank Investment Bank Berhad (MIBB) and Maybank Kim Eng Holdings Limited (MKEH). Through MIBB and MKEH, MKE operates in Malaysia, Singapore, Thailand, the Philippines, Indonesia, Vietnam, Hong Kong, India, New York, and London through a total of 65 investment banking branches and 87 touchpoints.

MKE offers a complete range of investment banking products and solutions to various retail, mid-market, corporate and institutional segments, including debt advisory and arrangement via bonds and sukuk, project financing, leverage financing, and loan syndication; alongside equity capital markets solutions as well as advisory, including mergers and acquisitions and strategic advisory.

MKE also offers equity derivatives, market access and financing via its securities operations covering retail, prime and institutional broking, supported by on-ground, ASEAN-wide company, sector, country and macro research.

Asset Management



Maybank Asset Management Group Berhad (MAMG) is the asset management arm of Maybank Group. It has a highly experienced fund management team, averaging over 20 years of individual investment experience and expertise in Asian markets. MAMG offers a variety of conventional and Islamic investment solutions and manages portfolios that range from equity, fixed income to money market instruments for high net worth individuals, corporates and institutions. MAMG also offers alternative investment solutions and maintains strategic partnerships with reputable asset managers to offer global investment solutions. MAMG operates across the Group's three home markets, namely Malaysia, Singapore and Indonesia. MAMG's Assets Under Management amounted to RM26.7 billion as at 31 December 2019.

Strategic Business Units

International Operations

**MAYBANK SINGAPORE**

Maybank Singapore has a net asset size of approximately SGD76.5 billion and staff strength of over 2,000. As one of the domestic systemically important banks (D-SIBs) identified by the Monetary Authority of Singapore, Maybank Singapore Limited (MSL) was established as a Singapore-incorporated subsidiary with Qualifying Full Bank (QFB) privileges in 2018. Operating in 27 service locations, MSL operates the retail and commercial businesses (CFS) which offer retail (personal banking, privilege wealth, premier wealth), private wealth and SME banking services. MSL is part of atm⁵, Singapore's only shared ATM network among six participating QFBs, giving retail customers access to more than 200 ATMs located across the country. Meanwhile, the corporate and institutional businesses which are still operating under Maybank's Singapore Branch, offers a wide range of wholesale and investment banking solutions, and provides banking services at 10 branch locations. Maybank Singapore contributed 0.7% and 24.4% to the Group's profit before tax and gross loans* respectively in FY2019.

**PT BANK MAYBANK INDONESIA TBK**

PT Bank Maybank Indonesia Tbk (Maybank Indonesia) is a subsidiary of Maybank and listed on the Indonesia Stock Exchange (Ticker: BNI1). It provides a comprehensive range of products and services to individual and corporate customers through its Community Financial Services (Retail Banking and Non-Retail Banking) and Global Banking businesses through a network of 374 branches (which includes 16 Shariah branches and one overseas branch in Mumbai) and 1,571 ATMs including 87 cash deposit machines. Maybank Indonesia is one of the largest commercial banks in Indonesia by assets at IDR169.08 trillion and has total customer deposits of IDR110.60 trillion as at 31 December 2019. Maybank Indonesia contributed 6.0% and 7.1% to the Group's profit before tax and gross loans* respectively in FY2019.

**MAYBANK BRUNEI**

Maybank Brunei was established in 1960 and has two branches located in Bandar Seri Begawan and Seria offering a wide range of retail and commercial banking services including mortgage, trade finance and remittance.

**MAYBANK CAMBODIA PLC**

Maybank Cambodia PLC (MCP) was established in 1993 and locally incorporated in 2012, with 21 branches across Cambodia. MCP provides the full range of banking services for emerging affluent and affluent consumers, retail SMEs and corporate clients.

**MAYBANK VIETNAM**

Maybank Vietnam was established in 1995 with two branches located in Ho Chi Minh and Hanoi that provide wholesale banking services including capital expenditure financing, working capital, trade and project financing as well as foreign exchange products to regional corporate clients.

**MAYBANK LAOS**

Maybank Laos was established in 2012 with two branches in Vientiane that provide commercial banking services including trade financing and remittance to retail SMEs as well as mid-tier local and ASEAN corporate clients.

**MAYBANK MYANMAR**

Maybank Myanmar was the first and only Malaysian bank to be granted a foreign banking license by the Central Bank of Myanmar in 2015. This branch offers wholesale banking services including capital expenditure financing, working capital, project financing, trade and remittances to regional corporate clients, primarily ASEAN corporates.

**MAYBANK PHILIPPINES INCORPORATED**

Maybank Philippines Incorporated (MPI) was established in 1997 as a full-fledged commercial bank and has 73 branches across the Philippines. MPI offers a wide array of financial solutions including treasury and trust services to retail and corporate clients, servicing emerging affluent and affluent clients, retail SMEs, top and mid-tier corporations.

**MAYBANK GREATER CHINA**

Maybank started its presence in Greater China in 1962 with a branch in Hong Kong and has now expanded to Shanghai, Beijing, Kunming and Shenzhen. We provide wholesale banking services to corporate clients in Hong Kong and Mainland China, primarily to inbound/outbound ASEAN corporates, Chinese/HK corporates with regional operations and projects as well as financial institutions. Maybank Hong Kong also offers Private Wealth products for our high net worth clients.

**MAYBANK NEW YORK**

Established in 1984, Maybank New York offers wholesale banking services focusing on corporate lending, loan syndications and bilateral arrangements, treasury and capital markets as well as trade finance services to corporate clients.

**MAYBANK LONDON**

Maybank London was established in 1962 and offers wholesale banking services primarily to our regional ASEAN corporate clients and financial institutions, focusing on corporate lending, treasury products, capital markets and trade finance. We also provide Shariah-compliant products to both corporate and high net worth retail clients.

Associates

**MCB BANK LTD**

MCB Bank (MCB) is an 18.78%-owned associate of Maybank. Incorporated in 1947 and privatised in 1991, MCB is one of the premier financial institutions in Pakistan with more than 70 years of experience. MCB serves through a network of 1,598 branches within Pakistan and 10 branches outside the country and has presence in Sri Lanka, Dubai, Bahrain and Azerbaijan. MCB also caters to the financial needs of the growing Islamic banking segment through its wholly owned subsidiary, MCB Islamic Bank Limited.

**AN BINH BANK**

An Binh Bank (ABBank) is a 20%-owned associate of Maybank. Founded in May 1993, ABBank offers the full range of retail and commercial banking products and services through its network of 165 branches and sub-branch offices across 34 provinces in Vietnam.

**UZBEK INTERNATIONAL A.O.**

Uzbek Leasing International A.O. (Uzbek Leasing) is a 19.7%-owned associate of Maybank. It specialises in providing a wide spectrum of financial and leasing services from 10 regional representative offices located throughout the country.

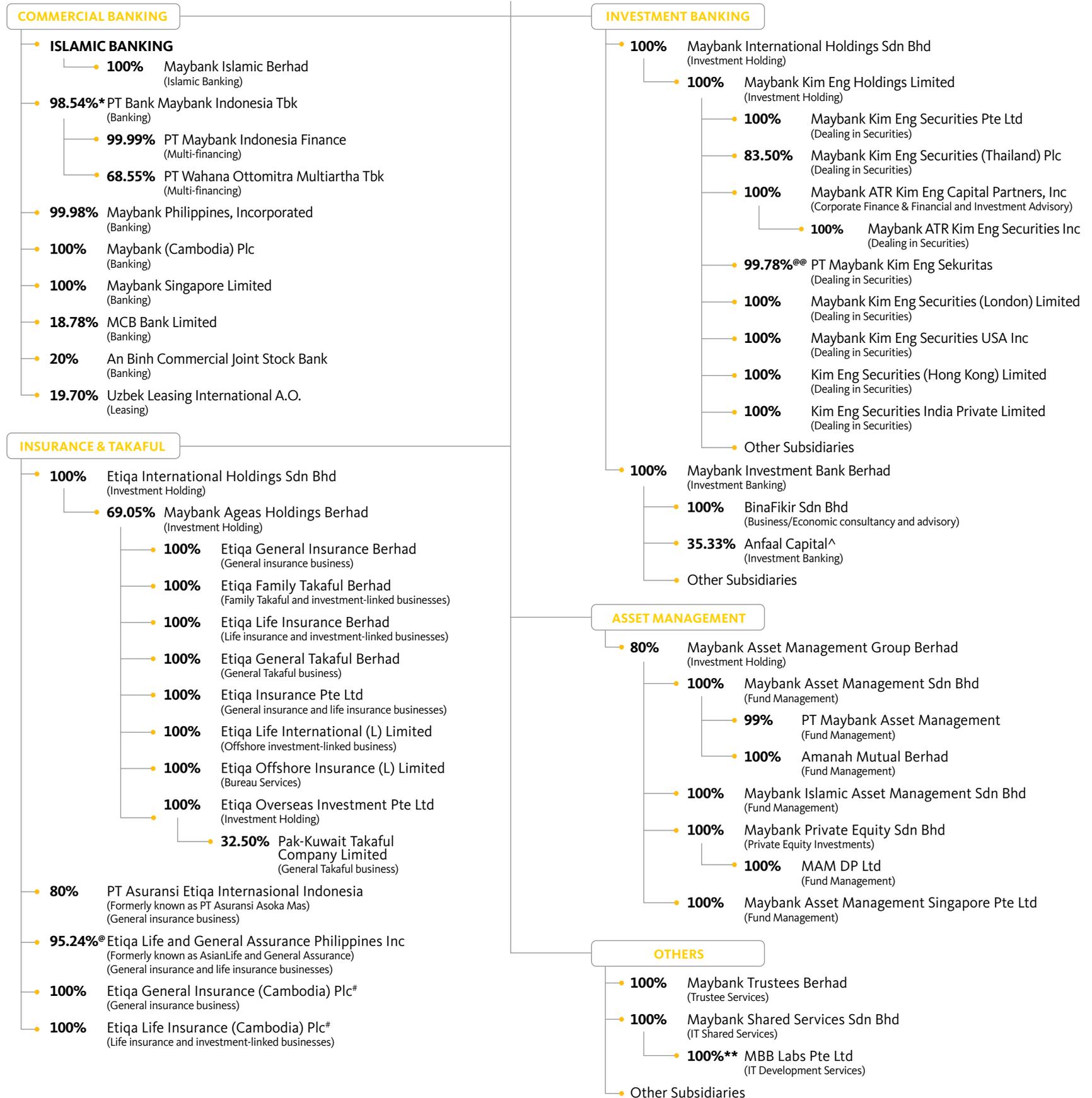
* Including Islamic loans sold to Cagamas and excluding unwinding of interest.

GROUP CORPORATE STRUCTURE

as at 31 December 2019



MALAYAN BANKING BERHAD



Notes:

- This chart is not the complete list of Maybank subsidiaries and associates. Companies that are not shown include those that are dormant, under liquidation, have ceased operations, or are property investment or nominee services companies. For the complete list refer to Note 66: Details of Subsidiaries, Deemed Controlled Structured Entities, Associates and Joint Ventures in the Financial Book.
- Where investment holding companies are omitted, shareholdings are shown as effective interest.
 - * Effective interest held by the Group. Refer to the Maybank Group Annual Report for the details.
 - ** 0.01% is held by Dourado Tora Holdings Sdn Bhd.
 - [^] Joint Venture.
 - [#] New subsidiaries incorporated in Cambodia. Refer to the Maybank Group Annual Report for the details.
 - [@] Effective interest held by the Group. 54.66% is held by Etiqa International Holdings Sdn Bhd and 40.58% is held by Maybank ATR Kim Eng Capital Partners, Inc.
 - ^{@@} Effective interest held by the Group. 85% is held by Maybank Kim Eng Holdings Limited and 15% is held by PT Maybank Indonesia Finance (14.78% effective interest held by the Group).

ORGANISATION STRUCTURE

As at March 2020

Dato' Mohd Hanif Suadi

Chief Executive Officer

Helms the Bank's overall business growth and corporate strategies and ensures the delivery of long-term value for shareholder, customers, employees and all other stakeholders.

BUSINESS

COMMUNITY FINANCIAL SERVICES

Rath Sophoan

Head, Community Financial Services

Leads Community Financial Services' business growth and strategic direction covering Retail SME, Consumer Finance, Premier Wealth, Funding, Deposit, Bancassurance, Virtual Banking & Payments, Cards Business and Community Distribution.

COMMERCIAL & TRANSACTION BANKING

Krourch Sathya

Head, Commercial & Transaction Banking

Leads the Commercial & Transaction Banking's business growth and strategies covering Commercial Banking (including Financial Institution), SME Banking and Transaction Banking.

GLOBAL MARKETS

Hong Sreynouon

Head, Global Markets, Indochina

Manages and oversees the Bank's Money Market, Treasury as well as Foreign Exchange Sales and Advisory.

FUNCTION

FINANCE & STRATEGY

Ekhwan Jani

Chief Financial Officer, Indochina

Develops the Bank's long-term strategy and leads the financial planning, budgeting & reporting and manages the Bank's capital and funding to ensure sustainable growth for the organisation.

HUMAN CAPITAL

Qazreen Chan Abdullah

Head, Human Capital, Indochina

Builds and curates innovative and meaningful Human Capital strategies, initiatives and policies to develop and empower talents with high adaptability to drive sustainable growth and business performance.

RISK MANAGEMENT

Ng Yok Chin

Chief Risk Officer, Indochina

Strategises and leads an effective enterprise-wide risk management framework for the Bank while implementing proactive and forward-looking risk practices to support its strategic aspirations.

BUSINESS OPERATIONS SUPPORT

Khoo Eng Hoe

Head, Business Operations Support

Formulates and develops the Bank's operational strategy and oversees the efficient and effective delivery of services to support the Bank's vision and mission including leveraging technology as a competitive advantage.

CORPORATE AFFAIRS & COMMUNICATIONS

Qazreen Chan Abdullah

Head, Corporate Affairs & Communications

Builds and leads the Bank's corporate affairs, legal services, branding, corporate communications, marketing communications and customer experience as well as the Bank's corporate responsibility agenda.

CORPORATE SECRETARIAL

Qazreen Chan Abdullah**Long Sokmarith**

Corporate Secretaries

Leads the corporate secretarial functions and advises the Bank on corporate governance practices and regulations.

INTERNAL AUDIT

Sok Chandara

Head, Internal Audit

Leads Internal Audit in enhancing and protecting organisational value by providing risk-based and objective assurance, advice and insight.

COMPLIANCE

Head, Compliance

Oversees a framework to ensure compliance with laws and regulation.

KEY MESSAGES FROM CHAIRMAN



Anthony Brent Elam
Chairman

2019 is my first year as the Chairman of Maybank (Cambodia) Plc. I am pleased to report that over the past year, Maybank Cambodia has continued to deliver on its targeted growth, and conducted our business responsibly and ethically at all times.

As custodians of Maybank Group's stakeholders' interests, we are conscious of the way in which economic, social, political and environmental factors affect the Group. We consider, monitor and mitigate these factors by means of a mature and robust business strategy and a solid corporate governance and risk management framework. We have made encouraging progress in implementing our strategy and the Board is closely engaged with the management team on attaining key deliverables. I am pleased to share that in 2019 the Bank recorded a profit before tax of USD33.9mil (2018: USD28.3mil) with a healthy return on equity of 16.2% (2018:16.6%). Maybank Cambodia's profit before tax is the highest level achieved since the Bank's local incorporation and was supported by strong growth in net fee-based income of 29.5% to USD7.6mil (2018: USD5.8mil). Our actions to build a more agile and resilient organisation have improved our ability to thrive in various market conditions and act quickly to capitalize on new opportunities as they arise.

Our commitment to growing Maybank Cambodia is demonstrated through the growth of our total assets to USD1.4bil at year end 2019. The Bank's retail businesses represent approximately 79.7% of the Bank's loan portfolio. Our focus on retail banking is in line with our vision "To be the Preferred Community Banking Partner in Cambodia". The Bank's total third party funding grew to USD1.1bil (2018: USD0.9bil) at year end 2019 of which 67.3% were CASA accounts (2018: 70.0%). Total consumer deposits came to USD0.7bil (2018: 0.6bil), which is testament to public confidence in Maybank Cambodia and our strong brand value.

Highest profit
before tax of
**USD33.9
million**

Strong growth in
net fee-based income of
29.5%

Total assets
**USD1.4
billion**

Our capital position remained robust throughout the year with a common equity tier 1 (CET 1) ratio of 17.5%, well above the regulatory requirement of 15%. The Bank remained well capitalised with a solvency ratio of 22.2% (2018:25.8%). Our capital levels and buffers are well in excess of regulatory requirements and positions the Bank to take advantage of the significant growth opportunities we see in Cambodia.

Maybank's approach to sustainability continues to be anchored on our mission statement of Humanising Financial Services. In realizing our mission statement we look to serve the interests of the various stakeholder groups in the markets where we operate. We also strive to be a champion of inclusivity and to be a "Force for Good" wherever we have a presence. We are well on our journey of being a leader in sustainable business activities in the region, including here in Cambodia. We achieve this goal by focusing on financial inclusion as we improve access to financing for the various market segments in Cambodia, enhancing financial literacy and prioritising environment, social and governance factors within our operations while working with our customers to encourage healthy business growth.

To integrate sustainability into our core business, we focus on impact-based solutions and on empowering communities. We empower the communities through targeted social investments, employee volunteerism efforts, and long-term partnerships. Through these initiatives, our Maybankers become directly involved

Key Messages from Chairman

Maybank's approach to sustainability will always be anchored on our mission statement of **Humanising Financial Services**, as we look to serve in the interests of all stakeholder groups in the markets we operate, to be a champion of inclusivity and to be a "Force of Good".



with our customers and stakeholders and build stronger bonds with the local communities. In 2019 we worked closely with the Khmer Sight Foundation to provide eye screening and eye surgery for the underprivileged, as well as continuing our ongoing support for the children of the People's Improvement Organisation. In collaboration with Maybank Foundation, the corporate responsibility arm of the Maybank Group, we have also run various flagship community empowerment programmes such as Empowering Youths Across ASEAN, Maybank Women Eco-Weavers and Maybank CashVille Kidz. It is heart-warming to see the positive and sustainable impact our programmes can have on communities across Cambodia and indeed throughout the region.

While the business operating backdrop remains fluid in much of Asia, the progress Maybank Cambodia delivered in 2019 in terms of lending, income, profitability and efficiency is a testament to the implementation of our strategic plans. The actions the Bank has taken to meet the challenges presented against a rapidly changing macro-financial backdrop demonstrates the flexible and responsive leadership style that Maybank Cambodia has adopted. With a solid financial platform and the ongoing commitment of our Maybankers, the Board is confident that the Bank remains well placed to address the continuing challenges we face in the market while we continue to deliver value to our stakeholders. Banking remains a risk-based industry. We will continue to remain prudent in our management and pricing of risk. This is of particular importance as we face the widespread and negative impact of COVID-19 on the global community. In this regard, Maybank is committed to put in place plans to mitigate the supply, demand, market and commodity shocks of COVID-19, and most importantly, in doing our part in standing by our customers and communities through this unprecedented event in line with our mission of Humanising Financial Services.

I would like to take this opportunity to thank my Board colleagues for their support during my first year as Chairman of Maybank Cambodia. I would also like to thank and express my appreciation to our CEO, the Executive Committee members and my fellow Maybankers throughout Cambodia for their dedication, tireless effort and commitment to the Bank and achieving our strategy during this challenging year. I would also like to extend my appreciation to all our stakeholders and business and community partners for your support, trust and confidence in Maybank Cambodia.

KEY MESSAGES FROM OUR CEO



Dato' Mohd Hanif Suadi
Chief Executive Officer

“

Our strong brand and extensive regional network have strengthened our position as one of the most trusted **brands in ASEAN**, providing our clients with **local and regional expertise** at they expand their business in Cambodia and across the region.

”

2019 continues to be a good year for us in Maybank (Cambodia) Plc., growing on many fronts as we undertook a strategic controlled aggression approach to growing our business responsibly whilst staying focused to becoming “The Preferred Community Banking Partner” in Cambodia by 2025.

The Financial Year 2019 saw our Profit Before Tax surged by 20% to USD33.9mil compared to USD28.2mil in the previous financial year. Net operating income (revenue) registered double-digit growth of 15.2% to USD51.4mil (2018: USD44.7mil) on the back of healthy growth of both net-fund based and non-fund based income of 13.5% YoY and 21% YoY respectively. The growth in net-fund based income was attributed from the well optimisation of the balance sheet predominantly driven by gross loans growth of 17.2% YoY (2018: 4.3%). Against the myriad of challenges faced, we continued our pursuit in building our KHR credit portfolio, and exceeded the regulatory requirement of 10% of total loan outstanding in KHR loans. This will continue to be one of the top priorities for Maybank Cambodia going into FY2020, to sustainably grow our KHR business, riding on our “Luy Yeurng Luy Riel” campaign and in support of the national agenda.

We continued to make a concerted effort to growing the business responsibly with effective asset quality management, and achieved a respectable 40% drop to a low single-digit GIL Ratio in FY2019. We remained watchful on cost expansion, and focused on productivity improvements and operational excellence that saw us registering a 4% drop to our cost-to-income ratio over the same period, and managed a low single-digit overall overhead cost growth, hence yielding a positive JAWs position.

Our commitment towards living our mission to Humanizing Financial Services as well as excellence in banking products, services and customer experience remain strong, and we are pleased to have received the following accolades:

- Best SME Bank Cambodia 2019, by Global Banking & Finance Awards
- Best Retail Bank in Cambodia, by Retail Banker International Asia Trailblazer Awards 2019
- Best CSR Initiative, by Retail Banker International Asia Trailblazer Awards 2019

BUILDING A SUSTAINABLE BANK EMBRACING COMPLIANCE AS A CULTURE

In preparing ourselves for the digital economy, we continued with our journey to deliver solutions to address the evolving needs of our customers. We believe this ensures our continued relevance to our customers. In 2019, we successfully piloted a new and improved M2U Mobile App with a refreshing User Interface / User Experience (UIUX), making it more intuitive and deliver a personalized, simplified and seamless customer experience, with a faster response time. We will continue to further develop our digital offerings with more and broader payment capabilities through direct engagement with strategic 3rd party partnerships and other digital initiatives. We also continued expanding our self-service terminals, whilst supporting the national agenda on KHR, with the rollout of KHR ATMs throughout the nation.

Whilst we drive our digital transformation, we continue to recognize the relevance of brick-and-mortar financial institutions, as there are certain segments of customers who still prefer face-to-face interactions. This is why our digital transformation is designed to retain the strengths of the traditional person-to-person business model but value add to differentiate us from the competitors. With this, we continue to invest in refreshing our branches' look and feel, to enable us to continue to support more our customers for the complex banking transactions and personalised financial advice. This is where we build trusted relationships that keep customers returning, even in a digital age.

Our strong brand and extensive regional network have strengthened our position as one of the most trusted brands in ASEAN, providing our clients with local and regional expertise at they expand their business in Cambodia and across the region. In this regard, we have continued to pursue ongoing enhancements of our M2E regional cash management system in order to provide

Key Messages from CEO

our clients with greater efficiency and automation in managing their cash flow anytime, anywhere. Our M2E was specially designed to suit complex corporate transactions with flexible and convenient authorization in a safe and secured manner. In 2019, we added the Host-to-Host capabilities on our M2E, enabling straight through processing (STP) directly from the client's host to our regional cash management system, thus providing better efficiency and effectiveness.

Another area that our Maybank Group is exploring further is technology innovations with value propositions designed to address the needs of the underbanked and the unbanked segments amidst the challenges we all are facing. This is a market segment that still remains largely underserved across ASEAN. In this regard, in late 2019, Maybank Cambodia, in collaboration with Maybank Malaysia achieved an important milestone, with the signing of a MOU with the National Bank of Cambodia to promote a collaboration in the area of cross border payment and remittance between Cambodia and Malaysia through M2U and NBC's Bakong payment system. This partnership aims to provide customers with instant, safe and convenient yet cost-effective solution for inter-country funds transfer, leveraging on our ASEAN connectivity and M2U digital platform.

As we continue our journey to embrace a compliance culture, we kick-started the planning for a Compliance Transformation programme that covers an end-to-end review to enhance our Anti-Money Laundering and Counter Terrorism Financing (AML/CFT) capabilities. Significant investment has been committed to the transformation programme which is targeted to be completed in 2020.

OUTLOOK FOR 2020

We are currently living in unprecedented economic challenging times arising from the COVID-19 global pandemic, that has impacted the banking industry worldwide, including Cambodia, though the situation here is deemed relatively better compared to many countries in the region and elsewhere in the world.

It is important and encouraging to see that everyone is generally demonstrating a high level of discipline to living in the new normal, observing strict protocols of personal hygiene, sanitization and social/physical distancing, among others.

With our regulators and government working collectively to keep individuals employed and businesses viable, we are committed to doing our part in helping our customers and communities weather through this unprecedented event in line with our mission of Humanising Financial Services. It is in our collective interest as individuals, organisations and nations to ensure livelihoods are preserved. The various measures, including debt moratoriums and liquidity and

capital easing measures announced by the National Bank of Cambodia, as well as other economic stimulus packages and relief programs implemented by the government are meant to provide temporary cashflow reliefs to tide individuals and businesses over until a solution is found to arrest and contain the spread of the virus, allowing economic activities to restart again.

Maybank will help its customers access credit through simplified processes and quick turnarounds to keep these customers viable and "to nurse them back to health", as we have consistently done as a Group, through trying times over the decades. We will not leave behind the communities we serve and will continue to provide the necessary aid in combating this pandemic – to date, both Maybank as a Group, and in Cambodia has contributed to various funds aimed to alleviate the impact to the severely burdened public healthcare system and reduce the humanitarian challenge faced by frontliners and volunteers working to contain the spread of the virus.

Maybank is committed to doing its part in **helping its customers and communities** weather through this unprecedented event in line with our mission of **Humanising Financial Services**



To our shareholder, Maybank Cambodia will continue to prioritise our capital and liquidity strength, maintain selective balance sheet expansion in tandem with the Bank's risk appetite and remain focused on our ongoing cost discipline and proactive engagements with customers on asset quality management given the softer economic landscape. We aim to continue to drive revenue growth, enhance customers' experience through digital innovations and continue upskilling our workforce to improve productivity.

We will continue to stay alert and agile in adapting to the new normal beyond COVID-19 that is built on the foundation of a highly efficient operating model to deliver consistent and sustainable delightful customer experience to all our valuable customers and ultimately delivers value to our shareholder and stakeholders alike.

NOTE OF APPRECIATION

I would like to record my heartfelt gratitude to all Maybank stakeholders, namely our shareholder, customers, regulators, and communities, for their continued trust and support extended to us throughout the year. I wish to specifically extend my deepest appreciation to our Maybankers, including the members of the Maybank Cambodia Board and those of the other entities within the Maybank Group, as I realise that these trying periods have bonded us as a team and made us fitter, stronger and grittier. I am truly grateful for your counsel, loyalty and support in our journey to become a sustainable bank that embraced compliance as a culture.

A special thanks goes to our Maybank frontliners, who continue to unselfishly serve our customers through the COVID-19 period. We also salute the various frontliners across the globe, who have put their own health at risk, to save lives. Thank you for being a "Force of Good".

Orkun chraen.

Our Maybank, Our Future

OUR BUSINESS MODEL

OUR CAPITALS... >



FINANCIAL CAPITAL

Supported by:

- ▶ Strong internal capital generation with net profit of USD26.89 million in FY2019 and stable core capital position with solvency ratio of 22.2%.
- ▶ Extensive retail franchise that generates our large customer funding base.



INTELLECTUAL CAPITAL

Built on:

- ▶ Strong brand reputation given our rich history and wide ASEAN presence.
- ▶ Integrated risk management culture and framework, which encompasses strategies, systems, processes and people.
- ▶ Strategic partnerships with technology players.



MANUFACTURED CAPITAL

Aimed at service delivery improvements by:

- ▶ Easy access to 21 retail branches and 48 self-service terminals.
- ▶ Streamlining operational processes for greater efficiency through automation and digitalisation.
- ▶ Strong internet and mobile banking platforms.



HUMAN CAPITAL

Empowered by our T.I.G.E.R. values:

- ▶ Comprising a diversified workforce of over 43,000 employees across 18 countries.
- ▶ With emphasis on developing talents and building a sustainable succession pipeline by investing USD34.9 million (RM143 million) across the Group to upskill employees through learning programmes.



SOCIAL & RELATIONSHIP CAPITAL

Our commitment to the communities we serve:

- ▶ Extensive investment towards community programmes and Maybankers investing over 146,000 total volunteer hours Group-wide.
- ▶ Constructive relationships and ongoing dialogue with regulators, governments and non-profit organisations.

AND KEY DIFFERENTIATORS HELP US CREATE VALUE... >

OUR COMPETITIVE ADVANTAGE

We are guided by our mission of **Humanising Financial Services** across Asia. This commitment has allowed us as Maybank Group, to create strong competitive advantages that support our strategy in generating long-term growth.



Global network with an extensive regional footprint

18
countries

2,629
retail branches



Healthy liquidity and strong capital positions

64^{sen}
all cash dividend per share

141.0%
Group LCR



Multi-channel customer engagement

+26
Net Promoter Score

8.68^{billion}
online transactions on Maybank2u in FY2019



Strong governance oversight

75%
Independent NEDs

33%
women directors



Our shared **T.I.G.E.R.** values serve as guiding principles to encourage practices that collectively form our unique culture

T
eamwork
We work together as a team based on mutual respect and dignity

I
ntegrity
We are honest, professional and ethical in all our dealings

Our Business Model

FROM BUSINESS ACTIVITIES CENTRED ON OUR STRATEGY... >

OUR BUSINESSES AND STRATEGY

Our aspiration to be ASEAN's leading financial services provider is enabled by our **Maybank²⁰²⁰ Strategic Objectives**, which in turn, is shaped by our **key business activities**.

Holistic Segment Eco-System

- > Community Financial Services and Commercial & Transaction Banking aspire to achieve this by leveraging our regional presence, banking expertise, leadership capabilities and growth opportunities in Cambodia.

📖 More on page 18 and 21.

Enhanced Customer Experience & Channel Optimization

Compliance as Culture

- > Compliance, in collaboration with all business and support units aspire to achieve this through our Compliance Transformation Program.

📖 More on page 27.

TO MEET STAKEHOLDERS' NEEDS.

Financial and non-financial value is created and delivered to our stakeholders.



CUSTOMERS

- ▶ New client-centric digital innovations with the introduction of enhanced M2U mobile app.
- ▶ Satisfactory customer engagement Survey score of average 4.1 in the last four years.
- ▶ Industry leader in cash management solution through the integrated M2E platform.

📖 Refer to Community Financial Services, Commercial & Transaction Banking, Technology & Operational Excellence and Service Delivery on pages 18, 21, 23 and 25 for more.



INVESTORS

- ▶ Return on equity of 16.2% for FY2019.

📖 Refer to Key Messages from Chairman and Reflections from Our Chief Financial Officer on pages 10 and 16 for more.



REGULATORS

- ▶ Compliance with regulatory requirements.
- ▶ Smooth adoption of the new accounting standard CIFRS.

📖 Refer to Financial Statements on page 52 for more.



COMMUNITIES

- ▶ Reached 208,746 students across six countries in ASEAN including Cambodia via our flagship CashVille Kidz programme.

📖 Refer to Corporate Responsibility on page 49 for more.



EMPLOYEES

- ▶ 45.1 average training hours per employee.

📖 Refer to Human Capital on pages 28 for more.



Growth

We are passionate about constant improvement and innovation



Excellence & Efficiency

We are committed to delivering outstanding performance and superior service



Relationship Building

We continuously build long term and mutually beneficial partnerships

REFLECTIONS FROM OUR CHIEF FINANCIAL OFFICER

Deceleration of Cambodian domestic macroeconomic and global economic headwinds coupled with the changing in new regulations and frameworks have painted the operating landscape to be more complex and challenging. In order to navigate through, Maybank (Cambodia) Plc. (“the Bank”) focused on growing business with discipline, healthy capital and liquidity whilst continue to improve productivity and operational excellence. As a result, the Bank delivered another new high PBT of USD33.9 million (2018: USD28.2 million).

TOP ACHIEVEMENTS IN 2019

New record **PBT of USD33.9 million** (2018: USD28.2 million)

Improved productivity with **better CIR of 42.2%** (2018: 46.1%)

Improved asset quality with **better NPL ratio of 2.6%** (2018: 4.4%)

Healthy capital and liquidity, **Solvency Ratio of 22.2%, LCR of 134.3%**

ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME FOR FY2019

Profit & Loss Summary	FY2019 USD'000	FY2018 USD'000	YoY
Net fund-based income	39,455	34,766	13.5%
Non fund-based income	11,989	9,895	21.2%
Net operating income (Revenue)	51,443	44,661	15.2%
Finance Cost	(791)	(807)	(1.9%)
Overhead expenses	(20,897)	(19,789)	5.6%
Pre-provisioning operating profit (PPOP)	29,755	24,064	23.6%
Provisions for expected credit losses	4,146	4,187	(1.0%)
Profit before tax (PBT)	33,901	28,250	20.0%
Net profit	26,893	23,139	16.2%

REMARKABLE PERFORMANCE AGAINST CHALLENGING OPERATING LANDSCAPE

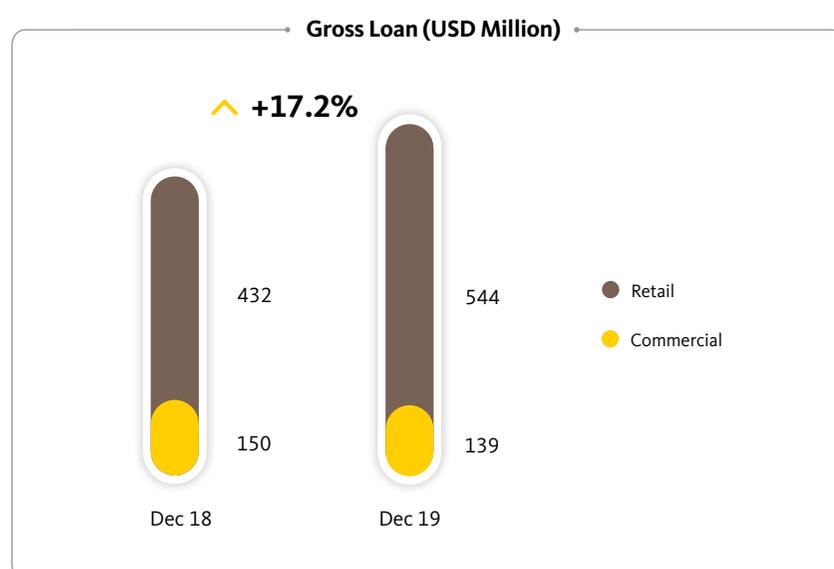
- Net-fund based income grew by 13.5% YoY to USD39.4 million (2018: USD34.7 million) on the back of better balance sheet optimisation with gross loans growth of 17.2% YoY (2018: 4.3%). However, net fund-based income was constrained due to the compression of net interest margin (NIM) of 20bps to 2.6%.
- The compression of NIM was primary due to our strategy to grow KHR at the expense of slimmer margin. As a result, the Bank managed to deliver the targeted KHR portfolio regulatory requirement.
- Non fund-based income continues to grow by 21.2% YoY to USD12.0 million or 23.3% (2018:22.2%) compare to net operating income (2018: USD9.9 million) attributed to better performance of payments business where the Bank continuously focusing on providing solution for cross-border and multi-currencies payments.
- Overhead expenses increased by 5.6% aligned with business growth yet remained slower than the top-line growth due to our focus on productivity improvement and operational excellence. As a result, cost-to-income ratio registered an improvement of 4.1% to 42.2% (2018: 46.1%).
- Provisions for expected credit losses is landed at a net write back for two consecutive years due to the improvement of asset quality as MCP had placed effective management control over client’s on-boarding process as well as on-going monitoring of the asset quality.
- Coupled with higher income growth and net write back of provisions for expected credit losses, our full year profit before tax grew by 20% to USD33.9 million (2018: USD28.2 million).
- This has resulted in improvement on return on equity (“ROE”) to 16.2% but slightly lower than 2018 by 40bps.

Reflections from Our Chief Financial Officer

ANALYSIS OF STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**Continue to grow with discipline with KHR Aspired**

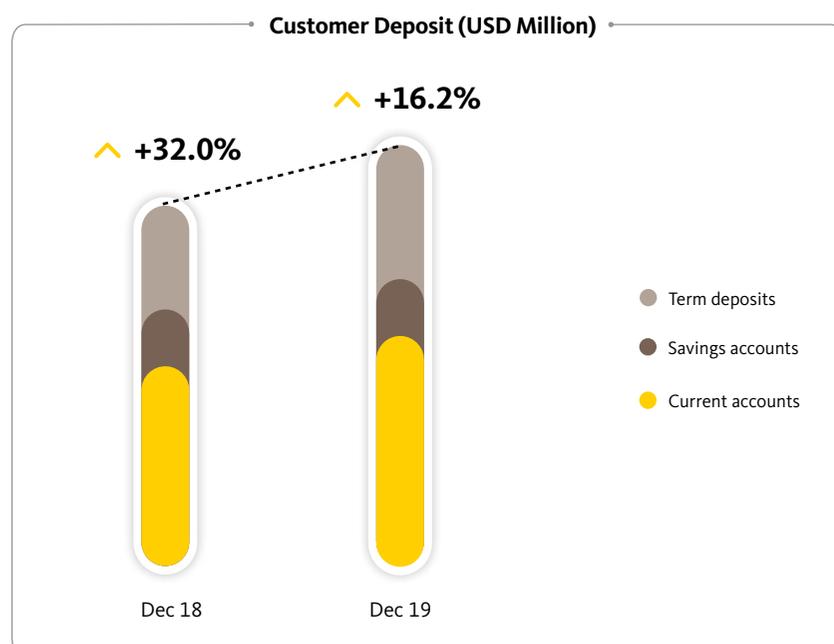
Maybank Cambodia registered positive gross loans growth of 17.2% (2018: 4.3%) to USD687.9 million of which 12% contributed by KHR portfolio. The growth was driven by retail businesses, represented about 77.5% of Maybank Cambodia's loans portfolio. Retail portfolios are mainly represented by mortgage and retail SME loans, which collectively grew by 28.8% YoY (2018: 10.9%).

The faster growth of retail business is to align with the bank's vision which is "To be the Preferred Community Banking Partner in Cambodia".

**Robust deposits growth underpinned by healthy CASA growth**

Personalised customer relationship combined with strong regional presence and branding culminated total deposits grew by 16.2% YoY to USD1,079.5 million (2018: USD929.4 million). The Bank's deposits growth is underpinned by healthy CASA deposits growth of 11.7% YoY.

The CASA growth is largely driven by the Commercial's deposits which grew by 45.3% YoY (2018: 33.5%) to USD368.7 million. Consumer segment also continued consistency growth rate of 5.2% YoY (2018: 31.0%) to USD710.7 million

**Preserving asset quality through pro-active risk management**

The Bank has placed more focus towards its asset quality management's mechanism to ensure the origination of quality asset starts from the on-boarding process. This approach has proven to be very effective with the evidence of improvement on the Non-performing loans ratio ("NPLs") to 2.63% (2018: 4.36%).

EFFECTIVE CAPITAL AND LIQUIDITY MANAGEMENT**1. Capital Management**

Maybank Cambodia manages its capital position to maximize shareholders' value by optimizing the level and mix of capital resources as well as to maintain a strong and flexible financial position, which enables it to manage through economic cycles, take advantage of growth and strategic opportunities, maintain ready access to financial markets and remain a source of financial strength

It is important to maintain optimal capital structure taking into consideration the views of various stakeholders to minimize cost of capital.

The key measure of capital adequacy is the Solvency Ratio, which is based on net worth to aggregate credit risk exposure of no less than 15% as per regulatory requirement. As at 31 December 2019, the Bank's Solvency Ratio remained well capitalised at 22.2%, which comprised of Tier 1 Capital of 17.5% and Tier 2 Capital of 4.7%.

Key Ratio Indicators	FY2019	FY2018
Core Capital – Tier 1	17.5%	20.3%
Complementary – Tier 2	4.7%	5.5%
Solvency Ratio	22.2%	25.8%
Net Worth (in USD' Million)	187.6	176.6
Net RWA (in USD' Million)	846.5	683.9

2. Liquidity Management

Through our agile funding strategy, we were able to maintain healthy liquidity risk indicators, with liquidity coverage ratio ("LCR") at 134.3% as at 31 December 2019 above regulatory requirement of 90%. Another liquidity indicator i.e. Loan to Deposit ratio ("LDR") further to 63.1% (2018: 62.6%). The LDR is still at preservation rate since the management pay more attention on the loan quality.

Key Ratio Indicators	FY2019	FY2018
CASA Growth	67.3%	70.0%
Gross Loan to Deposit Ratio	60.7%	61.2%
Liquidity Coverage Ratio	134.3%	268.9%

2020 OUTLOOK

The Covid-19 pandemic has resulted in an unprecedented shock globally and Cambodia is not spared. While we are preparing for the global recession and new normal life, the Bank will remain resilient and agile in execution of the key strategic priorities. During this situation, the Bank will stay vigilant and continue to support customer business recover over the short to medium term.

Another key action is to maintain cost effectiveness and productivity in the weak operating environment and continuing to maintain robust funding and liquidity position to align with regulatory requirements.

COMMUNITY FINANCIAL SERVICES



TOP ACHIEVEMENTS IN 2019

Recorded favorable growth in **Retail SME & Consumer Finance loans at 32.6% YoY**

Maintained a **solid deposit growth** with healthy CASA mix

Significantly contributed to the bank in building and achieving KHR loan book and exceeded the regulatory requirement of **10% of total loan outstanding in KHR loans**

Achieved a quality asset book with **Consumer Finance and Retail SME NPL stood at 0.45% and 0.97%** respectively against the backdrop of excellent loan growth in these segments

STRATEGIC OBJECTIVE

Community Financial Services (CFS) aspires to be the Trusted Community Banking Partner as part of the Maybank²⁰²⁰ strategic objectives. We are committed to deliver superior customer service and value for our stakeholders, serving the Cambodian market and community guided by our mission of Humanising Financial Services.

CFS serves and supports our customers' growth by building trust in relationships that meet the current and future needs, as well as sustenance through challenging periods.

Our commitments include:

- Enriching our customer's banking experience by continuously raising our customer service delivery and innovating our financial solution offerings.
- Maintaining and sustaining our lead as one of the top banks in Cambodia in all key indicators.
- Nurturing a culture that champions employee development and empowerment to better serve our customers' needs.

STAKEHOLDER EXPECTATIONS



Customers

- Simple, convenient and easy access to financial solutions at fair terms and pricing.
- Tailored financial advice that fulfills their personal needs.



Investors

- Efficient capital management to support growth opportunities.
- Sustainable long-term growth through business practices that incorporate Environmental, Social and Governance (ESG) considerations.



Regulators

- Ensure our business operations and innovative financial solutions adhere to regulatory requirements.
- Maintain integrity by implementing a proper risk management framework and compliance measures.



Communities

- Sustainable impact-based solutions that drive inclusive growth by improving access to financial services for the Cambodian community.



Employees

- Develop talent through upskilling programmes so they remain relevant in an increasingly digital economy.
- Regular engagement with senior management to understand and align with Maybank's strategy and direction.

Community Financial Services

Healthy asset growth and quality asset underpinned by impressive loan expansion in **retail SME and consumer finance at 35.1%** and 29.6% year-on-year growth respectively.

Successful roll-out of our KHR offerings

- deposit collection which include KHR CASA and term deposits, promotional campaigns, KHR ATM and KHR loan special promotions and sales campaigns which enabled us to rapidly build up our KHR loan book to meet regulatory requirement at **KHR 273 billion** whilst our KHR deposit book stood at **KHR 173 billion**. This achievement reflects our unwavering commitment to support the promotion of national currency usage.

Maintained CASA mix at high level attributable to our **continued efforts** and **right approach** in attracting and retaining main bank relationship with our customers to do their regular banking transactions with us.

Solid **net income growth at 23.9%** year on year whilst effectively managed our total costs.

KEY HIGHLIGHTS IN 2019

- Recorded favorable growth in Retail SME and Consumer Finance loans at 32.6% year-on-year
- Maintained a solid deposit growth with healthy CASA mix
- Significantly contributed to the Bank in building and achieving KHR loan book and exceeded the regulatory requirement of 10% of total loan outstanding in KHR loans
- Achieved a quality asset book with Consumer Finance and Retail SME NPL stood at 0.45% and 0.97% respectively against the backdrop of excellent loan growth in these segments

KEY FOCUS AREAS FOR 2019

Retail SME & Consumer Finance

We are steadfast in our commitment to support and reach out to Retail SME and consumers to provide them with access to financial services in order to fulfill their financial and personal goals. We have actively supported the usage of our national currency by proactively promoting KHR deposits and loans, with our KHR loan book having reached KHR 273 billion. This has enabled us to provide greater access to finance to broader business owners and consumer base.

Being the Community Banking Partner, we have launched exclusive marketing campaigns to allow for special financing packages with attractive pricing and terms. In the meantime, adhering to our high standard of risk management framework and practice, we continue to be vigilant in managing our asset quality through robust origination, and early engagement with customers when such need arises.

In 2019, clear communication and alignment of key focus and priorities among staff across branches and support functions, tactical sales campaigns, as well as products and service refinement contributed to outstanding results. This has positively attributed to our retail SME and consumer finance business achieving a remarkable growth record for 2019.

Moving forward, we are committed to deliver innovative solution offerings - financing, day to day banking and financial protection to ensure that our customers continue to have an enriching banking experience with us.

Deposits

In 2019, our overall deposits remain strong, underpinned by a strong CASA mix at 66.2% and this achievement is contributed by effective customer relationship management and disciplined account planning across our branch and distribution network. In addition, we have built up our KHR deposit book, leveraging on our strong USD liquidity position and broad customer base that capture the entire value chain in tandem with our wide range of product and service offerings to our corporate clients. With this, we were able to achieve an outstanding asset growth whilst maintaining healthy liquidity as evidenced our solid loan-to-deposit ratio position.

Moving into 2020 and beyond, we will remain highly committed to growing our deposits, especially on the KHR deposits through various initiatives, tactical campaigns and customer loyalty and privilege programs to meet the evolving needs and demands of the customers in the increasingly competitive operating environment.

Premier Wealth

Our Premier Wealth provides a fresh perspective and unique banking journey with our dedicated relationship managers' role going beyond the day to day banking transactions to encompass wealth management and advisory services to help turn our customers' inspirations into reality. Our Maybank Premier Wealth offers customers with excellent banking experience locally and regionally. Whether for enterprise or personal financial growth, we bring together the collective efforts for the entire Maybank Group across ASEAN region under one brand name.

With over a quarter of century experience and early existence in Cambodia banking industry, we are here for a long-term to offer innovative and comprehensive financial solution specially tailored to serve our affluent and high-net-worth customers.

Cards Business

In 2019, our cards business had a commendable performance, registering 16.8% year-on-year revenue growth, primarily driven by remarkable merchant sales growth coupled by our sizable card member transactions. With our commitment and effort to deepen relationship with merchants and cardholders, we have actively promoted our branding, networking and product positioning through target marketing campaigns and digital channels.

Looking ahead to 2020, we will continue our investment to enhance our products and services and strategic partnerships to stay ahead in serving the increasing sophistication and regional nature of customers' financial needs and aspirations.

Community Financial Services

Bancassurance

In accordance with our aspiration of being the Trusted Community Banking Partner in the market, we have partnered with Manulife to provide tailor-made and specific financial protection and savings to our clients through transparent and professional approach to underwriting our customers' risks. This partnership has enabled us to provide our customers with financial protection and saving options to secure their financial and personal wellbeing. Starting next year, we will be entering a new partnership with Etiqa General Insurance and Etiqa Life Insurance in Cambodia to continue to offer comprehensive life and general insurance coverages to our customers with competitive pricing, leveraging on years of experience and synergy that Maybank and Etiqa have been partnering with each other in Malaysia and other markets in the region.

Virtual Banking & Payments

Being one of the leading digital banking providers, we have further strengthened our digital offering by providing more functionalities. After the introduction of our award winning internet banking and mobile banking platform 'M2U', we have signed up more than 10,000 users. We refreshed our M2U mobile app with a pilot rollout of a latest User Interface / User Experience (UIUX) that allows our customers to log in using biometric or face recognition or using conventional password in addition to other key functions including live ATM location tracker, loan calculator, combined deposit and loan balance view, and local and overseas transfers specifically tailored for the convenience of the customers to manage their finance anytime, anywhere.

We also signed an MOU with the National Bank of Cambodia to promote a collaboration in the area of cross border payment and remittance between Cambodia and Malaysia through M2U and NBC's Bakong payment system. This partnership aims to provide customers with instant, safe and convenient yet cost-effective solution for inter-country funds transfer, leveraging on our ASEAN connectivity and M2U digital platform.



> Maybank Cambodia was awarded "Best Business Unit (Country) for 2018" and "Best CR Education Initiative for 2018" at the Maybank Group.

OUTLOOK & PRIORITIES FOR 2020

An early bullish outlook for 2020 has been quickly eclipsed by the Covid-19 pandemic which has brought the world to standstill with unprecedented disruptions to the economies, work and social norms whilst overwhelming healthcare systems in developed and developing countries across the world. To cope with this unprecedented challenging time, we have taken proactive approach in managing our business by staying closer to our customers to weather through this most difficult period of our time whilst remain focused to deliver our key initiatives to boost digital offering capability.

Priorities for 2020:

- Preserve our balance sheet with strong focus in helping our deserving customers to survive in this hard time and in managing our asset quality.
- Selectively grow our business in segment that remain sound and new growth opportunities.
- Provide greater convenience and access to basic banking services 24/7 by rolling our Smart Recycling Machines across our branch network.
- Continue to strengthen KHR deposit book through targeted marketing campaigns and KHR enabling channels such as ATMs, M2U and M2E.
- Further develop our digital offerings with more and broader payment capabilities through direct engagement with strategic 3rd party partnerships, including fulfillment of the cross-border Bakong project with NBC.

COMMERCIAL & TRANSACTION BANKING

TOP ACHIEVEMENTS IN 2019

Recorded **solid 34.9% YoY growth** in profit before tax

Impressive **fee income growth** by **27.8% YoY** supported by favorable Trade Fee Income and Cash Management Fee

Continuous enhancement on **Maybank2E** and providing greater flexibility and efficiency in financial management; hence, recorded **healthy CASA mixed at 65.7%**

Contributed to the Bank's achievement of the **10% KHR Loan portfolio** mainly on the KHR funding with total deposits balance at **KHR 278 billion**

Ongoing customer care and active engagement with significant **improvements in asset quality** as evidenced by lower GIL ratio

STRATEGIC OBJECTIVE

Commercial & Transaction Banking provides financial services to local and international corporate clients, providing a wide range of services including financing, trade, cash management, and treasury services.

Our commitment is to become our clients' trusted financial partner that enables their progress locally and across the region. We will deliver on our aspirations through:

- Our strong brand and extensive regional network: Having cemented our position as one of the most trusted brands in ASEAN, we provide our clients with local and regional expertise as they expand their business across the region. Through Maybank's knowledge and in-depth insights of this region, we are able to build strong regional partnerships with our clients and connect them with clients outside ASEAN.
- Our focus: Anchored by relationship teams and supported by product specialists, we deliver a wide range of customized financial services to meet our clients' needs.
- Our capabilities: Continued investments in our talent pool, product innovation and infrastructure to ensure we deliver superior client experiences and quality solutions as well as improve our productivity.

STAKEHOLDER EXPECTATIONS



Customers

- Integrated financial solutions tailored to their needs.



Investors

- Deliver sustainable returns by optimizing capital across our franchise, liquidity planning and prudent management of risks and costs.
- Proper distribution of assets and expertise to drive our growth strategy.



Regulators

- Ensure business and employees adhere to guidelines, policies and codes of conduct at all times.



Communities

- Empower the less fortunate and the differently abled through sustainable educational initiatives.



Employees

- An engaged and conducive working environment as well as upskilling opportunities to remain nimble and agile.

Commercial & Transaction Banking

KEY FOCUS AREAS FOR 2019

Commercial & Corporate Banking

We continued to demonstrate our commitment in supporting our clients' growth by providing holistic and comprehensive financing propositions while drawing on local knowledge and cross-border support by engaging our clients with regional experts from all Maybank overseas units.

In FY2019, we contributed to the Bank in exceeding the 10% KHR loan book particularly on the funding. Through active engagement with our local and international corporate clients, we actively promoted the usage of our national currency and recorded favorable KHR deposits and loan balance of KHR 278 billion and KHR36 billion respectively.

We remained vigilant in growing our assets through adoption of robust credit assessment and risk management framework. Coupled with prudent asset quality management and active communication with customers, we managed to descend our GIL ratio by 43.5% as compared to FY2018.

Transaction Banking & Cash Management

Leveraging on our strong brand and extensive regional network, we consistently offer our corporate clients' International Trade and Treasury Solution Advisory capabilities to facilitate connectivity between ASEAN and Asia. Our transaction banking registered positive business growth, with Trade Fee and Trade Assets recorded YoY growth of 42.2% and 6.4% respectively.

We have also pursued ongoing enhancements of our Maybank2E Regional Cash Management System in order to provide our clients with greater efficiency and automation in managing their cash flow anytime, anywhere. Our Maybank2E (M2E) were specially designed to suit complex corporate transactions with flexible and convenient authorization in a safe & secured manner. In FY2019, we added Host-to-Host capabilities to our M2E, enabling straight through processing (STP) directly from the corporate client's host to our Regional Cash Management System; thus, resulting in improved efficiency and effectiveness. With these, our corporate CASA deposits and cash management fee posted notable growth of 59.5% and 50.2% YoY respectively.

Moving forward, we are committed to deliver full-suite of financial solutions that meet the ever-growing sophisticated needs of local and corporate clients in their financial management with consistent experience across the region and all touchpoints. We will also make further investment to enhance our M2E in tandem with our M2U to achieve our aspirations in being the digital bank of choice in both the consumer and corporate spaces.

OUTLOOK & PRIORITIES FOR 2020

We expect global, regional and domestic growth to be slower in 2020 and will continue to adopt a prudent approach within our risk appetite. We are committed to growing responsibly, creating value and building a sustainable franchise for our clients within the ASEAN region.

Priorities for 2020:

- Continue to promote the national currency through providing KHR products and services including KHR loan, KHR deposit, KHR ATMs and KHR monetary transactions via Maybank2U and Maybank2E.
- Develop a comprehensive trade ecosystem and upscale our Maybank2E regional cash management system for our flow business to tap into wider financing opportunities along the supply chain.
- Drive and expand our approach to working with our customers and partnering with them on their journey to incorporate ESG considerations in support of our long-term economic and social development.
- Continue to invest in people and infrastructure to complete our flow business proposition.
- Explore the expansion of asset management business by introducing innovative products and distribution channels.
- Continuously being proactive in managing asset quality and chart solutions together with our clients through economic and business uncertainties and actively connecting them with regional growth opportunities.

TECHNOLOGY & OPERATIONAL EXCELLENCE



TOP ACHIEVEMENTS IN 2019

Improved the **Maybank Mobile App** with the pilot rollout of a fresh and intuitive UI/UX, making the interface now standardized across key countries where Maybank operates, i.e. Malaysia, Singapore, Indonesia, the Philippines and Cambodia.

Signed a Memorandum of Understanding with the National Bank of Cambodia (NBC) for a collaboration between **M2U** and **NBC's Bakong payment system** to provide instant, safe, convenient and cost-effective fund remittance solutions between Cambodia and Malaysia.

Enabled fund transfers using **KHR on M2U** to support the country's move to encourage greater usage of the national currency.

STRATEGIC OBJECTIVE

To be the Digital Bank of Choice which is part of the Maybank Group's 2020 strategic objectives, we are focused on building a differentiated, robust, resilient and sustainable digital ecosystem that puts the customer at the forefront. We aim to develop and maintain long-term relationships by cultivating trust, understanding motivations and needs, and creating superior and personalized experiences for our customers. These aspirations will be accomplished by:

- Continuously improving our customers' digital experience and journey, through capabilities and features that build sticky relationships.
- Fostering relationships and partnerships with strategic technology players including FinTechs and TechFins that complement our digital ecosystem and/or enhance our digital solutions.
- Constantly recalibrating our business model in beneficial and meaningful ways, e.g. improving and digitizing services, lowering operational cost and increasing productivity.
- Deploying our Group digital innovations across Maybank's markets and leverage lessons learnt to make the biggest possible impact for our stakeholders.

STAKEHOLDER EXPECTATIONS



Customers

- Convenient, personalized and seamless interactions with us.
- A safe and secure environment for their banking transactions and personal data.



Investors

- Prudent and effective tech investments that truly benefit customers and add value to Maybank.
- To stay ahead of emerging competition from FinTechs and TechFins.



Regulators

- To adhere and execute effective risk controls and risk mitigation measures as well as ensure that systems are well maintained with minimal downtime.



Communities

- To promote financial inclusion by developing digital innovations that make it cheaper and easier for the wider society to access financial products and services.
- To be made aware of cyber threats and to be protected with preventive measures.



Employees

- To be upskilled and to remain relevant in this digital landscape.
- Infrastructure and seamless connectivity that enables flexible working arrangements.
- Stable and secure systems and platforms for a productive work environment.

Technology & Operational Excellence

Invested in **digital learning solutions** that deliver personalized learning experiences and enable learning on-the-go. Employees can take charge of their career growth through **best-in-class learning modules** designed by professors from Harvard University and industry experts.

Introduced **Online Python** and other **digital learnings** for employees to learn coding for analytics without any prerequisite knowledge of programming.

KEY FOCUS AREAS FOR 2019

As the competitive banking landscape continues to be redefined by FinTech and TechFin players and digital enablers, our digital focus of becoming The Digital Bank of Choice is to facilitate services through our multiple digital platforms in a fast, easy and safe manner for our customers. Our digital strategy extends beyond our customer offerings as we look to future-proof our employees through upskilling initiatives and leveraging technology to improve internal systems and process efficiencies.

Improving our customer experience

The Maybank Mobile App is currently standardized in five countries (Malaysia, Singapore, Indonesia, the Philippines and Cambodia). This allows customers to have a uniform and more intuitive experience. In Cambodia, the Maybank Mobile App was enhanced with an updated UI/UX interface as well as various other features that better service the needs of our customers and enrich our overall users' experience.

Growing our strategic partnerships

We continue to leverage on our existing relationships with relevant stakeholders, including our regulators and third party service providers/tech companies to enhance our service propositions to our customers, by participating in various regulatory-driven initiatives, i.e. the Central Shared Switch system and NBC Bakong project (both domestic and cross border), as well as partnering with 3rd party service providers to provide our products and services on third-party platforms. This further integrates our banking transaction and facilitates into our customers' lives and by increasing customer engagement, we continue to enhance our relevance in the digital age.

Driving operational excellence

Continuing the trend over the past few years, we continue to drive significant improvement in adopting technology, especially in data analytics and process automation as a tool for better operational expense management as well as refining customer experience. Projects such as International Data Warehouse (IDW), Credit Master Automation, Home Branch, Biller Process Enhancement and Account Opening Process improvement provide robustness in managing our customer data, providing enriched management reports, improve efficiency and effectiveness of back office processes and hence improving customer experience.

Strengthening governance and security

Technology evolution and fast adoption of emerging technology offer tremendous benefits to both internal and external customers, but could also cause security breaches and system vulnerabilities if poorly designed, developed and implemented. To address this concern, we continue to drive significant investment in technology, especially in strengthening cyber security area. Advanced technology tools, which are evaluated by our Regional Security Operation Center, are implemented across Maybank globally.

OUTLOOK & PRIORITIES FOR 2020

The global banking landscape is evolving rapidly, including in Cambodia, proven from its fast technology adoption over the years. These new developments bring about challenges and opportunities for Maybank as we strive to be The Digital Bank of Choice for our customers. We will continue to increase our investment in technology and focus on operational excellence to enrich our customers' banking experience by leveraging appropriate delivery channels to lower costs and intensify the use of data analytics to target the right market and customer segment with the right products and services.

Priorities for 2020:

- Continue to improve our customer experience, further develop our own ecosystem and enhance the speed and convenience of our current platforms
- Further develop new and enhanced digital solutions to enrich our customers' experience, including the full rollout and phase 2 enhancement of the M2U regional mobile banking platform and new Smart Recycler Machines, as well as intensifying the deployment of M2E, our regional cash management system for corporate and commercial clients.
- Accelerate STP capabilities across our core operation processes to lower delivery cost and improve operational efficiency.
- Deepen data analytics capabilities to drive valuable customer insights and maximize opportunities, through the adoption of our International Data Warehouse.
- Develop a talent pipeline for a future-proof workforce, by providing variety training courses both internal and external, especially online training courses provided by reputational education providers.
- Enhance IT security measures, including but not limited to privileged ID management, anti-virus protection, data lost prevention, security patch management, centralized threat monitoring and detection, content filtering and firewall, to mitigate potential threats.

SERVICE DELIVERY

A key tenet of our mission of Humanising Financial Services is our commitment to deliver a personalised and seamless customer experience. This is an increasingly important focus for Maybank as customer expectations are evolving rapidly alongside the proliferation of digital devices in this technologically advanced era. Customers are also becoming more global and sophisticated and we must anticipate and address the specificity of their demands and the complexity of their needs. Our contributions continue to be recognised and Maybank, as a Group, is a proud recipient of many awards and accolades over the years.

**USD3.98 billion
in brand value**

2020 Brand Finance Banking 500

Ranked No. 4 among ASEAN banking brands and No. 72 among global banking brands.

Platinum award

The Putra Brand Awards 2019

Entered into the Hall of Fame for winning the top award in the banking, investment & insurance category for 10 consecutive years.

Brand of the Year

2019 World Branding Awards

We are the only Southeast Asian bank to clinch this recognition for six consecutive years.

HONING OUR CUSTOMER EXPERIENCE

Customer experience remains our utmost priority in our efforts to continuously improve our products and services in tandem with their evolving needs and wants. This year, we embarked on several initiatives based on feedback (known as the Voice of Customers) garnered from the External Customer Engagement Survey (ECES) conducted in the preceding year, including:

➤ Reinforcing our complaint management process by empowering our customer-facing teams to resolve queries and complaints at the first point of contact. This is aimed at reducing the amount of time taken to resolve complaints.

➤ Enhancing customer experience competencies of our frontliners to provide our customers with quality, relevant advice and assistance in a professional manner by developing their communication skills and industry competency.

These initiatives have contributed to the following:

4.1

**Average ECES score for
the past four years**

93%

**Complaints resolved
within promised time
frame**

DIGITAL AND OPERATIONAL IMPROVEMENTS

Delivering an exceptional customer experience is tightly woven into our aspirations of becoming The Digital Bank of Choice. This is achieved through customer-centric initiatives that improve our operational processes and technological advancements on our digital platforms.

In 2019, we continued to implement various process improvements for a more efficient and effective user experience for our customers. We also continued to actively encourage the migration of over-the-counter transactions towards online platforms.

We continued to place great importance on cyber security and preventive measures as banking services become increasingly accessible online and more customers start integrating technology into their daily lives. Besides continuous real-time monitoring to detect and respond to cyber attacks, we proactively promote cyber security awareness through internal and external campaigns and collaborate with regulators and international parties for insights on potential threats.

RISK MANAGEMENT

STRATEGIC OBJECTIVE

Risk Management's priority is to provide risk management oversight and enable risk-informed business decisions across the Bank. With the continued digitalisation and evolution of the business environment, there is a constant need to enhance systems, processes and resources for effective management of risk. As such, our strategic imperatives are aimed at improving connectivity across our business lines and to institutionalise a customer-centric risk culture and processes based on a balanced, predictable and sustainable business model.

MATERIAL RISKS AND OPPORTUNITIES

Material Risks and Opportunities	How It Affects Us	Our Response
 <p>Risk:</p> <ul style="list-style-type: none"> Greater expectations and stakeholder scrutiny on the Bank and our clients with regards to ESG-considerations. 	<ul style="list-style-type: none"> An unstructured and incohesive strategy and policy with respect to ESG may adversely affect the way that we engage, assess and finance existing and potential clients, thus ultimately impacting business. 	<ul style="list-style-type: none"> Enhancement of the Risk Acceptance Criteria to ensure that our clients' operations are aligned with sustainable practices.
 <p>Opportunity:</p> <ul style="list-style-type: none"> Growing demand for green and/or low-carbon solutions to address climate change has led to financing opportunities and constructive collaboration. 	<ul style="list-style-type: none"> Greater collaboration and holistic solutions required to enable a more holistic approach to the management and mitigation of ESG-related risks. 	<ul style="list-style-type: none"> Development of an implementable ESG Policy, criteria and requirements, which supports the transition towards a low-carbon economy.

KEY FOCUS AREAS FOR 2019

Initiative	Outcome
<p>Continuous enhancement of risk practices, systems and culture in line with the increasing need to adapt rapidly to changes in the operating landscape.</p> <p>The Bank requires a risk management system that is not only robust and adaptable, but also one which is well integrated and accessible across our business lines. We collaborated with Technology, Finance and other internal stakeholders to develop, implement and enhance systems and processes that:</p> <ul style="list-style-type: none"> Enable the Bank's portfolio to be managed proactively. Strengthen Asset Quality. Provide an integrated assurance analytics & insights platform. Enhance governance agility in our risk structures. Optimise the balance sheet in accordance to the changes in the operating environment. Enable quicker business decisions vis-à-vis the risk landscape. 	<ul style="list-style-type: none"> Adopting an active approach in the management of the Bank's portfolios that utilises an integrated house view on economic trends and industry cycles that is accessible across the Bank. Deployed an integrated assurance function dashboard that facilitates the timely identification of risk hotspots. Enhanced the Chief Risk Officer Letter as a risk communication tool for a more in-depth analysis of risks and opportunities and action plans. Streamlining of the credit approval process, aligning it with the authority limits set across the Bank.
<p>Risk talent capacity building</p> <p>With the establishment of the Maybank Risk Academy within Group Human Capital last year, we continue to leverage on the training and development syllabus and assessment processes to equip our risk experts with the necessary skillsets to adapt and respond to the rapid changes in this dynamic operating environment.</p>	<ul style="list-style-type: none"> Continue to leverage on the Group's comprehensive training and development syllabus that focuses on building predictive and analytical risk skills. Conducted periodic assessment on skillsets proficiency levels and identification of suitable learning solutions to address learning gaps. Through skill set assessment gap, the Bank's Risk personnel have been provided via various channels including on-job training.

OUTLOOK & PRIORITIES FOR 2020

While digital, regulatory and geopolitical shift trends continue to create economic headwinds, the need to address ESG considerations, such as climate change have become more pressing. With that in mind, the key priorities for Risk Management in 2020 are:

- Accelerate the need for ESG consideration in our overall conduct and achieving a sustainable financial ecosystem.
- Develop prescriptive analytic capabilities that will allow agile reshaping of business portfolios with data-driven decision-making.
- Support the Bank's "The Digital Bank of Choice" efforts with the enhancement of cyber risk management tools and capabilities to ensure trust, operational resilience and availability.
- Continuous development and deployment of technology and non-financial risk tools to allow various business lines to proactively manage emerging risks and hotspots.
- Continuous development of thought leadership, risk culture and technical skill enhancement across the Bank.

COMPLIANCE

STRATEGIC OBJECTIVE

Compliance is committed to:

- Build the necessary capability and infrastructure to ensure that the Bank is in compliance with all relevant laws and regulations and businesses are conducted ethically.
- Promote a strong compliance culture that inculcates a sense of responsibility in all our staff to be vigilant against money laundering and terrorist financing and proactively play our part in maintaining public confidence in the financial system.

MATERIAL RISKS AND OPPORTUNITIES

Material Risks and Opportunities	How It Affects Us	Our Response
 Risk: <ul style="list-style-type: none"> • Challenges in managing financial crime risk arising from changes in technology and product innovation. 	<ul style="list-style-type: none"> • The changing landscape creates uncertainty and tests the resilience of our control measures. Future-proofing our processes and controls against new money laundering and terrorist financing opportunities is essential to ensure long-term sustainability. 	<ul style="list-style-type: none"> • Prompt and periodic review and the implementation of appropriate measures, including the use of analytics to manage money laundering and terrorist financing risk.
 Risk: <ul style="list-style-type: none"> • Evolving regulatory requirements and expectations. 	<ul style="list-style-type: none"> • Delayed or ineffective implementation of measures to comply with new or revised regulations can lead to penalties and/or censures, and reputational impact. 	<ul style="list-style-type: none"> • Maintain a strong compliance culture across the organisation and enhance the capability and capacity in Compliance.

KEY FOCUS AREAS FOR 2019

Initiative	Outcome
<p>In 2019, Maybank (Cambodia) Plc. launched a transformation program that covers an end-to-end review to enhance our Anti-Money Laundering and Counter Terrorism Financing (AML/CFT) capabilities. Significant investment has been committed to the transformation programme which is targeted to be completed in 2020.</p>	<ul style="list-style-type: none"> • Increased capacity both at the business departments and at Compliance to strengthen our AML/CFT capability. • Centralised specialist CDD/KYC teams were established to support AML/CFT functions of our customer touchpoints. • New awareness and training programmes are being developed to continuously promote a strong compliance culture. Processes were reviewed and enhanced to improve efficiency and effectiveness in detecting and preventing money laundering and terrorist financing activities.

OUTLOOK & PRIORITIES FOR 2020

Our priorities for 2020 is to expedite the transformation of our financial crime function to address the increasing complexities of money laundering and terrorist financing risk, with minimal impact on customer experience.

We will continue to review and enhance our capability to ensure that new and existing regulations are complied with and expectations from regulators are met.

HUMAN CAPITAL

STRATEGIC OBJECTIVE

Human Capital (HC) is committed to “Developing World-Class Talent to Deliver World-Class Results”, a long-term endeavour which is aligned with Maybank’s sustainability agenda and business strategies. Guided by our humanising mission and HC’s six Human Capital Transformation Goals, we dedicate our efforts towards being a flexible and agile organisation while intensively enhancing the workplace and workforce ecosystem with digital capabilities, progressive policies and the right global practices. We encourage employees to be agile, high-performance oriented and positioned for exponential growth as they navigate future complexities. We also provide opportunities for employees to achieve their potential and ensure their relevance now and in the future through upskilling, training and mentoring programmes.

6 Human Capital Transformation Goals



Build superior leadership and talent pipelines



Attain world-class productivity levels



Create global ethical mindsets



Build a tech-savvy workforce that is creative, nimble and agile



Develop thought leaders in financial services



Create a caring, meaningful and exciting work environment

MATERIAL RISKS AND OPPORTUNITIES

Material Risks and Opportunities	How It Affects Us	Our Response
<p>Opportunity:</p> <ul style="list-style-type: none"> Diversity enables us to attract and retain high-performing employees, raise productivity and deliver sustainable growth. 	<ul style="list-style-type: none"> Growing need for tailored solutions that cater to the different needs of our diverse workforce. 	<ul style="list-style-type: none"> Provide holistic work-life integration programmes. Provide a platform for employees to experiment with innovative solutions, create and be part of internal gigs. Provide a robust suite of well-being programmes and incorporate wellness and fitness elements into various employee engagement initiatives. Provide opportunities for youths to experience working life in Maybank through internship/apprenticeship programmes.
<p>Opportunity:</p> <ul style="list-style-type: none"> Create a caring and responsible organisational culture which instils a sense of pride among our employees. 	<ul style="list-style-type: none"> Increasingly important to develop a more conscientious workforce that is dedicated towards creating sustainable value for the organisation. 	<ul style="list-style-type: none"> Provide opportunities for employees to volunteer via the Group’s Cahaya Kasih platform and make an impact for our communities. Provide FutureReady skills and curricular including the Urban Farming Programme. Instil sustainable consumption habits through the ESG Employee Activism Campaign.
<p>Opportunity & Risk:</p> <ul style="list-style-type: none"> Evolving work skills to deliver industry-level competencies and prepare for emerging trends in the global financial services industry. 	<ul style="list-style-type: none"> Relevant upskilling programmes are constantly needed to ensure the future relevance of employees and the organisation. Identification of suitable talent is increasingly crucial for continuity of the Group’s operations and its ability to pursue business strategies. 	<ul style="list-style-type: none"> Develop and strengthen a talent pool with future-ready, technical and leadership capabilities through FutureReady Upskilling Programme and EXCO-led culture reinforcing initiatives. Encourage employees to be agile and respond to changes quickly through Agility@Work initiative, among others. Provide multiple platforms for employees to increase their digital literacy including regular communications called FutureReady Bytes.

KEY FOCUS AREAS FOR 2019

In line with HC’s 2019 six Strategic Imperatives, we futurised the workplace, strengthened flexible conditions and implemented personalised solutions for employees to achieve a highly productive and harmonious work environment that is responsive to the changing professional and personal needs of today’s workforce. We also continued to support employees in embracing digital innovations and in contributing to the organisation and communities.

6 Strategic Imperatives



Workplace Futuring



Workforce Futuring



Digital Age Leaders



Unleashing Power of People Data



Workplace Health & Well-being



Exponential Productivity Enhancement

KEY FOCUS AREAS FOR 2019 (CONT'D.)



Workplace Futuring

Initiative	Outcome
<p>Agility@Work</p> <p>Made up of five different approaches: The Why Method, Knowing Your Stakeholders & Customers, Ideas, Execute and Retrospect that can be applied in BAUs and projects, this initiative encourages alternative ways of working by motivating employees to be agile and responsive to changes quickly and effectively.</p> <p>The approaches cover best practices from Agile, Design Thinking, Lean Start-up and other contemporary methodologies that prioritise outcomes over processes and focuses on meeting customers' needs.</p>	<p>1,411 employees (across the Group, including the leadership team in Maybank Cambodia) have received training on agility approaches and our average rating was 4.5/5.</p> <p>Implementation of these approaches in BAUs and projects have resulted in:</p> <ul style="list-style-type: none"> • Increased transparency within the team – these approaches clarified work schedules and activities for the whole team. • Improved productivity – teams are quicker to execute as initiatives are designed to be less process-intensive and simple. • More purpose driven – teams are seeking to define the purpose or the “why” before working on an initiative.



Workforce Futuring

Initiative	Outcome												
<p>EXCO-Led Roadshows and Management Offsites</p> <p>We continued with the EXCO-led engagement and conversation sessions including Management Offsites as part of our overall employee engagement programme.</p>	<p>All employees across the Bank had impactful and purposeful face-to-face conversations with the EXCO. They exchanged ideas, shared perspectives and gave feedback on ways to remove roadblocks and hurdles for empowered performance.</p>												
<p>Time Out – Redefined Performance Management (PM)</p> <p>The criticality needed for prompt and constructive feedback and action is the focus of the PM system, which seeks to bring about significant improvements on performance and productivity.</p> <p>Performance expectations are established at the beginning of the financial year and reviewed throughout the year in Time Out conversations that can happen anytime, anywhere for immediate actions on the improvements needed. Methods and approaches to achieve the intended results will be agreed upon, acted on and tracked in the Conversation Log.</p>	<p>Employees are enabled to deliver impactful outcomes and improve quickly through real-time feedback and appropriate action.</p> <p>Conversation Log usage (across the Group):</p> <div style="border: 1px solid #ccc; padding: 10px; margin: 10px 0;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">2019</td> <td style="width: 70%;"><div style="width: 100%; height: 10px; background-color: #FFD700;"></div></td> <td style="width: 15%; text-align: right;">62,298</td> </tr> <tr> <td>2018</td> <td><div style="width: 75%; height: 10px; background-color: #A9A9A9;"></div></td> <td style="text-align: right;">46,370</td> </tr> <tr> <td>2017</td> <td><div style="width: 50%; height: 10px; background-color: #A9A9A9;"></div></td> <td style="text-align: right;">24,800</td> </tr> <tr> <td>2016</td> <td><div style="width: 10%; height: 10px; background-color: #A9A9A9;"></div></td> <td style="text-align: right;">1,257</td> </tr> </table> </div>	2019	<div style="width: 100%; height: 10px; background-color: #FFD700;"></div>	62,298	2018	<div style="width: 75%; height: 10px; background-color: #A9A9A9;"></div>	46,370	2017	<div style="width: 50%; height: 10px; background-color: #A9A9A9;"></div>	24,800	2016	<div style="width: 10%; height: 10px; background-color: #A9A9A9;"></div>	1,257
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<p>Delivering Personalised Learning Experiences with World-Class Expertise and Knowledge</p> <p>As part of our FutureReady digital curricular to create a climate that enables workplace agility, we invested in key innovative digital learning solutions that enable learning on-the-go. The resources are made available to employees anywhere and at any time to enhance employees' productivity and performance.</p> <p>With access to thousands of world-class learning content, employees are provided with managerial and leadership modules designed by professors from Harvard University and industry experts.</p>	<div style="border: 1px solid #ccc; padding: 10px; margin: 10px 0;">  <p>21,129 active users (across the Group)</p> </div> <p>Feedback from employees:</p> <p><i>“It’s so convenient that I can access the modules anytime, anywhere from my phone. It is a one-stop platform to learn new skills for professional and personal growth. With these digital learning solutions, I became more efficient in my day-to-day job.”</i></p> <p><i>“The advantage of being able to undergo the short courses anytime, anywhere gives me the flexibility to upskill myself for my personal and career development. It makes learning easy and engaging for someone with a hectic daily schedule.”</i></p>												

Human Capital

KEY FOCUS AREAS FOR 2019 (CONT'D.)



Workforce Futuring (cont'd.)

Initiative

Outcome

Maybank GO Ahead. Challenge (MGAC)

MGAC is an innovative talent identification, recruitment and development platform that tests the agility, tenacity, leadership qualities and business acumen of participants through business cases, real-time challenges and corporate responsibility. It also challenges participants to go beyond their academic excellence and classroom-learning to embrace uncertainty of real-life scenarios.

Over **35,000** applications

105 nationalities

In 2019, the theme #ChallengeOfChoice was chosen as participants were given an opportunity to sculpt their own experience throughout the challenges.

The gamification concept was integrated into 2019's business case to challenge and enhance the participants' experience. It has resulted in stronger application and active recall of lessons learnt.



Digital Age Leaders

Initiative

Outcome

Nurturing Capability and Developing Capacity through Maybank's FutureReady (FR) Upskilling Programme

While the FR programme in 2018 focused on building awareness, commitment and knowledge in digital, the programme in 2019 focused on application of digital skills to the job.

Employees who attended various FR classroom programmes such as Application of Analytics & Machine Learning to Business and Python Programming gained relevant digital knowledge and applied digital skills that they have learnt, resulting in an overall operational improvement impact.

6 FR skill areas



Ethics/Governance to be embedded across the FutureReady skill areas

Coding and Analytics Learning Challenge

Through this challenge, employees were continuously encouraged to learn new programming languages and apply these skills to meet business needs.

Various automated tools and enhanced internal process improvements were executed by our employees.

Transitioning Leaders to CEO (TLC)

In 2019, we embedded a new component on FR knowledge and skills into this flagship leadership development programme for high-potential middle managers. Here, participants participated in the Strategic AI for Business Impact Programme and an external digital training programme conducted by the Asian Banking School.

36 TLC participants were upskilled after attending this programme that focused on "Application & Impact".

55% of participants in TLC Batch 10 who had completed the first year of TLC programme in 2019 were promoted to larger roles.



Unleashing Power of People Data

Initiative

Outcome

Consistent Monitoring of Human Capital Dashboard

We consistently provide learning and development opportunities to our employees and track talent progression to accelerate their careers.

Tangible developments were made from the start of Maybank's transformation journey commencing 2009 to ensure Maybank and our employees embrace diversity and inclusion.

Rigorous tracking of diversity and gender representation at all levels of the organisation has been a part of the Human Capital Dashboard, introduced in 2009 and reviewed monthly.

The Maybank Group Women Mentor Women (WMW) Council was conceived in 2013, aimed at supporting professional development of women across the Group, increasing the representation of women in management levels and enabling greater participation in wealth creation for citizens in countries where the Bank operates, in particular the SME community.

Our continued efforts to develop employees and retain the right talents show encouraging results:

Key Talent Indicators	2019 %	2018 %
Succession Realisation for Mission Critical Positions	83	86
Ready Now Successors	25	23

KEY FOCUS AREAS FOR 2019 (CONT'D.)



Workplace Health & Well-being

Initiative

Outcome

Wellness and Well-being

Our strategy to drive employee engagement and productivity includes a robust suite of fitness and well-being programmes anchored on a 4-Pillar Wellness Framework: Exercise Often, Eat Wise, Think Positively and Rest Well. Interventions that cover the physical and psychological/emotional aspects of a person's well-being are replicated through a series of communications, talks, campaigns, sports carnivals and healthy products offerings.

Employees are supported and encouraged to live a healthy and productive lifestyle.



> Employees across the world celebrated Maybank's 59th Anniversary with a fruity office potluck to encourage each other to eat healthier and be well.

Cahaya Kasih Challenge (CKC)

During the 10th Global CR Day (a day where year-long CK programmes were showcased and spotlighted), employees throughout the Group volunteered in various initiatives through our adopted causes across communities, anchored on Maybank's Six Corporate Responsibility Focus Areas: Education, Community Empowerment, Arts & Culture, Healthy Living, Environmental Diversity and Disaster Relief.

We continued to promote a caring culture among our employees and in turn, among our customers and the wider society.

📖 For more, refer to Corporate Responsibility, page 49.

In Cambodia, our employees engaged in a "Restore the Gift of Sight" Initiative in collaboration with the Khmer Sight Foundation.



> Fellow Maybankers from Maybank Cambodia partnered with the Khmer Sight Foundation on Maybank's "Restore the Gift of Sight" project which provided eye screening and eye surgery for the underprivileged.



Exponential Productivity Enhancement

Initiative

Outcome

We continuously redefine the operating culture of Maybank through policies, processes and infrastructure. These components are constantly reviewed and evolved to enable employees to thrive, disrupt creatively and positively, and deliver exponential business results to achieve the Bank's vision, while demonstrating the desired culture.

We continued to increase employee productivity as evidenced by:

- Income per employee increased to USD139,727 in 2019.
- Profit before tax per employee ratio increased to USD62,202 in 2019.

OUTLOOK & PRIORITIES FOR 2020

To fully support Maybank in pursuing its business strategy and being a customer-centric, socially and environmentally responsible organisation, we recognise the importance of empowering and liberating our workforce. Guided by our six Human Capital Transformation Goals, HC will continue to:

- Nurture a caring and exciting workplace by providing meaningful enablers, support and solutions that empower our employees in reaching greater heights in their personal and professional endeavours, and premised on a strong sense of purpose.
- Provide a multitude of flexible and customisable learning and development programmes including FR Upskilling Programme as well as bespoke talent development and solutions to open up opportunities for experience building, increase ability, strengthen agility and accelerate impact delivery.
- Invest in and leverage technology innovations to future-proof the infrastructure, tools and processes that enable our employees to deliver significant and impactful outcomes.
- Encourage employees to embrace data analytics and creative disruptions to provide tailored solutions to our customers.

BOARD OF DIRECTORS



Anthony Brent Elam
Independent Non-Executive Director
(Chairman)
Appointed Date: 3 December 2018



Shariffuddin Khalid
Independent Non-Executive Director
Appointed Date: 29 March 2019



Spencer Lee
Independent Non-Executive Director
Appointed Date: 23 March 2012



Datuk Hamirullah Boorhan
Non-Independent Non-Executive
Director
Appointed Date: 23 March 2012



Soon Su Long
Non-Independent Non-Executive
Director
Appointed Date: 31 March 2015

Board of Directors

Anthony Brent ElamIndependent Non-Executive Director
Chairman**Appointed:** 3 December 2018**Qualification(s):**

- Master in Business Administration (Finance and International Business), New York University, USA
- Bachelor of Science in Foreign Service, Georgetown University, USA

Relevant Working Experience:

Over 30 years of holding senior management positions in various large caps such as Chief Risk Officer of PT Bank Central Asia Tbk, and Independent Director of PT Sarana Menara Nusantara Tbk and Citibank, including assignments as Advisor to the Chairman of the Indonesian Bank Restructuring Agency and as a Commissioner of PT Bank International Indonesia.

Present Directorship(s) within Maybank Group and Other Listed Companies and Public Companies:

- Director of Maybank
- Director of Maybank Singapore Limited

Shariffuddin Khalid

Independent Non-Executive Director

AC RMC

Appointed: 29 March 2019**Qualification(s):**

- Fellow Member of The Chartered Institute of Management Accountants, UK

Relevant Working Experience:

Over 30 years of experience in the banking/corporate sector and Bank Negara Malaysia (BNM). He served as Director, Strategic Communications for BNM and also served as the pioneer Director of the Malaysia International Islamic Financial Centre initiative. Earlier, he was part of the management team that established Pengurusan Danaharta Nasional Bhd.

Present Directorship(s) within Maybank Group and Other Listed Companies and Public Companies:

- Director of Maybank
- Director of MCB Bank Ltd (Pakistan)
- Director of Maybank Islamic Berhad
- Director of Marine & General Berhad

Spencer Lee

Independent Non-Executive Director

AC RMC

Appointed: 23 March 2012**Qualification(s):**

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants

Relevant Working Experience:

Over 30 years of experience of banking experience having served in senior management position in Maybank as well as Board Committees of Maybank.

Present Directorship(s) within Maybank Group and Other Listed Companies and Public Companies:

- Director of Maybank Singapore Limited
- Director of Boardroom Pte Ltd.

Datuk Hamirullah Boorhan

Non-Independent Non-Executive Director

AC RMC

Appointed: 23 March 2012**Qualification(s):**

- Master of Business Administration, International Islamic University, Malaysia
- Diploma in Accountancy, Mara Institute of Technology, Malaysia
- Certified International Retail Banker, London Executive Management – International Academy of Retail Bank

Relevant Working Experience:

Over 20 years of experience in retail banking. Currently the Senior Executive Vice President and Head of Community Financial Services of Maybank.

Soon Su Long

Non-Independent Non-Executive Director

AC RMC

Appointed: 31 March 2015**Qualification(s):**

- Bachelor of Science (Economics) in Accounting and Finance, University of London
- Fellow Chartered Accountant, Institute of Chartered Accountants in England and Wales

Relevant Working Experience:

Held senior management positions in Banks in Malaysia and Singapore in the areas of investment banking, commercial banking and Islamic banking. Currently the CEO of Maybank Vietnam.

Declaration:

All the Directors have no:

- family relationship with any director and/or major shareholder of Maybank (Cambodia) Plc.
- conflict of interest with Maybank (Cambodia) Plc. and has never been charged for any offence.

Membership of Board Committees in Maybank Cambodia:

AC Audit Committee
RMC Risk Management Committee

Chairman
Member

EXECUTIVE COMMITTEE



Dato' Mohd Hanif Suadi
Chief Executive Officer



Rath Sophoan
Head, Community Financial Services



Krourch Sathya
Head, Commercial & Transaction Banking



Hong Sreynun
Head, Global Markets, Indochina



Ekhwan Bin Jani
Chief Financial Officer, Indochina



Ng Yok Chin
Chief Risk Officer, Indochina



Qazreen Chan Abdullah
Head, Human Capital, Indochina/
Head, Corporate Affairs & Communications



Khoo Eng Hoe
Head, Business Operations Support

Executive Committee

Dato' Mohd Hanif Suadi

Chief Executive Officer

Appointed: 1 March 2018**Qualification(s):**

- Banking, Corporate Finance and Securities Law at UiTM
- Advance Management Programme, INSEAD Business School, Fontainebleu, Paris
- Master of Business Administration, Finance (M.B.A), University of Wales, Cardiff.
- International Coaching Federation-trained Coach.

Relevant Working Experience:

Over 40 years in Maybank covering all aspects of commercial banking from branch operations to top management formulation of policies and strategy, sat on the Maybank Group Internal Audit Committee, Group Property & Procurement Committee and Director of the Board for Maybank Trustees Berhad

Rath Sophoan

Head, Community Financial Services

Appointed: 24 July 2018**Qualification(s):**

- Master of Laws, majoring in Comparative and International Law, National University of Singapore (NUS) as an ASEAN Fellow.
- Bachelor of Laws jointly run by the National University of Management (NUM) and the University of San Francisco (USF) – Major in Commercial Law with a Minor in Business Administration.

Relevant Working Experience:

Over 15 years of experience in the financial industry covering both banking & life insurance, comprising of retail, business & corporate banking, operations & IT as well as risk & compliance. Previously held senior management roles in both consumer banking and banking operations.

Krourch Sathya

Head, Commercial & Transaction Banking

Appointed: 1 December 2017**Qualification(s):**

- Bachelor of Business Administration, Accounting and Finance, National University of Management, Cambodia
- Master of Business Administration (Finance), Charles Sturt University, Economics and Finance Institute (EFI), Cambodia

Relevant Working Experience:

Over 20 years of banking experience and held various key roles including professional sales, client relationship management, high risk and distress portfolio management and credit risk management. Previously held senior management roles in business and corporation banking, as well as credit and lending.

Hong Sreynou

Head, Global Markets, Indochina

Appointed: 1 January 2020**Qualification(s):**

- Master Degree of Accounting and Finance at University of Melbourne

Relevant Working Experience:

More than 10 years of experience in treasury, finance, trading foreign exchange and money market. Previously held senior management roles as Chief Financial Officer and Head of Treasury.

Ng Yok Chin

Chief Risk Officer, Indochina

Appointed: 11 May 2018**Qualification(s):**

- Bachelor Degree of Economics, University Malaya, Malaysia

Relevant Working Experience:

Over 30 years of experience in credit and risk management. Previously held senior role as the Chief Risk Officer of Maybank Philippines and Head, Special Project/International, Group Risk.

Ekhwan Bin Jani

Chief Financial Officer, Indochina

Appointed: 1 June 2018**Qualification(s):**

- Bachelor of Accounting & Finance at Liverpool John Moores University/ Dublin Business School, Ireland
- Fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom
- Chartered Accountant (CA) Membership, Malaysian Institute of Accountants.

Relevant Working Experience:

More than 19 years of experience in audit, accounting and finance in various audit and financial services industries. Held key management roles as Vice President, Financial Operations & Treasury at Maybank Investment Bank Berhad and Head of Regional Business support role with Maybank Kim Eng. Previously, served as the Chief Financial Officer and a Board Member for Maybank ATR Kim Eng Group of Companies, Philippines.

Qazreen Chan AbdullahHead, Human Capital, Indochina/
Head, Corporate Affairs & Communications**Appointed:** 1 March 2017/ 2 April 2012**Qualification(s):**

- Master of Business Administration, University of Bath, UK
- Bachelor of Education (Guidance & Counselling), Universiti Putra Malaysia
- Certificate in Industrial Relations, Malaysian Institute of Management
- Certified Product Marketing Manager, Association of International Product Marketing & Management, USA

Relevant Working Experience:

More than 20 years of experience in corporate communications, marketing communications, customer experience, corporate governance and human capital covering employee communications, change management, employee relations and employee engagement.

Khoo Eng Hoe

Head, Business Operations Support

Appointed: 8 May 2015**Qualification(s):**

- Certified Credit Professional (CCP – Consumer), Institute of Bankers, Malaysia.

Relevant Working Experience:

Over 30 years of experience in the banking industry covering branch sales, branch operations, trade finance operations and credit administration.

Declaration:

The Executive Committee members have no family relationship with any director and/or major shareholder of Maybank (Cambodia) Plc., conflict of interest with Maybank (Cambodia) Plc. and has never been charged for any offence, convictions for offences within the past 5 years and public sanction or penalty imposed by the relevant regulatory body during the financial year.

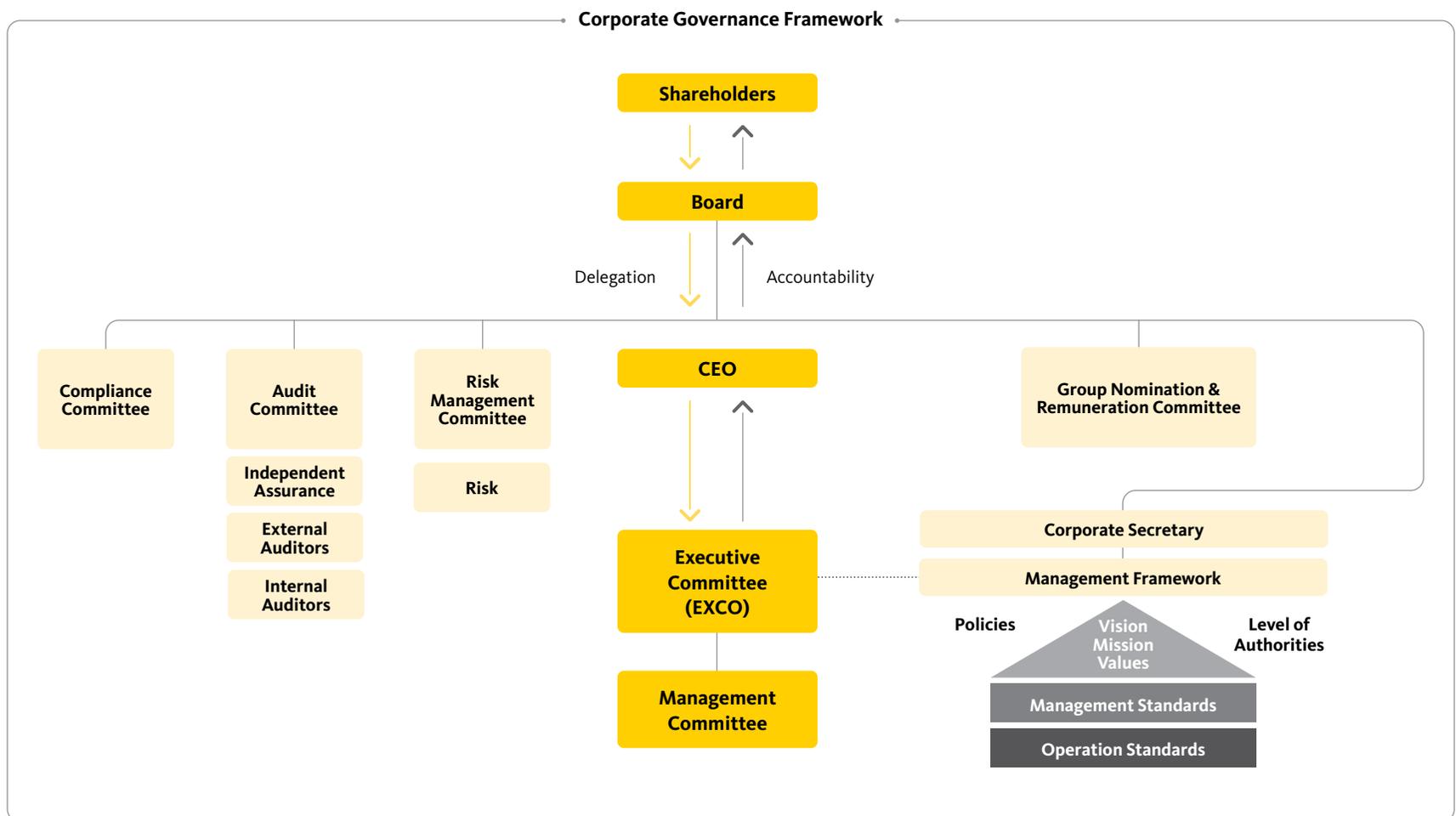
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Maybank (Cambodia) Plc. (the Board) views corporate governance as a vital catalyst contributing towards achieving long term shareholder value, taking into account the interest of other stakeholders. In order to meet this objective, the Board continuously strives to refine the Bank’s corporate governance practices and processes to meet the increasingly challenging operating environment. This is to ensure that the Bank’s competitive edge both locally and regionally remains undiminished.

Governance requirements continually evolve and present new challenges. In this regard, the Board is committed to ensure that Maybank Cambodia’s Corporate Governance Framework remains in compliance with the following statutory provisions, best practices, policies and guidelines:

1. Law on Commercial Enterprise;
2. Prakas on Governance in Banks and Financial Institutions of Cambodia; and
3. Maybank Group’s Corporate Governance Framework

Compliance is achieved through processes and frameworks that ensure the ongoing sustainability of the business and maximize value for shareholders and other key stakeholders. This report sets out a summary of the Bank’s corporate governance practices during the financial year ended 31 December 2019 (FY2019).



Corporate Governance Overview Statement

BOARD LEADERSHIP AND EFFECTIVENESS**The Role of The Board**

The Board directs and oversees the business and affairs of the Bank by periodically reviewing and approving the overall strategies and significant policies of the Bank. The Board also establishes the Bank's core values and adopts proper standards to ensure that the Bank operates with integrity, and complies with the relevant rules and regulations. A description of the roles and responsibilities of the Bank can be found in the Bank's Board Charter.

The Board believes that the success of the Bank's strategy requires the alignment of strategy with good governance. To achieve this, a strong system of the risk management and internal controls have been put in place to ensure that the Bank's risk appetites are set and risks identified, assessed and managed effectively.

 Read more about our risk management and internal controls on pages 40 to 44.

Apart from setting the tone at the top and establishing the core values of the Bank, the Board also monitors the management's execution of strategy and financial performance. While the Board's ultimate focus is long-term growth, the Board also ensures that the management strikes the right balance between short term and long term goals. The Board is also mindful of their wider obligations and considers the impact their decisions will have on the Bank's various stakeholders such as employees, shareholders, customers, and the community as a whole.

The Board also has a formal schedule of matters specifically reserved for its decision, details of which can be found in the Board Charter.

Board Meetings

The Board meets on bi-monthly basis and the meetings are scheduled well in advance (before the commencement of each financial year) to enable members to plan ahead. When required, the Board will meet on an ad hoc basis to deliberate urgent matters.

During FY2019, the Board met eight (8) times to deliberate and consider a variety of significant matters that required its guidance and approval. All Directors complied with the 75% board attendance requirement during FY2019. The Board also had separate sessions with the management to discuss the Bank's strategies particularly its digital initiatives and challenges.

Among the topics and strategies that were reviewed, deliberated and approved by the Board during FY2019 were as follows:

Strategy ▾

- Business strategy of various departments within the Bank
- Budget and Business Plan for the Bank for FY2020
- Bank's Capital and Dividend Strategy
- Bank's Sustainability and Corporate Responsibility Strategy
- Bank's Digital Strategy
- Environmental, Social & Governance (ESG) Strategies
- KHR Lending & Deposits Strategy
- CIFRS Implementation

Risk, Compliance and Oversight ▾

- Chief Risk Officer's risk reports
- Bank's Risk Appetite Statements for 2019
- Quarterly Risk Appetite Statements and Capital Adequacy Assessment Process reports
- Bank's Compliance Plan for FY2019
- Bank's Compliance's Dashboard/Reports
- Bank's Compliance Transformation Plan
- Deliverables to address Anti-Money Laundering and Combating Financing Terrorism Issues
- Bank's Audit Plan for 2019
- Bank's Anti-Bribery and Corruption Policy

Governance ▾

- Board Effectiveness Evaluation and Fit & Proper Assessment
- Total rewards (variable bonus and salary increment) and remuneration for the Bank
- Appointment of external auditors for the Bank
- Corporate Governance Disclosure in 2018 Annual Report
- Updates on Corporate Governance

Board Size, Composition and Diversity

As at 31 December 2019, the Board consisted of 5 Directors, comprising:

Board of Directors

2 Non-Independent Non-Executive Directors (NINED)

3 Independent Non-Executive Directors (INED)

The composition of the Board is in compliance with NBC's regulation, as at least two of its members are Independent Directors.

The Board is committed in ensuring diversity and inclusion in its composition and decision-making process. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of service.

Corporate Governance Overview Statement

The Board members possess the relevant skills and experience including the following:

- Banking
- Insurance/Takaful
- Asset Management
- Strategic Planning & Business Strategy
- Risk Management
- Regional Experience
- Corporate Governance
- Legal and Compliance
- Public Policy & Regulatory

The roles and responsibilities of the Chairman and the CEO are separated by a clear division of responsibilities which are defined and approved by the Board in line with best practices to ensure the appropriate supervision of Management. This distinction allows for better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach facilitates efficiency and expedites informed decision-making.

 The profile of each Director can be found on pages 32 and 33.

Independence

To assist the Group NRC in evaluating the independence of the INEDs, the Board has established a Policy on Directors' Independence (the Independence Policy) which sets out Maybank's approach in determining directors' independence. Pursuant to the Independence Policy, the NRC and the Board had assessed the independence of each of the INED during FY2019 as part of the annual Fit and Proper assessment and are satisfied that all INEDs have met the independence criteria and are able to act in an independent and objective manner. Additionally, each of the INEDs had, during the Fit and Proper Assessment, declared and affirmed their independence. Each INED has an ongoing obligation to inform the Board of any circumstances which could impair his or her independence.

Nomination and Remuneration Committee (NRC)

Maybank Cambodia leverages on the Group Nomination and Remuneration Committee (NRC). The NRC consists of a majority of INEDs and is chaired by the Senior INED. The roles and responsibilities of the NRC are set out in its Terms of Reference which are available on Maybank Group's corporate website www.maybank.com.

Board Appointment and Succession Planning

The NRC plays a major role in the nomination and selection process of potential candidates for appointment to the Board. The nomination and appointment of new Directors is guided by the policies and processes as set out below:

1. Policy on Fit and Proper Criteria for Appointment/Re-Appointment of Key Responsible Persons of Licensed Institutions in the Group;
2. Policy on the Nomination Process for the Appointment of Chairman, Director and Chief Executive Officer of Licensed Institutions in the Group;
3. Policy on Tenure of Directorship;
4. Policy on Directors' Independence; and
5. Policy on Board Gender Diversity.

The nomination and appointment process of new Directors are as follow:

1. Identification of candidates
2. Evaluation of suitability of candidates
3. Meeting up with candidates
4. Deliberation by NRC
5. Recommendation to the Board

The Board believes that effective succession planning mitigates the risks associated with the departure or absence of well qualified and experienced individuals. The Board recognises this, and aims to ensure that the Board and management are always well resourced with the right people in terms of skills and experience, in order to effectively and successfully deliver the Bank's strategy. As part of succession planning, the NRC has established a Group Talent Pool which comprises potential candidates to be considered for appointment as NEDs on the Board and the subsidiaries' board. From time to time, the NRC procures the curricula vitae of prospective candidates discreetly from various internal and external sources for its review and consideration. The NRC also reviews the Group's Talent Pool regularly in order to ensure that the Board will always have a steady pool of talent for selection whenever there is a need to appoint new directors.

The Group's Policy on the Tenure of Directorships (Directors Tenure Policy) facilitates succession planning by providing the Board with the opportunity to consider and reassess its membership periodically. This is to ensure continuity in meeting its long term goals and objectives and also to ensure that the knowledge, experience, and skillset of its members would be well suited to meet the demands of the everchanging landscape of the financial industry. Pursuant to the Directors Tenure Policy, the tenure of an INED is limited to a cumulative period of nine (9) years. As at 31 December 2019, none of the INEDs had exceeded the nine (9) years tenure.

Board Effectiveness Evaluation

The Board conducts an evaluation of the Board members and the Board Committees on an annual basis. The Board evaluation for FY2019 was conducted via a questionnaire completed by all Board members.

Overall, the results of the Board evaluation for FY2019 were positive and satisfactory, reflecting strong and improving performance by the Board and Board Committees.

During the BEE exercise, all Board members had provided feedback not only on the areas of assessment but also on areas that the Board could improve on moving forward.

The Board also evaluates the performance of the CEO annually based on a separate set of questionnaire to be completed by all Board members. The rating derived from this assessment forms 20% of the total rating of the CEO's Balanced Scorecard. Based on the overall results of the evaluation conducted for FY2019, the Board was satisfied with the performance of the CEO.

Director Training

The Board acknowledges the importance of continuing education for the Directors to ensure that they are well equipped with the necessary skills and knowledge to perform their duties and meet the challenges facing the Board.

During FY2019, all the Board members attended various training programmes and workshops on issues relevant to the Group. As for 2020, the key areas of focus for the training needs of Directors have been identified based on the Board evaluation exercise undertaken by the Board.

Induction Programme

A comprehensive induction programme has been established to ease new Directors into their new role and to assist them in their understanding of the Bank's business strategy and operations. New Directors are required to attend the programme as soon as possible once they have been appointed. Typically undertaken within a period of two days, the programme includes intensive one-on-one sessions with the CEO and the EXCO members, wherein new Directors will be briefed and updated on the business operations, as well as challenges and issues faced by the Bank.

During the FY2019, Induction Programmes were conducted for Mr. Shariffuddin Khalid who was appointed to the Board during the year.

Corporate Governance Overview Statement

EFFECTIVE AUDIT AND RISK MANAGEMENT

Internal Controls and Risk Management

The Bank has a comprehensive system of internal controls in place, designed to ensure that risks are mitigated and that the Bank's objectives are attained. The Board recognises its responsibility to present a fair, balanced and understandable assessment of the Bank's position and prospects. It is accountable for reviewing and approving the effectiveness of internal controls operated by the Bank, including financial, operational and compliance controls, and risk management. The Board recognises its responsibility in respect of the Bank's risk management process and system of internal control, and oversees the activities of the Bank's external auditors and the Bank's risk management function which have been delegated to the Audit and Risk Committees.

Audit Committee of the Board

The Audit Committee of the Board (ACB) consists of both INEDs and NINEDs, and is chaired by an INED.

The composition and details of meetings attended by each member can be found in pages 45 to 46 of this Annual Report. The composition of the ACB for FY2019 was in compliance with the provisions of the NBC CG Policy.

The ACB members are equipped with vast experience from various industries and are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Bank's risk and internal control environment.

The ACB and the Board place great emphasis on the objectivity and independence of the external auditors in providing relevant and transparent reports to the shareholders. In line with this, the Board has delegated the responsibility to assess the suitability, objectivity and independence of the Bank's appointed external auditors to the ACB. This responsibility is enshrined in the ACB's Terms of Reference, while the procedures and processes for the conduct of such assessment are guided by the Bank's Framework on Appointment of External Statutory Auditors for Provision of Statutory Audit and Non-Audit Services. The ACB conducts such assessments on an annual basis. On that note, the external auditors have provided their written assurance to the Bank in respect of their independence for FY2019. To ensure full disclosure of matters, the external auditors are invited to attend Audit Committee meeting/s of the Bank.

The Board is also assisted by the ACB in overseeing the financial reporting process and the quality of the Bank's financial statements. This is to ensure that the Board dispenses its fiduciary responsibility to present to the shareholder and the public at large, a clear, balanced and meaningful evaluation of the Bank's financial position, financial performance, and prospects. The ACB is also tasked to review the appropriateness of the accounting policies applied by the Bank as well as the changes in these policies. Based on the ACB's recommendations, the Board also ensures that the Bank's financial statements prepared for each financial year sets out a true and fair view in accordance with Cambodian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the guidelines issued by NBC. The Statement on Directors' Responsibility in respect of the preparation of the audited financial statements of the Bank is set out on page 53 of the Financial Statements section of this Annual Report. The Bank's financial highlights and indicators for FY2019 are set out on page 16 of this Annual Report. The Bank's financial statements are included on pages 52 to 106 of the Financial Statements section of this Annual Report.

Internal Audit Function

The Internal Audit (IA) function is established by the Board to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management, control, and governance processes implemented by the Management. The IA staff is placed under the direct authority and supervision of the ACB to preserve its independence. The Head of Internal Audit (HIA) reports functionally to the ACB and administratively to the CEO. The IA function is independent of the activities and operations of other operating units in the Bank. The IA function is guided by its Audit Charter (as approved by the ACB) which defines the mission and objective, responsibility, accountability, authority, independence and objectivity, and professionalism and ethical standards of the IA function of the Bank.

The IA function has unrestricted access to the ACB and the HIA is invited to attend ACB meetings to facilitate the deliberation of audit reports. The minutes of ACB meetings are then tabled to the Board for their information. It also serves as useful references, especially if there are pertinent issues that any Directors wish to highlight or seek clarification on.

To ensure effective management and independence of the IA function, the ACB is empowered by its Terms of Reference to appraise and approve the appointment and termination of the HIA, the scope of the IA function and the required resources, as well as the performance of its senior staff. Further details on the activities of the ACB during FY2019, the independence of audit personnel and the Bank's internal audit framework can be found in the Audit Committee Report which is set out on pages 45 to 48 of this Annual Report.

Risk Management Committee

The Risk and Management Committee (RMC) consists of both INEDs and NINEDs, and is chaired by an INED.

The composition of the RMC, its duties and responsibilities can be found on pages 40 of this Annual Report.

The RMC assists the Board in ensuring that the risk exposures and outcomes affecting the Bank are effectively managed and addressed by the Board. More specifically, the RMC is responsible for formulating policies and frameworks to identify, monitor, manage and control material risks impacting the Bank.

KEY FOCUS AREAS AND FUTURE PRIORITIES

ESG remains as a key focus area for the Bank moving forward. The Board will continue to provide the appropriate guidance and oversight to the senior management team as they work towards developing a more robust sustainability agenda for the Bank.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Financial year ended 31 December 2019

The Board of Directors is pleased to provide the Statement on Risk Management and Internal Control (“Statement”) which outlines key features of risk management and internal control system of the Bank during the year under review. The Statement was prepared in guidance with the Prakas on Internal Control of Bank and Financial Institution issued by National Bank of Cambodia.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound risk management and internal control system of the bank as well as reviewing its adequacy and effectiveness in identifying, assessing and responding to risks to achieve the Bank’s objectives. The Board plays a pivotal role in providing risk oversight and determining the aggregate level and types of risk that the Bank is willing to take in achieving its strategic objectives (Risk Appetite). The Board actively participates in the setting of the Bank’s objective and strategies, and ensures the corresponding risks are adequately mitigated within its approved risk appetite. In view of the inherent limitations in any risk management and internal control system, such system can therefore only provide reasonable, rather than absolute assurance to realise the Bank’s objectives and against material financial misstatement, losses or fraud.

The Board has established a strong risk management and internal control governance structure that is crucial in setting the tone and culture towards effective risk management and internal control. To effectively carry out its risk and control oversight responsibilities, the Board is assisted by the Risk Management Committee (RMC) and Audit Committee of the Board (ACB) to oversee all matters regarding risk, compliance and controls. The Board receives reports periodically from these Board Committees to keep the Board informed of the Board Committee’s work, key deliberations and decisions on delegated matters.

The Board is satisfied that the Bank has implemented an ongoing process to identify, evaluate, monitor, manage and respond to significant risks faced by the Bank in its achievement of the business goals and objectives amidst the dynamic and challenging business environment. This ongoing process has been in place for the entire financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

MANAGEMENT RESPONSIBILITY

The Management is overall responsible for implementing the Board’s policies and procedures on risks and controls and its roles include:

- Identifying and evaluating the risks relevant to the Bank’ business and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks in accordance with the Bank’s strategic vision and overall risk appetite;
- Designing, implementing and monitoring the effective implementation of risk management and internal control system;
- Implementing the remedial actions to address the compliance deficiencies as directed by the Board; and
- Reporting in a timely manner to the Board on any changes to the risks or emerging risks and the corrective and mitigation actions taken.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

Risk Management Framework

Risk management has evolved into an important driver for strategic decisions in support of business strategies while balancing the appropriate level of risk taken to the desired level of rewards. As risk management is a core discipline of the Bank, it is underpinned by a set of key principles which serve as the foundation in driving strong risk management culture, practices and processes:

01	Establish risk appetite & strategy	The risk appetite, which is approved by the Board, articulates the nature, type and level of risk the Bank is willing to assume.
02	Assign adequate capital	The approach to capital management is driven by strategic objectives and accounts for the relevant regulatory, economic and commercial environments in which the Bank operates.
03	Ensure proper governance and oversight function	There is a clear, effective and robust Bank governance structure with well-defined, transparent and consistent lines of responsibility established within the Bank.
04	Promote strong risk culture	Institutionalisation of a strong risk culture that supports and provides appropriate standards and incentives for professional and responsible behaviour.
05	Implement sound risk frameworks, policies and procedures	Implementation of integrated risk frameworks, policies and procedures to ensure that risk management practices and processes are effective at all levels.
06	Execute strong risk management practices and processes	Robust risk management processes are in place to actively identify, measure, control, monitor and report risks inherent in all product and activities undertaken by the Bank.
07	Ensure sufficient resources and system infrastructure	Ensure sufficient resources, infrastructure and techniques are in place to enable effective risk management.

Statement on Risk Management and Internal Control

Financial year ended 31 December 2019

Risk Appetite

The Bank's risk appetite is an integral component of the Bank's robust risk management framework which is driven by both top-down Board leadership and bottom-up involvement of management at all levels. Our risk appetite enables the Board and Senior Management to communicate, understand and assess the types and levels of risk that the Bank is willing to accept in pursuit of its business and strategic goals while taking into consideration constraints under stressed environment.

The risk appetite is integrated into the strategic planning process, and remains dynamic and responsive to the changing internal and external drivers such as market conditions, stakeholders' expectations and internal capabilities. In addition, the budgeting process is aligned to the risk appetite in ensuring that projected revenues arising from business transactions are consistent with the risk profile established. Our risk appetite also provides a consistent structure in understanding risk and is embedded in the day to day business activities and decisions throughout the Bank. Guided by these principles, our risk appetite is articulated through a set of Risk Appetite Statements for all material risks across the Bank to ultimately balance the strategic objectives of the Bank.

Figure 2: Principles of Risk Appetite



Risk Governance and Oversight

The risk governance model adopted provides a formalised, transparent and effective governance structure that promotes active involvement from the Board and Senior Management in the risk management process to ensure a uniformed view of risk across the Bank. The governance model aims to place accountability and ownership whilst facilitating an appropriate level of independence and segregation of duties between the three lines of defence. The management of risk broadly takes place at different hierarchical levels and is emphasised through various levels of committees, business lines, control and reporting functions.

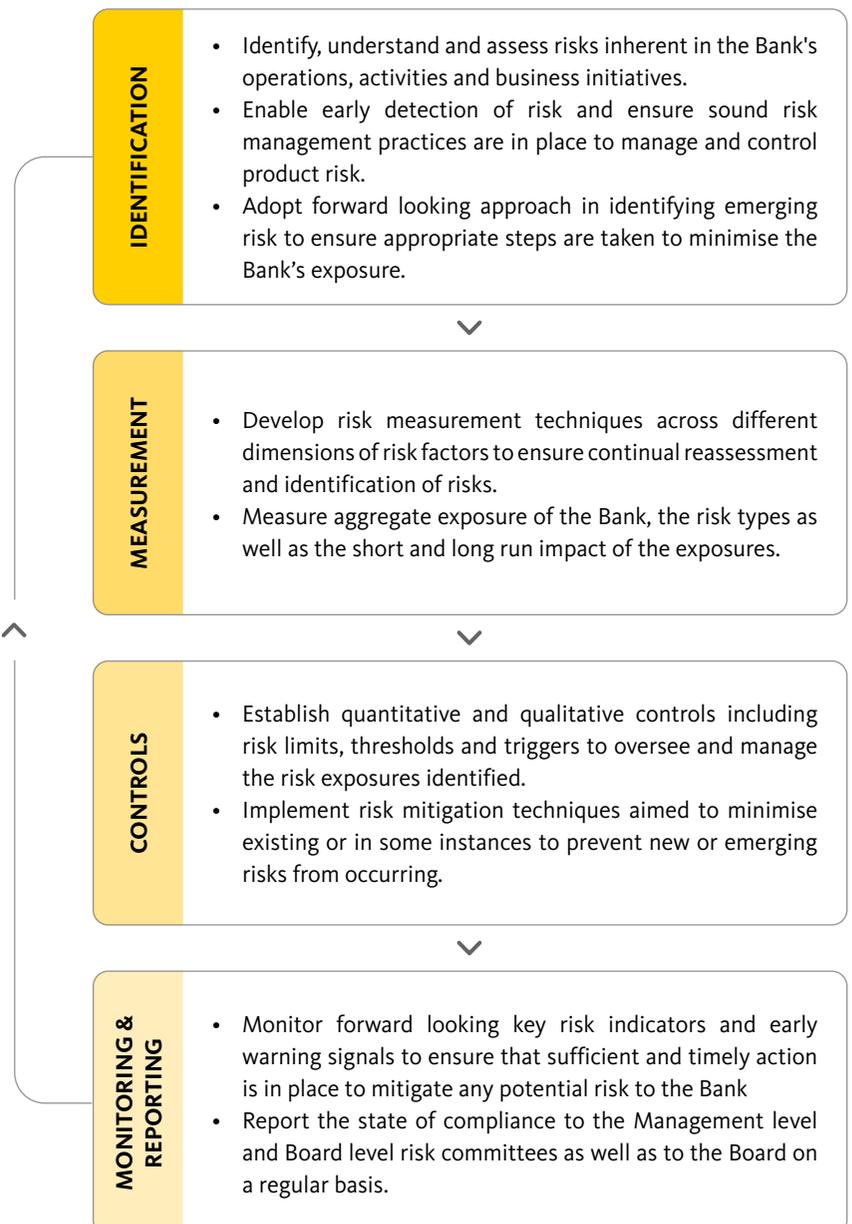
Risk and Compliance Culture

The risk and compliance culture is driven with a strong tone from the top and strengthened by the tone from the middle which serves as the foundation upon which a robust enterprise wide risk management structure and governance are built. This is to ingrain the expected values and principles of conduct that shape the behaviour and attitude of employees at all levels of business and activities across the Bank.

Risk and compliance policies are clearly defined, consistently communicated and continuously reinforced throughout the Bank to embed a robust culture that cultivates active identification, assessment and mitigation of risk. As part of the risk and compliance culture, the Bank has instilled a compliance culture where the Board, Senior Management and employees of the Bank are committed to adhere to the requirement of relevant laws, rules and regulations. This commitment is clearly demonstrated through the establishment and strengthening of policies, processes and controls in managing and preventing non-compliances.

Risk Management Practices and Processes

The risk management practices and processes enable systematic identification, measurement, control, monitoring and reporting of risk exposures across the Bank.



Statement on Risk Management and Internal Control

Financial year ended 31 December 2019

Compliance Framework

The framework provides the key principles and guidelines for managing compliance risk within the Bank. It is adopted and implemented by all businesses and support sectors of the Bank. This Framework serves as a guide for the Compliance function alongside Board of Directors, Senior Management and all employees in understanding, complying and managing compliance risk.

Stress Testing

The Bank's stress testing program is embedded within risk and capital management process and also is a key function of the business planning process. It serves as a forward looking tool to facilitate the understanding of the risk profile under extreme but plausible events that maybe contributed by various factors such as economic, political and environmental and ascertain the impact to the Bank and how this can be proactively managed. The current initiative of an integrated stress testing application will enhance stress testing capabilities with on-demand generation of risk profiles under various scenarios.

Responsible Lending

Our long term financial success depends upon our ability to identify and address environmental, social and governance issues that present risks to or opportunities for business. With this, we remain steadfast in working with the businesses to drive efforts on responsible lending through a continuous review and enhancement of the ESG Policy for the Bank.

Cyber and Technology Risk Management Policy and Guideline

The Cyber Risk Management Policy has been established to identify risks, build resilience, detect cyber threats and effectively respond to cyber related events. The Policy encompasses the cyber risk management strategy, governance structure and risk management enablers. It complements the Technology Risk Management Guideline and covers both Business and Technology drivers from an end-to-end perspective, which focuses on the key layers of People, Process and Technology. With the issuance of Technology Risk Management by National Bank of Cambodia (NBC), the policy is being reviewed to ensure continue compliance with regulatory requirements.

Technology Risk Management Guideline sets the standards for identifying the risk and required controls in the organisation's technology related functionalities and taking the appropriate risk remedial actions. This is established to standardise the technology operations environment which will increase high service levels to the customers as well as business units.

INTERNAL CONTROL SYSTEM

The key elements of the internal control system established by the Board that provides effective governance and oversight of internal control include:

- **Organisation Structure**

The Board has established an organisation structure with clearly defined lines of responsibility, authority limits, and accountability aligned to business and operations requirements which support the maintenance of a strong control environment.

- **Annual Business Plan and Budget**

An annual business plan and budget are submitted to the Board for approval. Performance achievements are reviewed against the targeted results on a monthly basis allowing timely responses and corrective actions to be taken to mitigate risks. The Board reviews regular reports from the management on the key operating statistics, as well as legal and regulatory matters. The Board also approves material changes or amendments to the Bank's policies.

- **Oversight by Risk Management Committee**

The Board has delegated the risk oversight responsibility to the Risk Management Committee (RMC). The committee is responsible for formulating policies and frameworks to identify, measure, monitor, manage and control the material risk components impacting the businesses. The effectiveness of the risk management system is monitored and evaluated by the Credit & Risk Management (CRM) function, on an on-going basis. The RMC also assist the Board in the assessment of compliance risk and ensure it is given the needed attention at the highest level to ascertain regulatory compliance risk is effectively managed to support business growth in line with the bank aspiration and risk appetite. The RMC also review and assess the adequacy of infrastructure, resources and system to manage compliance risk across the Bank and recommend improvement to ensure effectiveness of compliance framework.

- **Oversight by Audit Committee of the Board**

The board has established the ACB to assist in the execution of its governance and oversight responsibilities as well as ensure that there is a reliable and transparent financial reporting process between the Bank. The responsibilities include the assessment of the effectiveness and adequacy of the Bank's governance, risk management and internal controls system through the Internal Audit function. The ACB has active oversight on Internal Audit's independence, scope of work and resources. The ACB meets on a scheduled basis to review audit and investigation reports prepared by Internal Audit, taking into consideration the deliberation of the same report at the IAC. Where necessary, significant control lapses are also escalated by the ACB to the Board for further deliberation. The ACB also deliberates on the outstanding audit findings to ensure that Management undertake the necessary remedial actions within the committed timeline.

- **Executive Level Management Committees**

Various Executive Level Management Committees (ELCs) are also established by Management to assist and support the various Board Committees to oversee the core areas of business operations. These ELCs include the Executive Committee, Credit Committee, Asset and Liability Management Committee, IT Steering Committee, Project Steering Committee, Internal Audit Committee and Staff Committee.

Statement on Risk Management and Internal Control

Financial year ended 31 December 2019

- **Management of Information Assets**

Confidentiality, integrity and availability of information are critical to the day-to-day operations and to facilitate management decision making. The Maybank Information Risk Management Guidelines outlines the guiding principles for an effective management of information assets. Guided by information handling rules in alignment to the information lifecycle, all information must be properly managed, controlled and protected. Clear desk policy is reinforced to minimise information leakage/theft and fraud. With the increase adoption of technology capability and increasing risk of cyber threats, information security has been among our key focus areas. Technology controls are applied at various stages of information cycle. Among the controls are Data Lost Protection to protect and prevent potential data lost/theft.

- **Sustainability Management**

Operating in a sustainable manner is reliance on a structured forward looking approach undertaken across the Bank. Our long term financial success depends upon our ability to identify and address environmental, social and ethical issues that present risks or opportunities for our business, now and into the future. The Bank has in place a Sustainability Plan, a strategic document with the aim of generating long-lasting impact and value across three pillars; (1) Community and Citizenship, (2) Our People and (3) Access to Products and Services, by integrating Environmental, Social and Governance practices into our 'business-as-usual' as part of our commitment to various stakeholders which is supported by relevant policies and systems.

- **Regular Updates and Communication of Risk Management Principles, Policies, Procedures and Practices**

Risk management principles, policies, procedures and practices are reviewed and updated regularly to ensure relevance to the current business environment as well as compliance with applicable laws and regulations. Risk frameworks, policies and procedures are adopted in accordance with the principles prescribed by the Bank while complying with the local requirements. To strengthen consistent adoption of Bank's standards, Risk Management has oversight over the adoption and customisation across the Bank.

- **Procurement Manual and Non-Credit Discretionary Power**

The Bank's Procurement Manual is designed to streamline the procurement functions within the Bank. It serves as a standard guideline on good management practices expected in the procurement process and procedures. Authority to approve any requisition against budgeted or unbudgeted expenditures shall be in accordance with relevant approving authority policies, i.e. the Non-Credit Discretionary Power (NCDP) or any equivalent. The NCDP defines the authority limits approved by the Board for procurement activities, acquisition & disposal of assets, operational write-off, donations, as well as approving general and operational expenses.

- **Standard Practice Instruction**

Policies and procedures are in place to ensure compliance with internal controls and the prescribed laws and regulations. These policies and procedures are set out in the Bank's Standard Practice Instruction (SPI) and are updated from time to time in tandem with changes to the business environment or regulatory guidelines. These SPIs are communicated to relevant employees, where applicable.

- **Human Resource Policies and Guidelines**

The Bank's People Policies serves as a baseline with clarity on the philosophy and principles for People Management and Development in the Bank. It incorporates key principles and philosophies that support Maybank's Mission for Humanising Financial Services. The People Policies consist of a set of policies and guidelines that governs all aspects of human resource management, from talent acquisition and development, performance and consequence management and code of conduct to cessation of employment. A Disciplinary Policy is also established to provide for a structure where disciplinary matters are dealt with fairly, consistently and in line with the prevailing labour laws and employment regulations.

- **Core Values and Code of Ethics and Conduct**

The Bank's core values, T.I.G.E.R. (Teamwork, Integrity, Growth, Excellence and Efficiency, Relationship Building) are the essential guiding principles to drive behavioral ethics. It is further complemented by the Code of Ethics and Conduct that sets out sound principles and standards of good practice to be observed by all employees.

- **Fraud Management**

The Bank instills a culture of vigilance among all employees in handling and combating fraud and to defer future occurrences. Robust and comprehensive tools, infrastructure and programmes are emplaced ensuring risks resulting from fraud are reported and managed in a decisive and timely manner. Stern disciplinary action is taken against employees involved in fraud.

- **Reputational Risk Management**

The Bank adopts a holistic approach and sound governance in managing reputational risk, and to institutionalise awareness and its consequences. Protecting our reputation is paramount to operating as an institution that provides financial services. Upholding trust and creating better customer experience and security forms a vital part of our obligation as a financial institution. Hence, the bank has emplaced policy with roles and responsibilities of key stakeholders and processes to facilitate an effective reputational risk management and monitoring the risk exposure to be within the risk appetite.

- **Whistleblowing Policy**

The bank's whistleblowing policy encapsulates the governance and standards to promote an ethical, responsible and secure whistleblowing practice in the Bank. The policy provide a proper and secured avenue for the employees and/or members of the public, who has knowledge or is aware of any improper conduct, to report any suspected fraud, corruption, criminal activity or unethical conduct/behaviour in the workplace, without fearing any adverse consequences.

The access to whistleblowing information is governed with strictest confidentiality under the oversight of an independent non-executive director of the Board.

- **Anti-Bribery and Corruption Policy**

The Bank Anti-Bribery and Corruption (AB&C) policy emphasise zero tolerance for offer, giving, soliciting and receiving bribe. The policy is to ensure any employee, representative or agent of the Bank does not engage in any act of bribery and corruption.

Statement on Risk Management and Internal Control

Financial year ended 31 December 2019

- **Financial Crime Compliance**

The Bank is committed to fight against financial crime and ensuring compliance with the relevant laws and regulations. Financial crime risks are managed as part of its efforts to protect the integrity and reputation of the Bank. The Bank aim to establish effective control to anticipate, prevent, detect and response to money laundering and terrorist financing risk. Various initiatives and investments have been made to strengthen financial crime compliance controls in FY2019 and in the following years. These include further forming and strengthening a dedicated Financial Crime Compliance (FCC) function which primarily focus on ensuring effective implementation of measures in the areas of anti-money laundering and counter financing of terrorism (AML/CFT), sanctions and anti-bribery and corruptions (AB&C). In addition, on-going enhancement on people, culture, process and systems are being carried out to improve the Bank's ability to prevent, deter and detect financial crime activities.

- **Independent Assurance by Internal Audit**

The Internal Audit (IA) function is established by the Board to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control. The IA function is independent of the activities and operation of other operating units in the Bank. The function is managed by Head of Internal Audit who report functionally to the ACB and administratively to the CEO. The IA processes and activities are guided by the audit charter and governed by relevant regulatory guideline, bank's code of ethic and the institute of internal auditor (IIA) mandatory guidance established under the international professional practices framework (IPPF).

ASSURANCE FROM MANAGEMENT

The CEO and the CFO have provided their reasonable assurance to the Board that the Bank's risk management and internal control system, in all material aspects, is operating adequately and effectively. Taking into consideration the assurance from Management and input from relevant assurance providers, the Board is of the view that the Bank's risk management and internal control system is operating adequately and effectively to safeguard the shareholders' interests and the Bank's assets.

The Board is satisfied that the bank has implemented an on-going process to identify, evaluate, monitor, manage and response to significant risks faced by the Bank in its achievement of business goals and objectives amidst the dynamic and challenging business environment. This on-going process has been in place for the entire financial year under review and up to the date of approval of this statement for inclusion in the annual report.

AUDIT COMMITTEE REPORT

A. COMPOSITION AND TERMS OF REFERENCE

COMPOSITION

The Committee shall consist of at least three (3) members, with at least two (2) non-executive directors appointed by the Board from amongst its non-executive directors of the Bank:

1. The Chairman must be an independent director and at least an independent person of the committee must be an expertise in finance and accounting, and an independent person with expertise in legal issues and banking.
2. Where the Chairman is unable to attend the meeting, the members shall elect a person among themselves as Chairman.
3. Review of the membership must be undertaken once every three (3) years. This review pertains to the term of office and performance of the members.

MEETINGS

1. Meetings shall be held at least once a quarter, to coincide with the Board of Directors meeting or at a frequency to be decided by the Committee. The Committee may invite any person to be in attendance to assist in its deliberations. The CEO and Head of Internal Audit shall normally attend the meetings. At least once a year, the Committee shall meet with the external auditor without the presence of management.
2. The Committee will regulate its own procedure particularly with regard to the calling of meetings, the notice to be given of such meetings, the voting and proceedings of such meetings, the keeping of minutes and the custody, production and inspection of such minutes.
3. Upon the request of the external auditor, a meeting is to be convened to consider any matter that the auditor believes should be brought to the attention of the directors and shareholders.

QUORUM

At least 51% of the number of directors must be present to form a quorum.

SECRETARY

The joint secretaries to the ACB are the Head of Corporate Affairs & Communications and the Head of Corporate & Legal Services.

AUTHORITY

The Committee is authorised by the Board to:

- Investigate any activity or matter within its terms of reference.
- Have necessary resources, which are required to perform its duties.
- Have full and unrestricted access to any information and documents relevant to its activities.
- Have direct communication channels with external auditors, person(s) carrying out the internal audit function or activity and senior management of the Bank.
- Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
- Convene meetings with internal and external auditors, without the attendance of the executives, whenever deemed necessary.

B. DUTIES & RESPONSIBILITIES

The primary duties and responsibilities of the ACB with regards to the Bank's internal audit function, external auditor, financial reporting, related party transactions, annual reporting and investigation are as follows:-

1. INTERNAL AUDIT

- Review and approve the adequacy of the internal audit scope and plan, functions and resources of the internal audit function, internal audit charter and ensure that it has the necessary authority to carry out its work.
- Review and assess the internal audit reports and ensure appropriate and prompt remedial actions are taken by the Management on lapses in controls or procedures identified by Internal Audit.
- Appraise and approve the appointment or termination of the Head of Internal Audit.
- Assess the performance of the internal auditors; determine/approve the remuneration and annual increment of the internal auditors.
- Take cognizance of resignation of internal audit staff and the reason for resigning.

2. EXTERNAL AUDIT

- Review the appointment, performance, resignation and dismissal of the external auditors, the audit fee, and to make recommendations regarding the same to the Board.
- Assess the qualification, expertise, resources and effectiveness of the external auditors.
- Monitor the effectiveness of the external auditors' performance and their independence and objectivity.
- Review the external auditors' audit scope and plan, including any changes to the planned scope of the audit plan.
- Review major audit reports and findings raised by the external auditors and the Management's responses, including the status of previous audit recommendations.
- Review the assistance given by the Bank's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- Approve non audit-services provided by the external auditors.

3. INTERNAL CONTROL SYSTEM

Review, appraise and report to the Board of Directors on:

- The adequacy of established policies, procedures and guidelines on the internal control system.
- The effectiveness of the internal control system and the internal and/or external auditor's evaluation of the system and in particular the external auditor's management letter and management response.

Audit Committee Report

4. FINANCIAL REPORTING

Review the quarterly and year-end financial statements focusing on:-

- Any changes in accounting policy and practices.
- Significant and unusual events.
- Compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.

5. RELATED PARTY TRANSACTIONS

Review any related party transactions and conflict of interest situations that may arise within the Bank or Maybank Group including transactions, procedures or courses of conducts that may raise questions on Management's integrity.

6. ANNUAL REPORT

Prepare an audit committee report at the end of each financial year and this report will be set out clearly in the Annual Report.

7. INVESTIGATION

Instruct the conduct of investigation into any activity or matter within its terms of reference.

8. OTHER MATTERS

Act on other matters as the Committee considers appropriate or as authorised by the Board of Directors. Receive and consider reports relating to the perpetuation and prevention of fraud.

C. ACTIVITIES OF ACB FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

ATTENDANCE OF MEETINGS

A total of six (6) meetings were held during FY2019 and the details of meeting attendance are set out as follows:

Name of Committee Member	Number of meetings held and attended during FY2019
Mr. Shariffuddin Khalid (Chairman) *	
- Appointed on 29/3/2019	4/4
- Independent Non-Executive Director	
Mr. Spencer Lee (Member) **	
- Appointed on 23/3/2012	6/6
- Independent Non-Executive Director	
Mr. Anthony Brent Elam (Member) ***	
- Appointed on 31/10/2017	2/2
- Independent Non-Executive Director	
Datuk Hamirullah Boorhan (Member)	
- Appointed on 23/3/2012	6/6
- Non-Independent Non-Executive Director	
Mr. Soon Su Long (Member)	
- Appointed on 31/3/2015	6/6
- Non-Independent Non-Executive Director	

* Appointed as Chairman of the ACB with effect from 29 March 2019.

** Appointed as Chairman of the RMC with effect from 29 March 2019.

*** Appointed as Chairman of the Board with effect from 29 March 2019. Resigned as Chairman of RMC and Member of ACB with effect from 29 March 2019.

To facilitate deliberation of the audit results, the Head of Internal Audit (HIA) and Internal Audit Managers attended the ACB meetings to present their audit and investigation reports. The Chief Financial Officer (CFO) as Chairman of the Internal Audit Committee (IAC), represented the Management team to provide assurance and commitment to the ACB on prompt resolution of audit issues and area of concerns highlighted by Internal Audit (IA). Where required, the Management of the audit subjects were called to provide explanation to the ACB on specific control lapses and issues arising from relevant audit reports.

The external auditor (EA) was invited to the ACB meetings to present the Audit Planning Memorandum (APM), Management Letters and other matters deemed relevant. Together with the Chief Executive Officer (CEO) and CFO, the external auditor also attended the meetings where the ACB met to discuss and review the annual audited financial statements of the Bank. During FY2019, the ACB had TWO private sessions with auditors without the presence of Management team. One session was with IA and another session was with EA.

During the year under review, the ACB in the discharge of its duties and functions had carried out the following activities:

INTERNAL AUDIT

1. Reviewed and approved the Annual Audit Plan for FY2020 (AAP2020) to ensure comprehensiveness of scope and coverage as well as adequacy and competency of IA resources to discharge the internal audit functions effectively. The ACB also took cognisance of the IA's annual operating budget requirement as presented in AAP2020 which was later tabled to the Board for approval together with the annual operating budget requirement for the entire Bank.
2. Deliberated and approved the revision to the approved AAP2019 in consideration of the emerging risks from the changes in business environment and internal processes and in response to the request from management and ACB.
3. Assessed and approved FY2018 performance and rewards for HIA and IA staffs in consideration of the overall achievement of IA for the year and in accordance with the matrix approved by the Board.
4. Deliberated and approved the FY2019 goal setting for HIA taking into consideration the relevance and importance of the key performance indicators set for the year.
5. Reviewed IA monthly performance report detailing the completion of the planned audits in the approved AAP2019 as well as turnover of IA staffs.
6. Deliberated audit and investigation reports and directed Management to promptly remediate control lapses highlighted by IA to strengthen the internal control system and prevent recurrence. Where necessary, CFO was directed to escalate the control lapses and recommendations to the EXCO for deliberation.
7. Reviewed the monthly audit finding status reports and deliberated the rectification actions and timeline taken by Management to ensure control lapses were addressed and resolved promptly. The ACB also deliberated the rectification timeline extension requests by Management and approved such request where the justifications were acceptable.
8. Reviewed and noted the Internal Audit Committee (IAC) minutes of meetings for an overview of the deliberation and remedial actions taken by the Management on the control lapses raised by IA.
9. Deliberated the Internal Quality Assurance Review Report prepared by Group Audit on the works carried out by MCP IA to ensure continuous conformance with the International Standards promulgated by the Institute of Internal Auditors (IIA).

Audit Committee Report

ANNUAL REPORT

10. Reviewed and endorsed the Statement on Risk Management and Internal Control (SORMIC) for Board's approval for inclusion in the FY2018 Annual Report and submission to the National Bank of Cambodia (NBC).
11. Reviewed and approved the Audit Committee Report for inclusion in the FY2018 Annual Report and submission to NBC.

FINANCIAL REPORTING

12. Reviewed the annual audited financial statements of the Bank to ensure that the financial reporting and disclosure requirements are in compliance with the accounting standards, with special focus placed on the changes in accounting policy, as well as significant and unusual events or transactions.

EXTERNAL AUDIT

13. Reviewed and endorsed the reappointment of external auditors for FY2020 and audit fee for FY2019. Assessed the independence, objectivity, qualification, expertise, resources and effectiveness of the external auditors.
14. Reviewed the results of the audits, relevant audit reports and Management Letters together with Management's responses or comments to the audit findings.
15. Reviewed the written assurance provided by external auditors in respect of their independence. Reviewed the assistance given by the Bank's officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
16. Reviewed related party transactions as disclosed in the financial statements and the adequacy of the Bank's procedures in identifying, monitoring, reporting and reviewing related party transactions.

D. INTERNAL AUDIT FUNCTION

ORGANISATIONAL INDEPENDENCE

The Internal Audit (IA) function is established by the Board to undertake independent review and assessment in order to provide independent and objective assurance on the adequacy, efficiency and effectiveness of governance, risk management and internal controls processes implemented by the Management. The IA function of Maybank (Cambodia) Plc. is organised in-house with direct accountability to the ACB. It is independent of the activities or operations of other operating units in the Bank.

To maintain its impartiality and objectivity as outlined in the Audit Charter (as approved by the ACB), the IA function reports functionally to the ACB and administratively to the CEO and matrix reports to Group Chief Audit Executive (GCAE). The IA function is currently headed by Mr. Sok Chandara, he has more than 10 years of audit experience in financial industry in Cambodia. He holds two bachelor degrees in Information Technology & Economic Development. He is currently pursuing the Professional Banker certification by the Asian Institute of Chartered Bankers and the Certified Internal Auditor certification by the Institute of Internal Auditors.

RESPONSIBILITY, SCOPE & METHODOLOGY

The principle responsibility of IA is to evaluate the effectiveness of the governance, risk management and internal control framework and to assess whether the risks, which may hinder the Bank from achieving its objectives, are adequately evaluated, managed and controlled. It provides risk-based and objective assurance, advice and insight to stakeholders with aim of enhancing and protecting organisational values and supporting the Bank to achieve its goals.

The IA scope of work for the year, covering the business and operations of the Bank was defined in AAP2019 approved by the ACB in December 2018. In establishing the plan, all the auditable units are risk-ranked using the Maybank Risk Based Audit (MRBA) approach while the COSO Framework is used to assess the adequacy and effectiveness of internal controls. The AAP is aligned with the strategies, objectives and risks of the Bank and is developed in consultation with Group Audit and the Management.

The IA processes and activities are governed by the regulatory guidelines as well as the Bank's Code of Ethics & Conduct and The IIA mandatory guidance of the International Professional Practices Framework (IPPF). Audit reports were submitted to the ACB for review and deliberation along with the audit recommendations as well as Management's responses and action plans for improvement and/or rectification. The rectification of audit findings were closely tracked and reported to the ACB periodically to ensure prompt resolution. Requests for extension of timeline were also tabled to the ACB for approval.

The Quality Assurance and Improvement Program (QAIP) continues to be used to assess the quality of the audit processes against the International Standards promulgated by the IIA. Recommendations and opportunities for improvement are identified through internal and external assessments. The internal assessment is performed annually by an independent internal Quality Assurance team from Group Audit under direct supervision of GCAE. The external assessment is conducted once every five years by qualified and independent assessor. The last external assessment was conducted by KPMG in 2017 where MCP IA was assessed to be in conformance with the IIA Standards and leading practices.

As of 31 December 2019, the IA function has a staff strength of 9 individuals from diverse backgrounds and qualifications. In order to perform its functions effectively, the auditors undergo continuous trainings during the year, to equip themselves with the requisite audit and product/service knowledge in various specialised areas, leveraging both from in-house and external accredited training providers. IA staffs are currently pursuing various professional qualifications such as ACCA, Credit Assessment Certification, Professional Banker Program, Certified Internal Auditor etc. Training and guidance were also provided by Group Audit to the MCP IA, where relevant to ensure consistency in the application of auditing standards, processes and testing.

SUMMARY OF ACTIVITIES UNDERTAKEN BY INTERNAL AUDIT IN FY2019

1. Attended meetings of the various management committees such as Information Technology Steering Committee (ITSC) and Executive Committee (EXCO) on a consultative and advisory capacity to provide independent feedback on governance, risk management and internal control.
2. Established a risk-based Annual Audit Plan for FY2019 (AAP2019) and revised the plan taking into consideration the Bank's business strategic plan, business landscape, regulatory requirements as well as inputs from Management and the ACB.
3. Participated in a three-day offsite Regional Group Audit Challenge Session to deliberate the audit approach and coverage for 2020 prior to finalizing the AAP2020. The AAP2020 was tabled and approved by the ACB and later presented to the Board for information in November 2019.
4. Performed periodic internal control testing of business units, operations and processes across the Bank as identified in the AAP2019 and provided independent assessment and objective assurance over the adequacy and effectiveness of governance, risk management, and internal control processes of the units audited. Among the areas that were tested during the FY2019 were Branch Distribution, Information Technology Infrastructure and Security, Loan Origination of all segments, Risk Functions, Card & ATM Operation, AML/CFT Function, Asset Quality Management, Virtual Banking & Payment, Credit Administration etc.

Audit Committee Report

5. Conducted regional audits with Group Audit on critical areas such as Computation and Reporting of Capital Charge, Internal Capital Adequacy Assessment Process (ICAAP), Group & Local Stress Testing, etc. Result of these audits were submitted to Group Audit for consolidation.
6. Prepared and issued audit reports to the respective auditees, Management and the ACB concluding results of audit testing conducted together with detailed observations, management responses and audit recommendations to improve and strengthen the system of internal controls and risk management.
7. Provided independent and objective reviews of the adequacy and relevance of internal controls enforced to mitigate the identified risk exposures in the introduction of new products/services and enhancement of existing products and processes.
8. Conducted ad-hoc, special review and investigations into activities or matters as instructed by the ACB or requested by Management. The outcomes of such reviews were tabled to the IAC and ACB for deliberation.
9. Prepared the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion into the FY2018 Annual Report upon approval by the ACB and the Board.
10. Participated in Business Continuity Management exercises, including Crisis Simulation Exercise and Disaster Recovery Exercise, to provide independent observations on the readiness of the businesses/systems to resume/recover (in the event of disaster) within the established timeline.
11. Engaged with relevant units to discuss and raise awareness on risk and control environment within their respective areas.

CORPORATE RESPONSIBILITY

At Maybank, sustainability is at the core of our business. Our approach is anchored on our mission of Humanising Financial Services, which places people at the heart of all that we do – from making ethical decisions and providing innovative financing and investment services to empowering communities and conserving the environment.

Maybank’s sustainability initiatives are guided by our Group 20/20 Sustainability Plan (the Plan). Launched in 2014, the Plan highlights three

major areas that contribute to the Group’s long-term value: Community and Citizenship, Our People and Access to Products and Services. Since its inception, the Plan has guided the successful delivery of numerous far-reaching initiatives within these three pillars. As we come to the end of the Plan’s five-year time frame, we are working to define the next phase of our sustainability strategy through targeted stakeholder engagement and enhanced mapping of our actions against the global priorities set out in the United Nations Sustainable Development Goals (SDGs).

Maybank Group 20/20 Sustainability Plan



> A group photo of H.E. Rath Sovannorak, Director General, Banking Supervision, National Bank of Cambodia, Shahril Azuar Jimin, CEO of Maybank Foundation, Dato' Hanif Suadi, CEO of Maybank Cambodia, Michael Reyes CEO of MoneyTree Asia, Maybank Cambodia Management Team members and Maybank Foundation team and students during the launch of Maybank CashVille Kidz Programme at the Cambodian Financial Literacy Day, organised by the National Bank of Cambodia.

Corporate Responsibility

EMPOWERING COMMUNITIES

We empower the communities where we operate through targeted social investments, volunteer efforts, and long-term partnerships. We work in collaboration with the Maybank Foundation, in line with the priorities set out in our Maybank Group 20/20 Sustainability Plan.

Our community programmes extend across ASEAN and we strive to invest for impact by focusing on education, community empowerment, arts and culture, environmental diversity, healthy living and disaster relief.

CashVille Kidz



A financial literacy programme focusing on personal finance management provided to students through critical thinking modules on economics, income, consumption, purchases and savings.

- Implemented in **5 Provinces** in Cambodia (Phnom Penh, Siem Reap, Battambang, Kampong Cham and Sihanoukville)
- Reached **53 public and private schools** and **15,359 students** to-date
- Achieved a literacy score increase of more than **27%**

2019 Highlights:

- Reached 30 public and private schools and 10,353 students
- Expanded to 4 provinces in Cambodia
- Showcased at the National Financial Literacy Day in Cambodia organized by the National Bank of Cambodia.



Maybank Women Eco-Weavers



Empowering women weavers from poor and marginalised communities with training, capacity building and/or microfinancing to revive traditional weaving practices and attain financial independence.

A complementing sericulture programme provides farmers with mulberry tree saplings to maintain the supply of silk thread, an additional source of income for communities.

- Active in **2 Provinces** in Cambodia (Takeo and Siem Reap)
- **190 weavers** trained to-date
- **468 farmers supported, with more than 80,800 trees planted** to-date

2019 Highlights:

- 65 weavers trained
- 180 farmers trained with more than 39,694 trees planted
- Groundbreaking ceremony of Maybank Silk Weaving Training Center in Siem Reap
- Weavers participated in Entwine: Maybank Women Eco-Weavers Meet Southeast Asian Artists Travelling Exhibition at National Museum of Singapore

Corporate Responsibility

eMpowering Youths Across ASEAN



Funding for youth groups to run projects that positively impact poverty rates or better livelihoods in ASEAN communities.

- Impacted the lives of **1,558 individuals** via **3 projects** in Cambodia
- **27 youths** participated in the programme in Cambodia

2019 Highlights:

- 1,000 mangrove trees planted in Kampot Province-Econurture Project
- A Training Youth Centre built in Battambang Province-EduSparks Project
- A biological garden consisting of dye plants and vegetables built at the Maybank Silk Weaving Training Centre in Takeo Province-SilkWave Project



Restore the Gift of Sight



*Cumulative data of Global CR Day 2019 and monthly voluntary mission



Focusing on the mission of eliminating avoidable blindness in Cambodia via eye screening and eye surgery for the underprivileged in collaboration with Khmer Sight Foundation.

- Impacted over **1,700 beneficiaries*** via eye screening and eye surgery missions and vision care session
- Over **380 employees*** involved

2019 Highlights:

- Assisted Khmer Sight to provide eye screening and eye surgery to over 1,200 beneficiaries during Global CR Day 2019 and monthly mission
- Almost 500 students and community members participated in vision care sessions in Phnom Penh and 4 provinces in Cambodia

Cambodian Red Cross



Maybank Cambodia supported the Cambodian Red Cross's efforts in humanitarian services to relieve the sufferings of the most vulnerable in the society, including healthcare, humanitarian services, as well as disaster response and preparedness activities throughout the country. Witnessed by the Prime Minister of Cambodia and President of Cambodian Red Cross (spouse of PM Cambodia).

Ramadhan Relief



During the fasting month of Ramadhan, Maybank kicked off its "Ramadhan Relief" program with a hand over of food supplies to 200 local families who live on sampans and some on land, along the riverside. Distribution of food supplies were also made to another 300 families in Otrave Village, Andong Thmor Village and Sre Knong Village in Sihanouville.

FINANCIAL STATEMENTS



53	REPORT OF THE BOARD OF DIRECTORS
55	INDEPENDENT AUDITOR'S REPORT
57	STATEMENT OF FINANCIAL POSITION
58	INCOME STATEMENT

59	STATEMENT OF CHANGES IN EQUITY
60	STATEMENT OF CASH FLOWS
61	NOTES TO THE FINANCIAL STATEMENTS

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Maybank (Cambodia) Plc. (“the Bank”) presents its report and the Bank’s financial statements as at 31 December 2019 and for the year then ended.

THE BANK

Maybank in Cambodia was established since 1993 and initially operated as Phnom Penh Branch (“the Branch”) of Malayan Banking Berhad (“MBB”), a bank incorporated in Malaysia.

On 2 April 2012, the Branch was incorporated as Maybank (Cambodia) Plc., a public limited company and as a subsidiary of MBB. The Bank was duly incorporated under the Cambodian Law on Commercial Enterprises and licensed under the regulations of the National Bank of Cambodia (“NBC”).

The Bank is engaged in the provision of comprehensive banking and related financial services in the Kingdom of Cambodia in accordance with Banking License No. 02 issued by the NBC for an indefinite period.

The Bank’s registered office address is at No.43, Preah Norodom Boulevard, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Cambodia.

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

FINANCIAL RESULTS

The financial results of the Bank for the year ended 31 December 2019 are set out in the statement of comprehensive income.

SHARE CAPITAL

The total share capital of the Bank as at 31 December 2019 is US\$75,000,000 (KHR 300 billion) (2018: US\$75,000,000 or KHR 300 billion).

RESERVES AND PROVISIONS

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

EXPECTED CREDIT LOSSES ON LOANS AND ADVANCES

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ascertain that actions had been taken in relation to writing off of bad loans and advances and the provision of allowance for loan losses, and satisfied themselves that all known bad loans and advances had been written off and adequate allowance had been made for expected credit losses.

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 expected credit losses as at statement of financial position date inadequate to any material extent.

ASSETS

Before the financial statements of the Bank were drawn up, the Directors took reasonable steps to ensure that any assets, other than debts, which were unlikely to be realized 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 realize.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No charge on the assets of the Bank which has arisen since the end of the period which secures the liabilities of any other person; and
- No contingent liability in respect of the Bank that has arisen since the end of the period other than in the ordinary course of 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 period which, in the opinion of the Directors, will or may have a material effect on the ability of the Bank to meet its obligations as and when they become due.

EVENTS AFTER THE REPORTING PERIOD

With the recent and rapid development of the coronavirus (COVID-19) outbreak, several countries have limited or suspended business operations and implemented travel restrictions and other emergency measures which have significantly disrupted (or are expected to disrupt) the activities of various institutions. The outbreak occurred at a time close to the reporting date and the condition has continued to evolve. During the outbreak, Cambodia is among those affected. In March 2020, the NBC requested banks and financial institutions to delay or suspend all loan and interest collections to soften the economic blow to business and household borrowers. Management will continuously pay close attention to the development of the COVID-19 outbreak in Cambodia, its impact to the Bank’s borrowers, as well as their ability to service the loans.

Other than as disclosed elsewhere in the financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2019 that have material impact on the financial position of the Bank as at 31 December 2019.

Directors' Report

THE BOARD OF DIRECTORS

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

Anthony Brent Elam	Chairman / Independent non-executive director
Spencer Lee Tien Chye	Independent non-executive director
Datuk Hamirullah Bin Boorhan	Non-independent non-executive director
Soon Su Long	Non-independent non-executive director
Shariffuddin Khalid	Independent non-executive director

AUDITOR

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

DIRECTORS' BENEFITS

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

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

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

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2019, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors oversees preparation of these financial statements by management who is required to:

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

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Bank as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards.

On behalf of the Board of Directors



Anthony Brent Elam
Chairman / Independent non-executive director

Phnom Penh, Kingdom of Cambodia

21 April 2020

INDEPENDENT AUDITORS' REPORT

To The Shareholder of Maybank (Cambodia) Plc.

Opinion

We have audited the accompanying financial statements of Maybank (Cambodia) Plc. ("the Bank") which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the sub-decree on the Code of Ethics for Professional Accountants and Auditors promulgated by the Royal Government of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The other information obtained at the date of the auditor's report comprises the Report of the Board of Directors as set out in pages 1 to 4. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

To The Shareholder of Maybank (Cambodia) Plc.

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



Maria Cristina M. Calimbas

Partner

Ernst & Young (Cambodia) Ltd.

Certified Public Accountants

Registered Auditors

Phnom Penh, Kingdom of Cambodia

21 April 2020

STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Notes	31 December 2019		31 December 2018		1 January 2018	
		US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
ASSETS				(As restated – Note 2.4)		(As restated – Note 2.4)	
Cash on hand		43,865,242	178,750,861	41,955,758	168,578,236	46,200,546	186,511,604
Balances with the National Bank of Cambodia	3	395,510,749	1,611,706,302	386,426,166	1,552,660,335	248,596,929	1,003,585,802
Balances with other banks	4	231,242,408	942,312,813	142,557,487	572,795,983	55,420,934	223,734,311
Due from parent company	5	10,378	42,290	1,745	7,011	4,415	17,823
Balances with affiliates	6	1,017,554	4,146,533	887,559	3,566,212	1,647,157	6,649,573
Loans and advances	7	674,515,974	2,748,652,594	568,500,231	2,284,233,928	531,171,080	2,144,337,650
Property and equipment	8	3,671,526	14,961,468	4,399,603	17,677,605	5,543,920	22,380,805
Software costs	9	1,093,390	4,455,564	811,601	3,261,013	1,071,751	4,326,659
Right-of-use assets	10	19,219,240	78,318,403	18,249,187	73,325,235	20,133,142	81,277,494
Deferred tax assets	13	2,135,731	8,703,104	2,257,555	9,070,856	3,722,549	15,027,930
Other assets	11	3,250,120	13,244,240	2,797,977	11,242,272	3,001,611	12,117,504
TOTAL ASSETS		1,375,532,312	5,605,294,172	1,168,844,869	4,696,418,686	916,514,034	3,699,967,155
LIABILITIES AND SHAREHOLDER'S EQUITY				(As restated – Note 2.4)		(As restated – Note 2.4)	
LIABILITIES							
Deposits from customers	12	1,079,464,510	4,398,817,878	929,362,752	3,734,179,538	705,829,271	2,849,432,767
Deposits from other financial institutions	12	53,958,368	219,880,350	29,681,922	119,261,963	25,116,432	101,395,036
Lease liabilities	15	20,373,978	83,023,960	19,008,996	76,378,146	20,332,119	82,080,764
Due to parent company	5	3,102,957	12,644,550	3,178,987	12,773,170	1,770,051	7,145,696
Income tax payable	13	6,179,875	25,182,991	3,028,002	12,166,512	2,172,803	8,771,606
Subordinated debt	5	30,000,000	122,250,000	30,000,000	120,540,000	30,000,000	121,110,000
Other liabilities	14	16,434,877	66,972,124	15,459,934	62,118,016	15,307,589	61,796,737
Total liabilities		1,209,514,565	4,928,771,853	1,029,720,593	4,137,417,345	800,528,265	3,231,732,606
SHAREHOLDER'S EQUITY							
Share capital	17	75,000,000	300,000,000	75,000,000	300,000,000	65,000,000	260,000,000
General reserve		10,000,000	40,000,000	10,000,000	40,000,000	10,000,000	40,000,000
Regulatory reserve		7,612,089	30,815,426	4,108,337	16,618,223	-	-
Retained earnings		73,405,658	297,539,616	50,015,939	202,764,474	40,985,769	165,787,437
Cumulative exchange differences on translation		-	8,167,277	-	(381,356)		2,447,112
Total shareholder's equity		166,017,747	676,522,319	139,124,276	559,001,341	115,985,769	468,234,549
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		1,375,532,312	5,605,294,172	1,168,844,869	4,696,418,686	916,514,034	3,699,967,155

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Notes	2019		2018	
		US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
				<i>(As restated – Note 2.4)</i>	
Interest income	18	58,104,845	235,440,832	51,556,293	208,545,205
Interest expense	19	(18,650,211)	(75,570,656)	(16,790,214)	(67,916,416)
Net interest income		39,454,634	159,870,176	34,766,079	140,628,789
Fee and commission income	21	8,982,967	36,398,982	7,240,383	29,287,349
Fee and commission expense		(1,408,639)	(5,707,805)	(1,392,766)	(5,633,738)
Net fee and commission income		7,574,328	30,691,177	5,847,617	23,653,611
Other income	22	4,414,519	17,887,631	4,047,009	16,370,151
Net operating income		51,443,481	208,448,984	44,660,705	180,652,551
Finance cost	20	(791,386)	(3,206,695)	(807,446)	(3,266,119)
General and administrative expenses	23	(20,896,754)	(84,673,647)	(19,789,481)	(80,048,451)
Provision for expected credit losses	4, 7, 14	4,145,575	16,797,870	4,186,524	16,934,490
Profit before tax		33,900,916	137,366,512	28,250,302	114,272,471
Income tax expense	13.1	(7,007,445)	(28,394,167)	(5,111,795)	(20,677,211)
Net profit for the year		26,893,471	108,972,345	23,138,507	93,595,260
Exchange difference on translation		-	8,548,633	-	(2,828,468)
Total comprehensive income for the year		26,893,471	117,520,978	23,138,507	90,766,792

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Paid up capital		General reserve		Regulatory reserve		Retained earnings		Cumulative exchange differences on translation	Total	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Balance as at 1 January 2019, as previously reported	75,000,000	300,000,000	10,000,000	40,000,000	-	-	51,161,214	206,947,111	148,647	136,161,214	547,095,758
Effect of transitioning to CIFRSs											
CIFRS 9	-	-	-	-	-	-	4,995,381	20,206,316	-	4,995,381	20,206,316
CIFRS 16	-	-	-	-	-	-	(1,949,546)	(7,885,914)	-	(1,949,546)	(7,885,914)
Deferred tax	-	-	-	-	-	-	(82,773)	(334,816)	-	(82,773)	(334,816)
Transfer to regulatory reserve	-	-	-	-	4,108,337	16,618,223	(4,108,337)	(16,618,223)	-	-	-
Exchange difference on translation	-	-	-	-	-	-	-	-	(530,003)	-	(530,003)
Balance as at 1 January 2019, as restated (Note 2.4)	75,000,000	300,000,000	10,000,000	40,000,000	4,108,337	16,618,223	50,015,939	202,314,474	(381,356)	139,124,276	558,551,341
Net profit for the year	-	-	-	-	-	-	26,893,471	108,972,345	-	26,893,471	108,972,345
Transfer to regulatory reserve	-	-	-	-	3,503,752	14,197,203	(3,503,752)	(14,197,203)	-	-	-
Exchange difference on translation	-	-	-	-	-	-	-	-	8,548,633	-	8,548,633
Balance as at 31 December 2019	75,000,000	300,000,000	10,000,000	40,000,000	7,612,089	30,815,426	73,405,658	297,539,616	8,167,277	166,017,747	676,522,319

	Paid up capital		General reserve		Regulatory reserve		Retained earnings		Cumulative exchange differences on translation	Total	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Balance as at 1 January 2018, as previously reported	65,000,000	260,000,000	10,000,000	40,000,000	-	-	46,418,792	187,764,014	2,403,649	121,418,792	490,167,663
Effect of transitioning to CIFRSs											
CIFRS 9	-	-	-	-	-	-	(5,022,626)	(20,316,522)	-	(5,022,626)	(20,316,522)
CIFRS 16	-	-	-	-	-	-	(1,414,922)	(5,723,359)	-	(1,414,922)	(5,723,359)
Deferred tax	-	-	-	-	-	-	1,004,525	4,063,304	-	1,004,525	4,063,304
Exchange difference on translation	-	-	-	-	-	-	-	-	43,463	-	43,463
Balance as at 1 January 2018, as restated (Note 2.4)	65,000,000	260,000,000	10,000,000	40,000,000	-	-	40,985,769	165,787,437	2,447,112	115,985,769	468,234,549
Net profit for the year, as restated (Note 2.4)	10,000,000	40,000,000	-	-	-	-	23,138,507	93,595,260	-	23,138,507	93,595,260
Capitalisation of retained earnings	-	-	-	-	-	-	(10,000,000)	(40,000,000)	-	-	-
Transfer to regulatory reserve	-	-	-	-	4,108,337	16,618,223	(4,108,337)	(16,618,223)	-	-	-
Exchange difference on translation	-	-	-	-	-	-	-	-	(2,828,468)	-	(2,828,468)
Balance as at 31 December 2018, as restated (Note 2.4)	75,000,000	300,000,000	10,000,000	40,000,000	4,108,337	16,618,223	50,015,939	202,764,474	(381,356)	139,124,276	559,001,341

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

		2019		2018	
	Notes	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
				<i>(As restated – Note 2.4)</i>	
OPERATING ACTIVITIES					
Net cash provided by operating activities	24	80,605,059	323,583,748	197,892,369	795,789,148
INVESTING ACTIVITIES					
Acquisition of:					
Property and equipment	8	(735,136)	(2,978,771)	(640,432)	(2,590,547)
Software costs	9	(700,380)	(2,837,940)	(122,051)	(493,696)
Proceeds from disposal of property and equipment		-	-	11,517	46,586
Net cash used in investing activities		(1,435,516)	(5,816,711)	(750,966)	(3,037,657)
FINANCING ACTIVITY					
Repayment of principal portion of lease liabilities		(1,602,067)	(6,491,575)	(1,427,590)	(5,774,602)
Increase in cash and cash equivalents		77,567,476	311,275,462	195,713,813	786,976,889
Cash and cash equivalents as at 1 January		435,430,652	1,749,560,360	239,716,839	967,736,879
Exchange difference on translation		-	29,631,550	-	(5,153,408)
Cash and cash equivalents as at 31 December	3	512,998,128	2,090,467,372	435,430,652	1,749,560,360

The attached notes 1 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2019 and for the year then ended

1. CORPORATE INFORMATION

Establishment and operations

Maybank in Cambodia was established in 1993 and operated as Phnom Penh Branch (“the Branch”) of Malayan Banking Berhad (“the parent company” or “MBB”), a bank incorporated in Malaysia.

On 2 April 2012, the Branch was incorporated as Maybank (Cambodia) Plc, (“the Bank”), a public limited company and as subsidiary of MBB. The Bank is duly incorporated under the Cambodian Law on Commercial Enterprises and licensed under the regulations of the National Bank of Cambodia (“NBC”).

The Bank is engaged in the provision of comprehensive banking and related financial services in the Kingdom of Cambodia in accordance with Banking License No. 02 issued by the NBC for an indefinite period.

Share capital

The total share capital of the Bank as at 31 December 2019 is US\$ 75,000,000 or KHR 300 billion (2018: US\$ 75,000,000 or KHR 300 billion).

Board of Directors

The members of the Board of Directors during the year and at the date of the financial statements are:

Anthony Brent Elam	Chairman/ Independent non-executive director
Spencer Lee Tien Chye	Independent non-executive director
Datuk Hamirullah Bin Boorhan	Non-independent non-executive director
Soon Su Long	Non-independent non-executive director
Shariffuddin Khalid	Independent non-executive director

Location

The Bank’s registered office address is at No.43, Preah Norodom Boulevard, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Cambodia. As at 31 December 2019, the Bank has a total of 21 branches located in Phnom Penh, Siem Reap, Sihanoukville, Battambang, Tboung Khmum, Kampong Cham, Banteay Meanchey and Takeo.

Employees

As at 31 December 2019, the Bank has a total of 405 employees (2018: 396 employees).

Approval of the financial statements

The financial statements were authorized for issue by the Board of Directors on 21 April 2020.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”), equivalent to International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”).

The details and financial effects of the adoption of CIFRSs are disclosed in Note 2.4 to the financial statements.

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

2.1.1 Basis of measurement

The financial statements have been prepared based on the historical cost convention as modified for the measurement of financial assets at fair value through other comprehensive income.

2.1.2 Fiscal year

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

2.1.3 Functional and presentation currency

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

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

2.1.4 Translation of US\$ into KHR

The translation of the US\$ amounts into thousands KHR (“KHR’000”) is presented in the financial statements to comply with the Law on Accounting and Auditing using the closing and average rates for the year then ended, as announced by the General Department of Taxation (“GDT”).

Assets and liabilities included in the statement of financial position are translated at the closing rate prevailing at the end of each reporting year, whereas income and expense items presented in the statement of comprehensive income are translated at the average rate for the year then ended. All resulting exchange differences are recognized in the statement of comprehensive income. Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate. All values in KHR are rounded to the nearest thousand (“KHR’000”), except if otherwise indicated.

The financial statements are presented in KHR based on the applicable exchange rates per US\$1 as follows:

	2019	2018
Closing rate	4,075	4,018
Average rate	4,052	4,045

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2019 and for the year then ended

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies

2.2.1. Change in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening CIFRSs statement of financial position at 1 January 2018 for the purposes of the transition to, unless otherwise indicated.

2.2.2. Financial assets

a. Date of recognition

All financial assets are initially recognized on the trade date, i.e. the date that the Bank become a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

b. Initial recognition and subsequent measurement

All financial assets are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss. From 1 January 2018, the Bank classify all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics, measured at either:

- Amortized cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit or loss ("FVTPL")

Before 1 January 2018, the Bank classified its financial assets as loans and receivables at amortized cost and FVTPL. Included in financial assets are the following:

Financial assets at amortized cost

From 1 January 2018, the Bank measures financial assets at amortized cost if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; and
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The details of these conditions are outlined below:

(i) The SPPI test

As a first step of its classification process, the Bank assess the contractual terms of financial assets to identify whether they meet the SPPI test 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and

may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(ii) Business model assessment

The Bank determine its business model at the level that best reflects how groups of financial assets are managed to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank do not change the classification of the remaining financial assets held in that business model but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

Included in financial assets at amortized cost are cash and short-term funds, deposits and placements with financial institutions, financial assets purchased under resale agreements, financial investments and loans, advances and financing as disclosed in the respective notes to the financial statements.

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)**2.2 Summary of significant accounting policies (continued)****2.2.2 Financial assets (continued)***b. Initial recognition and subsequent measurement (continued)***Financial assets at FVOCI**

The Bank applies the new category under CIFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets meet the SPPI test.

These instruments largely comprise financial assets that had previously been classified as financial investments available-for-sale under CAS 39.

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in other comprehensive income ("OCI"). Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Bank holds more than one investment in the same security, they are deemed to be disposed off on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, the Bank measures the changes through FVOCI (without recycling profit or loss upon derecognition).

Financial assets at FVTPL

Before 1 January 2018, financial assets at FVTPL include loans, advances and financing to customers, financial assets held-for-trading ("HFT") and financial assets designated at FVTPL upon initial recognition. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments as defined by CAS 39.

From 1 January 2018, financial assets at FVTPL are those that are held-for-trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under CIFRS 9. Management designates an instrument at FVTPL upon initial recognition when one of the following criteria's is met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or

- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which is managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Included in financial assets at FVTPL are financial investments, financial assets designated upon initial recognition, loans, advances and financing to customers and derivatives.

Subsequent to initial recognition, financial assets held-for-trading and financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognized in the income statements under the caption of 'other operating income'.

Loans and advances

Loans and advances captions in the statement of financial position include loans and advances measured at amortized cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized cost using the effective interest rate.

c. Derecognition due to substantial modification of terms and conditions

The Bank derecognize a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

The newly-recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit-impaired ("POCI").

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate ("EIR"), the Bank record a modification gain or loss, to the extent that an impairment loss has not already been recorded.

d. Impairment of financial assets

Effective 1 January 2018 and adopted by the Bank from 1 January 2019.

The CIFRS 9 impairment requirements are based on an expected credit loss ("ECL") model that replaces the Incurred Loss model under the CAS 39. The ECL model applies to financial assets measured at amortized cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which include loans, advances and financing and debt instruments held by the Bank. The ECL model also applies to contract assets under CFRS 15 Revenue from Contracts with Customers and lease receivables under CIFRS 16 Leases.

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.2 Financial assets (continued)

d. Impairment of financial assets (continued)

The measurement of expected credit loss involves increased complexity and judgement that include:

- (i) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

The Bank applies a three-stage approach based on the change in credit quality since initial recognition:

3-stage approach	Stage 1	Stage 2	Stage 3
	<i>Performing</i>	<i>Under-performing</i>	<i>Non-performing</i>
ECL approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of interest income	On gross carrying amount	On gross carrying amount	On net carrying amount

- (ii) ECL measurement

There are three main components to measure ECL which are a probability of default model ("PD"), a loss given default model ("LGD") and the exposure at default model ("EAD"). The model is to leverage as much as possible the Group's and the Bank's existing Basel II models and perform the required adjustments to produce CIFRS 9 compliant model.

CIFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Bank have decided to continue measuring the impairment mainly on an individual transaction basis for financial assets that are deemed to be individually significant, and collectively assess for other financial assets per Bank's policy.

- (iii) Expected life

Lifetime expected credit losses must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayments, extensions, calls and similar options, except for certain revolver financial instruments such as credit cards and overdrafts. The expected life for these revolver facilities generally refers to their behavioral life.

- (iv) Financial investments at FVOCI

The ECLs for financial investments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

- (v) Forward-looking information

ECL are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. The reasonable and supportable forward-looking information is based on the Group's and the Bank's research arm, Maybank Kim Eng ("MKE"). In addition, the MKE's research assumptions and analysis are also based on the collation of macroeconomic data obtained from various sources such as, but not limited to regulators, government and foreign ministries as well as independent research organizations.

Where applicable, the Bank incorporate forward-looking adjustments in credit risk factors of PD and LGD used in ECL calculation; taking into account the impact of multiple probability-weighted future forecast economic scenarios.

Embedded in ECL is a broad range of forward-looking information as economic inputs, such as:

- Gross domestic product ("GDP") growth
- Unemployment rates
- House price indices
- Central banks' policy rates

The Bank applies the following three alternative macroeconomic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL:

Base scenario: This scenario reflects that current macroeconomic conditions continue to prevail;

Upside and downside scenarios: These scenarios are set relative to the base scenario; reflecting best and worst-case macroeconomic conditions based on subject matter expert's best judgment from current economic conditions

- (vi) Valuation of collateral held as security for financial assets

The Bank's accounting policy for collateral assigned to it through its lending arrangements under CIFRS 9 is the same as it was under previous GAAP.

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.2 Financial assets (continued)

d. Impairment of financial assets (continued)

Applicable before 1 January 2019

In compliance with NBC guidelines, all facilities 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.

NBC Prakas No. B7-017-344 dated 1 December 2017 on Credit Risk Grading and Impairment Provisioning and Circular No. B7-018-001 dated 16 February 2018 requires all banks and financial institutions to measure the impairment and provide sufficient allowance for all facilities based on the new credit risk grading and impairment provisioning as follows:

	Classification	No. of days past due	Allowance
<i>Short-term loans (less than or equal one year)</i>			
Normal/standard	14 days or less		1%
Special mention	15 to 30 days		3%
Substandard	31 to 60 days		20%
Doubtful	61 days to 90 days		50%
Loss	91 days or more		100%
<i>Long-term loans (more than one year)</i>			
Normal/standard	29 days or less		1%
Special mention	30 to 89 days		3%
Substandard	90 to 179 days		20%
Doubtful	180 to 359 days		50%
Loss	360 days or more		100%

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 utilized, at market values approved by the NBC.

The adequacy of the allowance for all facilities is evaluated monthly by the management. Factors considered in evaluating the adequacy of the allowance include the size of the portfolio, previous loss experience, current economic conditions and their effect on clients, the financial situation of clients and the performance in relation to contract terms

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

Recoveries on facilities previously written off and reversal of previous allowances are recognized as other income in the income statement.

e. Reclassification of financial assets from 1 January 2018

From 1 January 2018, reclassification of financial assets is permissible when and only when there is change in business model for managing financial assets.

- An item that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- An item becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- Changes in measurement where the Bank adopt fair value option.

2.2.3 Financial liabilities

a. Date of recognition

All financial liabilities are initially recognized on the trade date i.e. the date that the Bank become a party to the contractual provision of the instruments. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

b. Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable transaction costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities HFT

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivatives entered into by the Bank that do not meet the hedge accounting criteria.

Gains or losses on financial liabilities HFT are recognized in the statement of comprehensive income.

With the adoption of CIFRS 9 effective 1 January 2018, the Bank do not change the initial recognition and subsequent measurement of financial liabilities at FVTPL.

Financial liabilities designated at fair value

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in CAS 39 are satisfied.

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.3 Financial liabilities (continued)

b. Initial recognition and subsequent measurement (continued)

(i) Financial liabilities at FVTPL (continued)

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in CAS 39 are satisfied.

CIFRS 9 does not deviate away treatment on initial recognition and subsequent measurement of financial liabilities.

However, the changes in fair value are presented differently as follows:

- change in fair value due to own credit risk - presented in other comprehensive income
- change in fair value due to market risk or other factors – presented in income statement

(ii) Other financial liabilities

The bank's other financial liabilities include deposits from customers, deposits from other financial institutions, lease liabilities, balances with parent company, subordinated debt and other liabilities.

These other financial liabilities are carried at amortized cost using EIR method.

c. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognized in the income statement.

d. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position of the Bank if there is a current legally enforceable right to offset the recognized amount and there is an intention

to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

e. Derivative financial instruments

The Bank trade derivatives such as interest rate swaps and futures, credit default swaps, commodity swaps, currency swaps, currency forwards and options on interest rates, foreign currencies, equities and commodities.

Derivative financial instruments are initially recognized at fair value. For non-option derivatives, their fair value is normally zero or negligible at inception. For purchased or written options, their fair value is equivalent to the market premium paid or received. The derivatives are subsequently remeasured at their fair value. Fair value is obtained from quoted market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

2.2.4 Financial guarantees contract

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when it is due in accordance with the contractual terms. In the ordinary course of business, the Bank give financial guarantees, consisting of letters of credit, guarantees and acceptances.

Financial guarantees premium is initially recognized at fair value on the date the guarantee was issued. Subsequent to initial recognition, the received premium is amortized over the life of the financial guarantee. The guarantee liability (the notional amount) is subsequently recognized at the higher of this amortized amount and the present value of any expected payments (when a payment under guarantee has become probable). The unamortized premium received on these financial guarantees is included within 'other liabilities' in the statements of financial position.

2.2.5 Cash and cash equivalents

For cash flow statement purposes, 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.

2.2.6 Deposits and placements with banks

Deposits and placements with banks are stated at cost less allowance for expected credit losses.

2.2.7 Other assets

Other receivables included in other assets are carried at anticipated realizable values. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the statement of

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)**2.2 Summary of significant accounting policies (continued)****2.2.8 Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary share are recognized as a deduction from equity, net of any tax effects.

Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

2.2.9 General and regulatory reserves

The general reserve is set up for any overall financial risk. The Board of Directors exercises its discretion for the use and maintenance of the general reserve. The transfer from retained earnings to general reserve is subject to the approval of Board of Directors of the Bank.

Regulatory reserve is set up to account for the difference in provision between ECLs determined in accordance with CIFRS 9 and the regulatory provision computed in accordance with NBC Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. The regulatory provision requires banks and financial institutions to classify their loan portfolio into five classes and provide general and specific allowance based on the loan classification as disclosed in Note 2.2.2(d).

The Bank shall compare the provision calculated in accordance with CIFRS 9 and the regulatory provision, and:

- (i) In case the regulatory provision is lower than provision calculated under CIFRS 9, the Bank shall record the provision calculated in accordance with CIFRS 9; and
- (ii) In case the regulatory provision is higher than provision calculated under CIFRS 9, the Bank shall record the provision calculated in accordance with CIFRS 9 and transfer the difference from retained earnings or accumulated loss account to the regulatory reserve.

2.2.10 Property and equipment

- (i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property comprises major components having different useful lives, they are accounted for as separate items of property and equipment.
- (ii) Depreciation of property and equipment is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives, as follows:

	<i>No. of years</i>
Leasehold improvements	<i>5 to 15</i>
Office equipment	<i>4 to 5</i>
Furniture and fittings	<i>5</i>
Motor vehicles	<i>4</i>

- (iii) Subsequent expenditure relating to an item of property and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognized as an expense in the year in which it is incurred.
- (iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognized in the statement of comprehensive income on the date of retirement or disposal.
- (v) Fully depreciated property and equipment are retained in the financial statements until disposed or written off.
- (vi) The carrying amounts of property and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately.
- (vii) Reversal of impairment losses recognized in prior years is recorded where there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recognized to the extent of the carrying amount of the asset that would have been determined (net of amortization and depreciation) had no impairment loss been recognized. The reversal is recognized in the statement of comprehensive income immediately.
- (viii) Construction in progress is transferred to each class of assets when it is complete and ready for use. Construction-in-progress is not depreciated until such time as the relevant assets are ready for use.

2.2.11 Software costs

Software costs are stated at cost less accumulated amortization and impairment losses, if any. Software costs are amortized on a straight-line method over 5 to 7 years.

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.12 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- The Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In cases where all the decisions about how and for what purpose the asset is used are predetermined, the Bank has the right to direct the use of the asset if either:
 - The Bank has the right to operate the asset; or
 - The Bank designed the asset in a way that predetermines how and for what purpose it will be used.

Applicable to contracts outstanding, entered into, or changed, on or after 1 January 2018

At inception or on reassessment of a contract that contains a lease and non-lease component, the Bank allocates the consideration in the contract to each lease component and aggregate of non-lease components on the basis of their relative stand-alone prices. However, for the leases of buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Leases in which the Bank is a lessee

An arrangement conveyed the right to use the asset if one of the following was met:

- The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, to the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including in-substance fixed payments;
- Lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the lease term or a change in future lease payments

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Bank elected not to recognize right-of-use assets and lease liabilities for leases of machinery that have a lease term of 12 months or less and low-value assets, including IT equipment. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Transition

The Bank applies CIFRS 16 in 2019 upon adoption of full CIFRSs. Therefore, the cumulative effect of adopting CIFRS 16 was recognized as an adjustment to the opening balance of retained earnings as at 1 January 2018, the Bank's opening statement of financial position date, with restatement of corresponding figures information for 2018.

The Bank is not permitted to apply the practical expedient to grandfather the definition of a lease under the Cambodian Accounting Standards on transition. This means that it will apply CIFRS 16 to all contracts entered into before 1 January 2018 and assess whether the contracts are/contain leases. However, CIFRS 16 introduces consequential amendments to CIFRS 1, which include an option for a first-time adopter to apply the new lease definition to contracts existing at the date of transition based on facts and circumstances at that date.

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)**2.2 Summary of significant accounting policies (continued)****2.2.13 Deposits from customers and other financial institutions**

Deposits from customers and other financial institutions are stated at placement value.

2.2.14 Subordinated debt

Subordinated debt represents long-term debt that is subordinated to all other liabilities of the Bank. This is treated as part of the Bank's liabilities and included in the Bank's net worth computation under the NBC's guidelines.

2.2.15 Other liabilities

Other liabilities are stated at cost.

2.2.16 Provisions for liabilities

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

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

2.2.17 Employee benefits

Salaries, wages, allowances, and other benefits are accrued in the period in which the associated services are rendered by employees of the Bank.

In 2018, the Ministry of Labour and Vocational Training's ("MoLVT") Prakas No. 443 dated 21 September 2018 mandated the payment of seniority indemnity for unspecified duration contracted employees with implementation guidelines issued on 22 March 2019.

The said Prakas requires retroactive seniority payment equal to fifteen days per year of employee service for a maximum period not exceeding 6 months based on the average net wages for each year. Payment shall be spread over a period beginning December 2021 and every June and December thereafter as follows:

- Equal to three days payable every June, and
- Equal to three days payable every December.

2.2.18 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit and loss except items recognized directly in equity or in other comprehensive income.

The Bank has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37, Provision, Contingent Liabilities and Contingent Assets, and has recognized that related expense in 'other expenses'.

Following the adoption of CIFRSs, the General Department of Taxation (GDT) has not indicated the changes to tax bases for tax computations for tax effects of transition to CIFRSs. The Bank has made assumptions that management assessed to be reasonable and prudent in its assessment of tax payable and deferred taxes. The use of different assumptions could lead to a material impact on the financial statement. The final tax liabilities and deferred taxes of the Bank are subject to the determination and agreement with the GDT.

(i) Current income tax

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

(ii) Deferred income tax

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

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

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

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

2.2.19 Recognition of interest income and expense*Effective interest rate*

Interest income and expense are recognized in profit and loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.19 Recognition of interest income and expense(continued)

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortized cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).

The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortization of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit and loss and OCI includes interest on financial assets and financial liabilities measured at amortized cost.

Interest expense presented in the statement of profit and loss and OCI includes financial liabilities measured at amortized cost.

2.2.20 Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate of a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income, including account servicing fees, are recognized as the related services are performed.

A contract with a customer that results in a recognized financial instrument in the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Bank first applies CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then applies CIFRS 15 to the residual.

2.2.21 Interest expense

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

2.2.22 Fee and commission expense

Fee and commission expense is recognized as incurred.

2.2.23 Related parties

Parties are considered to be related if the Bank has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice-versa, or where the Bank and the 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.

2.2.24 Fiduciary assets

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

2.2.25 Rounding of amounts

Except as indicated otherwise, amounts in the financial statements have been rounded off to the nearest dollar and nearest thousands ("KHR'000") for US\$ and KHR amounts, respectively.

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting judgments and estimates

The preparation of the financial statements in accordance with CIFRSs requires the Bank to make estimates and assumptions that affect the reported amounts of resources, liabilities, income and expenses and the disclosures of contingent resources and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

2.3.1 Judgments

The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a. Classification of financial assets

The Bank classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The Bank performs the business model assessment based on observable factors such as:

- Performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected
- Expected frequency, value and timing of sales

In performing the SPPI test, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

b. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to financial statements cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

c. Effective interest rate ("EIR") method

The Bank's EIR method recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans and deposits and recognizes the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to Bank's base rate and other fee income/expense that are integral parts of the instrument.

d. Leases

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Extension and termination options

The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors such as leasehold improvements and location that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate ("IBR") for lease liabilities

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR for lease liabilities is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Bank estimates the IBR for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the entity's credit risk (i.e. credit spread).

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Significant accounting judgments and estimates (continued)

2.3.2 Functional currency

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

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

2.3.3 Estimates

Expected credit losses on financial assets

The measurement of impairment losses on loans, advances and financing requires judgment. In particular, the estimation of the amount and timing of future cash flows, the assessment of a significant increase in credit risk ("SICR") and incorporation of forward-looking information in the measurement of impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of impairment losses.

The impairment losses computed based on the expected credit losses ("ECLs") models are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. A number of significant judgments are also required in applying the accounting requirements for measuring impairment losses, such as determining criteria for significant increase in credit risk ("SICR"), choosing appropriate models and assumptions for the measurement of impairment losses, establishing the segmentation of loans for purposes of measuring impairment losses on a collective basis, determining the number of economic inputs (e.g. gross domestic product growth rates, consumer price index, housing price index, etc.) as well as the effects on default rates and recovery rates, and selecting forward-looking macroeconomic scenarios and determining its probability-weightings.

For credit-impaired loans, advances and financing loans which are individually assessed, judgment by management is required in the estimation of the amount and timing of future cash flows in the determination of impairment losses. In estimating these cash flows, judgments are made about the realizable value of collateral pledged and the borrower's financial position. These estimations are based on assumptions and the actual results may differ, hence resulting in changes to impairment losses recognized.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include, among others:

- Segmentation of the portfolio, where the appropriate model or ECL approach is used
- Criteria for assessing if there has been a SICR and so allowances for debt financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- Segmentation of debt financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomics scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2.3.4 Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

2.3.5 Impairment of non-financial assets

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

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

2.3.6 Estimated useful lives of property and equipment and software costs

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

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.4 First-time adoption of CIFRSs

These financial statements for the year ended 31 December 2019 are the first financial statements that the Bank has prepared in accordance with CIFRSs. For periods up to and including the year ended 31 December 2018, the Bank prepared its financial statements in accordance with Cambodian Accounting Standards (“CASs”) and relevant regulations and guidelines issued by NBC, collectively referred to as the “previous GAAP”.

Accordingly, the Bank has prepared financial statements that comply with CIFRSs applicable as at 31 December 2019, together with the corresponding figures information for the year ended 31 December 2018, as described in the summary of significant accounting policies. In preparing the financial statements, the Bank’s opening statement of financial position was prepared as at 1 January 2018, the Bank’s date of transitioning to CIFRSs. This note explains the optional and mandatory exemptions, and principal adjustments made by the Bank in restating its financial statements prepared under the previous GAAP, which included the statement of financial position as at 1 January 2018 and 31 December 2018 and the statement of comprehensive income for the year ended 31 December 2018.

2.4.1 Optional exemptions applied

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

Fair value or revaluation as deemed cost - property and equipment

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

Leases

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

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

2.4.2 Mandatory exemptions

Estimates

The estimates as at 1 January 2018 and 31 December 2018 shall be consistent with those made for the same dates in accordance with GAAP. The estimates used by the Bank to present these amounts in accordance with CIFRSs reflect conditions at 1 January 2018, the date of transitioning to CIFRSs, and as at 31 December 2018.

Derecognition of financial assets and financial liabilities

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

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

The reconciliation tables presented in Note 2.4.3 contain the previous GAAP and CIFRSs amounts. The effects of transitioning to CIFRSs are incorporated in the amounts reported under the reclassification and remeasurement columns from the previous GAAP to CIFRSs.

An explanation as to how the transition from previous GAAP to CIFRSs and the adoption of CIFRS 9 and CIFRS 15 affected the Bank’s statement of financial position and financial performance, are set out under the summary of quantitative impact and the accompanying notes.

Notes to the Financial Statements (continued)
31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.4 First-time adoption of CIFRSs (continued)

2.4.3 Reconciliation of statements of financial position:

	31 December 2017		1 January 2018		31 December 2018		1 January 2019
	Previous GAAP US\$	Reclassification and measurement US\$	CIFRSs US\$	Previous GAAP US\$	Reclassification and remeasurement US\$	CIFRSs US\$	CIFRSs US\$
ASSETS							
Cash on hand	46,200,546	-	46,200,546	41,955,758	-	41,955,758	
Balances with the NBC	248,596,929	-	248,596,929	386,426,166	-	386,426,166	
Balances with other banks (a)	55,992,960	(572,026)	55,420,934	141,280,695	1,276,792	142,557,487	
Due from parent company	4,415	-	4,415	1,745	-	1,745	
Balances with affiliates	1,647,157	-	1,647,157	887,559	-	887,559	
Loans and advances (b)	534,932,586	(3,761,506)	531,171,080	564,982,993	3,517,238	568,500,231	
Property and equipment	5,543,920	-	5,543,920	4,399,603	-	4,399,603	
Software costs	1,071,751	-	1,071,751	811,601	-	811,601	
Right-of-use assets (c)	-	20,133,142	20,133,142	-	18,249,187	18,249,187	
Deferred tax assets (d)	2,718,024	1,004,525	3,722,549	2,340,328	(82,773)	2,257,555	
Other assets (c)	3,692,284	(690,673)	3,001,611	3,439,364	(641,387)	2,797,977	
TOTAL ASSETS	900,400,572	16,113,462	916,514,034	1,146,525,812	22,319,057	1,168,844,869	
KHR'000 equivalent (Note 2.1.4)	3,634,917,109	65,050,047	3,699,967,155	4,606,740,714	89,677,972	4,696,418,686	
LIABILITIES AND EQUITY							
LIABILITIES							
Deposits from customers	705,829,271	-	705,829,271	929,362,752	-	929,362,752	
Deposits from other financial institutions	25,116,432	-	25,116,432	29,681,922	-	29,681,922	
Lease liabilities (c)	-	20,332,119	20,332,119	-	19,008,996	19,008,996	
Due to parent company	1,770,051	-	1,770,051	3,178,987	-	3,178,987	
Income tax payable	2,172,803	-	2,172,803	3,028,002	-	3,028,002	
Subordinated debt	30,000,000	-	30,000,000	30,000,000	-	30,000,000	
Other liabilities (e)	14,093,223	1,214,366	15,307,589	15,112,935	346,999	15,459,934	
Total liabilities	778,981,780	21,546,485	800,528,265	1,010,364,598	19,355,995	1,029,720,593	
SHAREHOLDER'S EQUITY							
Share capital	65,000,000	-	65,000,000	75,000,000	-	75,000,000	
General reserve	10,000,000	-	10,000,000	10,000,000	-	10,000,000	
Regulatory reserve (f)	-	-	-	-	4,108,337	4,108,337	
Retained earnings	46,418,792	(5,433,023)	40,985,769	51,161,214	(1,145,275)	50,015,939	
Total shareholders' equity	121,418,792	(5,433,023)	115,985,769	136,161,214	2,963,062	139,124,276	
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	900,400,572	16,113,462	916,514,034	1,146,525,812	22,319,057	1,168,844,869	
KHR'000 equivalent (Note 2.1.4)	3,634,917,109	65,050,047	3,699,967,155	4,606,740,714	89,677,972	4,696,418,686	

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.4 First-time adoption of CIFRSs (continued)

2.4.3 Reconciliation of statements of financial position (continued):

2.4.3.1 Notes on the reconciliation of statement of financial position

CIFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model. The Bank adopted CIFRS 9 from 1 January 2018.

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

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

(i) Classification of financial assets and financial liabilities

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

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

	1 January 2018			
	Original classification under previous GAAP	New classification under CIFRS 9	Original carrying amount under previous GAAP US\$	New carrying amount under CIFRS 9 US\$
Financial assets				
Balances with the NBC	Cost	Amortized cost	138,071,761	138,071,761
Balances with other banks	Cost	Amortized cost	55,992,960	55,420,934
Due from parent company	Cost	Amortized cost	4,415	4,415
Balances with affiliates	Cost	Amortized cost	1,647,157	1,647,157
Loans and advances	Carrying amount	Amortized cost	534,932,586	531,171,080
Other assets	Carrying amount	Amortized cost	1,086,305	2,272,586
Total financial assets			731,735,184	728,587,933
KHR'000 equivalent (Note 2.1.4)			2,954,014,938	2,941,309,486
Financial liabilities				
Lease liabilities	Cost	Amortized cost	-	20,332,119
Other liabilities	Carrying amount	Amortized cost	8,590,548	9,118,046
Total financial liabilities			8,590,548	29,450,165
KHR'000 equivalent (Note 2.1.4)			34,680,042	118,890,316

Notes to the Financial Statements (continued)

31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.4 First-time adoption of CIFRSs (continued)

2.4.3 Reconciliation of statements of financial position (continued):

2.4.3.1 Impact of CIFRS 9 adoption (continued):

(ii) Impairment of financial assets

CIFRS 9 replaces the 'incurred loss' model under previous GAAP with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and financial guarantee contracts, but not to equity investments. The adoption of the new impairment model under CIFRS 1 does not affect the carrying amount of financial guarantee contracts as at 1 January 2018, as the amount initially recognised less the cumulative amount of income recognised in accordance with CIFRS 15 is higher than the estimated ECL amount.

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

	US\$	KHR'000 equivalent (Note 2.1.4)
Impairment loss allowance as at 31 December 2017 under previous GAAP	23,720,348	95,759,045
Additional impairment loss as at 1 January 2018:		
Balances with other banks	572,026	2,309,269
Loans and advances	4,302,076	17,367,481
Other assets	2,226	8,986
Impairment loss allowance as at 1 January 2018 under CIFRS 9	28,596,676	115,444,781

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

(iii) Interest

Under previous GAAP, fees integral to the financial assets and liabilities were not considered in the determination of effective interest but instead recognized as income or expense on occurrence of transactions.

2.4.3.2 Explanatory notes to the reconciliation of statements of financial position

- (a) As at 1 January 2018, balances with other banks decreased by US\$572,026 due to recognition of provision for ECLs based on CIFRS 9.
As at 1 January 2019, balances with other banks increased by US\$1,276,792 for the net impact of the reversal of general provision of US\$1,395,006 as at 31 December 2018 and recognition of provision for ECLs of US\$ 118,214 under CIFRS 9.
- (b) As at 1 January 2018, loans and advances decreased by US\$3,761,506 mainly due to increase in the allowance for ECL amounting to US\$ 4,302,076, recognition of additional accrued interest receivable by US\$ 4,225,627 and recognition of unamortized loan processing fees of US\$ 3,685,057 recognized as outright income under previous GAAP.
As at 1 January 2019, loans and advances increased by US\$ 3,517,238 mainly due to decrease in the allowance for ECL amounting to US\$ 3,035,994, recognition additional accrued interest receivable by US\$ 4,581,522 and recognition of unamortized loan processing fees of US\$ 4,100,278.
- (c) As at 1 January 2018, based on CIFRS 16, right-of-use assets of US\$ 20,133,142 (31 December 2018: US\$ 18,249,187) and lease liabilities of US\$ 20,332,119 (31 December 2018: US\$ 19,008,996) were recognized.
In addition, as at 1 January 2018, other assets decreased by US\$ 690,673 (31 December 2018: US\$ 641,387) due to reclassification of Day 1 difference from refundable deposits to ROU assets in accordance with CIFRS 16.
- (d) The various transitional adjustments resulted in various temporary differences. The Bank has to recognize the tax effects of such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction in the opening retained earnings.
- (e) As at 1 January 2018, other liabilities increased by US\$1,214,366 due to recognition of provision for restoration costs amounting to US\$527,498 and additional ECL allowance for off balance sheet items amounting to US\$686,868, in accordance with CIFRS 16 and CIFRS 9, respectively.
As at 1 January 2019, other liabilities increased by US\$346,999 due to the net impact of the increase in provision for restoration costs amounting to US\$548,500 and decrease in ECL allowance for off balance sheet items amounting to US\$201,501.
- (f) The amount US\$4,108,337 is transferred from retained earnings to regulatory reserve (Note 2.2.9 and 17) is based on NBC requirement as at 31 December 2018 (2017: nil).

Notes to the Financial Statements (continued)
31 December 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.4 First-time adoption of CIFRSs (continued)

2.4.4 Reconciliation of profit and loss in the statement of comprehensive income

	Note	For the year ended 31 December 2018		
		Previous GAAP US\$	Reclassification and remeasurement US\$	CIFRSs US\$
Operating income				
Interest income	(a)	48,951,889	2,604,404	51,556,293
Interest expense		(16,790,214)	-	(16,790,214)
Net interest income		32,161,675	2,604,404	34,766,079
Fees and commission income	(b)	9,185,627	(1,945,244)	7,240,383
Fees and commission expense		(1,392,766)	-	(1,392,766)
Net fee and commission income		7,792,861	(1,945,244)	5,847,617
Other income	(c)	3,998,743	48,266	4,047,009
Net operating income		43,953,279	707,426	44,660,705
Finance cost	(c)	-	(807,446)	(807,446)
General and administrative expenses	(c)	(20,014,037)	224,556	(19,789,481)
Provision for expected credit losses	(d)	(5,172,323)	9,358,847	4,186,524
Profit before income tax		18,766,919	9,483,383	28,250,302
Income tax expense	(e)	(4,024,497)	(1,087,298)	(5,111,795)
Net profile for the year		14,742,422	8,396,085	23,138,507

Explanatory notes on the above reconciliation of statement of comprehensive income are as follows:

- Interest income increased by US\$2,604,404 due to interest income recognised on loans and advances categorised as loss under previous GAAP and thus not allowed for interest income recognition.
- Fees and commission income decreased by US\$1,945,244 due to derecognition of loan processing fees under CIFRS 9.
- Other income increased by US\$48,266 due to accretion of interest on refundable deposits. Finance cost increased by US\$807,446 comprising accretion of interest on lease liabilities and provision for restoration costs, amounting to US\$786,447 and S\$20,999, respectively.
General and administrative expenses increased by US\$224,556 to recognize depreciation of right-of-use assets following the requirement of CIFRS 16.
- Provisions for ECLs decreased by US\$9,358,847 due to remeasurement based on the requirement of CIFRS 9.
- Income tax expense increased by US\$1,087,298 due to remeasurement of temporary differences giving rise to deferred tax assets.

CIFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognized as separate assets when specified criteria are met. The adoption of CIFRS 15 has no significant impact to the Bank.

2.5 Standards issued but not yet effective

Pronouncements issued but not yet effective are listed below. The Bank intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Bank's financial statements.

Effective beginning on or after January 1, 2020

- Amendments to CIFRS 3, Definition of a Business
- Amendments to CAS 1, Presentation of Financial Statements, and CAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material

Effective beginning on or after January 1, 2021

- CIFRS 17, Insurance Contracts

Deferred effectivity

- Amendments to CIFRS 10, Consolidated Financial Statements, and CAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

Notes to the Financial Statements (continued)
31 December 2019

3. BALANCES WITH THE NATIONAL BANK OF CAMBODIA

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current accounts				
US\$	218,476,586	890,292,088	238,668,788	958,971,190
KHR	23,790,849	96,947,710	1,241,101	4,986,744
Term deposits in US\$	9,000,000	36,675,000	10,000,000	40,180,000
Statutory deposits				
Reserve requirement	136,743,314	557,229,004	129,016,277	518,387,401
Capital guarantee	7,500,000	30,562,500	7,500,000	30,135,000
	395,510,749	1,611,706,302	386,426,166	1,552,660,335

Reserve requirement

Under NBC Prakas No. B 7-012-140 dated 13 September 2012, banks are required to maintain certain cash reserves with the NBC in the form of compulsory deposits, computed at 8.00% and 12.50% of customers' deposits in KHR and in foreign currency, respectively.

Capital guarantee

Under NBC Prakas No. B7-01-136 dated 15 October 2001, banks are required to maintain a statutory deposit of 10% of registered capital with the NBC. This deposit is not available for use in the Bank's day-to-day operations but is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

For purposes of preparing the statement of cash flows, cash and cash equivalents comprise the following:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Cash on hand	43,865,242	178,750,861	41,955,758	168,578,236
Balances with the NBC				
Current accounts	242,267,435	987,239,798	239,909,889	963,957,934
Term deposits	9,000,000	36,675,000	10,000,000	40,180,000
Settlement accounts with other banks	2,384,262	9,715,868	3,435,863	13,805,298
Term deposits				
Parent company	120,000,000	489,000,000	112,000,000	450,016,000
Other banks	94,453,257	384,897,022	27,239,838	109,449,669
Settlement accounts				
Parent company	10,378	42,290	1,745	7,011
Affiliates	1,017,554	4,146,533	887,559	3,566,212
Total cash and cash equivalents	512,998,128	2,090,467,372	435,430,652	1,749,560,360

The term deposits are unrestricted and have original maturities of three months or less.

Notes to the Financial Statements (continued)

31 December 2019

4. BALANCES WITH OTHER BANKS

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Settlement accounts				
Overseas banks	842,920	3,434,899	1,952,015	7,843,196
Local bank	1,541,342	6,280,969	1,483,848	5,962,101
Term deposits with banks	229,453,257	935,022,022	139,239,838	559,465,669
	231,837,519	944,737,890	142,675,701	573,270,966
Allowance for ECLs	(595,111)	(2,425,077)	(118,214)	(474,983)
Net	231,242,408	942,312,813	142,557,487	572,795,983

Settlement accounts with overseas banks earn interest at 0.15% per annum (2018: 0.15% per annum) while the account with a local bank does not earn interest.

Annual interest rates on term deposits range from 1.00% to 2.50% (2018: 0.69% to 4.00% per annum).

5. BALANCES WITH PARENT COMPANY

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Due from parent company				
Settlement accounts	10,378	42,290	1,745	7,011
Due to parent company				
Settlement accounts	3,102,957	12,644,550	3,178,987	12,773,170
Subordinated debt				
Principal amount	30,000,000	122,250,000	30,000,000	120,540,000

Subordinated debt

In January 2015, the parent company provided a subordinated debt for the Bank's use as working capital amounting to US\$30 million. The debt bears fixed annual interest at 7.00% and has a term of 10 years with principal amount to be repaid on maturity and interest payable every six months.

6. BALANCES WITH AFFILIATES

The Bank maintains settlement accounts with the following Maybank overseas branches:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Malayan Banking Berhad ("Maybank") New York Branch	812,838	3,312,315	262,509	1,054,761
Maybank Singapore Branch	46,005	187,470	123,370	495,701
Maybank London Branch	146,697	597,790	482,117	1,937,146
Maybank Hong Kong	2,307	9,401	10,772	43,282
Maybank Vietnam, Hanoi Branch	3,209	13,078	1,107	4,448
Maybank Shanghai	6,498	26,479	7,684	30,874
	1,017,554	4,146,533	887,559	3,566,212

Notes to the Financial Statements (continued)
31 December 2019

7. LOANS AND ADVANCES

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
<i>Commercial lending</i>				
Term loans	70,206,191	286,090,228	67,518,970	271,291,221
Overdraft	37,093,319	151,155,275	51,057,908	205,150,674
Trade financing	31,649,484	128,971,647	31,869,279	128,050,763
	138,948,994	566,217,150	150,446,157	604,492,658
<i>Consumer lending</i>				
Term loans	251,332,888	1,024,181,519	200,574,884	805,909,884
Residential mortgages	180,831,370	736,887,833	135,030,677	542,553,260
Overdraft	93,107,774	379,414,179	80,560,330	323,691,406
Staff related loans	11,041,872	44,995,628	10,468,023	42,060,516
Trade financing	7,810,224	31,826,663	5,130,077	20,612,649
	544,124,128	2,217,305,822	431,763,991	1,734,827,715
Loans and advances, gross	683,073,122	2,783,522,972	582,210,148	2,339,320,373
Accrued interest receivable	4,848,243	19,756,591	4,857,255	19,516,452
Total	687,921,365	2,803,279,563	587,067,403	2,358,836,825
Allowance for ECLs	(13,405,391)	(54,626,969)	(18,567,172)	(74,602,897)
Loans and advances, net	674,515,974	2,748,652,594	568,500,231	2,284,233,928

Movements of allowance for ECLs are as follows:

	2019			Total US\$
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	
Balance as at 1 January	3,779,837	394,696	14,392,639	18,566,572
Newly-originated assets that remained in Stage 1 as at 31 December	1,499,292	-	-	1,499,292
Newly-originated assets that moved to Stage 2 and Stage 3 as at 31 December	-	37,086	83,550	120,636
Effect of collections and other movements in receivable balance	(2,119,117)	(1,596,511)	(5,303,970)	(9,019,598)
Transfers to Stage 1	322,101	(48,342)	(273,759)	-
Transfers to Stage 2	(133,941)	1,676,035	(1,542,094)	-
Transfers to Stage 3	(5,213)	(53,291)	58,504	-
Impact on ECLs of exposures transferred between stages	518,023	540,432	1,179,434	2,237,889
Allowance for ECLs	3,860,982	950,105	8,594,304	13,405,391
KHR'000 equivalent (Note 2.1.4)	15,733,502	3,871,678	35,021,789	54,626,969

Notes to the Financial Statements (continued)
31 December 2019

7. LOANS AND ADVANCES (CONTINUED)

	2018			Total US\$
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	
Balance as at 1 January	5,958,429	1,070,605	20,993,391	28,022,425
Newly-originated assets that remained in Stage 1 as at 31 December	845,637	-	-	845,637
Newly-originated assets that moved to Stage 2 and Stage 3 as at 31 December	-	1,797	3,943	5,740
Effect of collections and other movements in receivable balance	(3,982,732)	(1,113,663)	(7,944,179)	(13,040,574)
Transfers to Stage 1	199,523	(41,483)	(158,040)	-
Transfers to Stage 2	(281,964)	281,964	-	-
Transfers to Stage 3	(822)	(1,433)	2,255	-
Amounts written-off	-	-	(6,610,514)	(6,610,514)
Impact on ECLs of exposures transferred between stages	1,041,766	196,909	8,105,783	9,344,458
Allowance for ECLs	3,779,837	394,696	14,392,639	18,567,172
KHR'000 equivalent (Note 2.1.4)	15,187,385	1,585,889	57,829,623	74,602,897

Further analyses of loans and advances are follows:

- (i) Staging of the loan portfolio, including net interest receivable

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Stage 1	663,523,829	2,703,859,603	561,066,230	2,254,364,112
Stage 2	6,400,173	26,080,705	623,172	2,503,905
Stage 3	17,997,363	73,339,255	25,378,001	101,968,808
Total	687,921,365	2,803,279,563	587,067,403	2,358,836,825

Refer to Note 27.2 (d) and (e) on Credit quality.

- (ii) By industrial sector

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Wholesale/retail	47,214,198	192,397,857	280,560,621	1,127,292,575
Consumers	315,313,055	1,284,900,699	156,890,133	630,384,554
Manufacturing	40,314,665	164,282,260	44,766,317	179,871,062
Financial services	9,783,738	39,868,732	38,064,206	152,941,980
Construction	33,352,936	135,913,214	20,687,030	83,120,487
Education	13,520,376	55,095,532	15,606,078	62,705,221
Health and others	18,340,183	74,736,246	14,418,833	57,934,871
Agriculture	7,306,474	29,773,882	6,527,983	26,229,436
Import/export	201,482,435	821,040,923	7,069,634	28,405,789
Energy	1,293,305	5,270,218	2,476,568	9,950,850
Total	687,921,365	2,803,279,563	587,067,403	2,358,836,825

Notes to the Financial Statements (continued)
31 December 2019

7. LOANS AND ADVANCES (CONTINUED)

Further analyses of loans and advances are follows: (continued)

(iii) By residency, relationship, exposures and interest rates

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Residency				
Residents	687,921,365	2,803,279,563	587,067,403	2,358,836,825
Non-residents	-	-	-	-
	687,921,365	2,803,279,563	587,067,403	2,358,836,825
Relationship				
Related parties	373,661	1,522,669	373,781	1,501,852
Non-related parties	687,547,704	2,801,756,894	586,693,622	2,357,334,973
	687,921,365	2,803,279,563	587,067,403	2,358,836,825
Large exposures	18,523,286	75,482,391	33,132,094	133,124,754
Non-large exposures	669,398,079	2,727,797,172	553,935,309	2,225,712,071
	687,921,365	2,803,279,563	587,067,403	2,358,836,825

Based on NBC Prakas No. B7-06-226, large exposure is defined as the overall gross exposure resulting from banking operations with one single beneficiary, where such exposure exceeds 10% of the Bank's net worth. Exposure means the higher of two items: (a) the outstanding loans or commitments, and (b) the authorized loans or commitments.

Annual interest rates range as follows:

	2019	2018
Overdraft	6.00% - 14.75%	6.00% - 14.75%
Term loans	6.50% - 12.25%	6.50% - 12.25%
Trust receipts	7.25% - 9.25%	7.25% - 9.25%
Staff loans	3.50% - 6.25%	3.50% - 6.25%

(iv) By maturity

Refer to Note 16 on Maturity profile.

Notes to the Financial Statements (continued)
31 December 2019

8. PROPERTY AND EQUIPMENT

	2019					
	Construction in progress US\$	Leasehold improvements US\$	Office equipment US\$	Furniture and fittings US\$	Motor vehicle US\$	Total US\$
Cost						
As at 1 January	8,793	9,282,315	6,566,778	876,090	373,600	17,107,576
Additions	46,001	2,077	687,058	-	-	735,136
Transfers in (out)	(42,794)	8,793	15,400	18,601	-	-
Disposals and write-offs	-	-	(685,527)	-	-	(685,527)
As at 31 December	12,000	9,293,185	6,583,709	894,691	373,600	17,157,185
Less accumulated depreciation						
As at 1 January	-	6,844,357	4,990,069	594,355	279,192	12,707,973
Charge for the year	-	560,179	731,089	124,859	47,021	1,463,148
Disposals and write-offs	-	-	(685,462)	-	-	(685,462)
As at 31 December	-	7,404,536	5,035,696	719,214	326,213	13,485,659
Net book value						
As at 31 December	12,000	1,888,649	1,548,013	175,477	47,387	3,671,526
KHR'000 equivalent (Note 2.1.4)	48,900	7,696,245	6,308,153	715,068	193,102	14,961,468

	2018					
	Construction in- progress US\$	Leasehold improvements US\$	Office equipment US\$	Furniture and fittings US\$	Motor vehicle US\$	Total US\$
Cost						
As at 1 January	61,265	9,157,622	6,085,596	806,075	424,600	16,535,158
Additions	55,778	96,853	457,869	29,932	-	640,432
Transfers in (out)	(108,250)	43,842	24,325	40,083	-	-
Disposals and write-offs	-	(16,002)	(1,012)	-	(51,000)	(68,014)
As at 31 December	8,793	9,282,315	6,566,778	876,090	373,600	17,107,576
Less accumulated depreciation						
As at 1 January	-	6,083,608	4,173,065	451,394	283,171	10,991,238
Charge for the year	-	776,751	817,485	142,961	47,021	1,784,218
Disposals and write-offs	-	(16,002)	(481)	-	(51,000)	(67,483)
As at 31 December	-	6,844,357	4,990,069	594,355	279,192	12,707,973
Net book value						
As at 31 December	8,793	2,437,958	1,576,709	281,735	94,408	4,399,603
KHR'000 equivalent (Note 2.1.4)	35,330	9,795,715	6,335,217	1,132,011	379,332	17,677,605

Notes to the Financial Statements (continued)
31 December 2019

9. SOFTWARE COSTS

	2019	2018
	US\$	US\$
Cost		
As at 1 January	2,177,093	2,055,042
Additions	700,380	122,051
As at 31 December	2,877,473	2,177,093
Less accumulated amortization		
As at 1 January	1,365,492	983,291
Charge for the year	418,591	382,201
As at 31 December	1,784,083	1,365,492
Net book value		
As at 31 December	1,093,390	811,601
KHR'000 equivalent (Note 2.1.4)	4,455,564	3,261,013

Notes to the Financial Statements (continued)

31 December 2019

10. RIGHT-OF-USE ASSETS

The Bank leases assets comprising mainly office and ATM space. Information about leases for which the Bank is a lessee is presented below.

	2019		Total	KHR'000 Equivalent (Note 2.1.4)
	Office space	ATM space		
	US\$	US\$	US\$	
Cost				
As at 1 January	24,615,620	209,981	24,825,601	99,749,266
Additions	3,015,884	32,307	3,048,191	12,421,378
Exchange difference on translation	-	-	-	1,415,058
As at 31 December	27,631,504	242,288	27,873,792	113,585,702
Less accumulated amortization				
As at 1 January	6,502,615	73,799	6,576,414	26,424,031
Depreciation	1,996,553	81,585	2,078,138	8,420,615
Exchange difference on translation	-	-	-	422,653
As at 31 December	8,499,168	155,384	8,654,552	35,267,299
Net book value As at 31 December	19,132,336	86,904	19,219,240	78,318,403

	2018		Total	KHR'000 Equivalent (Note 2.1.4)
	Office space	ATM space		
	US\$	US\$	US\$	
Cost				
As at 1 January	24,615,620	104,453	24,720,073	99,794,935
Additions	-	105,528	105,528	426,018
Exchange difference on translation	-	-	-	(471,687)
As at 31 December	24,615,620	209,981	24,825,601	99,749,265
Less accumulated amortization				
As at 1 January	4,573,082	13,849	4,586,931	18,517,440
Depreciation	1,929,533	59,950	1,989,483	8,047,459
Exchange difference on translation	-	-	-	(140,868)
As at 31 December	6,502,615	73,799	6,576,414	26,424,031
Net book value As at 31 December	18,113,005	136,182	18,249,187	73,325,235

Notes to the Financial Statements (continued)
31 December 2019

11. OTHER ASSETS

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Refundable deposits	1,397,034	5,692,914	1,244,184	4,999,131
Card-related receivables	662,780	2,700,829	554,785	2,229,126
Prepayments	554,571	2,259,877	434,615	1,746,283
Interest receivable from balances with the NBC and other banks	468,258	1,908,151	277,794	1,116,176
Deposits to suppliers	37,756	153,856	29,199	117,322
Others	131,931	537,619	257,548	1,034,829
	3,252,330	13,253,246	2,798,125	11,242,867
Allowance for ECLs on interest receivable from balance with the NBC and other banks	(2,210)	(9,006)	(148)	(595)
	3,250,120	13,244,240	2,797,977	11,242,272

Notes to the Financial Statements (continued)
31 December 2019

12. DEPOSITS FROM CUSTOMERS AND OTHER FINANCIAL INSTITUTIONS

12.1 Deposits from customers

Deposits from customers consist of:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current accounts	595,770,447	2,427,764,572	503,777,528	2,024,178,108
Term deposits	351,358,786	1,431,787,053	277,829,022	1,116,317,010
Savings accounts	131,069,501	534,108,216	146,977,601	590,556,001
Margin deposits	1,265,776	5,158,037	778,601	3,128,419
	1,079,464,510	4,398,817,878	929,362,752	3,734,179,538

Further analyses of deposits from customers are as follows:

(i) By type of customers

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Individuals	710,709,457	2,896,141,037	675,801,213	2,715,369,274
Domestic Corporations	368,755,053	1,502,676,841	253,561,539	1,018,810,264
	1,079,464,510	4,398,817,878	929,362,752	3,734,179,538

(ii) By currency

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
US\$	983,349,095	4,007,147,562	925,495,299	3,718,640,111
KHR	95,804,147	390,401,899	3,508,181	14,095,871
Others	311,268	1,268,417	359,272	1,443,556
	1,079,464,510	4,398,817,878	929,362,752	3,734,179,538

(iii) Annual interest rates

	2019	2018
Current accounts	0.00% - 3.00%	0.50% - 2.25%
Savings accounts	0.50% - 2.00%	0.50% - 1.50%
Term deposits	1.25% - 6.00%	1.50% - 5.25%
Margin	Nil	Nil

(iv) By maturity analysis

Refer to Note 16 on Maturity profile.

Notes to the Financial Statements (continued)
31 December 2019

12. DEPOSITS FROM CUSTOMERS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

12.2 Deposits from other financial institutions

Deposits from other financial institutions consist of:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Current accounts	28,828,463	117,475,987	21,767,247	87,460,798
Term deposits	25,129,905	102,404,363	7,914,675	31,801,165
	53,958,368	219,880,350	29,681,922	119,261,963

Further analyses of other financial institutions are as follows

(i) By currency

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
US\$	36,636,337	149,293,073	29,003,780	116,537,188
KHR	17,304,690	70,516,612	126,546	508,462
Others	17,341	70,665	551,596	2,216,313
	53,958,368	219,880,350	29,681,922	119,261,963

(ii) Annual interest rates

Current accounts and term deposits bear interest at rates ranging from 0.00% to 2.2% (2018: 1.00% to 3.85%) and from 1.00% to 3.85%, respectively (2018: 1.00% to 3.85%).

(iii) By maturity analysis

Refer to Note 16 on Maturity profile.

Notes to the Financial Statements (continued)

31 December 2019

13. INCOME TAX

Components of income tax expense are as follows:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Current	6,885,621	27,900,536	3,646,801	14,751,310
Deferred	121,824	493,631	1,464,994	5,925,901
Income tax expense	7,007,445	28,394,167	5,111,795	20,677,211

13.1 Current corporate income tax (“CIT”)

In accordance with Cambodian Law on Taxation, the Bank has an obligation to pay current CIT of 20% of taxable income.

The reconciliation of income tax computed at the statutory tax rate to the current income tax and income tax expense shown in the income statement is as follows:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Profit before tax	33,900,916	137,366,512	28,250,302	114,272,471
Income tax based on statutory tax rate	6,780,183	27,473,302	5,650,060	22,854,494
Non-deductible expenses	227,262	920,865	(538,265)	(2,177,283)
Current income tax	7,007,445	28,394,167	5,111,795	20,677,211

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

Movements of income tax payable during the year are as follows:

	2019	2018
	US\$	US\$
As at 1 January	3,028,002	2,172,803
Current income tax	6,885,621	3,646,801
Income tax paid	(3,733,748)	(2,791,602)
As at 31 December	6,179,875	3,028,002
KHR'000 equivalent (Note 2.1.4)	25,182,991	12,166,512

13.2 Deferred tax assets

Details of deferred tax assets recognized by the Bank are as follows:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Unamortised processing fees	971,436	3,958,602	820,056	3,294,985
Property and equipment and software costs	678,472	2,764,773	642,073	2,579,849
Allowance for ECLs	436,342	1,778,094	683,027	2,744,402
Provision for employee benefits	33,974	138,444	93,038	373,828
Unrealized foreign exchange gain	15,507	63,191	19,361	77,792
	2,135,731	8,703,104	2,257,555	9,070,856

Notes to the Financial Statements (continued)
31 December 2019

14. OTHER LIABILITIES

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Interest payable	5,247,556	21,383,791	4,698,741	18,879,541
Accrued expenses	3,199,801	13,039,189	3,109,046	12,492,147
Clearing account	3,036,485	12,373,676	3,144,278	12,633,709
Accrued bonuses	1,434,940	5,847,381	1,501,776	6,034,136
Bankers' cheques	910,792	3,711,477	647,225	2,600,550
Interest payable for subordinated debt	827,750	3,373,081	822,733	3,305,741
Card-related liabilities	684,133	2,787,842	335,599	1,348,437
Allowance for ECLs on off balance sheet commitments	545,806	2,224,159	661,773	2,659,004
Payable to suppliers	115,679	471,392	175,914	706,822
Inter-related accounts	-	-	1,265	5,083
Others	431,935	1,760,136	361,584	1,452,846
	16,434,877	66,972,124	15,459,934	62,118,016

Others mainly include rental deposit and unclaimed balances.

Notes to the Financial Statements (continued)
31 December 2019

15. LEASE LIABILITIES

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Maturity analysis - contractual undiscounted cash flows				
Less than one year	2,512,986	10,240,418	2,276,775	9,148,082
One to five years	11,579,053	47,184,641	10,942,573	43,967,258
More than five years	11,138,169	45,388,039	10,377,664	41,697,454
Total undiscounted lease liabilities	25,230,208	102,813,098	23,597,012	94,812,794
Present value of lease liabilities				
Current	1,729,665	7,048,385	1,547,479	6,217,771
Non-current	18,644,313	75,975,575	17,461,517	70,160,375
	20,373,978	83,023,960	19,008,996	76,378,146

Amounts recognized in the statement of comprehensive income comprise:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Depreciation of right-of-use assets (Note 23)	2,078,138	8,420,615	1,989,481	8,047,451
Interest on lease liabilities (Note 20)	769,550	3,118,217	786,447	3,181,178
Total	2,847,688	11,538,832	2,775,928	11,228,629

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2019	2018
	US\$	US\$
As at 1 January	19,008,996	20,332,119
Additions	2,967,049	104,467
Accretion of interest	769,550	786,447
Payments	(2,371,617)	(2,214,037)
As at 31 December	20,373,978	19,008,996
KHR'000 equivalent (Note 2.1.4)	83,023,960	76,378,146

Notes to the Financial Statements (continued)
31 December 2019

16. MATURITY PROFILE

Analysis of assets and liabilities by expected date of recovery and settlement from the balance sheet date is as follows:

	2019		
	Within 12 months US\$	Over 12 months US\$	Total US\$
Financial assets			
Cash and balances with other banks	526,970,196	-	526,970,196
Due from parent company	10,378	-	10,378
Balances with affiliates	1,017,554	-	1,017,554
Loans and advances	172,682,454	515,238,911	687,921,365
Other assets	1,175,923	1,352,149	2,528,072
Non-financial assets			
Statutory deposits with the NBC	-	144,243,314	144,243,314
Property and equipment	-	17,157,185	17,157,185
Software costs	-	2,877,473	2,877,473
Right-of-use assets	-	27,873,790	27,873,790
Deferred tax assets	-	2,135,731	2,135,731
Other assets	833,058	-	833,058
Total	702,689,563	710,878,553	1,413,568,116
KHR'000 equivalent (Note 2.1.4)	2,863,459,969	2,896,830,103	
Allowance for ECLs on:			
Balances with other banks			(597,321)
Loans and advances			(13,405,391)
Other assets			(108,799)
Accumulated depreciation and amortization of:			
Property and equipment			(13,485,659)
Software costs			(1,784,083)
Right-of-use assets			(8,654,551)
Net			1,375,532,312
KHR'000 equivalent (Note 2.1.4)			5,605,294,172
Financial liabilities			
Deposits from customers and other financial institutions	1,118,405,586	15,017,292	1,133,422,878
Due to parent company	3,102,957	-	3,102,957
Subordinated debt	-	30,000,000	30,000,000
Other liabilities	8,021,336	900,546	8,921,882
Lease liabilities	1,729,665	18,644,313	20,373,978
Non-financial liabilities			
Income tax payable	6,179,875	-	6,179,875
Other liabilities	7,512,995	-	7,512,995
Total	1,144,952,414	64,562,151	1,209,514,565
KHR'000 equivalent (Note 2.1.4)	4,665,681,087	263,090,765	4,928,771,853

Notes to the Financial Statements (continued)
31 December 2019

16. MATURITY PROFILE (CONTINUED)

	2018		Total US\$
	Within 12 months US\$	Over 12 months US\$	
Financial assets			
Cash and balances with other banks	434,541,348	-	434,541,348
Due from parent company	1,745	-	1,745
Balances with affiliates	887,559	-	887,559
Loans and advances	161,987,094	425,080,309	587,067,403
Other assets	834,027	1,242,736	2,076,763
Non-financial assets			
Statutory deposits with the NBC	-	136,516,277	136,516,277
Property and equipment	-	17,107,576	17,107,576
Software costs	-	2,177,093	2,177,093
Right-of-use assets	-	24,825,601	24,825,601
Deferred tax assets	-	2,257,555	2,257,555
Other assets	830,161	-	830,161
Total	599,081,934	609,207,147	1,208,289,081
KHR'000 equivalent (Note 2.1.4)	2,407,111,211	2,447,794,317	
Allowance for ELCs on			
Balances with other banks			(118,214)
Loans and advances			(18,567,172)
Other assets			(108,947)
Accumulated depreciation and amortisation of:			
Property and equipment			(12,707,973)
Software costs			(1,365,492)
Right-of-use assets			(6,576,414)
Net	599,081,934	609,207,147	1,168,844,869
KHR'000 equivalent (Note 2.1.4)			4,696,418,686
Financial liabilities			
Deposits from customers and other financial institutions	944,743,225	14,301,449	959,044,674
Balances with parent company	3,178,987	-	3,178,987
Subordinated debt	-	30,000,000	30,000,000
Other liabilities	7,843,490	1,880,942	9,724,432
Lease liabilities	1,547,479	17,461,517	19,008,996
Non-financial liabilities			
Provision for income tax	3,028,002	-	3,028,002
Other liabilities	5,735,502	-	5,735,502
Total	966,076,685	63,643,908	1,029,720,593
KHR'000 equivalent (Note 2.1.4)	3,881,696,121	255,721,224	4,137,417,345

Notes to the Financial Statements (continued)
31 December 2019

17. SHARE CAPITAL AND REGULATORY RESERVE

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Authorized, issued and fully paid with par value of US\$ 1 per share:				
As at 1 January	75,000,000	300,000,000	65,000,000	260,000,000
Capitalisation of retained earnings	-	-	10,000,000	40,000,000
As at 31 December	75,000,000	300,000,000	75,000,000	300,000,000

On 16 March 2018, the NBC approved the capitalization of the Bank's retained earnings into share capital amounting to US\$ 10 million to fully comply with the relevant NBC Prakas on minimum capital requirement.

Regulatory reserve

The movements in regulatory reserve (Note 2.2.9) are as follows:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
As at 1 January	4,108,337	16,618,223	-	-
Transfer to regulatory reserve	3,503,752	14,197,203	4,108,337	16,618,223
As at 31 December	7,612,089	30,815,426	4,108,337	16,618,223

18. INTEREST INCOME

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Lending activities	53,259,088	215,805,825	48,976,130	198,108,446
Balances with NBC and other banks	4,845,757	19,635,007	2,580,163	10,436,759
	58,104,845	235,440,832	51,556,293	208,545,205

19. INTEREST EXPENSE

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Deposits from customers and other financial institutions				
Term deposits	10,192,732	41,300,950	9,681,320	39,160,939
Current accounts	5,462,301	22,133,244	4,295,181	17,374,008
Savings accounts	847,011	3,432,089	682,769	2,761,801
Subordinated debt	2,148,167	8,704,373	2,130,944	8,619,668
	18,650,211	75,570,656	16,790,214	67,916,416

Notes to the Financial Statements (continued)

31 December 2019

20. FINANCE COST

Finance cost comprises accreted interest on:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Lease liabilities	769,550	3,118,217	786,447	3,181,178
Restoration provision	21,836	88,478	20,999	84,941
	791,386	3,206,695	807,446	3,266,119

21. FEE AND COMMISSION INCOME

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Swift charges	3,501,104	14,186,473	2,742,401	11,093,012
Debit card fees	3,186,000	12,909,672	2,652,420	10,729,039
Commission earned from trade finance	834,387	3,380,936	564,925	2,285,122
Service charges	605,978	2,455,423	577,058	2,334,200
Loan commitment fees	601,526	2,437,383	491,261	1,987,151
Bankers' cheques	67,203	272,307	63,513	256,910
Others	186,769	756,788	148,805	601,915
	8,982,967	36,398,982	7,240,383	29,287,349

22. OTHER INCOME

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Foreign exchange gains	2,793,832	11,320,607	3,114,786	12,599,309
Rental income (Note 26.4)	611,916	2,479,484	601,266	2,432,121
Accreted interest on refundable deposit	51,731	209,614	48,266	195,236
Others	957,040	3,877,926	282,691	1,143,485
	4,414,519	17,887,631	4,047,009	16,370,151

Notes to the Financial Statements (continued)
31 December 2019

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
Salaries and fringe benefits	8,889,863	36,021,725	8,485,511	34,323,892
Acquirer fees	2,457,081	9,956,092	1,948,287	7,880,821
Depreciation on right-of-use assets	2,078,138	8,420,615	1,989,481	8,047,451
Depreciation and amortization	1,881,739	7,624,806	2,166,375	8,762,987
Taxes and licenses	1,258,710	5,100,293	1,251,596	5,062,706
Repairs and maintenance	731,779	2,965,169	683,914	2,766,432
Utilities	585,869	2,373,941	550,339	2,226,121
Building securities	476,857	1,932,225	402,726	1,629,027
Management service fees	300,403	1,217,233	216,763	876,806
Rental	274,063	1,110,503	230,594	932,753
Communication	256,124	1,037,814	235,574	952,897
Directors' fees and meetings' allowance	254,402	1,030,837	478,556	1,935,759
Advertising	245,371	994,243	344,209	1,392,325
Professional fees	233,150	944,724	208,542	843,552
Stationeries and supplies	227,258	920,849	151,074	611,094
Insurance	77,685	314,780	82,282	332,831
Transportation	33,622	136,236	47,675	192,845
Trainings and seminars	93,486	378,805	110,854	448,404
Representation	36,405	147,513	16,757	67,782
Others	504,749	2,045,244	188,372	761,966
	20,896,754	84,673,647	19,789,481	80,048,451

Others include mainly charitable donations and realized exchange loss.

Notes to the Financial Statements (continued)
31 December 2019

24. NET CASH PROVIDED BY OPERATING ACTIVITIES

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
			<i>(As restated – Note 2.4)</i>	
OPERATING ACTIVITIES				
Profit before tax Adjustments for:	33,900,916	137,366,512	28,250,302	114,272,471
Depreciation of right-of-use assets	2,078,138	8,420,615	1,989,483	8,047,459
Depreciation and amortization	1,881,739	7,624,806	2,166,419	8,763,165
Loss from write-off of property and equipment	65	263	531	2,148
Gain from disposal of property and equipment	-	-	(11,517)	(46,586)
Provisions for ECLs	(4,798,789)	(19,444,693)	(4,186,523)	(16,934,485)
Interest accretion on refundable deposit	(51,731)	(209,614)	(48,266)	(195,236)
Interest expense	18,650,211	75,570,655	16,790,214	67,916,416
Interest income	(58,104,845)	(235,440,832)	(51,556,293)	(208,545,205)
Net cash used in operating activities before changes in net operating assets and liabilities	(6,444,296)	(26,112,288)	(6,605,650)	(26,719,853)
(Increase) decrease in operating assets:				
Balances with the NBC	(7,727,037)	(31,487,676)	(25,991,109)	(104,432,276)
Balances with other banks	(15,000,000)	(61,125,000)	2,200,000	8,839,600
Loans and advances	(100,862,974)	(405,267,430)	(34,124,565)	(137,112,502)
Other assets	(293,153)	(1,177,889)	402,167	1,615,907
Increase (decrease) in operating liabilities:				
Deposits from customers and other financial institutions	174,378,204	700,651,624	228,098,971	916,501,665
Due to parent company	(76,030)	(305,489)	1,408,936	5,661,105
Other liabilities	537,079	2,157,983	1,542,113	6,196,210
Interest paid	(18,096,379)	(73,326,528)	(17,294,091)	(69,954,598)
Interest received	57,923,393	234,705,588	51,047,199	206,485,920
Income tax paid	(3,733,748)	(15,129,147)	(2,791,602)	(11,292,030)
Net cash provided by operating activities	80,605,059	323,583,748	197,892,369	795,789,148

Notes to the Financial Statements (continued)
31 December 2019

25. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Significant related party transactions of the Bank during the year and outstanding balances as at statement of financial position date are as follows:

Related party	Nature of transactions/balances	2019		2018	
		US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Malayan Banking Berhad ("MayBank")	Settlement accounts - nostro	10,378	42,052	1,745	7,011
	Placements with parent company	135,000,000	547,020,000	112,000,000	450,016,000
	Settlement accounts - vostro	3,102,957	12,573,183	3,178,987	12,773,170
	Subordinated debt	30,000,000	121,560,000	30,000,000	120,540,000
	Interest payable	827,750	3,354,043	822,734	3,305,741
	Interest expense	2,148,167	8,704,371	2,130,944	8,562,133
	Interest income	3,625,951	14,692,352	1,296,877	5,210,852
	Interest receivable	339,458	1,375,485	223,225	896,918
Maybank Shared Service	Management service fees	300,403	1,217,232	216,763	870,954
	Management service fees payable	262,562	1,069,942	-	-
Maybank London	Settlement accounts	146,697	597,790	482,117	1,937,146
	Interest income	-	-	15,579	62,597
Maybank New York	Settlement accounts	812,838	3,293,620	270,878	1,088,388
Maybank Singapore	Settlement accounts	46,005	186,410	123,370	495,701
Maybank Hong Kong	Settlement accounts	2,307	9,348	10,086	40,526
Maybank Vietnam, Hanoi Branch	Settlement accounts	3,209	13,005	1,108	4,451
	Interest income	-	-	33,286	133,744
Maybank Shanghai	Settlement accounts	6,498	26,330	7,684	30,877
Maybank International Labuan Branch	Loan arrangement fee	43,487	176,208	107,915	433,602
Maybank Yangon Branch	Services rendered for banking facilities	42,000	170,184	-	-
Etiqa Life Insurance (Cambodia) Plc.	Fixed deposit	6,025,755	24,416,360	-	-
	Rental income	2,663	11,900	-	-
	Interest payable	57,395	232,566	-	-
	Interest expense	86,361	349,934	-	-
Etiqa International	Rental income	61,227	248,092	-	-
	Payable	65	262	-	-
Etiqa General Insurance (Cambodia)Plc.	Fixed deposit	6,985,276	28,304,340	-	-
	Rental income	2,663	10,788	-	-
	Interest payable	84,047	340,558	-	-
	Interest expense	99,380	402,689	-	-

(ii) Key management personnel compensation:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Remuneration of key management personnel	2,032,789	8,236,861	2,037,098	8,225,848
Outstanding balance as at 31 December	274,255	1,117,589	308,672	1,240,244

Key management personnel include the directors and executive management.

Notes to the Financial Statements (continued)

31 December 2019

26. COMMITMENTS, CONTINGENCIES AND LEASING ARRANGEMENTS**26.1 Lending commitments**

To meet the financial needs of customers, the Bank enters into various commitments and contingent liabilities, as follows:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Unutilized portion of overdraft	72,064,029	293,660,918	90,237,711	362,575,123
Letters of credit	34,562,520	140,842,269	25,636,416	103,007,119
Guarantees	15,738,546	64,134,575	15,678,046	62,994,389
Undrawn balance of term loans	2,351,610	9,582,811	3,502,284	14,072,177
	124,716,705	508,220,573	135,054,457	542,648,808

26.2 Taxation contingency

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

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

26.3 Legal contingency

During the year, the Bank pursued legal claims against borrowers in default. Majority of these claims are still being negotiated and/or disputed by borrowers, thus, neither the ultimate outcome of these claims, nor the amounts recoverable can be determined at this time.

26.4 Operating leases – Bank as lessor

The Bank acts as lessor of office space. These leases have an average life of between five to ten years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Rental income recognised by the Bank during the year is US\$611,916 (2018: US\$601,266).

Future minimum lease payments under non-cancellable operating leases as at 31 December were as follows:

	2019		2018	
	US\$	KHR'000 equivalent (Note 2.1.4)	US\$	KHR'000 equivalent (Note 2.1.4)
Within one year	651,060	2,653,070	655,164	2,632,449
Between one to five years	2,368,212	9,650,464	2,595,409	10,428,353
More than five years	860,400	3,506,130	1,316,327	5,289,002
	3,879,672	15,809,664	4,566,900	18,349,804

Notes to the Financial Statements (continued)

31 December 2019

27. FINANCIAL RISK MANAGEMENT

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

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

The Bank intends to comply with NBC's regulations for financial risk management purposes. In addition to the minimum requirements of NBC, the Bank also adopts relevant financial risk management procedures of the parent company.

27.1 Operational risk

The operational risk which would result from inadequate or failed internal processes, people and systems 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 management.

The operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameter controls, streamlining procedures and documentation. These are reviewed continually to address the operational risks of its banking business.

27.2 Credit risk

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

(a) *Credit risk measurement, mitigation and concentration control*

Governance

Overall supervision and responsibility in managing risk resides with the Bank's Board-level Risk Management Committee. At management level, supervision of material credit risk is being done by the Executive Committee and the Credit Committee of the Bank. Risk pricing is covered by the Asset and Liability Management Committee. These committees ensure that all the relevant risk areas are properly identified, measured, managed, priced, monitored, and disclosed within their respective terms of reference.

The following are the key risk areas encountered by the Bank and how they are managed:

- (i) Credit risk management framework
Develop, enhance and communicate an efficient, effective and consistent credit risk management framework, leveraging on people and technology.
- (ii) Credit policies
Develop and review credit policies including providing empowerment to approve loans.
- (iii) Regulatory requirements
Ensure compliance with NBC and other regulatory requirements on credit risk management.
- (iv) Risk limits concentrations
Set, review and monitor risk limits and concentrations according to various categories such as a single customer group and product types.
- (v) Portfolio management
Manage and control the Bank's portfolio, including providing analysis of the overall composition and quality of the various credit portfolios to identify any particular sensitivities and concentrations. At the same time, to safeguard and preserve the asset quality of the Bank by analyzing vulnerable industries where prospects have changed or are showing unfavorable signs.
- (vi) Credit review
Perform post-approval review of credit proposals to assess whether loan originators, pre-evaluators and approving authorities have addressed and analyzed credit risks sufficiently and provided mitigating factors.

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

For maximum exposure of financial assets to credit risk, refer to Note 27.2 (c).

The credit exposure arising from off-balance sheet activities i.e. commitments and contingencies is disclosed in Note 26.1.

Notes to the Financial Statements (continued)
31 December 2019

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

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

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

Risk concentration by industry is as follows:

	2019					
	Balances with the NBC US\$	Balances with other banks US\$	Due from parent company and balances with affiliates US\$	Loans and advances US\$	Other assets US\$	Total US\$
Financial services	251,267,435	231,837,519	1,027,932	9,783,738	2,528,072	496,444,696
Consumers	-	-	-	315,313,055	-	315,313,055
Wholesale/retail	-	-	-	47,214,198	-	47,214,198
Manufacturing	-	-	-	40,314,665	-	40,314,665
Import/export	-	-	-	201,482,435	-	201,482,435
Construction	-	-	-	33,352,936	-	33,352,936
Agriculture	-	-	-	7,306,473	-	7,306,473
Energy	-	-	-	1,293,305	-	1,293,305
Education, health and others	-	-	-	31,860,560	-	31,860,560
Total	251,267,435	231,837,519	1,027,932	687,921,365	2,528,072	1,174,582,323
Allowance for ECLs	-	(595,111)	-	(13,405,391)	(2,210)	(14,002,712)
Net	251,267,435	231,242,408	1,027,932	674,515,974	2,525,862	1,160,579,611
KHR'000 equivalent (Note 2.1.4)	1,023,914,798	942,312,813	4,188,823	2,748,652,594	10,292,888	4,729,361,915

	2018					
	Balances with the NBC US\$	Balances with other banks US\$	Due from parent company and balances with affiliates US\$	Loans and advances US\$	Other assets US\$	Total US\$
Financial services	249,909,889	142,675,701	889,304	38,064,206	2,076,763	433,615,863
Consumers	-	-	-	156,890,133	-	156,890,133
Wholesale/retail	-	-	-	280,560,621	-	280,560,621
Manufacturing	-	-	-	44,766,317	-	44,766,317
Import/export	-	-	-	7,069,634	-	7,069,634
Construction	-	-	-	20,687,030	-	20,687,030
Agriculture	-	-	-	6,527,983	-	6,527,983
Energy	-	-	-	2,476,567	-	2,476,567
Education, health and others	-	-	-	30,024,912	-	30,024,912
Total	249,909,889	142,675,701	889,304	587,067,403	2,076,763	982,619,060
Allowance for ECLs	-	(118,214)	-	(18,567,172)	-	(18,685,386)
Net	249,909,889	142,557,487	889,304	568,500,231	2,076,763	963,933,674
KHR'000 equivalent (Note 2.1.4)	1,004,137,934	572,795,983	3,573,223	2,284,233,928	8,344,434	3,873,085,502

Notes to the Financial Statements (continued)
31 December 2019

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(d) *Credit quality by class of financial assets (continued)*

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

	2019			Total US\$
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	
Balances with the NBC	251,267,435	-	-	251,267,435
Balances with other banks	231,837,519	-	-	231,837,519
Due from parent company and balances with affiliates	1,027,932	-	-	1,027,932
Loans and advances - gross	663,523,829	6,400,173	17,997,363	687,921,365
Other assets	2,528,072	-	-	2,528,072
Total	1,150,184,787	6,400,173	17,997,363	1,174,582,323
Allowance for ECLs	(4,458,303)	(950,105)	(8,594,304)	(14,002,712)
Net	1,145,726,484	5,450,068	9,403,059	1,160,579,611
KHR'000 equivalent (Note 2.1.4)	4,668,835,422	22,209,027	38,317,465	4,729,361,914

	2018			Total US\$
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	
Balances with the NBC	249,909,889	-	-	249,909,889
Balances with other banks	142,675,701	-	-	142,675,701
Due from parent company and balances with affiliates	889,304	-	-	889,304
Loans and advances - gross	561,066,230	623,172	25,378,001	587,067,403
Other assets	2,076,763	-	-	2,076,763
Total	956,617,887	623,172	25,378,001	982,619,060
Allowance for ECLs	(3,898,051)	(394,696)	(14,392,639)	(18,685,386)
Net	952,719,836	228,476	10,985,362	963,933,674
KHR'000 equivalent (Note 2.1.4)	3,828,028,301	918,017	44,139,185	3,873,085,502

(e) *Credit quality*

The Bank apply a three-stage approach based on the change in credit quality since initial recognition:

Allowance for impairment will be made based on the following three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition:

(i) Stage 1: 12-month ECL – not credit-impaired

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognized.

(ii) Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL will be recognized.

Notes to the Financial Statements (continued)

31 December 2019

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

(iii) Stage 3: Lifetime ECL – credit-impaired

Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognized.

Stage	Credit risk status	Default indicator
1	12-month ECL – not credit-impaired	0 to 29 days past due (“DPD”)
2	Lifetime ECL – not credit-impaired	30 to 89 DPD
3	Lifetime ECL – credit-impaired	More than 90 DPD Restructured and rescheduled Forced default Related default

The definition of default used for these purposes shall be applied consistently to all financial assets unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

Based on the Bank’s definition of default, an account classified as default will be automatically tagged as “Yes” in the “Impairment Indicator” field when the “Default-Reason” field shows one of the four default reasons below:

- Normal turn: The account’s delinquency exceeds 90 DPD and is applicable to all products except Trade Finance product which has definition of default 31DPD due to the short-term nature of the product.
- Restructured and rescheduled: When the account undergoes debt restructuring or rescheduling;
- Forced: When account shows deterioration in its credit profile, but its delinquency does not exceed 90 DPD; and
- Related: Refers to cross default by obligor(s) of the same borrower type within the same loan listing source.

(iv) Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organizations such as the International Monetary Fund, and selected private-sector and academic forecasters.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments in accordance with each country and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

(f) Collateral repossessed

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

27.3 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.

27.3.1 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 at balance sheet date, 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.

Notes to the Financial Statements (continued)
31 December 2019

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.3 Market risk (continued)

27.3.2 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 unfavorable interest rate movement is monitored against the risk tolerance limits set.

Fair value sensitivity analysis for fixed rate instruments

The Bank does not account for any fixed rate instruments at fair value through profit or loss, and the Bank does not have derivatives as at year end. 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.

27.4. 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.

Management believes that the Bank fully complies with all liquidity requirements of NBC as it closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Additionally, movements in loans and advances 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.

Analysis of the financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment follows:

	2019						Total US\$
	On demand US\$	Up to 1 month US\$	>1 - 3 months US\$	>3 - 12 months US\$	>1 to 5 years US\$	Over 5 years US\$	
Financial assets							
Cash on hand	43,865,242	-	-	-	-	-	43,865,242
Balances with the NBC	242,267,435	9,000,000	-	-	-	-	251,267,435
Balances with other banks	2,384,262	117,253,257	97,200,000	15,000,000	-	-	231,837,519
Balances with parent company	10,378	-	-	-	-	-	10,378
Balances with affiliates	1,017,554	-	-	-	-	-	1,017,554
Loans and advances - gross	130,201,094	5,847,389	22,625,832	14,008,139	105,002,531	410,236,380	687,921,365
Other assets	-	893,283	189,174	93,466	259,252	1,092,897	2,528,072
Total financial assets	419,745,965	132,993,929	120,015,006	29,101,605	105,261,783	411,329,277	1,218,447,565
Financial liabilities							
Deposits from customers and other financial institutions	756,934,187	85,158,740	87,848,496	188,464,163	15,017,292	-	1,133,422,878
Balances with parent company	3,102,957	-	-	-	-	-	3,102,957
Subordinated debt	-	-	-	-	30,000,000	-	30,000,000
Other liabilities	-	1,787,078	2,606,668	3,627,590	330,213	570,333	8,921,882
Lease liabilities	-	-	-	1,729,665	8,738,294	9,906,019	20,373,978
Total financial liabilities	760,037,144	86,945,818	90,455,164	193,821,418	54,085,799	10,476,352	1,195,821,695
Net liquidity surplus (gap)	(340,291,179)	46,048,111	29,559,842	(164,719,813)	51,175,984	400,852,925	22,625,870
KHR'000 equivalent (Note 2.1.4)	(1,386,686,554)	187,646,052	120,456,356	(671,233,238)	208,542,137	1,633,475,669	92,200,422

Notes to the Financial Statements (continued)

31 December 2019

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.4. Liquidity risk (continued)

	2018						Total US\$
	On demand US\$	Up to 1 month US\$	>1 - 3 months US\$	>3 - 12 months US\$	>1 to 5 years US\$	Over 5 years US\$	
Financial assets							
Cash on hand	41,955,758	-	-	-	-	-	41,955,758
Balances with the NBC	239,909,889	10,000,000	-	-	-	-	249,909,889
Balances with other banks	3,435,863	84,239,838	55,000,000	-	-	-	142,675,701
Balances with parent company	1,745	-	-	-	-	-	1,745
Balances with affiliates	887,559	-	-	-	-	-	887,559
Loans and advances - gross	123,298,285	8,723,910	19,987,697	9,977,202	68,333,427	356,746,882	587,067,403
Other assets	-	676,801	155,778	1,448	166,274	1,076,462	2,076,763
Total financial assets	409,489,099	103,640,549	75,143,475	9,978,650	68,499,701	357,823,344	1,024,574,818
Financial liabilities							
Deposits from customers and other financial institutions	673,300,977	83,180,012	61,164,657	127,097,579	14,301,449	-	959,044,674
Balances with parent company	3,178,987	-	-	-	-	-	3,178,987
Subordinated debt	-	-	-	-	30,000,000	-	30,000,000
Other liabilities	-	1,914,666	3,674,982	2,253,842	1,332,445	548,497	9,724,432
Lease liabilities	-	-	-	1,547,479	8,273,089	9,188,428	19,008,996
Total financial liabilities	676,479,964	85,094,678	64,839,639	130,898,900	53,906,983	9,736,925	1,020,957,089
Net liquidity surplus (gap)	(266,990,865)	18,545,871	10,303,836	(120,920,250)	14,592,718	348,086,419	3,617,729
KHR'000 equivalent (Note 2.1.4)	(1,072,769,296)	74,517,310	41,400,812	(485,857,565)	58,633,542	1,398,611,232	14,536,035

27.5 Capital management

27.5.1 Regulatory capital

The Bank's lead regulator, 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 recognized. As such, the Bank tries 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 has complied with all externally imposed capital requirement throughout the year.

27.5.2 Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization 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.

28. EVENTS AFTER THE REPORTING PERIOD

With the recent and rapid development of the coronavirus (COVID-19) outbreak, several countries have limited or suspended business operations and implemented travel restrictions and other emergency measures which have significantly disrupted (or are expected to disrupt) the activities of various institutions. The outbreak occurred at a time close to the reporting date and the condition has continued to evolve. During the outbreak, Cambodia is among those affected. In March 2020, the NBC requested banks and financial institutions to delay or suspend all loan and interest collections to soften the economic blow to business and household borrowers. Management will continuously pay close attention to the development of the COVID-19 outbreak in Cambodia, its impact to the Bank's borrowers, as well as their ability to service the loans.

Other than as disclosed elsewhere in the financial statements, at the date of this report, there were no events which occurred subsequent to 31 December 2019 that have significant impact on the financial position of the Bank as at 31 December 2019.

Notes to the Financial Statements (continued)

31 December 2019

29. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The information presented herein represents the estimates of fair values as at the financial position date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of CIFRS 7: Financial Instruments Disclosures which requires the fair value information to be disclosed. These include investment in subsidiaries and property and equipment.

The fair value of the Bank's financial instruments such as cash and short-term funds, balances with Prakas, deposits and placements with banks and other financial institutions, deposits from customers and banks, other assets, other liabilities and short-term borrowings are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

The methods and assumptions used by the Bank in estimating the fair value of the financial instruments are:

Cash on hand, balances with the NBC and other banks

The carrying amounts approximate the fair values due to the short-term nature of these accounts.

Loans and advances

The fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

Deposits and borrowings

The estimated fair value of demand deposits with no stated maturity, which includes noninterest-bearing deposits, is the amount repayable on demand. The estimated fair value of long-term fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Other assets and liabilities

Due to their short duration, the carrying amounts of other liabilities in the statement of financial position are considered to be reasonable approximation of their fair values.

Fair value hierarchy

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Bank's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

As at 31 December 2019, the carrying values of financial assets and liabilities approximate their fair values.

EVENT HIGHLIGHTS 2019

● Business ● Corporate ● Corporate Responsibility

FEBRUARY

● 16 Feb - 3 March



Maybank Foundation in collaboration with ASEAN Foundation empowered 27 ASEAN youths among 94 young changemakers of the eMPowering Youths Across ASEAN Programme to embark a 2-week journey community project in Cambodia. These youths had mobilized into 3 teams with assigned Civil Society Organizations to undertake 3 projects of Arts & Culture in Takeo, Environment Diversity in Kompot and Education in Battambang province.

MARCH

● 25 March



Maybank Cambodia officially launched Luy Yerng Luy Riel (Our Money is Riel) campaign, in conjunction with the 39th Anniversary of the Reintroduction of the Riel, organized by the National Bank of Cambodia.

This campaign aims to promote and encourage the usage of the Cambodian national currency, Khmer Riel by tapping on the Khmer pride – Our Riel Our Pride – to influence the KHR usage behavior and encourage consumer to start using Khmer Riel in banking transactions for their daily usage and business operations. The launch was graced by H.E. Neav Chantana, Deputy Governor, H.E. Chea Serey, Assistant Governor & Director General, Central Banking and H.E. Srey Seyuth, Director General, Inspection of National Bank of Cambodia, together with Dato' Mohd Hanif Suadi, CEO, as well as Management team of Maybank Cambodia.

APRIL

● 6 April



Maybank Cambodia was honoured to host a community tour for the Perwakilan Ladies of the Embassy of Malaysia to the Maybank Silk Weaving Training Center in Takeo province. The delegates were presented with a brief of the Maybank Women Eco-Weavers Programme, a flagship CR initiative by Maybank Foundation, driven by Maybank Cambodia in partnership with other relevant partners.

APRIL (CONT'D)

● 23 April



After the successful rollout of CashVille Kidz Year II to Public and Private schools in Phnom Penh, the expansion of the Financial Literacy programme to key provinces across Cambodia was announced in conjunction with the Cambodian Financial Literacy Day, organised by the National Bank of Cambodia, in collaboration with the Association of Banks in Cambodia and Cambodia Microfinance Association.

The CashVille Kidz Financial Literacy programme, running in its third year will continue to champion financial literacy amongst Cambodians through a strategic partnership with the National Bank of Cambodia and Ministry of Education, Youth & Sport. To date, the programme has impacted over 5,000 students at 23 public and private schools in Phnom Penh.

The programme was officially launched by the Deputy Governor, National Bank of Cambodia, H.E. Neav Chantana, Secretary of State, Ministry of Education, Youth & Sport, H.E. Dr Im Koth, Secretary of State, Ministry of Women Affairs, H.E. Chan Sorey, Assistant Governor and Director General, Central Banking, National Bank of Cambodia, H.E. Chea Serey, Assistant Governor and Director General, Banking Supervision, National Bank of Cambodia, H.E. Rath Sovannorak and Deputy Director General, Directorate General of Education, Ministry of Education, Youth & Sport, Dr. Mok Sarom.

Event Highlights 2019

● Business
 ● Corporate
 ● Corporate Responsibility

MAY ▼

● 6 May



In conjunction with the fasting month of Ramadhan, Maybank Islamic Berhad's flagship CR programme, Regional Ramadhan Relief saw 14,645 families in 10 ASEAN countries receiving food essentials from the Bank.

In Cambodia, the symbolic food box presentation ceremony was handed by Maybank Cambodia CEO, Dato' Mohd Hanif Suadi and witnessed by Ambassador of Malaysia to Cambodia, H.E. Eldeen Husaini Mohd Hashim, and representatives of Islamic Relief Malaysia and Cambodia Care, as well officials of the Embassy of Malaysia and senior management members of Maybank Cambodia, to 200 local families in Chong Khos Village (Kampong Sampan), Chroy Changvar, Phnom Penh, some of whom live in the sampans and some on land, along the riverside. Earlier on 4 May 2019, the distribution of food supplies were made to another 300 families in Otrave Village, Andong Thmor Village and Sre Knong Village in Sihanouville.

MAY (CONT'D) ▼

● 8 May



Maybank Cambodia contributes to the Cambodian Red Cross at the celebration of the 156th Anniversary of the World Red Cross and Red Crescent Day on 8 May 2019, with the theme "I love Cambodian Red-Cross", under the patronage of Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia.

JUNE ▼

● 22 June



Shortlisted from more than 600 applications, a total of 72 candidates assembled at Paragon International University, Phnom Penh on 22 June 2019 for the National Level of the Maybank Go Ahead. Challenge 2019. After a full day of solving various business scenarios at the Cambodia's National Level, four students were selected to compete in the 2019 Maybank GO Ahead. Challenge Global Finals at Kuala Lumpur, Malaysia in late July to early August, of which they faced challengers from around the world in a series of complex business cases and tests of mettle.

AUGUST ▼

● 24 & 25 August



In Cambodia, about 380 employees from Maybank (Cambodia) Plc. executed its "Restore the Gift of Sight" initiative, a collaboration between Maybank Cambodia and the Khmer Sight Foundation, focused on the mission of eliminating avoidable blindness in Cambodia via eye screening and eye surgery missions for the underprivileged.

Maybank volunteers involved in missions organised at 5 different locations across the country, impacted over 1,200 beneficiaries through eye screening, surgery and awareness on vision care. Maybank volunteers were stationed at the Khmer Soviet Friendship Hospital, assisting the Khmer Sight Foundation team in the eye screening and surgery performed by surgeons from Australia while another group of volunteered at the People Improvement Organisation (PIO) at Stung Meanchey and four other locations at the Provinces to deliver eye care awareness sessions to students and the community members.

Event Highlights 2019

SEPTEMBER

● 03 September



During Malaysian Prime Minister's Official Visit to Cambodia, spouse of the Malaysian Primer Minister, Tun Dr. Siti Hasmah was presented with a briefing about the Maybank Women Eco-Weavers, a programme to promote traditional textiles globally in a sustainable manner and at the same time creating business opportunities for local underprivileged women.

OCTOBER

● 10 Oct 2019



The National Bank of Cambodia signed an MOU with Maybank to promote a collaboration in the area of cross border payment and remittance between Cambodia and Malaysia. The Signing Ceremony was held in conjunction with the 40th Anniversary of the Re-establishment of the National Bank of Cambodia.

Through the MOU, the National Bank of Cambodia, Maybank Cambodia and Maybank Malaysia will work together to explore the possibility of enabling real time transfers, payments, and cross border remittance of funds between Cambodia and Malaysia through the National Bank of Cambodia's Bakong payment system and Maybank's Maybank2u digital platform. Upon launching, this service is expected to benefit Cambodians who are residing in Malaysia and Malaysians who live in Cambodia as well as businesses in both countries through the Bakong e-wallet and Maybank2u in terms of cross border fund transfer for trade settlement and remittance. The collaboration will also further accelerate financial inclusion as well as support the move towards a cashless digital society in Cambodia.

NOVEMBER

● 25 November



In conjunction with the 22nd ASEAN Banking Conference and the 49th ASEAN Banking Council Meeting that was hosted in Cambodia from 25-27 November, Maybank Cambodia was honoured to host the community tour for ASEAN delegates to the Maybank Silk Weaving Training Center in Takeo province, in the heartland of the Cambodian traditional weaving community, where our delegates experienced a journey discovering Cambodia's Golden Silk. From the tour, led by our program partner, Mrs. Ngnorn Vantha, our delegates learnt about the Maybank Women Eco-Weavers Programme objectives and its operation as well as the whole production cycle of Cambodian natural silk.

This Spouse Program showcases our Maybank Women Eco-Weavers program, and the work Maybank does to positively impact communities in markets that Maybank operates in, as well as Maybank's role in promoting and preserving this ASEAN heritage, solidifying Maybank's humanising mission and ASEAN aspirations.

DECEMBER

● 7 December



Maybank expanded its Maybank Women Eco-Weavers programme in Cambodia with the addition of a brand new silk weaving training centre in the province of Siem Reap. The new training centre located in Banteay Srey district signifies another milestone for the Maybank

DECEMBER

Women Eco-Weavers Programme in Cambodia which represents a collective effort to empower Cambodian women to achieve economic independence and benefit from financial inclusion as well as to preserve the country's weaving heritage.

This second silk weaving training centre in Siem Reap is established after the successful establishment of our first centre in Takeo province in 2016. The groundbreaking ceremony was officiated by the Chairman of Maybank Group, Datuk Mohaiyani Shamsudin and Chairman of Maybank Cambodia, Mr. Anthony Brent Elam as well as key local authorities and management team from Maybank Cambodia & Maybank Foundation.



● 8 December



To promote a healthy lifestyle, over 200 Maybank Cambodia employees, Maybank Group Chairman, Board of Directors and EXCO members participated in the Angkor Wat International Half Marathon in Siem Reap. Funds collected from the event were donated to the Angkor Children Hospital, providing free treatments to Cambodia's poorest, as well as other beneficiaries.

CORPORATE INFORMATION

BOARD OF DIRECTORS

ANTHONY BRENT ELAM

Independent Non-Executive Director
(Chairman)

SHARIFFUDDIN KHALID

Independent Non-Executive Director

SPENCER LEE

Independent Non-Executive Director

DATUK HAMIRULLAH BOORHAN

Non-Independent Non-Executive Director

SOON SU LONG

Non-Independent Non-Executive Director

CORPORATE SECRETARIES

QAZREEN CHAN ABDULLAH

Corporate Secretary

LONG SOKMARITH

Joint Corporate Secretary

REGISTERED OFFICE

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Ernst & Young (AF:0039)

Certified Public Accountants

Registered Auditors

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FINANCIAL YEAR END

31 December

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84-2-8-3821 9919 / 9917

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84-2-4-3934 5041 / 5042

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Etiqua Life Insurance Berhad

Etiqua General Takaful Berhad

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Group Directory

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Maybank Nominees (Asing) Sdn Bhd
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