

## INFORMATIENOTA (AANBIEDING AAN HET PUBLIEK)

### **INFORMATIENOTA OVER DE AANBIEDING VAN PHILLIP BANK OBLIGATIES DOOR PHILLIP BANK**

*Dit document is opgesteld door Hands-on BV (Lendahand).*

*DIT DOCUMENT IS GEEN PROSPECTUS EN WERD NIET GECONTROLEERD NOCH GOEDGEKEURD DOOR DE AUTORITEIT VOOR FINANCIËLE DIENSTEN EN MARKTEN*

*14 maart 2020*

*WAARSCHUWING: DE BELEGGER LOOPT HET RISICO ZIJN BELEGGING VOLLEDIG OF GEDEELTELIJK TE VERLIEZEN EN/OF HET VERWACHTE RENDEMENT NIET TE BEHALEN*

*DE BELEGGINGSINSTRUMENTEN ZIJN NIET GENOTEERD: DE BELEGGER LOOPT HET RISICO GROTE PROBLEMEN TE ONDERVINDEN OM ZIJN POSITIE AAN EEN DERDE TE VERKOPEN INDIEN HIJ DAT ZOU WENSEN.*

#### **Deel I - Belangrijkste risico's die inherent zijn aan de uitgevende instelling en de aangeboden beleggingsinstrumenten, en die specifiek zijn voor de betrokken aanbieding**

Over het algemeen geldt hoe hoger het aangeboden of verwachte rendement, hoe hoger het risico. Het aangeboden of verwachte rendement op de obligaties is afhankelijk van de winst die de uitgevende instantie maakt. De kans bestaat dat de winst lager is dan verwacht of dat er zelfs sprake is van verlies, waardoor u mogelijk minder rendement krijgt uitgekeerd of zelfs uw inleg of een deel daarvan verliest. De belangrijkste redenen waardoor de uitgevende instelling mogelijk niet in staat is het aangeboden of verwachte rendement of zelfs uw inleg uit te keren, zijn:

Macro-economische, sociale en politieke landenrisico's: er is sprake van het risico dat macro-economische, sociale en politieke factoren leiden tot een lastig zakelijk klimaat voor de uitgevende instelling. Deze risico's zijn aan elkaar gerelateerd en lastig te beheersen. Economische, financiële en sociale instabiliteit, een complex en snel veranderende juridisch systeem, natuurrampen, etc. hebben een grote impact op het zakelijk klimaat via o.a. devaluaties van lokale valuta, hoge inflatie en beperkte capaciteit tot terugbetaling door klanten.

Portefeuille risico: er is sprake van het risico op te veel slechte leningen in de portefeuille van de uitgevende instelling, bijvoorbeeld omdat de kredietbeoordeling en/of klantafhandeling niet op orde is, of door politieke instabiliteit of een natuurramp. Dit betekent dat leningen afgeboekt moeten worden wat een weerslag kan hebben op de kapitalisatie en winstgevendheid van de uitgevende instelling.

Wisselkoersrisico: er is sprake van het risico op verliezen door wisselkoersschommelingen omdat de uitgevende instelling inkomsten genereert die anders zijn dan de valuta waarin de obligaties zijn uitgegeven. Dit betekent dat de liquiditeit en solvabiliteit van de uitgevende instelling in gevaar kan komen bij heftige wisselkoersschommelingen.

De obligaties zijn niet verhandelbaar op een beurs of platform en daardoor beperkt verhandelbaar. Dat betekent dat er mogelijk geen koper is voor uw obligaties als u tussentijds van uw belegging af wilt. U loopt dan dus het risico dat u niet op het door u gewenste moment uw geld terug kan krijgen en uw belegging langer aan moet houden of uw obligaties voor een lagere prijs moet verkopen.

Fraude en corruptierisico's: er is sprake van het risico op fraude en/of corruptie omdat er over het algemeen een grote afstand is tussen de uitgevende instelling en de investeerders in de obligaties. Tevens is het fraude- en corruptieniveau in het land van de uitgevende instelling over het algemeen hoger dan in het land van verblijf van de investeerders in de obligaties. Dit betekent dat de (financiële) situatie bij de uitgevende instelling er beter voor kan lijken te staan dan dat het daadwerkelijk is.

Financieringsrisico: er is sprake van een financieringsrisico omdat de uitgevende instelling continue financiering nodig heeft voor haar activiteiten. Dit betekent dat het kan gebeuren dat de uitgevende instelling haar

leenportefeuille moet verkleinen als ze niet meer voldoende financiering kan aantrekken wat een neerwaartse druk geeft op de winstgevendheid.

Vervroegde aflossing: er is sprake van het risico op vervroegde aflossing omdat de uitgevende instelling de obligaties op lagere kosten kan herfinancieren. Dit betekent voor u als belegger dat u eerder de beschikking heeft over uw geld dan verwacht, hetgeen gederfde (rente)inkomsten als gevolg kan hebben.

Rangorde uitbetaling: uitkering van het rendement gebeurt nadat operationele uitstaande kosten voldaan zijn zoals lonen en facturen van leveranciers. Het risico bestaat dat de uitgevende instelling onvoldoende liquide middelen overhoudt om het rendement uit te keren. Dit betekent voor u als belegger dat het rendement lager kan zijn dan verwacht en eventueel dat u niet uw volledige inleg terugkrijgt.

In geval van faillissement hebben de volgende uitkeringen voorrang op de uitbetaling van het rendement op de obligaties: operationele uitstaande kosten, belastingen, deposito's, vreemd vermogen met onderpand. Let op dat deze lijst niet per se uitputtend is. Dit betekent voor u dat het rendement lager kan zijn dan verwacht en eventueel dat u niet uw volledige inleg terugkrijgt.

Beperkt eigen vermogen: het eigen vermogen van de uitgevende instelling is beperkt ten opzichte van het vreemd vermogen. Dit betekent dat de buffer aan eigen vermogen klein is waardoor bij tegenvallende resultaten de uitgevende instelling relatief snel niet meer aan haar verplichtingen op de obligaties zal kunnen voldoen. Het risicoprofiel van de obligaties lijkt daardoor op het risicoprofiel van aandelen.

Operationeel risico: er is sprake van het risico op operationele tekortkomingen omdat de kosten langdurig te hoog kunnen zijn versus de opbrengsten. Dit betekent dat de uitgevende instelling niet meer aan haar financiële verplichtingen kan voldoen.

Platform risico: er is sprake van het risico op discontinuatie van het platform omdat de aanbieder de exploitatie niet rendabel kan maken. Dit betekent dat het lastiger zal zijn om terugbetalingen te faciliteren voor investeerders in de obligaties.

## **Deel II - Informatie over de uitgevende instelling en de aanbieder van de beleggingsinstrumenten**

### ***A. Identiteit van de uitgevende instelling***

1. De uitgevende instelling is een besloten vennootschap, opgericht op 30 april 2003 en gevestigd in Phnom Penh, Cambodja. Het adres van de uitgevende instelling is Building 71, Street 163, Toul Svay Prey I, Khan Boeng Keng Kang, Phnom Penh, Cambodja. De website van de uitgevende instelling is <https://www.phillipbank.com.kh/>
2. Dit zijn de belangrijkste activiteiten van de uitgevende instelling: financieren van particulieren en kleine en middelgrote ondernemingen in Cambodja.
3. Voor zover die informatie bekend is bij de uitgevende instelling of de aanbieder, identiteit van de personen die meer dan 5% van het kapitaal van de uitgevende instelling in bezit hebben, en omvang (uitgedrukt als percentage van het kapitaal) van de deelnemingen in hun bezit: De enig aandeelhouder van de uitgevende instelling is: Phillip MFIs Pte. Diens grootaandeelhouder is Mr. Lim Hua Min
4. Het bedrag aan uitstaande leningen is EUR 80.289.828. Dit betreft 54 leningen die de uitgevende instelling op 31 December 2025 uiterlijk afgelost moet hebben. Het betreft krediet faciliteiten die de portefeuille van PHILLIP BANK financiert.
5. De uitgevende instelling wordt bestuurd door de volgende natuurlijke personen: De uitgevende instelling wordt bestuurd door de volgende natuurlijke personen: Mr. Timothy Mark Amstutz, Voorzitter, Mr. Ong Teong Hoon, Ms. Sreyhem Roberts, Ms. Ing Varony, Ms. Tea Chansoheary, Mr. Fong Kim Choy, Mr. Lim Hua Min, Mr. Nash Anthony Nathan
6. Bezoldiging bestuurder: onbekend bij aanbieder

7. voor de sub 4° bedoelde personen, vermelding van elke veroordeling als bedoeld in artikel 20 van de wet van 25 april 2014 op het statuut van en het toezicht op kredietinstellingen en beursvennootschappen, of een passende negatieve verklaring: niet van toepassing
8. beschrijving van de belangenconflicten tussen de uitgevende instelling en de sub 3° tot 5° bedoelde personen, of met andere verbonden partijen, of een passende negatieve verklaring: niet van toepassing
9. in voorkomend geval, identiteit van de commissaris: niet van toepassing

#### ***B. Financiële informatie over de uitgevende instelling***

Verklaring door de uitgevende instelling dat het werkkapitaal naar haar oordeel toereikend is om aan haar behoeften voor de volgende twaalf manden te voldoen: ja

Het bedrag aan uitstaande leningen is EUR 80.289.828

Beschrijving van elke wijziging van betekenis in de financiële of handelspositie die zich heeft voorgedaan na het einde van het laatste boekjaar waarop de sub 1° hierboven bedoelde jaarrekening betrekking heeft, of een passende negatieve verklaring: niet van toepassing

#### ***C. Uitsluitend wanneer de aanbieder en de uitgevende instelling verschillende personen zijn: identiteit van de aanbieder***

De aanbieder is niet de uitgevende instelling van de obligaties. Na uitvoerig onderzoek biedt de aanbieder de uitgevende instelling toegang tot haar website waarmee de uitgevende instelling financiering kan aantrekken ten behoeve van verschillende projecten. Hiervoor krijgt de aanbieder een vergoeding van de uitgevende instelling. Er is dus een financiële relatie tussen de aanbieder en de uitgevende instelling. Meer informatie over de uitgevende instelling is te vinden op de website van de aanbieder.

De aanbieder is opgericht op 17 juli 2012 en gevestigd in Rotterdam onder het KvK-nummer 55711766. Het adres van de aanbieder is Eendrachtsplein 3, Unit 2A, 3015 LA Rotterdam, Nederland. De website van de aanbieder is [www.lendahand.com](http://www.lendahand.com)

De aanbieder wordt bestuurd door Engelcke B.V., Le Theta B.V. en Wiggerd B.V.

Contactpersoon: Koen The, [koen.the@lendahand.com](mailto:koen.the@lendahand.com), +31 10 7171815.

#### ***D. Uitsluitend wanneer de aangeboden beleggingsinstrumenten een onderliggend actief hebben: beschrijving van het onderliggende actief***

Niet van toepassing.

### **Deel III - Informatie over de aanbidding van beleggingsinstrumenten**

#### ***A. Beschrijving van de aanbidding***

De totale opbrengst van de aanbidding bedraagt EUR 1.000.000, verdeeld over diverse projecten gedurende de looptijd van de aanbidding.

Dit bedrag kan ook lager zijn als niet op alle obligaties wordt ingeschreven. De minimale opbrengst is EUR 2.500

De aanbiddingsperiode begint op 16-03-2020 en eindigt op 15-03-2021, of zoveel eerder als op de gehele aanbidding is ingeschreven.

Gedurende de aanbestedingsperiode biedt de uitgevende instelling projecten aan op de Lendahand website op basis waarvan obligaties worden uitgegeven.

De uitgiftedatum van de obligaties is doorlopend gedurende de aanbestedingsperiode.

De startdatum van een obligatie is de eerste dag van de maand volgend op de dag dat het onderliggende project volledig gefinancierd is.

Over uw inleg betaalt u geen emissiekosten. Bij verkoop van uw obligaties betaalt u geen kosten.

Van elke euro van uw inleg wordt EUR 0,- gebruikt om kosten af te dekken. EUR 1,- wordt geïnvesteerd in obligaties van de uitgevende instelling. Er is dus geen sprake van kosten voor de belegger.

### ***B. Reden voor de aanbesteding***

De opbrengst wordt gebruikt voor het financieren van kleine en middelgrote bedrijven in Cambodja. Van de opbrengst wordt 0% gebruikt voor kosten, tenzij er sprake is van een eenmalige vooruitbetaalde platform vergoeding welke over het algemeen niet hoger is dan 4% per jaar

## **Deel IV - Informatie over de aangeboden beleggingsinstrumenten**

### ***A. Kenmerken van de aangeboden beleggingsinstrumenten***

U belegt in een obligatie.

De nominale waarde van de obligaties is EUR 50,00.

De intrinsieke waarde van de obligaties is EUR 50,00.

De prijs van de obligaties is EUR 50,00.

Deelname is mogelijk vanaf EUR 50,00.

De uitgiftedatum van een obligatie is de eerste dag van de maand volgend op de dag dat het onderliggende project volledig gefinancierd is.

De looptijd van de verschillende obligaties varieert tussen de 6 en 48 maanden. De betreffende looptijd wordt per project aangegeven. Terugbetalingen vinden elke 6 maanden plaats, inclusief rente, op de 15<sup>e</sup> van de maand.

De rente op de obligaties varieert tussen de 2-5% per jaar. Het betreffende percentage wordt per project aangegeven. De obligaties kennen geen bonusrente.

Rang van de beleggingsinstrumenten in de kapitaalstructuur van de uitgevende instelling bij insolventie: obligaties zijn niet preferent noch achtergesteld.

### ***B. Uitsluitend in het geval waarin door een derde een garantie wordt toegekend in verband met de beleggingsinstrumenten: beschrijving van de garant en van de garantie***

Niet van toepassing.

### ***C. In voorkomend geval, bijkomende informatie voorgelegd door de markt waar de beleggingsinstrumenten toegelaten zijn.***

Niet van toepassing.

## **Deel V - Alle andere belangrijke informatie die mondeling of schriftelijk aan één of meer beleggers wordt gericht**

Onder verwijzing naar de Wet van 18 december 2016 tot regeling van de erkenning en de afbakening van crowdfunding en houdende diverse bepalingen inzake financiën, wordt de volgende informatie gedeeld:

De volledige identiteit en contactgegevens van de gereglementeerde onderneming die de alternatieve-financieringsdiensten verstrekt:

Hands-on B.V. (*een besloten vennootschap met beperkte aansprakelijkheid, opgericht naar Nederlands recht op 17 juli 2012 en gevestigd te Rotterdam*)

Eendrachtsplein 3, Unit 2A  
3015 LA Rotterdam, Nederland  
[www.lendahand.com](http://www.lendahand.com)

Geregistreerd bij de Nederlandse Kamer van Koophandel onder nummer 55711766

De aanbieder wordt bestuurd door Engelcke B.V., Le Theta B.V. en Wiggerd B.V.

Contactpersoon: Koen The, [koen.the@lendahand.com](mailto:koen.the@lendahand.com), +31 10 7171815.

De naam en het adres van de bevoegde autoriteit die de vergunning heeft verleend aan de gereglementeerde onderneming:

Autoriteit Financiële Markten (AFM)

Vijzelgracht 50

1017 HS Amsterdam, Nederland

De kosten van de alternatieve-financieringsdiensten voor de cliënten: geen.

De in het kader van het verstrekken van de alternatieve-financieringsdiensten in ontvangst genomen vergoedingen: een fee van de uitgevende instellingen.

De gereglementeerde onderneming beschikt over een belangenconflictenbeleid, ten einde zich op loyale, billijke en professionele wijze in te kunnen zetten voor de belangen van haar cliënten.

De gereglementeerde onderneming verwijst naar bovengenoemde Wet van 18 december 2016 voor de geldende (gedrags)regels voor het verstrekken van alternatieve-financieringsdiensten.

De te financieren projecten worden op de volgende wijze geselecteerd:

Lendahand voert een boekenonderzoek uit waarbij onder andere gekeken wordt naar de track record, de sociale missie, het business model en enkele financiële datapunten (zoals de unit economics en marges, winstgevendheid, groeicijfers, de balansgrootte, samenstelling van de bezittingen en schulden). Dit boekenonderzoek wordt ter goedkeuring voorgelegd aan een externe credit committee bestaande uit impact investing professionals.

Het is de gereglementeerde onderneming verboden:

- om gelden die haar cliënten toebehoren in ontvangst te nemen en aan te houden
- om beleggingsdiensten te verlenen, met uitzondering van het in ontvangst nemen en doorgeven van orders
- om een mandaat of volmacht te hebben op de rekeningen van haar cliënten

Voornaamste kenmerken van de beleggingsinstrumenten die de gereglementeerde onderneming commercialiseert: vast rentende obligatieleningen met tussentijdse aflossingen.

## **Bijlage**

Voor zover de uitgevende instelling op dat moment al actief was, haar jaarrekening van de laatste twee boekjaren, alsook, in voorkomend geval, overeenkomstig artikel 13, go 1 of 2, 1°, van de wet van 11 juli 2018, het verslag van de commissarissen.

FINANCIALS

Consolidated and  
Separate Financial  
Statements for the year  
ended 31 December  
2018 and Report of the  
Independent Auditors



39	Corporate Information
40	Report of the Board of Directors
45	Report of the Independent Auditors
47	Consolidated Balance Sheet
48	Consolidated Income Statement
49	Consolidated Statement of Changes in Equity
50	Consolidated Statement of Cash Flows

Separate Balance Sheet

Separate Income Statement

Separate Statement of Changes  
in Equity

Separate Statement of Cash  
Flows

Notes to the Financial  
Statements



# CORPORATE INFORMATION

## Bank

Phillip Bank Plc.

## Registration No.

00000292

## Registered office

No. 27 DEF, Monivong Blvd. Sangkat Srah Chork,  
Khan Daun, Penh Phnom Penh, Kingdom of Cambodia

## Shareholder Board of Directors

Phillip MFIS PTE.LTD.

Mr. Lim Hua Min	Chairman
Mr. Ong Teong Hoon	Director
Mr. Chan Mach	Director
Mr. Paul Gwee Choon Guan	Independent Director Ms. Diana
Seah Yen Goon	Independent Director Mr.
Koh Yong Guan	Independent Director
Mr. Ith Vichit	Independent Director
Mr. Michael Tan Teck Keong	Director <i>(Resigned on 1 June 2018)</i>

## Management team

Mr. Han Peng Kwang	General Manager
Mr. How Poy Leong	Head of Credit Risk
Mr. Soeung Phyr	Risk & Compliance Department
Mr. Teo Dominic	Head of Operations
Mr. Yun Veth	Administration Manager
Mrs. Socheat Kanika	Credit Administration Manager
Mr. Chea Visal	Head of IT <i>(Appointed on 12 February 2018)</i>
Mrs. Sron Sreyneang	Head of Finance
Mr. Liew Andrew	Head of Retail Banking <i>(Appointed on 11 June 2018)</i>

## Auditors

KPMG Cambodia Ltd

# REPORT OF THE BOARD OF DIRECTORS

The Board of Directors hereby submit their report together with the consolidated financial statements of Phillip Bank Plc. (“the Bank”) and its subsidiary (collectively referred to as “the Group”), and the separate financial statements of the Bank for the year ended 31 December 2018 (hereafter referred to as “the financial statements”).

## THE GROUP

### THE BANK

The Bank was incorporated on 26 June 2009 under the Cambodian Law on Commercial Enterprises and licensed under the regulations of the National Bank of Cambodia (“NBC”). The Bank received the renewed NBC license for an indefinite period on 4 March 2015.

The Bank is engaged in the provision of comprehensive banking and related financial services in the Kingdom of Cambodia in accordance with Registration No. Co. 5915/09E issued by the Ministry of Commerce. On 11 February 2016, the Bank obtained a new Registration No. 00000292 from the Ministry of Commerce.

The Bank’s registered office address is at No. 27DEF, Monivong Blvd. Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

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

### The Subsidiary

HwangDBS Securities (Cambodia) Plc, a wholly owned Subsidiary, was incorporated on 22 February 2010. The subsidiary is a dormant company which has not commenced commercial operations at all. The Subsidiary was approved to be liquidated by the Ministry of Commerce on 9 August 2018.

## FINANCIAL RESULTS

The financial results of the Group and the Bank for the year ended 31 December 2018 were as follows:

	Group		Bank	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Profit before income tax	3,143,786	2,501,731	3,143,786	2,501,731
Income tax expense	(670,518)	(543,235)	(670,518)	(543,235)
Net profit for the year	2,473,268	1,958,496	2,445,899	1,958,516
Equivalent in KHR'000 (Note 4)	9,937,592	7,906,447	9,827,623	7,906,528
<b>Attributable to:</b>				
<b>Equity holder of the Bank</b>	2,473,268	1,958,496	2,445,899	1,958,516

## DIVIDEND

No dividend was declared or paid and the Directors do not recommend any dividend to be paid for the year.

## SHARE CAPITAL

On 15 March 2018, the shareholder injected US\$17,000,000 to the Bank's account. On 20 March 2018, the Bank submitted a request letter to the NBC to increase this last instalment of share capital to meet the minimum capital requirement and was approved on 24 April 2018. The revised Memorandum and Articles of Association was endorsed by with the Ministry of Commerce on 19 July 2018.

## RESERVES AND PROVISIONS

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

## BAD AND DOUBTFUL LOANS

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

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

## ASSETS

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

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

## VALUATION METHODS

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

## Contingent and other liabilities

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

- (a) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (b) any contingent liability in respect of the Group and of the Bank that has arisen since the end of the financial year other than in the ordinary course of its business operations.

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF UNUSUAL NATURE

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

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

## EVENTS SINCE THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date requiring disclosure or adjustment other than those already disclosed in the accompanying notes to the financial statements.

## THE BOARD OF DIRECTORS

The members of the Board of Directors during the year and at the date of this report are: Mr. Lim Hua

Min	Chairman
Mr. Ong Teong Hoon	Director
Mr. Chan Mach	Director
Mr. Paul GweeChoon Guan	Independent Director
Ms. Diana Seah Yen Goon	Independent Director
Mr. Koh Yong Guan	Independent Director
Mr. Ith Vichit	Independent Director
Mr. Michael TanTeck Keong	Director (Resigned on 1 June 2018)

## DIRECTORS' INTERESTS

Mr. Lim Hua Min who is the Chairman in the Board of Directors holds 85% share in Phillip MFIS PTE LTD.

## DIRECTORS' BENEFITS

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

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

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2018, and their financial performance and their cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Group's and the Bank's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- (iv) assess the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative; and
- (v) control and direct effectively the Group and the Bank in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

## APPROVAL OF THE FINANCIAL STATEMENTS

I, the undersigned, on behalf of the Board of Directors, hereby approve the accompanying financial statements as set out on pages 9 to 70 which present fairly in all material respects, the financial position of the Group and of the Bank as at 31 December 2018, and their financial performance and their cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

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



**Ong Teong Hoon**

Director

Phnom Penh, Kingdom of Cambodia

28 March 2019

# **REPORT OF THE INDEPENDENT AUDITORS**

## **To the shareholder**

### **Phillip Bank Plc.**

#### OPINION

We have audited the consolidated financial statements of Phillip Bank Plc. and its subsidiary (“the Group”) and the separate financial statements of Phillip Bank Plc. (“the Bank”), which comprise the consolidated and separate balance sheets of the Group and the Bank as at 31 December 2018, and the consolidated and the separate income statements, the consolidated and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 9 to 70 (hereafter referred to as “the financial statements”).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2018, and of their financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

#### 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 Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### OTHER INFORMATION

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of the Board of Directors as set out on pages 1 to 5, and the annual report which is expected to be made available to us after that date.

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

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

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

#### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

### For KPMG Cambodia Ltd



**Nge Huy**

Partner

Phnom Penh, Kingdom of Cambodia Date:

28 March 2019

## CONSOLIDATED BALANCE SHEET

(as at 31 December 2018)

		31 December 2018		31 December 2017	
	Notes	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>ASSETS</b>					
Cash on hand	5	4,102,284	16,482,977	2,420,292	9,770,719
Balances with the National Bank of Cambodia	6	78,477,966	315,324,467	53,557,213	216,210,469
Balances with other banks and financial institutions	7	18,447,050	74,120,247	14,444,747	58,313,444
Other investment	8	25,000	100,450	25,000	100,925
Loans and advances to customers	9	165,807,424	666,214,230	123,124,513	497,053,659
Property and equipment	11	1,608,970	6,464,841	1,157,378	4,672,335
Intangible assets	12	163,094	655,312	206,838	835,005
Other assets	13	807,773	3,245,633	642,343	2,593,138
Deferred tax assets	16	489,377	1,966,317	302,378	1,220,700
<b>TOTAL ASSETS</b>		<b>269,928,938</b>	<b>1,084,574,474</b>	<b>195,880,702</b>	<b>790,770,394</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from other financial institutions	14	47,146,807	189,435,871	38,512,098	155,473,340
Deposits from customers	15	142,302,425	571,771,144	96,644,450	390,153,644
Current income tax liabilities	16	718,250	2,885,929	535,017	2,159,864
Other liabilities	17	1,757,763	7,062,692	1,778,712	7,180,660
Provision for employee benefits	18	120,000	482,160	-	-
<b>Total liabilities</b>		<b>192,045,245</b>	<b>771,637,796</b>	<b>137,470,277</b>	<b>554,967,508</b>
<b>SHAREHOLDERS' EQUITY</b>					
Paid-up capital	19	75,000,000	301,350,000	58,000,000	234,146,000
Retained earnings		2,883,693	11,586,678	410,425	1,656,886
<b>Total shareholder's equity</b>		<b>77,883,693</b>	<b>312,936,678</b>	<b>58,410,425</b>	<b>235,802,886</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>269,928,938</b>	<b>1,084,574,474</b>	<b>195,880,702</b>	<b>790,770,394</b>



## CONSOLIDATED INCOME STATEMENT

(for the year ended 31 December 2018)

	Notes	2018		2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Operating income</b>					
Interest income	20	13,341,092	53,604,508	10,071,666	40,659,316
Interest expense	21	(5,354,258)	(21,513,409)	(3,916,467)	(15,810,777)
<b>Net interest income</b>		<u>7,986,834</u>	<u>32,091,099</u>	<u>6,155,199</u>	<u>24,848,539</u>
Fees and commissions income	22	1,676,174	6,734,867	1,250,270	5,047,340
Other operating income	23	172,754	694,126	82,175	331,740
<b>Total operating profit</b>		<u>9,835,762</u>	<u>39,520,092</u>	<u>7,487,644</u>	<u>30,227,619</u>
Personnel expenses	24	(3,249,180)	(13,055,205)	(2,362,234)	(9,536,339)
Establishment-related costs	25	(899,755)	(3,615,216)	(866,018)	(3,496,115)
Depreciation and amortisation	26	(551,345)	(2,215,304)	(568,185)	(2,293,763)
Promotion and marketing	27	(164,118)	(659,426)	(124,414)	(502,259)
General and administrative expenses	28	(977,016)	(3,925,650)	(802,882)	(3,241,235)
Allowance for losses on loans and advances to customers	9	(850,562)	(3,417,558)	(262,180)	(1,058,421)
<b>Profit before income tax</b>		<u>3,143,786</u>	<u>12,631,733</u>	<u>2,501,731</u>	<u>10,099,487</u>
Income tax expense	16	(670,518)	(2,694,141)	(543,235)	(2,193,040)
<b>Net profit for the year</b>		<u>2,473,268</u>	<u>9,937,592</u>	<u>1,958,496</u>	<u>7,906,447</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(for the year ended 31 December 2018)

	Paid-up capital	Retained earnings	Total
	US\$	US\$	US\$
At 1 January 2017	41,000,000	(1,548,071)	39,451,929
Capital contribution	17,000,000	-	17,000,000
Net profit for the year	-	1,958,496	1,958,496
At 31 December 2017	58,000,000	410,425	58,410,425
<b>Equivalent in KHR'000 (Note 4)</b>	234,146,000	1,656,886	235,802,886
At 1 January 2018	58,000,000	410,425	58,410,425
Capital contribution	17,000,000	-	17,000,000
Net profit for the year	-	2,473,268	2,473,268
At 31 December 2018	75,000,000	2,883,693	77,883,693
<b>Equivalent in KHR'000 (Note 4)</b>	301,350,000	11,586,678	312,936,678

## CONSOLIDATED STATEMENT OF CASH FLOWS

(for the year ended 31 December 2018)

	Notes	2018		2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Net cash generated from operating activities</b>	29	12,053,989	48,432,929	7,084,768	28,601,208
<b>Cash flows from investing activities</b>					
Proceeds from other investment	-	-	-	1,007,836	4,068,634
Acquisition of property and equipment	11	(932,286)	(3,745,925)	(136,819)	(552,338)
Acquisition of software	12	(26,910)	(108,124)	(64,941)	(262,167)
Proceeds from disposal of property and equipment		13,059	52,471	-	-
Capital guarantee deposit		(1,700,000)	(6,830,600)	(1,700,000)	(6,862,900)
<b>Net cash used in investing activities</b>		(2,646,137)	(10,632,178)	(893,924)	(3,608,771)
<b>Cash flows from financing activities</b>					
Proceeds from capital contribution		17,000,000	68,306,000	17,000,000	68,629,000
<b>Net cash generated from financing activities</b>		17,000,000	68,306,000	17,000,000	68,629,000
<b>Net increase in cash and cash equivalents</b>		26,407,852	106,106,751	23,190,844	93,621,437
<b>Cash and cash equivalents at 1 January</b>		47,153,247	190,357,659	23,962,403	96,736,222
Currency translation difference		-	(895,916)	-	-
<b>Cash and cash equivalents at 31 December</b>	5	73,561,099	295,568,494	47,153,247	190,357,659

## SEPARATE BALANCE SHEET

(as at 31 December 2018)

	Notes	31 December 2018		31 December 2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>ASSETS</b>					
Cash on hand	5	4,102,284	16,482,977	2,420,292	9,770,719
Balances with the National Bank of Cambodia	6	78,477,966	315,324,467	53,557,213	216,210,469
Balances with other banks and financial institutions	7	18,447,050	74,120,247	14,444,747	58,313,444
Other investment	8	25,000	100,450	25,000	100,925
Loans and advances to customers	9	165,807,424	666,214,230	123,124,513	497,053,659
Investment in subsidiary	10	-	-	5,000,000	20,185,000
Property and equipment	11	1,608,970	6,464,841	1,157,378	4,672,335
Intangible assets	12	163,094	655,312	206,838	835,005
Other assets	13	807,773	3,245,633	642,343	2,593,138
Deferred tax assets	16	489,377	1,966,317	302,378	1,220,700
<b>TOTAL ASSETS</b>		<b>269,928,938</b>	<b>1,084,574,474</b>	<b>200,880,702</b>	<b>810,955,394</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from other financial institutions	14	47,146,807	189,435,871	38,512,098	155,473,340
Deposits from customers	15	142,302,425	571,771,144	101,617,081	410,228,156
Current income tax liabilities	16	718,250	2,885,929	535,017	2,159,864
Other liabilities	17	1,757,763	7,062,692	1,778,712	7,180,660
Provision for employee benefits	18	120,000	482,160	-	-
<b>Total liabilities</b>		<b>192,045,245</b>	<b>771,637,796</b>	<b>142,442,908</b>	<b>575,042,020</b>
<b>SHAREHOLDERS' EQUITY</b>					
Paid-up capital	19	75,000,000	301,350,000	58,000,000	234,146,000
Retained earnings		2,883,693	11,586,678	437,794	1,767,374
<b>Total SHAREHOLDER'S EQUITY</b>		<b>77,883,693</b>	<b>312,936,678</b>	<b>58,437,794</b>	<b>235,913,374</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>269,928,938</b>	<b>1,084,574,474</b>	<b>200,880,702</b>	<b>810,955,394</b>

## SEPARATE INCOME STATEMENT

(for the year ended 31 December 2018)

		2018		2017	
	Notes	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Operating income</b>					
Interest income	20	13,341,092	53,604,508	10,071,666	40,659,316
Interest expense	21	(5,354,258)	(21,513,409)	(3,916,467)	(15,810,777)
<b>Net interest income</b>		7,986,834	32,091,099	6,155,199	24,848,539
Fees and commissions income	22	1,676,174	6,734,867	1,250,270	5,047,340
Other operating income	23	172,754	694,126	82,195	331,821
<b>Total operating profit</b>		9,835,762	39,520,092	7,487,664	30,227,700
Personnel expenses	24	(3,249,180)	(13,055,205)	(2,362,234)	(9,536,339)
Establishment-related costs	25	(899,755)	(3,615,216)	(866,018)	(3,496,115)
Depreciation and amortisation	26	(551,345)	(2,215,304)	(568,185)	(2,293,763)
Promotion and marketing	27	(164,118)	(659,426)	(124,414)	(502,259)
General and administrative expenses	28	(1,004,385)	(4,035,619)	(802,882)	(3,241,235)
Allowance for losses on loans and advances to customers	9	(850,562)	(3,417,558)	(262,180)	(1,058,421)
<b>Profit before income tax</b>		3,116,417	12,521,764	2,501,751	10,099,568
Income tax expense	16	(670,518)	(2,694,141)	(543,235)	(2,193,040)
<b>Net profit for the year</b>		2,445,899	9,827,623	1,958,516	7,906,528

## SEPARATE STATEMENT OF CHANGES IN EQUITY

(for the year ended 31 December 2018)

	Paid-up capital	Retained earnings	Total
	US\$	US\$	US\$
At 1 January 2017	41,000,000	(1,520,722)	39,479,278
Capital contribution	17,000,000	-	17,000,000
Net profit for the year	-	1,958,516	1,958,516
At 31 December 2017	58,000,000	437,794	58,437,794
<b>Equivalent in KHR'000 (Note 4)</b>	234,146,000	1,767,374	235,913,374
At 1 January 2018	58,000,000	437,794	58,437,794
Capital contribution	17,000,000	-	17,000,000
Net profit for the year	-	2,445,899	2,445,899
At 31 December 2018	75,000,000	2,883,693	77,883,693
<b>Equivalent in KHR'000 (Note 4)</b>	301,350,000	11,586,678	312,936,678

## SEPARATE STATEMENT OF CASH FLOWS

(for the year ended 31 December 2018)

	Notes	2018		2017	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Net cash generated from operating activities</b>	29	7,053,989	28,342,929	7,084,768	28,601,208
<b>Cash flows from investing activities</b>					
Proceeds from other investment		-	-	1,007,836	4,068,634
Investment in subsidiary		5,000,000	20,090,000	-	-
Acquisition of property and equipment	11	(932,286)	(3,745,925)	(136,819)	(552,338)
Acquisition of software	12	(26,910)	(108,124)	(64,941)	(262,167)
Proceeds from disposal of property and equipment		13,059	52,471	-	-
Capital guarantee deposit		(1,700,000)	(6,830,600)	(1,700,000)	(6,862,900)
<b>Net cash used in investing activities</b>		(2,353,863)	(9,457,822)	(893,924)	(3,608,771)
<b>Cash flows from financing activities</b>					
Proceeds from capital contribution		17,000,000	68,306,000	17,000,000	68,629,000
<b>Net cash generated from financing activities</b>		17,000,000	68,306,000	17,000,000	68,629,000
<b>Net increase in cash and cash equivalents</b>		26,407,852	106,106,751	23,190,844	93,621,437
<b>Cash and cash equivalents at 1 January</b>		47,153,247	190,357,659	23,962,403	96,736,222
Currency translation difference		-	(895,916)	-	-
<b>Cash and cash equivalents at 31 December</b>	5	73,561,099	295,568,494	47,153,247	190,357,659

TURKEY

JAPAN

CHINA

DUBAI

HONG KONG

INDIA

THAILAND

**CAMBODIA**

SRILANKA

VIETNAM

MALAYSIA

INDONESIA

**SINGAPORE**

AUSTRALIA

# ANNUAL REPORT

2017





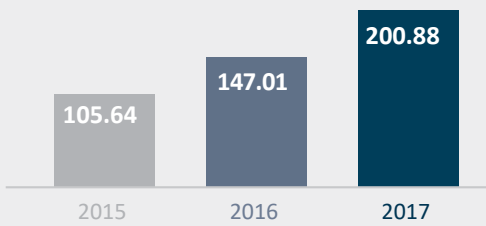
## FINANCIAL HIGHLIGHTS

	FY 2017	FY 2016	FY 2015
<b>OPERATING RESULTS (USD\$'000)</b>			
Operating revenue	11,404	8,654	5,568
Profit/ (Loss) before taxation	2,502	477	(300)
Net profit/(loss) for the year	1,959	499	(353)
<b>KEY BALANCE SHEET DATE (USD\$'000)</b>			
Total assets	200,881	147,007	105,644
Loan and advances	123,125	92,321	68,480
Total liabilities	142,443	107,528	66,663
Deposits	140,129	105,504	61,960
Statutory capital	58,000	41,000	41,000
Shareholder's funds	58,438	39,479	38,981
<b>FINANCIAL RATIOS</b>			
Earnings/(loss) per share (US\$)	0.034	0.012	(0.009)
Net assets per share (US\$)	1.01	0.96	0.95
Return on shareholders' funds (%)	3.35	1.26	(0.91)
Return on assets (%)	0.97	0.34	(0.33)
Liquidity ratio (%)	122	175	57.52
Loan-to-deposit ratio (%)	89.55	89.49	113.42
Non-performing loans to total loans (%)	1.08	1.42	1.57
<b>CAPITAL MANAGEMENT</b>			
Net worth (US\$'000)	60,217	39,362	38,430
Solvency ratio (%)	42.15	34.09	45.95

## 3-YEAR FINANCIAL SUMMARY

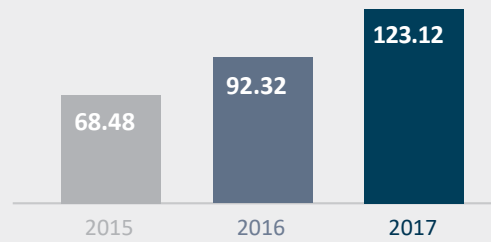
### TOTAL ASSETS

US\$ Million



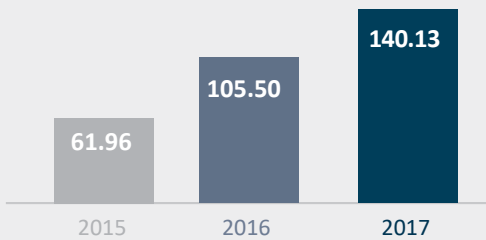
### LOANS AND ADVANCES

US\$ Million



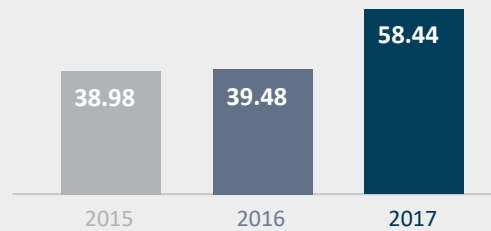
### DEPOSITS

US\$ Million



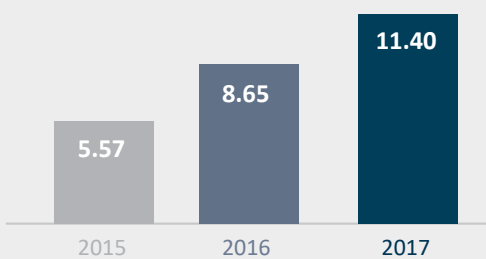
### SHAREHOLDER'S FUNDS

US\$ Million



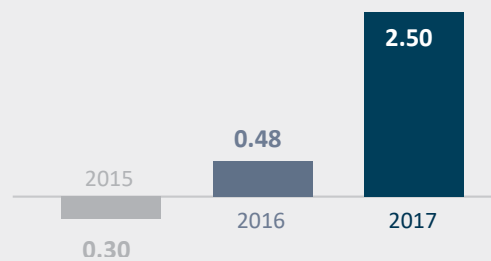
### OPERATING REVENUE

US\$ Million



### PROFIT/(LOSS) BEFORE TAX

US\$ Million



## RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN RESPECT

50

PhillipBank  
Annual Report 2017

# REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDER PHILLIP BANK PLC.

## OPINION

We have audited the consolidated financial statements of Phillip Bank Plc. and its subsidiary (“the Group”) and the separate financial statements of the Phillip Bank Plc. (“the Bank”), which comprise the consolidated and separate balance sheets of the Group and the Bank as at 31 December 2017, and the consolidated and the separate income statements, the consolidated and the separate statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 9 to 81 (hereafter referred to as “the financial statements”).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and of the Bank as at 31 December 2017, and of their financial performance and cash flows for the year then ended in accordance with Cambodian Accounting Standards and guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

## 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 Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OTHER MATTER

The financial statements of the Group and the Bank as at and for the year ended 31 December 2016 were audited by another firm of auditors who expressed an unmodified opinion on 22 March 2017.

## OTHER INFORMATION

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of the Board of Directors as set out on pages 1 to 5, and the annual report which is expected to be made available to us after that date.

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

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

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

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITORS' 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 auditors' 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 CISA's 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 CISA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

For KPMG Cambodia Ltd



**Nge Huy**

Partner

Phnom Penh, Kingdom of Cambodia

29 March 2018

## Consolidated Balance Sheet

As at 31 December 2017

	2017			2016	
	Notes	US\$	KHR'000 Note 4	US\$	KHR'000 Note 4
<b>ASSETS</b>					
Cash on hand	5	2,420,292	9,770,719	4,817,987	19,450,214
Balances with the National Bank of Cambodia	6	53,557,213	216,210,469	25,224,393	101,830,875
Balances with other banks and financial institutions	7	14,444,747	58,313,444	16,049,436	64,791,573
Investment securities	8	25,000	100,925	1,032,836	4,169,559
Loans and advances to customers	9	123,124,513	497,053,659	92,320,689	372,698,621
Property and equipment	11	1,157,378	4,672,335	1,606,727	6,486,357
Intangible assets	12	206,838	835,005	123,914	500,241
Deferred tax assets	16	302,378	1,220,700	205,665	830,269
Other assets	13	642,343	2,593,138	625,194	2,523,908
<b>TOTAL ASSETS</b>		<b>195,880,702</b>	<b>790,770,394</b>	<b>142,006,841</b>	<b>573,281,617</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from other financial institutions	14	38,512,098	155,473,340	28,100,321	113,440,996
Deposits from customers	15	96,644,450	390,153,644	72,431,282	292,405,087
Current income tax liabilities	16	535,017	2,159,864	105,391	425,463
Other liabilities	17	1,778,712	7,180,660	1,917,918	7,742,634
<b>TOTAL LIABILITIES</b>		<b>137,470,277</b>	<b>554,967,508</b>	<b>102,554,912</b>	<b>414,014,180</b>
<b>SHAREHOLDERS' EQUITY</b>					
Paid-up capital	18	58,000,000	234,146,000	41,000,000	165,517,000
Retained earnings/ (Accumulated losses)		410,425	1,656,886	(1,548,071)	(6,249,563)
Total shareholder's equity		58,410,425	235,802,886	39,451,929	159,267,437
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>195,880,702</b>	<b>790,770,394</b>	<b>142,006,841</b>	<b>573,281,617</b>

## Consolidated Income Statement

for the year ended 31 December 2017

	Notes	2017		2016	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Operating income</b>					
Interest income	19	10,071,666	40,659,316	7,859,505	31,728,822
Interest expense	20	(3,916,467)	(15,810,777)	(3,607,743)	(14,564,457)
<b>Net interest income</b>		6,155,199	24,848,539	4,251,762	17,164,365
Fees and commissions income	21	1,250,270	5,047,340	761,948	3,075,984
Other operating income	22	82,175	331,740	32,534	131,340
<b>Total operating profit</b>		<b>7,487,644</b>	<b>30,227,619</b>	<b>5,046,244</b>	<b>20,371,689</b>
Personnel expenses	23	(2,362,234)	(9,536,339)	(2,000,805)	(8,077,250)
Establishment-related costs	24	(866,018)	(3,496,115)	(837,376)	(3,380,487)
Depreciation and amortisation	25	(568,185)	(2,293,763)	(552,733)	(2,231,383)
Promotion and marketing	26	(124,414)	(502,259)	(131,531)	(530,991)
General and administrative expenses	27	(802,882)	(3,241,235)	(646,887)	(2,611,483)
Allowance for losses on loans and advances to customers	9	(262,180)	(1,058,421)	(400,349)	(1,616,209)
<b>Profit before income tax</b>		<b>2,501,731</b>	<b>10,099,487</b>	<b>476,563</b>	<b>1,923,886</b>
Income tax (expense)/benefits	16	(543,235)	(2,193,040)	21,966	88,677
<b>Net profit for the year</b>		<b>1,958,496</b>	<b>7,906,447</b>	<b>498,529</b>	<b>2,012,563</b>



## Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

	US\$	Paid-up capital	(Accumulated losses)/ retained earnings US\$	Total US\$
At 1 January 2016	41,000,000		(2,046,600)	38,953,400
Net profit for the year	-		498,529	498,529
At 31 December 2016	41,000,000		(1,548,071)	39,451,929
<b>Equivalent in KHR'000 (Note 4)</b>	<b>165,517,000</b>		<b>(6,249,563)</b>	<b>159,267,437</b>
At 1 January 2017	41,000,000		(1,548,071)	39,451,929
Capital contribution	17,000,000		-	17,000,000
Net profit for the year	-		1,958,496	1,958,496
At 31 December 2017	58,000,000		410,425	58,410,425
<b>Equivalent in KHR'000 (Note 4)</b>	<b>234,146,000</b>		<b>1,656,886</b>	<b>235,802,886</b>

## Consolidated Statement of Cash Flows

for the year ended 31 December 2017

	2017			2016	
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Net cash generated from operating activities</b>	28	<b>7,084,768</b>	<b>28,601,208</b>	<b>13,672,845</b>	<b>55,197,276</b>
<b>Cash flows from investing activities</b>					
Proceeds from investment securities		1,007,836	4,068,634	(1,007,836)	(4,068,634)
Acquisition of property and equipment	11	(136,819)	(552,338)	(223,141)	(900,820)
Acquisition of software costs	12	(64,941)	(262,167)	(18,983)	(76,634)
Proceeds from disposal of property and equipment	-	-	-	300	1,211
Capital guarantee deposit		(1,700,000)	(6,862,900)	-	-
<b>Net cash used in investing activities</b>		<b>(893,924)</b>	<b>(3,608,771)</b>	<b>(1,249,660)</b>	<b>(5,044,877)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings	-	-	-	(3,000,000)	(12,111,000)
Proceeds from capital contribution		17,000,000	68,629,000	-	-
<b>Net cash generated from/(used in) financing activities</b>		<b>17,000,000</b>	<b>68,629,000</b>	<b>(3,000,000)</b>	<b>(12,111,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>23,190,844</b>	<b>93,621,437</b>	<b>9,423,185</b>	<b>38,041,399</b>
<b>Cash and cash equivalents at 1 January</b>		<b>23,962,403</b>	<b>96,736,222</b>	<b>14,539,218</b>	<b>58,883,833</b>
<b>Currency translation difference</b>	-	-	-	-	<b>(189,010)</b>
<b>Cash and cash equivalents at 31 December</b>	5	<b>47,153,247</b>	<b>190,357,659</b>	<b>23,962,403</b>	<b>96,736,222</b>

## Separate Balance Sheet

As at 31 December 2017

	Notes	2017		2016	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>ASSETS</b>					
Cash on hand	5	2,420,292	9,770,719	4,817,987	19,450,214
Balances with the National Bank of Cambodia	6	53,557,213	216,210,469	25,224,393	101,830,875
Balances with other banks and financial institutions	7	14,444,747	58,313,444	16,049,436	64,791,573
Investment securities	8	25,000	100,925	1,032,836	4,169,559
Loans and advances to customers	9	123,124,513	497,053,659	92,320,689	372,698,621
Investment in subsidiary	10	5,000,000	20,185,000	5,000,000	20,185,000
Property and equipment	11	1,157,378	4,672,335	1,606,727	6,486,357
Intangible assets	12	206,838	835,005	123,914	500,241
Deferred tax assets	16	302,378	1,220,700	205,665	830,269
Other assets	13	642,343	2,593,138	625,194	2,523,908
<b>TOTAL ASSETS</b>		<b>200,880,702</b>	<b>810,955,394</b>	<b>147,006,841</b>	<b>593,466,617</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from other financial institutions	14	38,512,098	155,473,340	28,100,321	113,440,996
Deposits from customers	15	101,617,081	410,228,156	77,403,933	312,479,678
Current income tax liabilities	16	535,017	2,159,864	105,391	425,463
Other liabilities	17	1,778,712	7,180,660	1,917,918	7,742,634
<b>Total liabilities</b>		<b>142,442,908</b>	<b>575,042,020</b>	<b>107,527,563</b>	<b>434,088,771</b>
<b>SHAREHOLDER'S EQUITY</b>					
Paid-up capital	18	58,000,000	234,146,000	41,000,000	165,517,000
Retained earnings/(Accumulated losses)		437,794	1,767,374	(1,520,722)	(6,139,154)
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>58,437,794</b>	<b>235,913,374</b>	<b>39,479,278</b>	<b>159,377,846</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>200,880,702</b>	<b>810,955,394</b>	<b>147,006,841</b>	<b>593,466,617</b>

## Separate Income Statement

for the year ended 31 December 2017

	Notes	2017		2016	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Operating income</b>					
Interest income	19	10,071,666	40,659,316	7,859,505	31,728,822
Interest expense	20	(3,916,467)	(15,810,777)	(3,607,743)	(14,564,457)
<b>Net interest income</b>		<b>6,155,199</b>	<b>24,848,539</b>	<b>4,251,762</b>	<b>17,164,365</b>
Fees and commissions income	21	1,250,270	5,047,340	761,984	3,076,129
Other operating income	22	82,195	331,821	32,534	131,340
<b>Total operating profit</b>		<b>7,487,664</b>	<b>30,227,700</b>	<b>5,046,280</b>	<b>20,371,834</b>
Personnel expenses	23	(2,362,234)	(9,536,339)	(2,000,805)	(8,077,250)
Establishment-related costs	24	(866,018)	(3,496,115)	(837,376)	(3,380,487)
Depreciation and amortisation	25	(568,185)	(2,293,763)	(552,733)	(2,231,383)
Promotion and marketing	26	(124,414)	(502,259)	(131,531)	(530,991)
General and administrative expenses	27	(802,882)	(3,241,235)	(646,887)	(2,611,483)
Allowance for losses on loans and advances to customers	9	(262,180)	(1,058,421)	(400,349)	(1,616,209)
<b>Profit before income tax</b>		<b>2,501,751</b>	<b>10,099,568</b>	<b>476,599</b>	<b>1,924,031</b>
Income tax (expense)/benefits	16	(543,235)	(2,193,040)	21,966	88,677
<b>Net profit for the year</b>		<b>1,958,516</b>	<b>7,906,528</b>	<b>498,565</b>	<b>2,012,708</b>

## Separate Statement of Change in Equity

for the year ended 31 December 2017

	US\$	Paid-up capital	(Accumulated losses)/Retained earnings	US\$	Total US\$
At 1 January 2016	41,000,000		(2,019,287)		38,980,713
Net profit for the year	-		498,565		498,565
<b>At 31 December 2016</b>	<b>41,000,000</b>		<b>(1,520,722)</b>		<b>39,479,278</b>
<b>Equivalent in KHR'000 (Note 4)</b>	<b>165,517,000</b>		<b>(6,139,154)</b>		<b>159,377,846</b>
At 1 January 2017	41,000,000		(1,520,722)		39,479,278
Capital contribution	17,000,000		-		17,000,000
Net profit for the year	-		1,958,516		1,958,516
At 31 December 2017	<b>58,000,000</b>		<b>437,794</b>		<b>58,437,794</b>
Equivalent in KHR'000 (Note 4)	<b>234,146,000</b>		<b>1,767,374</b>		<b>235,913,374</b>

## Separate Statement of Cash Flows

for the year ended 31 December 2017

	2017		2016		
	Note	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Net cash generated from operating activities</b>	<b>28</b>	<b>7,084,768</b>	<b>28,601,208</b>	<b>13,672,845</b>	<b>55,197,276</b>
<b>Cash flows from investing activities</b>					
Proceeds from investment securities		1,007,836	4,068,634	(1,007,836)	(4,068,634)
Acquisition of property and equipment	11	(136,819)	(552,338)	(223,141)	(900,820)
Acquisition of software costs	12	(64,941)	(262,167)	(18,983)	(76,634)
Proceeds from disposal of property and equipment	-	-	-	300	1,211
Capital guarantee deposit		(1,700,000)	(6,862,900)	-	-
<b>Net cash used in investing activities</b>		<b>(893,924)</b>	<b>(3,608,771)</b>	<b>(1,249,660)</b>	<b>(5,044,877)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings	-	-	-	(3,000,000)	(12,111,000)
Proceeds from capital contribution		17,000,000	68,629,000	-	-
<b>Net cash generated from/(used in) financing activities</b>		<b>17,000,000</b>	<b>68,629,000</b>	<b>(3,000,000)</b>	<b>(12,111,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>23,190,844</b>	<b>93,621,437</b>	<b>9,423,185</b>	<b>38,041,399</b>
<b>Cash and cash equivalents at 1 January</b>		<b>23,962,403</b>	<b>96,736,222</b>	<b>14,539,218</b>	<b>58,883,833</b>
<b>Foreign exchange difference</b>	-	-	-	-	<b>(189,010)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>5</b>	<b>47,153,247</b>	<b>190,357,659</b>	<b>23,962,403</b>	<b>96,736,222</b>

**Separate Statement of Cash Flows**  
for the year ended 31 December 2017