

BANKING ON
THE SPIRIT OF
TEAMWORK



របាយការណ៍ប្រចាំឆ្នាំ
ANNUAL REPORT 2009



Quantity is no substitute for QUALITY

A New Way of Banking

MARUHAN Japan Bank Plc. sees the banking service differently.
If you want The BEST, and not just the biggest, we can deliver.

As a fully licensed commercial bank, MARUHAN Japan Bank Plc. has been established and launched in Cambodia on 22 May 2008 to fulfill the banking service needs for both international and local customers.

MARUHAN Japan Bank Plc. can provide comprehensive support and services to customers no matter what their size from local individuals/small enterprises to large multinational corporations. We are here to assist you anytime.

In addition to an array of global standard banking products and services, we can provide access to a wealth of specialist expertise in many sectors including construction, agriculture, telecommunication, transport and tourism etc. with the useful information explained and nuanced properly. We also have multi-lingual customers' service specialists to share ideas with, in their native tongue in Japanese, English, French, Chinese and Khmer with the fragrance of Global Standard.

We pride ourselves in providing tailored banking solutions to fit the needs of any customers and know that one size doesn't always fit all. By understanding your business and what drives it, we can provide innovative solutions that enable you to concentrate on what you do best managing your business.

We invite you to discuss your business needs with one of our financial specialists and look forward to welcoming you as an important customer of MARUHAN Japan Bank Plc..





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ANNUAL REPORT '09

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*Appendices do not form part of the audited financial statements.

Message from the Chairman



On behalf of the Board of Directors of MARUHAN Japan Bank Plc., I have great pleasure in presenting the Bank's Annual Report and Financial Statements for the financial year ended 31 December 2009.

MARUHAN Japan Bank Plc. was founded and launched its operation on 22 May 2008 - an auspicious date that coincided with the 51st anniversary of the founding of MARUHAN Corporation, its principal shareholder. Much of the days, since then, have been spent focusing on building the necessary business environment to enable the Bank to provide the sophisticated service to our customers in an orderly and safe way. Despite this I am delighted to report that the Bank has recorded a very strong starting stage as it gets into the second year of its operation.

The Royal Government of Cambodia currently has the Financial Sector Development Strategy in many ways supporting the Bank's activities to promote economic expansion and macro-economic stability. While we see the local internationalization in line with on-going rapid economic growth, our entry into the market, as a healthy global standard financial service provider standing on 'the local Customers Focus', would also be partly a result of such foresight which in turn helps to generate public confidence in the banking system as a new model Bank appearance in Cambodia.

On behalf of the Board and myself, I would like to express our appreciation to the General Manager and his management team as well as the staff for their outstanding efforts given to the Bank this year.

I would also like to recognize the very valuable support of our customers, regulators and our local partner, Neak Oknha Huot Vanthan, without whose assistance, this would not have been possible.

Financial Performance

For the operation in 2009, the Bank recorded a gross revenue of US\$ 2.87 million, with a pre-tax loss of US\$ 1.22 million. The Bank, with a current capital of US\$ 25 million, is well positioned to face the challenges of the coming 2010. The Board does not recommend payment of a dividend.

A handwritten signature in black ink, appearing to read 'Chang-Woo Han'.

Han, Chang-Woo, Ph.D.
Chairman



Our Service

MARUHAN Japan Bank Plc. prides itself on delivering professional banking services tailored specifically to meet its customers' every need. Whether you are a personal services customer, a multi-lateral donor agency or a corporation of any size, you will find our approach personal, flexible, considered and informed at all times.



Our Strength

MARUHAN Corporation, the major shareholder in MARUHAN Japan Bank Plc., is an internationally recognised leader in the Japanese entertainment and retail service sector. A combination of visionary leadership, committed teamwork and the unstinting loyalty of its customers has allowed the MARUHAN Corporation to become one of the most successful privately owned companies in Japan. Together with our key Cambodian partner, MARUHAN Japan Bank Plc. provides world-class commercial and investment banking expertise underpinned by local knowledge.



Our Success

MARUHAN Corporation takes pride in the scope, success and stability of its international operations. However, we firmly believe that the true measure of our success lies in what we can give back. MARUHAN Japan Bank Plc. aims to build on the strong bi-lateralities between Japan and Cambodia by delivering services that facilitate and encourage investment and contribute to the continuing growth and development of Cambodia. Our corporate and social responsibility programs also aim to promote growth and well-being throughout communities across Cambodia.



Our Corporate Responsibility Program

We, MARUHAN Japan Bank and our parent company, MARUHAN Corporation, are trying to contribute to local communities' well-being through our business activities. We are part of local communities and we hope to fulfill our social responsibility for the communities as good corporate citizens. Our belief never changes even across borders, here in Cambodia.

The smiles of children, that is a mark of achievement for many organizations working to give disadvantaged children in Cambodia a fighting chance. These are the children from Pour un Sourire d'Enfant (PSE) who are learning the spirit of teamwork under the sports program whose sponsorship is facilitated by Indochina Starfish Foundation (ISF).

One such team of children is the MARUHAN Japan Bank football team.

These children mostly come from extremely poor families living around dumpsite areas and/or working as scavengers in and around the capital city of Phnom Penh. Some are orphans and/or victims of domestic violence. MARUHAN Japan Bank also sponsors a bus of ISF to transport children from various orphanages, schools, and organizations to the football matches to help the effort further.



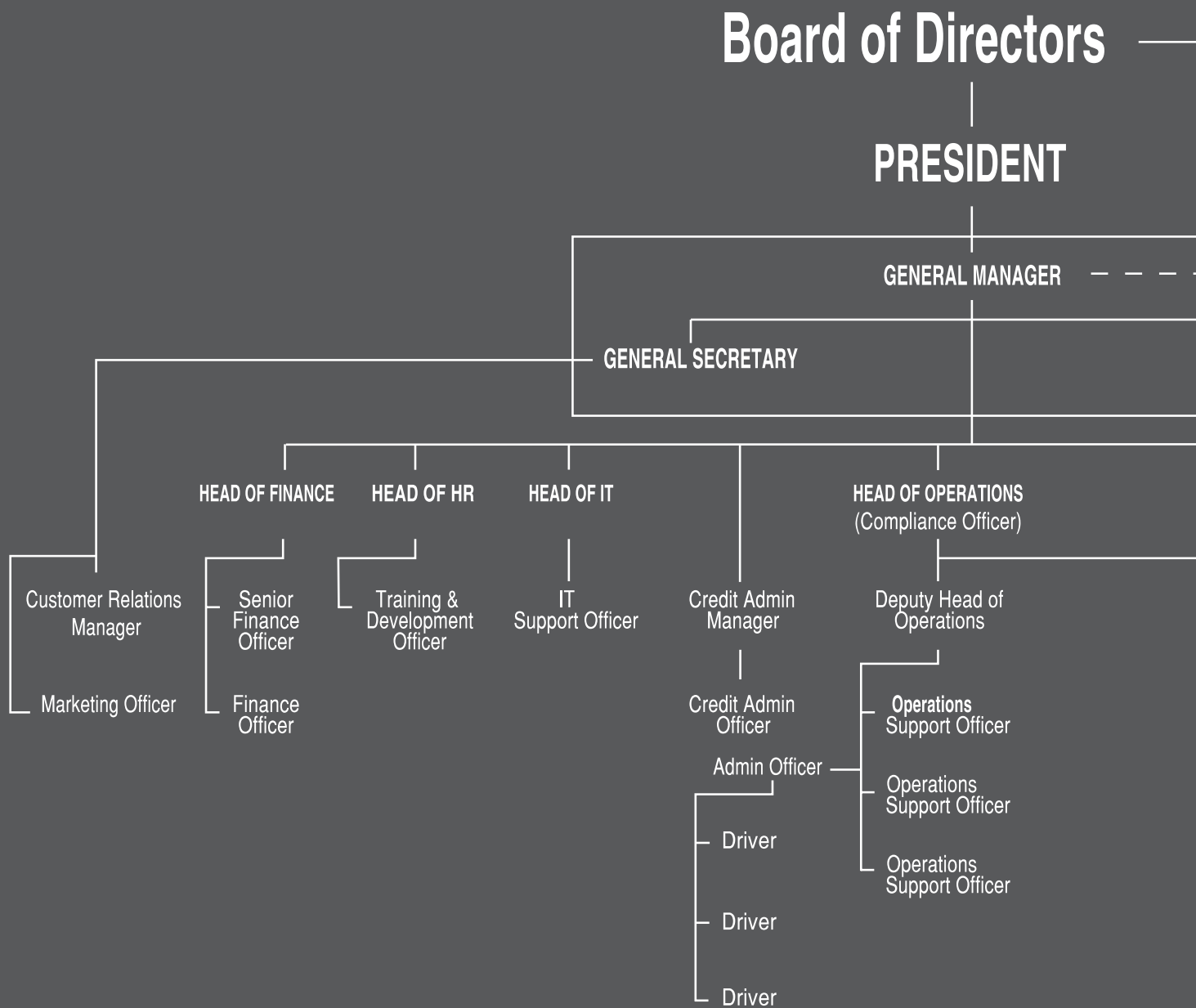


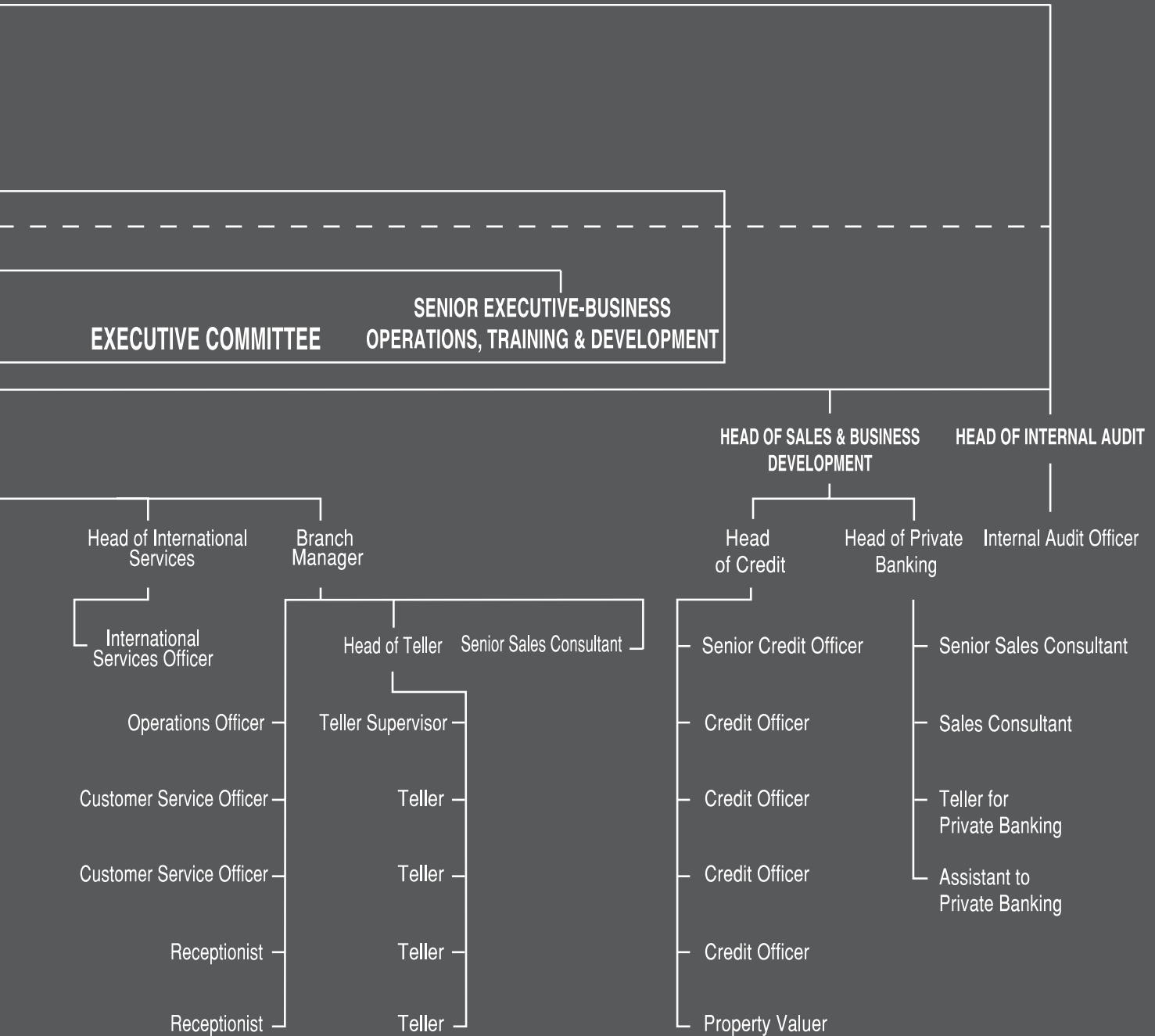
This year, MARUHAN Japan Bank, along with numerous sponsors, helped Happy Football Cambodia Australia send a team to the Homeless World Cup in Milan, Italy. The Cambodian delegation became the favorite of people around the world for their tenacity and skills taking on the more dominant players from other countries.

This is one of the many ways MARUHAN Japan Bank is fulfilling its corporate responsibility in line with the firm belief of MARUHAN Corporation to promote growth and well-being of the communities

in which it serves. Sponsoring a football team and even school bus may seem small but this is part of something bigger, that of MARUHAN Japan Bank's mission to serve and that of the smiles of children being given a better chance in life.

Organizational Chart





Financial Highlights at a Glance

Year Ended 31 December 2009

US\$

Gross Revenue	: 2,868,954
Profit / (Loss) Before Tax	: (1,222,530)

KEY BALANCE SHEET ITEMS

Total Assets	: 42,768,645
Shareholders' Equity	: 22,591,190
Loans and Advances	: 21,037,314
Deposits	: 18,305,656

FINANCIAL RATIOS

Return on Assets	: -2.93%
Expense to Income Ratio	: 142.61%
Solvency Ratio	: 94.46%
Liquidity Ratio	: 147.83%
Dividend Payment	: N/A

Report of the Board of Directors



The Board of Directors of MARUHAN Japan Bank Plc. (“the Bank”) presents its report and the Bank’s financial statements as of 31 December 2009 and for the year then ended.

THE BANK

The Bank is a commercial bank operating under the Cambodian Law on Commercial Enterprises and the supervision of the National Bank of Cambodia, pursuant to the Law on Banking and Financial Institutions of Cambodia and in accordance with Banking License No. 20 issued by the National Bank of Cambodia on 22 May 2008.

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

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

The address of the Bank’s registered office is No. 83, Preah Norodom Blvd., Sangkat Phsarthmey 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

RESULTS OF OPERATIONS AND DIVIDENDS

The net loss for the year ended 31 December 2009, after taxation, was US\$1,252,247 (for the period from 22 May 2008 to 31 December 2008: net loss of US\$1,156,563).

BANK’S CAPITAL

There was no movement in capital of the Bank during the year.

RESERVES AND PROVISIONS

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

Report of the Board of Directors (continued)

BAD AND DOUBTFUL LOANS AND ADVANCES

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the 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 financial year 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 financial year other than in the ordinary course of banking business.

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

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:

Dr. Han, Chang-Woo Chairman	appointed on 13 December 2007
Mr. Yu Han Member	appointed on 13 December 2007
Mr. Ken Han Member	appointed on 13 December 2007
Mr. Young Ok Park Member	resigned on 25 December 2009
Neak Oknha Huot Vanthan Member	appointed on 13 December 2007

AUDITORS

The auditors, Ernst & Young Indochina Limited, expressed their willingness to accept reappointment as auditors.

DIRECTORS' INTERESTS

The director who held office at the end of the financial year and has a direct interest in the shares of the Bank is as follows:

Number of shares of USD100 each

	Balance at 1 January 2009	Bought	Sold	Balance at 31 December 2009
Neak Oknha Huot Vanthan	37,500	-	-	37,500

DIRECTORS' BENEFITS

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

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

STATEMENT OF THE MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Bank's management is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Bank as of 31 December 2009, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Bank's management is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with regulations and guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards or, if there has been any departure in the interest of fair presentation, ensure this has been appropriately 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;

- set overall policies for the Bank, ratify all decisions and actions by the Bank's management that have a material effect on the operations and performance of the Bank, and ensure they have been properly reflected in the financial statements.

The Bank's 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 Bank's management confirms that the Bank has complied with these requirements in preparing the accompanying 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 MARUHAN Japan Bank Plc. as of 31 December 2009, and of the results of its operations and its cash flows for the year then ended, in accordance with Cambodian Accounting Standards and relevant regulations and guidelines issued by the National Bank of Cambodia.

On behalf of the Board of Directors

Han, Chang-Woo, Ph.D.
Chairman

Phnom Penh, Kingdom of Cambodia
19 February 2010

Independent Auditors' Report

To: The Board of Directors of MARUHAN Japan Bank Plc.

We have audited the accompanying financial statements of MARUHAN Japan Bank Plc. ("the Bank"), which comprise the balance sheet as of 31 December 2009 and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 49.

Management's responsibility for the financial statements

The Bank's management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulations and guidelines issued by the National Bank of Cambodia and Cambodian Accounting Standards. The responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2009, and of the results of its operations and its cash flows for the year ended, in accordance with Cambodian Accounting Standards and the relevant regulations and guidelines issued by the National Bank of Cambodia.

Without qualifying our opinion, we draw attention to Note 15 b) in the financial statements which indicates that the Bank is required to increase its paid up capital by 31 December 2010 to comply with the new minimum capital requirement of the National Bank of Cambodia. Management's plan to meet this requirement is disclosed in the said note.



Maria Cristina M. Calimbas
Partner

Ernst & Young Indochina Limited
Certified Public Accountants
Registered Auditors

19 February 2010

Balance Sheet

as at 31 December 2009

	Notes	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
ASSETS					
Cash on hand	3	1,765,862	7,361,879	1,361,889	5,557,869
Balances with the NBC	4	15,712,887	65,507,026	11,170,074	45,585,072
Balances with other banks	5	2,857,213	11,911,721	3,139,616	12,812,773
Placements with a local bank	6	-	-	6,000,000	24,486,000
Loans and advances to customers - net	7	21,037,314	87,704,562	17,566,674	71,689,597
Property and equipment	8	1,149,257	4,791,252	1,115,300	4,551,539
Software	9	59,436	247,789	118,873	485,121
Other assets	10	186,676	778,252	340,498	1,389,572
TOTAL ASSETS		42,768,645	178,302,481	40,812,924	166,557,543
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Balances of other banks	11	3,195,665	13,322,728	2,721,588	11,106,801
Customer deposits and other amounts due to customers	12	15,109,991	62,993,553	13,756,119	56,138,722
Provision for taxation	13.1	2,545	10,610	2,315	9,447
Other liabilities	14	1,869,254	7,792,919	489,465	1,997,506
Total liabilities		20,177,455	84,119,810	16,969,487	69,252,476
Shareholders' equity					
Paid-up capital	15	25,000,000	104,225,000	25,000,000	102,025,000
Accumulated losses		(2,408,810)	(10,042,329)	(1,156,563)	(4,719,933)
Total shareholders' equity		22,591,190	94,182,671	23,843,437	97,305,067
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		42,768,645	178,302,481	40,812,924	166,557,543



Prepared by:
Hor Sarom
Head of Finance

Phnom Penh, Kingdom of Cambodia
19 February 2010



Approved by:
Onishi Shizuo
General Manager

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

Income Statement

for the year ended 31 December 2009

	Notes	For the year ended 31 December 2009		For the period from 22 May 2008 to 31 December 2008	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
OPERATING INCOME					
Interest and similar income	16	2,586,677	10,783,856	1,100,158	4,489,745
Interest and similar expense	17	(713,790)	(2,975,791)	(203,125)	(828,953)
NET INTEREST AND SIMILAR INCOME		1,872,887	7,808,065	897,033	3,660,792
Fees and commission income		282,277	1,176,813	224,516	916,250
Fees and commission expense		(6,275)	(26,160)	(5,725)	(23,364)
NET FEES AND COMMISSION INCOME	18	276,002	1,150,653	218,791	892,886
Other operating income		-	-	50	204
TOTAL OPERATING INCOME		2,148,889	8,958,718	1,115,874	4,553,882
Other operating expenses	19	(2,566,701)	(10,700,576)	(2,259,127)	(9,219,497)
Allowance for losses on loans and advances, and accrued interest receivable	7,10	(804,718)	(3,354,870)	-	-
LOSS BEFORE TAXATION		(1,222,530)	(5,096,728)	(1,143,253)	(4,665,615)
Income tax expense	13	(29,717)	(123,890)	(13,310)	(54,318)
NET LOSS FOR THE YEAR/PERIOD		(1,252,247)	(5,220,618)	(1,156,563)	(4,719,933)



Prepared by:

Hor Sarom

Head of Finance

Phnom Penh, Kingdom of Cambodia

19 February 2010



Approved by:

Onishi Shizuo

General Manager

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

Statement of Changes in Equity

for the year ended 31 December 2009

	Paid-up capital US\$	Accumulated losses US\$	Total US\$
Balances as at 1 January 2009	25,000,000	(1,156,563)	23,843,437
Net loss for the year	-	(1,252,247)	(1,252,247)
BALANCES AS AT 31 DECEMBER 2009	25,000,000	(2,408,810)	22,591,190
BALANCES AS AT 31 DECEMBER 2009 IN KHR'000 EQUIVALENT (Note 2.1)	104,225,000	10,042,329	94,182,671
Balances as at 22 May 2008	-	-	-
Capital contributed during the period	25,000,000	-	25,000,000
Net loss for the period	-	(1,156,563)	(1,156,563)
BALANCES AS AT 31 DECEMBER 2008	25,000,000	(1,156,563)	23,843,437
BALANCES AS AT 31 DECEMBER 2008 IN KHR'000 EQUIVALENT (Note 2.1)	102,025,000	(4,719,933)	97,305,067



Prepared by:
Hor Sarom
Head of Finance

Phnom Penh, Kingdom of Cambodia
19 February 2010



Approved by:
Onishi Shizuo
General Manager

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

Statement Of Cash Flows

for the year ended 31 December 2009

	Notes	For the year ended 31 December 2009		For the period from 22 May 2008 to 31 December 2008	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
NET CASH USED IN OPERATING ACTIVITIES	20	(899,680)	(3,750,767)	(7,111,840)	(29,023,419)
CASH FLOW USED IN AN INVESTING ACTIVITY					
Acquisitions of property and equipment and software cost		(459,923)	(1,917,419)	(1,846,582)	(7,535,901)
CASH FLOW FROM A FINANCING ACTIVITY					
Capital contributed during the period		-	-	25,000,000	102,025,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,359,603)	(5,668,186)	16,041,578	65,465,680
Cash and cash equivalents at beginning of year		16,041,578	66,877,338	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	3	14,681,975	61,209,152	16,041,578	65,465,680



Prepared by:

Hor Sarom

Head of Finance

Phnom Penh, Kingdom of Cambodia
19 February 2010



Approved by:

Onishi Shizuo

General Manager

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

Notes To The Financial Statements

as at 31 December 2009 and for the year then ended

1. CORPORATE INFORMATION

MARUHAN Japan Bank Plc. (herein referred to as “the Bank”) is a Cambodian commercial bank incorporated and registered in the Kingdom of Cambodia.

ESTABLISHMENT AND OPERATIONS

The Bank, established on 20 June 2008, is duly registered with the Ministry of Commerce and was approved by the National Bank of Cambodia (NBC) on 22 May 2008.

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

PAID-UP CAPITAL

The actual paid-up capital of the Bank as at 31 December 2009 is US\$25,000,000 (2008: US\$25,000,000).

BOARD OF DIRECTORS

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

Dr. Han, Chang-Woo Chairman	appointed on 13 December 2007
Mr. Yu Han Member	appointed on 13 December 2007
Mr. Ken Han Member	appointed on 13 December 2007
Mr. Young Ok Park Member	resigned on 25 December 2009
Neak Oknha Huot Vanthan Member	appointed on 13 December 2007

LOCATION

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

EMPLOYEES

Total employees of the Bank as at 31 December 2009 are 52 employees (2008: 61 employees).

2. ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

The Bank prepares its financial statements on the historical cost convention in accordance with Cambodian Accounting Standards (CAS) and with the NBC’s requirements. The Bank maintains its records and prepares its financial statements in United States dollar (US\$) in accordance with NBC Prakas N. B7-07-164 dated 13 December 2007.

The accompanying financial statements, including their utilization, are not designed for those who are not informed about the Kingdom of Cambodia’s accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Kingdom of Cambodia.

The translation of the US\$ amounts into Khmer Riel (KHR’000) is presented in the financial statements to comply with the Cambodian Law on Corporate Accounts, their Audit and the Accounting Profession dated 8 July 2002 and relevant Prakas of the NBC, using the average exchange rate of KHR4,169: US\$1 ruling at the reporting date (31 December 2008: KHR4,081: US\$1), as announced by the NBC. Such translation is unaudited and should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into Khmer Riel at that or any other rate.

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

FISCAL YEAR

The Bank’s first fiscal year started on 22 May 2008 and ended on 31 December 2008. Subsequent fiscal year starts on 1 January and ends on 31 December.

Notes to the financial statements (continued)

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

2.2.1 IMPAIRMENT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

When preparing the financial statements, the quality of loans and advances is reviewed and assessed to determine their classification and level of provision for impairment losses, as more fully disclosed in Note 2.3.4.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 CHANGE IN ACCOUNTING POLICY ARISING FROM ADOPTION OF NEW AND REVISED NBC PRAKAS

The accounting policies and methods of computation applied by the Bank are consistent with those adopted in prior year except for the prospective adoption by the Bank of NBC Prakas B7-09-074, dated 25 February 2009, on Asset Classification and Provisioning in Banking and Financial Institutions, effective from financial period beginning 1 January 2009.

2.3.2 CASH AND CASH EQUIVALENTS

For cash flow statement purposes, cash and cash equivalents consist of cash and highly liquid short-term investments with an original maturity of less than 30 days that are readily convertible to known amounts of cash and accounts due from banks with original maturity of less than 90 days.

2.3.3 LOANS AND ADVANCES TO CUSTOMERS

All loans and advances to customers are stated in the balance sheet at principal amount, less any amounts written off and allowance for losses on loans and advances. Short term loans are those with repayment date within one year from the date the loan was advanced. Long-term loans are those with final repayment date of more than one year from the date the loan was advanced. Interest accrued not yet paid other than overdraft, was classified as other assets in the balance sheet.

Loans are written off when there is no realistic prospect of recovery. Recoveries of loans and advances previously written off or provided for decrease the amount of the provision for losses on loans and advances in the income statement.

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

2.3.4 ALLOWANCE FOR LOSSES ON LOANS AND ADVANCES

Allowance for losses on loans and advances is made with regard to specific risks and relate to those loans and advances that have been individually reviewed and specifically identified as special mention, sub-standard, doubtful or loss. In addition, a general allowance is also maintained for loans classified as normal.

The allowance is based on a percentage of total outstanding loans and advances, net of interest-in-suspense.

The Bank follows the mandatory credit classification and provisioning as required by National Bank of Cambodia Prakas B7-09-074 dated 25 February 2009. The Prakas requires commercial banks to classify their loan portfolio into five classes. The mandatory level of general and specific allowance is provided depending on the loan classification as follows:

Classification	Number of days past due	Rate of provision
General allowance Normal	Nil to less than 30 days	1%
Specific allowance		
Special mention	30 days or more but less than 90 days	3%
Substandard	90 days or more but less than 180 days	20%
Doubtful	180 days or more but less than 360 days	50%
Loss	360 days or more	100%

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

2.3.5 OTHER CREDIT-RELATED COMMITMENTS

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

2.3.6 DEPOSITS AND PLACEMENTS WITH BANKS

Deposits and placements with banks are carried at cost.

2.3.7 STATUTORY DEPOSITS

Statutory deposits for banking-related activities are maintained with the National Bank of Cambodia in compliance with the Cambodian Law on Banking and Financial Institutions and are determined by defined percentages of minimum share capital and customers' deposits as required by the NBC.

2.3.8 OTHER ASSETS

Other receivables are carried at anticipated realisable values. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

2.3.9 PROPERTY AND EQUIPMENT

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

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in "other operating income" in the income statement in the year the asset is derecognized.

2.3.10 INTANGIBLE ASSETS

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible

assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over economic useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement.

Intangible assets with indefinite useful lives are not amortized but annually reviewed for impairment. Any impairment losses are recognized in the income statement.

2.3.11 DEPRECIATION AND AMORTIZATION

Depreciation and amortization of property and equipment and intangible assets are calculated using the following rates and methods:

Leasehold improvements	Declining 20%
Equipment and furniture	Declining 25%
Motor vehicles	Declining 25%
Computer equipment and software	Declining 50%

2.3.12 LIABILITIES

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

2.3.13 PROVISION FOR LIABILITIES

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

Notes To The Financial Statements (Continued)

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

2.3.14 EMPLOYMENT BENEFIT

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

(i) A monthly contribution by the employees and the Bank, for 4% of monthly gross salary. The Bank contributes interest on the cumulative balance of the pension fund computed at 1.5% per annum.

The defined pension benefit will be fully paid to the employees upon termination of their employments with the Bank for any reason any time, except serious misconduct, if the employee has completed his/her continuous service with the Bank for a period of 3 years or more.

(ii) A contribution scheme where the employee will receive half of monthly salary for every year of service with the Bank.

This defined contribution scheme represents the long service award and will be fully paid to the employee upon termination of employments with the Bank for any reason any time, except serious misconduct, if the employee has completed his/her continuous service with the Bank for a period of 5 years or more.

2.3.15 CORPORATE INCOME TAX

CURRENT TAX

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

DEFERRED TAX

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

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

2.3.16 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

2.3.17 RECOGNITION OF INCOME OR EXPENSE

(i) Interest and similar income and expense Interest earned on loans and advances to customers, deposits with the Nation and other banks are recognized on accruals basis, except where serious doubt exists as to the collectability of loans and advances to customers, in which case no interest income is recognized. The policy on the suspension of interest is in conformity with the National Bank of Cambodia's guidelines on the suspension of interest on non-performing loans and provision for bad

and doubtful debts.

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

(ii) Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers.

Fee and commission income is recognized on a cash basis. Fee and commission income comprises income received from inward and outward remittances, loan processing, ATM charges and commitment fees on unutilized overdraft.

(iii) Dividend income

Dividend income is recognized when the Bank's right to receive the payment is established.

(iv) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income, expense and dividends for financial assets and financial liabilities held for trading.

2.3.18 FOREIGN CURRENCY TRANSACTIONS

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

For prevailing exchange rates of applicable FCs and US\$ against KHR as at balance sheet date, see Note 29.

2.3.19 FIDUCIARY ASSETS

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

2.3.20 ROUNDING OF AMOUNTS

Amounts in the financial statements have been rounded off to the nearest dollar and nearest thousand KHR for US\$ and KHR amounts, respectively.

2.3.21 RELATED PARTY TRANSACTIONS

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 party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

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

- (a) any person holding directly or indirectly at least ten percent (10%) of the capital or voting rights;
- (b) any company of which the Bank directly or indirectly holds at least 10% of the capital or voting rights;
- (c) any individual who participates in the administration, direction, management or internal control; and
- (d) the external auditors.

Transactions with related parties and related account balances are disclosed in Note 22.

2.3.22 SEGMENT INFORMATION

The Bank operates within one business segment, commercial banking, and within one geographical segment, the Kingdom of Cambodia.

2.3.23 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified to conform with current year's presentation.



Notes To The Financial Statements (Continued)

3. CASH ON HAND

	2009 US\$	2009 KHR'000 (equivalent) (Note 2.1)	2008 US\$	2008 KHR'000 (equivalent) (Note 2.1)
KHR	39,285	163,779	9,604	39,194
FC	1,726,577	7,198,100	1,352,285	5,518,675
	1,765,862	7,361,879	1,361,889	5,557,869

For cash flow statement purposes, cash and cash equivalents comprise:

	2009 US\$	2009 KHR'000 (equivalent) (Note 2.1)	2008 US\$	2008 KHR'000 (equivalent) (Note 2.1)
Cash on hand	1,765,862	7,361,879	1,361,889	5,557,869
Balances with the NBC				
Current account	5,058,900	21,090,554	2,540,074	10,366,042
Term deposits (less than 3 months' maturity)	5,000,000	20,845,000	3,000,000	12,243,000
Balances with other banks				
Current accounts	2,857,213	11,911,719	3,139,615	12,812,769
Term deposits (less than 3 months' maturity)	-	-	6,000,000	24,486,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	14,681,975	61,209,152	16,041,578	65,465,680

4. BALANCES WITH THE National Bank of Cambodia

	2009 US\$	2009 KHR'000 (equivalent) (Note 2.1)	2008 US\$	2008 KHR'000 (equivalent) (Note 2.1)
Current account	5,058,900	21,090,554	2,540,074	10,366,042
Term deposits	5,000,000	20,845,000	3,000,000	12,243,000
Capital guarantee	2,500,000	10,422,500	2,500,000	10,202,500
Reserve deposits	3,153,987	13,148,972	3,130,000	12,773,530
	15,712,887	65,507,026	11,170,074	45,585,072

Balances with the NBC include settlement and compulsory deposits.

RESERVE DEPOSITS

Under NBC Prakas No. B7-09-075 dated 25 February 2009, banks are required to maintain certain cash reserves with the National Bank of Cambodia in the form of compulsory deposits, computed at 8% and 12% of customer deposits in KHR and in FC, respectively.

CAPITAL GUARANTEE

Under Prakas N. B7-01-136 dated 15 October 2001, banks are required to maintain a statutory deposit at 10% of registered capital. This deposit is not available for use in the Bank's day-to-day operations but it is refundable when the Bank voluntarily ceases to operate the business in Cambodia.

INTEREST RATES

Annual interest rates on balances with the NBC are summarized as follows:

	2009	2008
Current account	0%	0%
Term deposits	0.10% - 0.12%	1.42% - 1.81%
Reserve deposits	0.12%	0.12%
Capital guarantee	0.28% - 0.30%	1.18% - 1.20%

5. BALANCES WITH OTHER BANKS

	2009 US\$	2009 KHR'000 (equivalent) (Note 2.1)	2008 US\$	2008 KHR'000 (equivalent) (Note 2.1)
Settlement accounts with overseas banks in FC	2,331,649	9,720,645	2,327,479	9,498,442
Settlement accounts with local banks in FC	525,564	2,191,076	812,137	3,314,331
	2,857,213	11,911,721	3,139,616	12,812,773

Settlement accounts with local banks are maintained with Canadian Bank Plc. and ACLEDA Bank Plc. Settlement account with Canadian Bank Plc. earn interest at 0.5% per annum, while settlement account with ACLEDA Bank Plc. does not earn interest. Settlement accounts with overseas banks maintained with Standard Chartered Bank New York and HSBC Bank USA do not earn interest.

6. PLACEMENTS WITH A LOCAL BANK

	2009 US\$	2009 KHR'000 (equivalent) (Note 2.1)	2008 US\$	2008 KHR'000 (equivalent) (Note 2.1)
Term deposits with a local bank in FC	-	-	6,000,000	24,486,000
	-	-	6,000,000	24,486,000

Notes To The Financial Statements (Continued)

7. LOANS AND ADVANCES TO CUSTOMERS - NET

	2009 US\$	2009 KHR'000 (equivalent) (Note 2.1)	2008 US\$	2008 KHR'000 (equivalent) (Note 2.1)
Commercial loans:				
Short-term loans	5,707,156	23,793,133	4,803,000	19,601,043
Overdrafts	163,528	681,748	1,091,149	4,452,979
Long-term loans	15,920,537	66,372,719	11,596,371	47,324,790
Consumer loans:				
Staff loans	15,500	64,620	76,154	310,785
TOTAL GROSS LOANS	21,806,721	90,912,220	17,566,674	71,689,597
Allowance for losses on loans and advances	(769,407)	(3,207,658)	-	-
	21,037,314	87,704,562	17,566,674	71,689,597

Further analyses of loans and advances to customers are as follows:

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

	2009 US\$	2009 KHR'000 (equivalent) (Note 2.1)	2008 US\$	2008 KHR'000 (equivalent) (Note 2.1)
At beginning of year	-	-	-	-
Additions	769,407	3,207,658	-	-
AT END OF YEAR	769,407	3,207,658	-	-

(b) The grading of gross loans and related provision for non-performing loans are as follows:

	2009 Principal US\$	2009 Provision US\$	2008 Principal US\$	2008 Provision US\$
Normal loans:				
Secured	18,889,434	188,894	17,263,674	-
Unsecured	15,500	155	303,000	-
Special mentioned loans:	-	-	-	-
Substandard loans:				
Secured	2,901,787	580,358	-	-
Doubtful loans	-	-	-	-
Loss loans	-	-	-	-
Total - US\$	21,806,721	769,407	17,566,674	-
TOTAL - IN KHR'000 EQUIVALENT				
(Note 2.1)	90,912,220	3,207,658	71,689,597	-

(c) For analysis of loan portfolio by maturity, refer to Note 25 on Liquidity risk.

(d) For analysis of loan portfolio by currency, refer to Note 26 on Foreign exchange risk.

(e) Analysis of gross loans by industrial sector is as follows:

	2009 US\$	2009 KHR'000 (equivalent) (Note 2.1)	2008 US\$	2008 KHR'000 (equivalent) (Note 2.1)
Real estate	6,359,067	26,510,950	731,057	2,983,443
Services	3,217,716	13,414,658	3,306,586	13,494,177
Hotel and restaurant	827,026	3,447,872	-	-
Import	613,452	2,557,481	-	-
Construction	92,964	387,567	-	-
Wholesale and retail	58,478	243,795	455,567	1,859,170
Export	49,232	205,248	-	-
Agriculture, forestry and fishing	47,770	199,153	432,238	1,763,963
Manufacturing	-	-	239,422	977,081
Transportation and storage	-	-	155,233	633,507
Others	10,541,016	43,945,496	12,246,571	49,978,256
TOTAL GROSS LOANS	21,806,721	90,912,220	17,566,674	71,689,597

Notes To The Financial Statements (continued)

7. LOANS AND ADVANCES TO CUSTOMERS (continued)

(f) Analysis of gross loans by residency, relationship, exposure, interest rates and collateral are as follows:

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Residence status:				
Residents	21,806,721	90,912,220	17,263,674	70,453,054
Non-residents	-	-	303,000	1,236,543
	21,806,721	90,912,220	17,566,674	71,689,597
Relationship:				
Related parties	-	-	-	-
Non-related parties	21,806,721	90,912,220	17,566,674	71,689,597
	21,806,721	90,912,220	17,566,674	71,689,597
Exposure:				
Large	13,522,192	56,374,018	14,000,000	57,134,000
Non-large	8,284,529	34,538,202	3,566,674	14,555,597
	21,806,721	90,912,220	17,566,674	71,689,597

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

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Annual interest rates:				
Below 10%	15,500	64,620	76,154	310,785
Over 10% but not over 12%	14,731,826	61,416,982	11,751,108	47,956,272
Over 12% but not over 15%	6,957,329	29,005,105	5,739,412	23,422,540
Over 15% but not over 18%	102,066	425,513	-	-
Over 18%	-	-	-	-
	21,806,721	90,912,220	17,566,674	71,689,597
By collateral:				
Real estate	21,791,221	90,847,600	17,263,674	70,453,054
Unsecured	15,500	64,620	303,000	1,236,543
	21,806,721	90,912,220	17,566,674	71,689,597

8. PROPERTY AND EQUIPMENT

Details of movements of property and equipment during the year are as follows:

	Leasehold improvements US\$	Office furniture and equipment US\$	IT equipment & computers US\$	Motor vehicles US\$	Total US\$
COST					
At 1 January 2009	736,532	358,699	510,464	3,140	1,608,835
Additions	216,625	73,269	35,129	134,900	459,923
AT 31 DECEMBER 2009	953,157	431,968	545,593	138,040	2,068,758
ACCUMULATED DEPRECIATION					
At 1 January 2009	(147,306)	(89,663)	(255,781)	(785)	(493,535)
Charge for the year	(161,170)	(85,576)	(144,906)	(34,314)	(425,966)
AT 31 DECEMBER 2009	(308,476)	(175,239)	(400,687)	(35,099)	(919,501)
NET BOOK VALUE					
At 31 December 2009	644,681	256,729	144,906	102,941	1,149,257
At 31 December 2008	589,226	269,036	254,683	2,355	1,115,300
EQUIVALENT IN KHR'000 (Note 2.1)					
At 31 December 2009	2,687,675	1,070,302	604,114	429,162	4,791,252
At 31 December 2008	2,404,631	1,097,936	1,039,361	9,611	4,551,539

Notes To The Financial Statements (Continued)

9. SOFTWARE

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
COST				
At 1 January	237,746	991,163	-	-
Additions	-	-	237,746	970,241
At 31 December	237,746	991,163	237,746	970,241
ACCUMULATED AMORTIZATION				
At 1 January	118,873	495,581	-	-
Charge in the year/period	59,437	247,793	118,873	485,120
At 31 December	178,310	743,374	118,873	485,120
NET BOOK VALUE				
At 31 December	59,436	247,789	118,873	485,121

10. OTHER ASSETS

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Accrued interest receivables	102,114	425,713	230,328	939,968
Prepayments	66,678	277,981	33,035	134,816
Advances and deposits	17,884	74,558	76,946	314,017
Others	-	-	189	771
	186,676	778,252	340,498	1,389,572

Accrued interest receivables comprise:

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Accrued interest receivables	137,425	572,925	230,328	939,968
Allowance for accrued interest receivables	(35,311)	(147,212)	-	-
	102,114	425,713	230,328	939,968

11. BALANCES OF OTHER BANKS

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Current accounts of local banks in FC	106,556	444,232	3,038	12,398
Term deposits of local banks in FC	3,089,109	12,878,496	2,718,550	11,094,403
	3,195,665	13,322,728	2,721,588	11,106,801

12. CUSTOMER DEPOSITS AND OTHER AMOUNTS DUE TO CUSTOMERS

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Demand deposits:				
in KHR	358	1,492	-	-
in FC	1,177,165	4,907,601	906,525	3,699,529
Saving accounts:				
in KHR	34,605	144,268	-	-
in FC	2,069,755	8,628,809	1,202,975	4,909,341
Term deposits:				
in FC	11,821,870	49,285,376	11,646,619	47,529,852
Un-posted credits	6,127	25,545	-	-
Certified checks	111	462	-	-
	15,109,991	62,993,553	13,756,119	56,138,722

(i) Annual interest rates on deposits from customers are summarized as follows:

	2009	2008
Demand deposits	Nil	Nil
Saving deposits	0.75% - 3.00%	0.75% - 1.50%
Term deposits	3.75% - 7.00%	3.75% - 5.25%

Bank's staff are offered an additional 1% to normal rate for term deposit.

(ii) Deposits from related parties

For details of deposits from related parties, see Note 22.

(iii) Maturity analysis

For information on maturity analysis of deposits, see Note 25.

Notes To The Financial Statements (Continued)

13. TAXATION

Major components of tax expense for the year are as follows:

	2009	2009	2008	2008
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Corporate income tax expense				
Current	29,717	123,890	13,310	54,318
Deferred	-	-	-	-
Total tax expense for the year	29,717	123,890	13,310	54,318

13.1 CURRENT CORPORATE INCOME TAX ("CIT")

The Bank's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

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

Details of estimated CIT expense and balance of CIT payable are as follows:

	2009	2009	2008	2008
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Accounting loss before income tax	(1,222,530)	(5,096,728)	(1,143,253)	(4,665,615)
Non-deductible expenses	98,708	411,514	9,518	38,843
TAX LOSS	(1,123,822)	4,685,214	(1,133,735)	4,626,772
Current CIT, at the statutory rate of 20%	-	-	-	-
Current CIT, at the statutory rate of 1% of turnover	29,717	123,890	13,310	54,318
TOTAL CURRENT CIT	29,717	123,890	13,310	54,318

During the year, the Bank incurred accounting loss before tax amounting to US\$1,222,530. This loss, which also approximates the Bank's tax loss for the year, is considered as a charge for the following tax year and shall be deducted from the profit realized in that following five (5) years. The Bank has incurred the prepayment of Tax on Profit ("ToP") of US\$29,717 in 2009. As the Bank is in a loss position, the prepayment of ToP paid represents the Bank's CIT expense for the year (i.e. minimum tax expense).

The details of movements of CIT payable during the year are as follows:

	2009	2009	2008	2008
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Balance at beginning of year	2,315	9,651	-	-
Current tax charged for the year	29,717	123,890	13,310	54,318
Payments of tax during the year	(29,487)	(122,931)	(10,995)	(44,871)
Balance at end of year	2,545	10,610	2,315	9,447

13.2 UNRECOGNIZED DEFERRED TAX ASSET

Tax loss carried forward

The Bank is entitled to carry each individual tax loss forward to offset against the taxable profits arising within five (5) years subsequent to the year in which the loss was incurred. At the balance sheet date, the Bank has accumulated tax loss of US\$ 2,257,557 available for offset against future taxable profits. Details are as follows:

Originating year	Can be utilized up to	Tax loss amount US\$	Utilized up to 31 December 2009 US\$	Forfeited US\$	Unutilized at 31 December 2009 US\$
2008 (*)	2013	(1,133,735)	-	-	(1,133,735)
2009 (*)	2014	(1,123,822)	-	-	(1,123,822)
TOTAL		(2,257,557)	-	-	(2,257,557)
KHR'000 equivalent (Note 2.1)		(9,411,755)	-	-	(9,411,755)

(*) Estimated tax losses only, as the Company's CIT declarations for the years 2008 and 2009 have not been audited by the local tax authority as at the date of these financial statements.

A deferred tax asset on tax loss has not been recognized as the Bank believes that it is not probable that future taxable profits will be available against which the losses can be utilized.

Notes To The Financial Statements (Continued)

14. OTHER LIABILITIES

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Accounts payable - remittance received for fixed deposits	1,025,465	4,275,164	-	-
Payable to related parties (Note 22)	313,569	1,307,269	-	-
Interest payable	231,127	963,569	116,929	477,187
Salary and bonus payable	105,356	439,229	205,467	838,511
Employees' pension fund (*)	87,363	364,215	22,583	92,161
Withholding tax payable	52,001	216,792	63,240	258,082
Accrued professional fees	24,000	100,056	64,000	261,184
Others	30,373	126,625	17,246	70,381
	1,869,254	7,792,919	489,465	1,997,506

(*) Movements in the employees' pension fund are as follows:

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Opening balance	22,583	94,148	-	-
Contribution for the year/period	70,559	294,160	22,483	91,753
Payments during the year/period	(6,291)	(26,227)	-	-
Interest earned	512	2,134	100	408
Ending balance	87,363	364,215	22,583	92,161

15. PAID-UP CAPITAL

Details of paid up capital of the Bank are as follows:

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Issued and fully paid:				
At beginning of year	25,000,000	104,225,000	-	-
Paid up during the year/period	-	-	25,000,000	102,025,000
AT END OF YEAR/PERIOD	25,000,000	104,225,000	25,000,000	102,025,000

Number of shares of US\$ 100 each

	2009	2008
Issued and fully paid by:		
MARUHAN Corporation	212,500	212,500
Neak Oknha Huot Vanthan	37,500	37,500
	250,000	250,000

(a) Capital guarantee

The capital guarantee of 10% of registered capital amounting to US\$2,500,000 is maintained with the NBC, as disclosed in Note 4.

(b) Capital commitment

Under NBC Prakas No. B7-08-193 dated 19 September 2008, effective end of 2010, the Bank is required to increase its paid up capital from US\$25 million to US\$37.5 million by 31 December 2010 to comply with the new minimum capital requirement of the NBC.

On 20 July 2009, the Bank submitted Official Letter No. MJB/FIN/09070402 to the NBC stating its commitment to increase its capital through cash to be contributed by the end of 2010 at the latest.

16. INTEREST AND SIMILAR INCOME

	For the year ended 31 December 2009		For the year ended 31 December 2009	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Interest income from:				
Lending	2,540,251	10,590,306	824,392	3,364,344
Deposits	46,426	193,550	275,766	1,125,401
	2,586,677	10,783,856	1,100,158	4,489,745

17. INTEREST AND SIMILAR EXPENSE

	For the year ended 31 December 2009		For the year ended 31 December 2009	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Interest expense on deposits	713,790	2,975,791	203,125	828,953

Notes To The Financial Statements (Continued)

18. NET FEES AND COMMISSION INCOME

	For the year ended 31 December 2009		For the period from 22 May 2008 to 31 December 2008	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Fees and commission income from:				
Commercial loan fees	180,917	754,245	215,651	880,072
Settlement services	27,513	114,700	4,427	18,066
Telex and cable charges	7,069	29,471	1,021	4,167
Loan commitment fees	2,085	8,691	1,215	4,959
Other fees and commission	64,693	269,706	2,202	8,986
	282,277	1,176,813	224,516	916,250
Fees and commission expense from:				
settlement services	6,275	26,160	5,725	23,364
NET FEES AND COMMISSION INCOME	276,002	1,150,653	218,791	892,886

19. OTHER OPERATING EXPENSES

	For the year ended 31 December 2009		For the period from 22 May 2008 to 31 December 2008	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Staff and other related costs	1,216,868	5,073,123	831,684	3,394,103
Depreciation and amortization charges	485,403	2,023,645	612,408	2,499,237
Professional and other related costs	206,986	862,925	125,681	512,904
Publication, marketing and promotion expenses	117,984	491,875	306,866	1,252,320
Building rental	96,000	400,224	56,000	228,536
Maintenance and hire of fixed assets	58,865	245,408	66,092	269,722
Utilities	52,100	217,205	45,755	186,726
Security expense	27,103	112,992	19,209	78,392
Other expenses:				
Telecommunication expenses	72,611	302,715	41,596	169,753
Materials for banking activities	57,693	240,522	51,907	211,832
Motor vehicles	19,474	81,187	19,120	78,029
Business trip expenses	18,019	75,121	4,796	19,572
Loss on foreign exchange	3,747	15,621	-	-
Others	133,848	558,013	78,013	318,371
	2,566,701	10,700,576	2,259,127	9,219,497

Notes To The Financial Statements (Continued)

20. NET CASH USED IN OPERATING ACTIVITIES

	Notes	For the year ended 31 December 2009		For the period from 22 May 2008 to 31 December 2008	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Loss before income tax		(1,222,530)	(5,096,728)	(1,143,253)	(4,665,615)
Adjustments for:					
Depreciation and amortization		485,403	2,023,645	612,408	2,499,237
Allowance for losses on loans and advances and accrued interest receivable	7, 10	804,718	3,354,870	-	-
Income tax paid during the year/ period	13	(29,487)	(122,931)	(10,995)	(44,871)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES BEFORE CHANGES IN NET OPERATING ASSETS AND LIABILITIES		38,104	158,856	(541,840)	(2,211,249)
Decrease (increase) in operating assets:					
Loans and advances to customers	7	(4,275,358)	(17,823,968)	(17,566,674)	(71,689,597)
Capital guarantee and reserve requirement with the NBC	4	(23,986)	(99,998)	(5,630,000)	(22,976,030)
Other assets	10	153,822	641,284	(340,498)	(1,389,572)
Increase (decrease) in operating abilities:	li-				
Balances of other banks	11	474,077	1,976,427	2,721,588	11,106,801
Deposits of non-bank customers	12	1,353,872	5,644,292	13,756,119	56,138,722
Other liabilities	14	1,379,789	5,752,340	489,465	1,997,506
NET CASH USED IN OPERATING ACTIVITIES		(899,680)	(3,750,767)	(7,111,840)	(29,023,419)

21. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Lending commitments

	2009		2008	
	2009	KHR'000 equivalent	2008	KHR'000 equivalent
	US\$	(Note 2.1)	US\$	(Note 2.1)
Unused portion of overdraft	436,472	1,819,652	158,883	648,402

(b) Lease commitments

Details of future minimum lease payments under non-cancellable operating leases of the Bank's head office in Phnom Penh are as follows:

	2009		2008	
	2009	KHR'000 equivalent	2008	KHR'000 equivalent
	US\$	(Note 2.1)	US\$	(Note 2.1)
Not later than one year	32,000	133,408	96,000	391,776
Later than one year and not later than five years	-	-	32,000	130,592
	32,000	133,408	128,000	522,368

(c) Taxation contingencies

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

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

Notes To The Financial Statements (Continued)

22. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Significant transactions with related parties were as follows:

	For the year ended 31 December 2009		For the period from 22 May 2008 to 31 December 2008	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Expenses:				
Maruhan (Cambodia) Corporation - management fee	160,172	667,757	-	-
First Investment Specialized Bank - rental fees	96,000	400,224	69,200	282,401
Houtraco Ltd - management fee	50,000	208,450	5,000	20,405
	306,172	1,276,431	74,200	302,806

(ii) Amounts due to and due from related parties were as follows:

	2009		2008	
	2009 US\$	KHR'000 equivalent (Note 2.1)	2008 US\$	KHR'000 equivalent (Note 2.1)
Amounts due to related parties:				
Deposits from related parties				
Maruhan (Cambodia) Corporation	2,050,149	8,547,071	2,533,220	10,338,071
Embassy Properties Limited	1,010,883	4,214,371	624,812	2,549,858
First Investment Specialized Bank	194,665	811,558	2,018,550	8,237,702
Capital Holding Co., Ltd.	55,463	231,225	-	-
Huotraco Ltd.	19,720	82,213	314,679	1,284,205
Key management	1,916	7,988	28,754	117,345
TOTAL DEPOSITS	3,332,796	13,894,426	5,520,015	22,527,181

Amounts due to related parties: (continued)

Other payables to related parties				
Maruhan (Cambodia) Corporation	160,172	667,757	-	-
Maruhan Corporation	84,559	352,526	-	-
Key management	68,838	286,986	-	-
TOTAL OTHER PAYABLES	313,569	1,307,269	-	-
	3,646,365	15,201,695	5,520,015	22,527,181

Amount due from a related party:

First Investment				
Specialized Bank - prepayments	16,000	66,704	16,000	65,296

(iii) Key management personnel compensation

The details of remuneration of directors and other members of key management of the Bank are as follows:

	For the year ended 31 December 2009		For the period from 22 May 2008 to 31 December 2008	
	US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Fees	96,563	402,571	-	-

23. FINANCIAL RISK MANAGEMENT

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

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

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

Notes To The Financial Statements (Continued)

23. FINANCIAL RISK MANAGEMENT (continued)

	2009		2008	
	2009 US\$	KHR'000 equivalent (Note 2.1)	2008 US\$	KHR'000 equivalent (Note 2.1)
Financial assets				
Cash on hand	1,765,862	7,361,879	1,361,889	5,557,869
Balances with the NBC	15,712,887	65,507,026	11,170,074	45,585,072
Balances with other banks	2,857,213	11,911,721	3,139,616	12,812,773
Placements with a local bank	-	-	6,000,000	24,486,000
Loans and advances to customers	21,037,314	87,704,562	17,566,674	71,689,597
Other assets	119,998	500,272	307,274	1,253,985
TOTAL FINANCIAL ASSETS	41,493,274	172,985,460	39,545,527	161,385,296
Financial liabilities				
Balances of other banks	3,195,665	13,322,728	2,721,588	11,106,801
Customer deposits and other amounts due to customers	15,109,991	62,993,553	13,756,119	56,138,722
Other liabilities	1,624,534	6,772,682	198,175	808,752
TOTAL FINANCIAL LIABILITIES	19,930,190	83,088,963	16,675,882	68,054,275
NET FINANCIAL ASSETS	21,563,084	89,896,497	22,869,645	93,331,021

23.1 CREDIT RISK

The Bank takes on exposure to credit risk, which is the risk that a counterparty 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. The credit risk management is carried out by the Bank's local credit committee.

(a) Credit risk measurement

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

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

(b) Risk limit control and mitigation policies

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

The Bank is required, under the conditions of Prakas No. B7-06-226 of the NBC, to maintain at all times a maximum ratio of 20% between the Bank's overall credit exposure to any single beneficiary and the Bank's net worth. The aggregation of large credit exposure must not exceed 300% of the Bank's net worth.

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

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

(c) Impairment and provisioning policies

The Bank is required to follow the mandatory credit classification and provisioning in accordance with the relevant Prakas as disclosed in Note 2.3.4.

(d) Maximum exposure to credit risk before collateral held or other credit enhancements

The details of credit risk exposure relating to on-balance sheet assets and off-balance sheet items are disclosed in Note 7 "Loans and advances to customers" and Note 21 "Commitments and contingent liabilities", respectively.

(e) Loans and advances

Loans and advances are summarized as follows:

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
Loans and advances neither past due nor impaired	18,904,934	78,814,670	17,566,674	71,689,597
Loans and advances past due but not impaired	2,901,787	12,097,550	-	-
Loans and advances individually impaired	-	-	-	-
TOTAL LOANS AND ADVANCES - GROSS	21,806,721	90,912,220	17,566,674	71,689,597
Less:				
Allowance for losses on loans and advances	(769,407)	(3,207,658)	-	-
TOTAL LOANS AND ADVANCES - NET	21,037,314	87,704,562	17,566,674	71,689,597

Notes To The Financial Statements (Continued)

23. FINANCIAL RISK MANAGEMENT (continued)

23.1 CREDIT RISK (continued)

Allowance for losses on loans and advances of US\$769,407 comprises specific allowance of US\$580,358 and general allowance for loans classified as normal of US\$189,049 as at 31 December 2009.

(f) Repossessed collateral

During the year, the Bank did not obtain assets by taking possession of collateral held as security. Repossessed properties have to be sold within one year as required by the NBC. Repossessed property is classified in the balance sheet as foreclosed properties.

23.2 MARKET RISK

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

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

(i) Foreign exchange risk

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

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

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

The table in Note 26 summarizes the Bank's exposure to foreign currency exchange rate risk as at 31 December 2009.

(ii) Price risk

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

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise. The management of the Bank at this stage does not have a policy to set limits on the level of mismatch of interest rate re-pricing that may be undertaken; however, the management regularly monitors the mismatch.

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

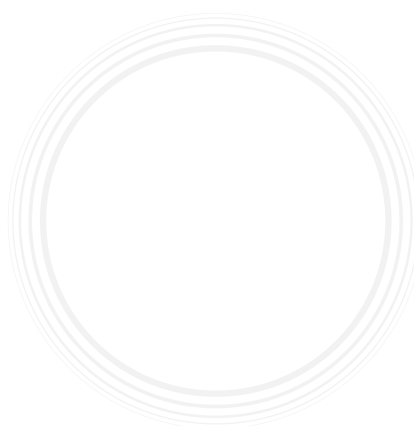
The table in Note 24 summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

23.3 LIQUIDITY RISK

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

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

The table in Note 25 summarizes the financial assets and liabilities of the Bank by relevant maturity based on the remaining period at the balance sheet date to the contractual or estimated maturity dates.



Notes To The Financial Statements (Continued)

24. INTEREST RATE RISK

The tables below summarize the Bank's exposure to interest rate risk. The tables indicate effective average interest rates at the balance sheet date and the periods, in which the financial assets and liabilities reprice or mature, whichever is earlier.

	Up to 1 month	1 - 3	3 - 6	6 - 12	1 - 5	Over 5	Non-interest	Total
	US\$	months US\$	months US\$	months US\$	years US\$	years US\$	sensitive US\$	US\$
As at 31 December 2009								
Financial assets								
Cash on hand	-	-	-	-	-	-	1,765,862	1,765,862
Balances with the NBC	5,000,000	-	-	-	-	4,076,994	6,635,893	15,712,887
Balances with other banks	7,020	-	-	-	-	-	2,850,193	2,857,213
Placements with a local bank	-	-	-	-	-	-	-	-
Loans and advances to customers	464,377	615,507	5,221,270	8,632,736	6,103,424	-	-	21,037,314
Other assets	-	-	-	-	-	-	119,998	119,998
TOTAL FINANCIAL ASSETS	5,471,397	615,507	5,221,270	8,632,736	6,103,424	4,076,994	11,371,946	41,493,274
Financial liabilities								
Balances of other banks	-	3,089,109	-	-	-	-	106,556	3,195,665
Customer deposits and other amounts due to customers	2,439,385	2,416,076	9,070,769	-	-	-	1,183,761	15,109,991
Other liabilities	-	-	-	-	-	56,810	1,567,724	1,624,534
TOTAL FINANCIAL LIABILITIES	2,439,385	5,505,185	9,070,769	-	-	56,810	2,858,041	19,930,190
INTEREST SENSITIVITY SURPLUS								
(GAP) - US\$	3,032,012	(4,889,678)	(3,849,499)	8,632,736	6,103,424	4,020,184	8,513,905	21,563,084
INTEREST SENSITIVITY SURPLUS								
(GAP) - KHR'000 EQUIVALENT	12,640,458	(20,385,068)	(16,048,561)	35,989,876	25,445,175	16,760,147	35,494,470	89,896,497
(NOTE 2.1)								

	Up to 1 month	1 - 3	3 - 6	6 - 12	1 - 5	Over 5	Non-interest	Total
	US\$	months	months	months	years	years	sensitive	US\$
		US\$	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets								
Cash on hand	-	-	-	-	-	-	1,361,889	1,361,889
Balances with the NBC	3,000,000	-	-	-	-	4,065,000	4,105,074	11,170,074
Balances with other banks	3,136,616	-	-	-	-	-	3,000	3,139,616
Placements with a local bank	6,000,000	-	-	-	-	-	-	6,000,000
Loans and advances to customers	5,653,436	429,572	203,583	1,935,385	9,289,947	54,751	-	17,566,674
Other assets	-	-	-	-	-	-	307,274	307,274
Total financial assets	17,790,052	429,572	203,583	1,935,385	9,289,947	4,119,751	5,777,237	39,545,527
Financial liabilities								
Balances of other banks	2,518,550	200,000	-	-	-	-	3,038	2,721,588
Customer deposits and other amounts due to customers	2,478,679	3,008,467	1,009,000	6,353,448	-	-	906,525	13,756,119
Other liabilities	-	-	-	-	-	22,583	175,592	198,175
TOTAL FINANCIAL LIABILITIES	4,997,229	3,208,467	1,009,000	6,353,448	-	22,583	1,085,155	16,675,882
INTEREST SENSITIVITY SURPLUS (GAP) - US\$	12,792,823	(2,778,895)	(805,417)	(4,418,063)	9,289,947	4,097,168	4,692,082	22,869,645
INTEREST SENSITIVITY SURPLUS (GAP) - KHR'000 EQUIVALENT (NOTE 2.1)	52,207,511	(11,340,670)	(3,286,907)	(18,030,115)	37,912,274	16,720,543	19,148,386	93,331,021

As at 31 December 2008

Financial assets

Cash on hand	-	-	-	-	-	-	1,361,889	1,361,889
Balances with the NBC	3,000,000	-	-	-	-	4,065,000	4,105,074	11,170,074
Balances with other banks	3,136,616	-	-	-	-	-	3,000	3,139,616
Placements with a local bank	6,000,000	-	-	-	-	-	-	6,000,000
Loans and advances to customers	5,653,436	429,572	203,583	1,935,385	9,289,947	54,751	-	17,566,674
Other assets	-	-	-	-	-	-	307,274	307,274
Total financial assets	17,790,052	429,572	203,583	1,935,385	9,289,947	4,119,751	5,777,237	39,545,527
Financial liabilities								
Balances of other banks	2,518,550	200,000	-	-	-	-	3,038	2,721,588
Customer deposits and other amounts due to customers	2,478,679	3,008,467	1,009,000	6,353,448	-	-	906,525	13,756,119
Other liabilities	-	-	-	-	-	22,583	175,592	198,175
TOTAL FINANCIAL LIABILITIES	4,997,229	3,208,467	1,009,000	6,353,448	-	22,583	1,085,155	16,675,882
INTEREST SENSITIVITY SURPLUS (GAP) - US\$	12,792,823	(2,778,895)	(805,417)	(4,418,063)	9,289,947	4,097,168	4,692,082	22,869,645
INTEREST SENSITIVITY SURPLUS (GAP) - KHR'000 EQUIVALENT (NOTE 2.1)	52,207,511	(11,340,670)	(3,286,907)	(18,030,115)	37,912,274	16,720,543	19,148,386	93,331,021

Notes To The Financial Statements (Continued)

25. LIQUIDITY RISK

The following tables summarize the maturity profile of the Bank's financial assets and liabilities based on the remaining periods to repayment.

As at 31 December 2009

Financial assets	Up to 1 month US\$	1 - 3 months US\$	3 - 6 months US\$	6 - 12 months US\$	1 to 5 years US\$	Over 5 years US\$	No fixed maturity date US\$	Total US\$
Cash on hand	1,765,862	-	-	-	-	-	-	1,765,862
Balances with the NBC	11,635,893	-	-	-	-	4,076,994	-	15,712,887
Balances with other banks	2,857,213	-	-	-	-	-	-	2,857,213
Placements with a local bank	-	-	-	-	-	-	-	-
Loans and advances to customers	464,377	615,507	5,221,270	8,632,736	6,103,424	-	-	21,037,314
Other assets	119,998	-	-	-	-	-	-	119,998
Total financial assets	16,843,343	615,507	5,221,270	8,632,736	6,103,424	4,076,994	-	41,493,274
Financial liabilities								
Balances of other banks	106,556	3,089,109	-	-	-	-	-	3,195,665
Customer deposits and other amounts due to customers	3,623,146	2,416,076	1,691,519	7,379,250	-	-	-	15,109,991
Other liabilities	1,567,724	-	-	-	-	56,810	-	1,624,534
TOTAL FINANCIAL LIABILITIES	5,297,426	5,505,185	1,691,519	7,379,250	-	56,810	-	19,930,190
NET LIQUIDITY SURPLUS								
(GAP) - US\$	11,545,917	(4,889,678)	3,529,751	1,253,486	6,103,424	4,020,184	-	21,563,084
NET LIQUIDITY SURPLUS (GAP)								
KHR'000 EQUIVALENT (NOTE 2.1)	48,134,928	(20,385,068)	14,715,532	5,225,783	25,445,175	16,760,147	-	89,896,497

	Up to 1 month US\$	1 – 3 months US\$	3 – 6 months US\$	6 – 12 months US\$	1 to 5 years US\$	Over 5 years US\$	No fixed maturity date US\$	Total US\$
Financial assets								
Cash on hand	1,361,889	-	-	-	-	-	-	1,361,889
Balances with the NBC	5,540,074	-	-	-	-	5,630,000	-	11,170,074
Balances with other banks	3,139,616	-	-	-	-	-	-	3,139,616
Placements with a local bank	6,000,000	-	-	-	-	-	-	6,000,000
Loans and advances to customers	5,653,436	429,572	203,583	1,935,385	9,289,947	54,751	-	17,566,674
Other assets	307,274	-	-	-	-	-	-	307,274
Total financial assets	22,002,289	429,572	203,583	1,935,385	9,289,947	5,684,751	-	39,545,527
Financial liabilities								
Balance of other banks	2,521,588	200,000	-	-	-	-	-	2,721,588
Customer deposits and other amounts due to customers	3,385,204	3,008,467	1,009,000	6,353,448	-	-	-	13,756,119
Other liabilities	198,175	-	-	-	-	-	-	198,175
TOTAL FINANCIAL LIABILITIES	6,104,967	3,208,467	1,009,000	6,353,448	-	-	-	16,675,882
NET LIQUIDITY SURPLUS								
(GAP) - US\$	15,897,322	(2,778,895)	(805,417)	(4,418,063)	9,289,947	5,684,751	-	22,869,645
NET LIQUIDITY SURPLUS (GAP)	64,876,971	(11,340,671)	(3,286,907)	(18,030,115)	37,912,274	23,199,469	-	93,331,021
KHR000 EQUIVALENT (NOTE 2.1)								

As at 31 December 2008

Financial assets

Cash on hand	1,361,889	-	-	-	-	-	-	1,361,889
Balances with the NBC	5,540,074	-	-	-	-	5,630,000	-	11,170,074
Balances with other banks	3,139,616	-	-	-	-	-	-	3,139,616
Placements with a local bank	6,000,000	-	-	-	-	-	-	6,000,000
Loans and advances to customers	5,653,436	429,572	203,583	1,935,385	9,289,947	54,751	-	17,566,674
Other assets	307,274	-	-	-	-	-	-	307,274
Total financial assets	22,002,289	429,572	203,583	1,935,385	9,289,947	5,684,751	-	39,545,527

Financial liabilities

Balance of other banks	2,521,588	200,000	-	-	-	-	-	2,721,588
Customer deposits and other amounts due to customers	3,385,204	3,008,467	1,009,000	6,353,448	-	-	-	13,756,119
Other liabilities	198,175	-	-	-	-	-	-	198,175
TOTAL FINANCIAL LIABILITIES	6,104,967	3,208,467	1,009,000	6,353,448	-	-	-	16,675,882

NET LIQUIDITY SURPLUS

(GAP) - US\$	15,897,322	(2,778,895)	(805,417)	(4,418,063)	9,289,947	5,684,751	-	22,869,645
NET LIQUIDITY SURPLUS (GAP)	64,876,971	(11,340,671)	(3,286,907)	(18,030,115)	37,912,274	23,199,469	-	93,331,021
KHR000 EQUIVALENT (NOTE 2.1)								

Notes To The Financial Statements (Continued)

26. FOREIGN EXCHANGE RISK

The tables below summarize the Bank's exposure to foreign exchange risk

As at 31 December 2009

Financial assets

	US\$ Equivalent in US\$	KHR Equivalent in US\$	JPY Equivalent in US\$	EUR Equivalent in US\$	THB Equivalent in US\$	Others Equivalent in US\$	Total Equivalent in US\$
Cash on hand	1,718,696	39,285	5,538	1,038	982	323	1,765,862
Balances with the NBC	15,603,587	109,300	-	-	-	-	15,712,887
Balances with other banks	2,857,213	-	-	-	-	-	2,857,213
Placements with a local bank	-	-	-	-	-	-	-
Loans and advances to customers	21,037,314	-	-	-	-	-	21,037,314
Other assets	119,998	-	-	-	-	-	119,998
Total financial assets	41,336,808	148,585	5,538	1,038	982	323	41,493,274
Financial liabilities							
Balances of other banks	3,195,665	-	-	-	-	-	3,195,665
Customer deposits and other amount due to customers	15,075,127	34,864	-	-	-	-	15,109,991
Other liabilities	1,535,147	4,828	84,559	-	-	-	1,624,534
TOTAL FINANCIAL LIABILITIES	19,805,939	39,692	84,559	-	-	-	19,930,190
NET BALANCE SHEET POSITION - US\$	21,530,869	108,893	(79,021)	1,038	982	323	21,563,084
NET BALANCE SHEET POSITION KHR'000 EQUIVALENT (NOTE 2.1)	89,762,193	453,975	(329,439)	4,327	4,094	1,347	89,896,497

As at 31 December 2008

Financial assets

	US\$ Equivalent in US\$	KHR Equivalent in US\$	JPY Equivalent in US\$	EUR Equivalent in US\$	THB Equivalent in US\$	Others Equivalent in US\$	Total Equivalent in US\$
Cash on hand	1,349,944	9,604	2,341	-	-	-	1,361,889
Balances with the NBC	11,156,173	13,901	-	-	-	-	11,170,074
Balances with other banks	3,139,616	-	-	-	-	-	3,139,616
Placements with a local bank	6,000,000	-	-	-	-	-	6,000,000
Loans and advances to customers	17,566,674	-	-	-	-	-	17,566,674
Other assets	307,274	-	-	-	-	-	307,274
Total financial assets	39,519,681	23,505	2,341	-	-	-	39,545,527
Financial liabilities							
Balances of other banks	2,721,588	-	-	-	-	-	2,721,588
Customer deposits and other amounts due to customers	13,756,119	-	-	-	-	-	13,756,119
Other liabilities	193,520	4,655	-	-	-	-	198,175
TOTAL FINANCIAL LIABILITIES	16,671,227	4,655	-	-	-	-	16,675,882
NET BALANCE SHEET POSITION - US\$	22,848,454	18,850	2,341	-	-	-	22,869,645
NET BALANCE SHEET POSITION KHR1000 EQUIVALENT (NOTE 2.1)	93,244,540	76,927	9,554	-	-	-	93,331,021

27. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

The aggregate fair values of financial assets and liabilities carried on the balance sheet are approximately equal to their carrying values as at 31 December 2009 and 2008 except for loans and advances as disclosed in Notes 2.3.3 and 2.3.4.

28. SUBSEQUENT EVENTS

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events, which occurred subsequent to 31 December 2009 that had a significant impact on the financial position of the Bank as at 31 December 2009.

29. EXCHANGE RATES OF APPLICABLE FC AGAINST KHMER RIEL AT THE YEAR END

	2009 KHR	2008 KHR
US\$	4,169	4,081
JPY	45.27	45.49
EUR	6,008	5,791
THB	126	118
GBP	6,727	5,920
AU\$	3,755	2,829
SG\$	2,981	2,843



Prepared by:
Hor Sarom - Head of Finance



Approved by:
Onishi Shizuo - General Manager

Phnom Penh, Kingdom of Cambodia
19 February 2010



**FOR USE BY THE
NATIONAL BANK OF
CAMBODIA ONLY**

**SUPPLEMENTARY FINANCIAL INFORMATION
AND OTHER DISCLOSURES REQUIRED BY
THE NATIONAL BANK OF CAMBODIA**

Ratio and information contained in this section have been extracted from the data and information contained in the audited financial statements for the year ended 31 December 2009.



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STATEMENT BY DIRECTORS

I, the undersigned, being Chairman of MARUHAN Japan Bank Plc, do hereby state that in our opinion, the accompanying supplementary financial information consisting of the disclosure requirements set by the relevant Prakas of the National Bank of Cambodia (NBC) is properly drawn up so as to reflect fairly the required financial information of the Bank as at 31 December 2009. Information and data contained herein are the responsibility of the Bank's management.

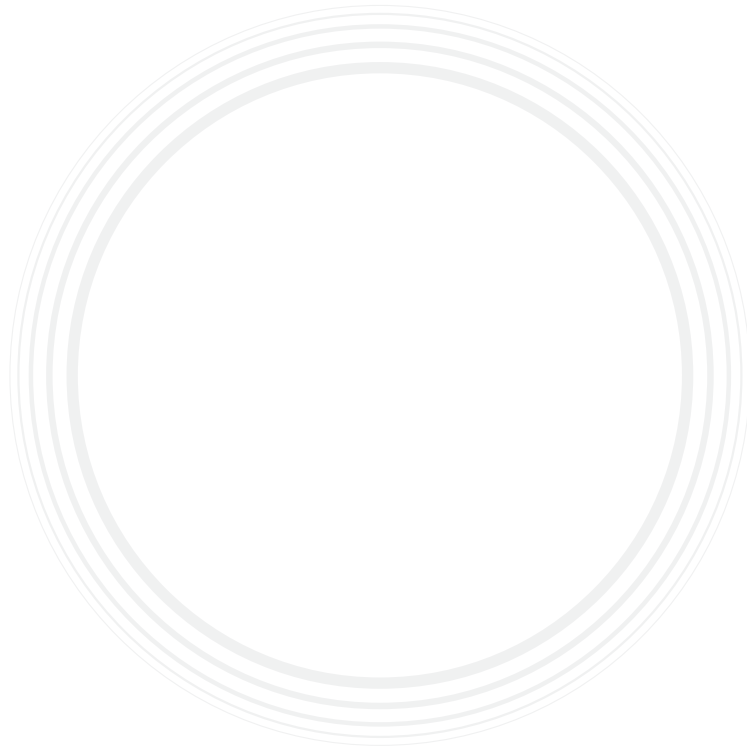


Han, Chang-Woo, Ph.D.

Chairman

Phnom Penh, Kingdom of Cambodia

19 February 2010



LIMITATION

This supplementary financial information is prepared by the Management of the Bank, solely for the use of the National Bank of Cambodia. It is not to be used for any other purpose without the written consent of the directors or management of the Bank.

The computations in the supplementary financial information according to the definitions of the relevant Prakas and applicable notices set out in the respective schedules form an integral part of, and should be read, in conjunction with the summary.

For the purpose of this supplementary financial information, unless otherwise stated, United States dollar (US\$) is the reporting currency. The translation of US\$ amounts into Khmer Riel (KHR) is included solely to comply with the guidelines issued by the National Bank of Cambodia regarding the preparation and presentation of financial statements and have been made using the prescribed official exchange rate of US\$1 to KHR4,169 published by the National Bank of Cambodia on 31 December 2009. This translation should not be construed as a representation that the US\$ amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

NET WORTH

In accordance with Prakas No. B7-00-47 dated 16 February 2000, the Bank should maintain a permanent net worth value to at least equal its paid-up capital. The Bank's net worth calculations are as follows:

	2009 US\$	2009 KHR'000 equivalent	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
SECTION A				
Add:				
Paid up capital	25,000,000	104,225,000	25,000,000	102,025,000
Reserves other than revaluation reserves	-	-	-	-
Share premiums	-	-	-	-
Provision for general banking risks approved by NBC	-	-	-	-
Retained earnings	-	-	-	-
Audited net profit for the last year financial year	-	-	-	-
Other items approved by NBC	-	-	-	-
	25,000,000	104,225,000	25,000,000	102,025,000
SECTION B				
Less:				
Shareholders, directors, managers and next of kin unpaid capital, advance and loans and instruments bearing the signature of the persons concerned	-	-	-	-
Holding of own shares at book value				
Accumulated losses	2,408,810	10,042,329	1,156,563	4,719,933
Intangible assets	59,436	247,789	118,873	485,121
Loss determined on dates other than year end	-	-	-	-
	2,468,246	10,290,118	1,275,436	5,205,054
SECTION C - BASE NET WORTH (A - B)	22,531,754	93,934,882	23,724,564	96,819,946
SECTION D				
Add:				
Revaluation reserves approved by NBC	-	-	-	-
Subordinated debts approved by NBC	-	-	-	-
Other items approved by the NBC	-	-	-	-
	-	-	-	-
SECTION E				
Less:				
Equity participation in banking or financial institutions	-	-	-	-
Other items	-	-	-	-
Bank's net worth (C + D - E)	22,531,754	93,934,882	23,724,564	96,819,946

LIQUIDITY RATIO

In accordance with Prakas No. B7-00-38 dated 9 February 2000 amended by Prakas No. B 7-02-187 dated 13 September 2002 and by Prakas No. B7-04-207 dated 29 December 2004, banks are required to calculate a liquidity ratio which should be at least 50%.

The Bank's liquidity ratio calculations are as follows:.

	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
DEBIT ITEMS				
Cash and gold	1,765,862	7,361,879	1,361,889	5,557,869
Deposits with NBC (excluding statutory deposits)	10,058,900	41,935,554	5,540,074	22,609,042
Deposits with banks	2,857,213	11,911,721	9,139,616	37,298,773
Portion of lending to bank and financial institutions less than one month	-	-	-	-
	14,681,975	61,209,154	16,041,579	65,465,684
CREDIT ITEMS				
Sight accounts with NBC, banks and financial institutions	3,195,665	13,322,728	2,721,588	11,106,801
Borrowings from NBC and banks less than one month	-	-	-	-
	3,195,665	13,322,728	2,721,588	11,106,801
LENDER / (BORROWER) POSITION				
NUMERATOR				
Treasury balance - lender position	-	-	-	-
Portion of lending less than one month (excluded loans to customers without maturity date)	-	-	-	-
Treasury bills less than one month	-	-	-	-
	11,486,310	47,886,426	13,319,991	54,358,883
DENOMINATOR				
Treasury balance - borrower position	-	-	-	-
Fixed deposits less than one month at 80%	268,020	1,117,375	1,020,563	4,164,918
Fixed deposits more than one month at 50%	5,743,423	23,944,328	5,185,457	21,161,850
Saving deposits at 50%	1,052,180	4,386,539	601,488	2,454,673
Demand deposits at 60%	706,514	2,945,456	543,915	2,219,717
	7,770,137	32,393,698	7,351,423	30,001,158
LIQUIDITY RATIO - NUMERATOR / DENOMINATOR	147.83%	147.83%	181.19%	181.19%

SOLVENCY RATIO

In accordance with Prakas No. B 7-00-46 dated 16 February 2000 amended by Prakas No. B7-04-206 dated 29 December 2004 and Prakas No. B7-07-135 dated 27 August 2007, banks shall observe a solvency ratio, which is the ratio of their net worth to their aggregate credit risk exposures, of not less than 15 percent.

The Bank's solvency ratio calculations are as follows:

	Weighting	2009 US\$	2009 KHR'000 equivalent (Note 2.1)	2008 US\$	2008 KHR'000 equivalent (Note 2.1)
NUMERATOR					
BANK'S NET WORTH		22,531,754	93,934,882	23,724,564	96,819,946
Denominator					
Total aggregate assets					
Cash, gold and claims on the NBC	0%	-	-	-	-
Assets collateralized by deposits	0%	-	-	-	-
Claims on sovereigns rated					
AAA to AA-	0%	-	-	-	-
Claims on sovereigns rated A+ to A-	20%	-	-	-	-
Claims on banks rated AAA to AA-	20%	358,904	1,496,271	239,442	977,163
Claims on sovereigns rated					
BBB+ to BBB-	50%	-	-	-	-
Claim on banks rated A+ to A-	50%	-	-	-	-
Other assets	100%	23,495,378	97,952,231	27,083,749	110,528,780
Off-balance sheet items:					
Full risk	100%	-	-	-	-
Medium risk	50%	-	-	-	-
Moderate risk	20%	-	-	-	-
Low risk	20%	-	-	-	-
Total risk-weighted assets		23,854,282	99,448,502	27,323,191	111,505,943
Solvency ratio - Numerator/					
Denominator		94.46%	94.46%	86.83%	86.83%

LOAN CLASSIFICATION AND ALLOWANCE FOR LOSSES ON LOANS AND ADVANCES

In accordance with Prakas No. B7-09-074 dated 25 February 2009, banks shall classify their loan portfolio and their off-balance sheet commitments into five classes defined as normal, special mention, substandard, doubtful and loss. The mandatory level of specific allowance for losses on loans and advances is provided depending on the loan classification.

The classification of, and allowance for losses on, loans and advances are as follows:

	Principal loans US\$	Allowance %	Per NBC's standard US\$	Bank's allowance US\$	Difference US\$
AS AT 31 DECEMBER 2009					
Normal	18,904,934	1	189,049	189,049	-
Special mention	-	3	-	-	-
Substandard	2,901,787	20	580,358	580,358	-
Doubtful	-	50	-	-	-
Loss	-	100	-	-	-
Total – US\$	21,806,721		769,407	769,407	-
Total – KHR'000 equivalent	90,912,220		3,207,658	3,207,658	-

	Principal loans US\$	Allowance %	Per NBC's standard US\$	Bank's allowance US\$	Difference US\$
AS AT 31 DECEMBER 2008					
Standard	17,566,674	0	-	-	-
Substandard	-	10	-	-	-
Doubtful	-	30	-	-	-
Loss	-	100	-	-	-
Total – US\$	17,566,674		-	-	-
Total – KHR'000 equivalent	71,689,597		-	-	-

NET OPEN POSITION IN FOREIGN CURRENCIES

In accordance with Prakas No. B7-07-134 dated 27 August 2007, commercial banks shall at all times maintain their net open position in foreign currencies in either any foreign currency or overall net open position in all foreign currencies, whether long or short, not exceeding 20% of a bank's net worth. Furthermore, in accordance with Prakas No. B7-00-50 dated 9 February 2000, banks are required to disclose a summary of assets and liabilities as at balance sheet date in their source currency, as follows:

The details of the Bank's net open position in foreign currencies are as follows:

As at 31 December 2009	Assets US\$	Liabilities and capital US\$	Off balance sheet receivables US\$	Off balance sheet payables US\$	Net open position (+) long / (-) short US\$	Net open position / net worth %	Limit %	Excess
US\$	42,612,179	42,644,296	436,472	436,472	(32,117)	(0.14%)	20.00%	None
KHR	148,585	39,790	-	-	108,795	0.48%	20.00%	None
JPY	5,538	84,559	-	-	(79,021)	(0.35%)	20.00%	None
EUR	1,038	-	-	-	1,038	0.00%	20.00%	None
THB	982	-	-	-	982	0.00%	20.00%	None
GBP	161	-	-	-	161	0.00%	20.00%	None
AUD	90	-	-	-	90	0.00%	20.00%	None
SGD	72	-	-	-	72	0.00%	20.00%	None
Total - US\$	42,768,645	42,768,645	436,472	436,472				
Total - KHR'000 equivalent	178,302,481	178,302,481	1,819,652	1,819,652				
As at 31 December 2008								
US\$	40,787,078	40,808,268	158,883	158,883	(21,190)	(0.09%)	20.00%	None
KHR	23,505	4,656	-	-	18,849	0.08%	20.00%	None
JPY	2,341	-	-	-	2,341	0.01%	20.00%	None
Total in US\$	40,812,924	40,812,924	158,883	158,883				
Total - KHR'000 equivalent	166,557,543	166,557,543	648,402	648,402				

The Bank did not enter into any hedging transaction for the above balances.

OTHER INFORMATION AND PRUDENTIAL REGULATIONS REQUIRED BY THE LAW ON BANKING AND FINANCIAL INSTITUTIONS

(i) Minimum capital (Prakas No. B7-00-39 dated 9 February 2000 and Prakas No. B7-08-193 dated 19 September 2008)

The Bank's paid-up capital at the balance sheet date is USD25 million (equivalent to approximately KHR104.225 billion) which meets the current minimum capital requirement of US\$13.00 million.

Under NBC Prakas No. B7-08-193, effective end of 2010, commercial banks having shareholders as individual or companies, must have minimum capital equal to at least KHR150.00 billion.

(ii) Fixed assets (Prakas No. B7-01-186 dated 8 November 2001)

The property and equipment of the Bank at the balance sheet date represent 5.10% of its net worth calculated elsewhere in this report and are within the ceiling limit of 30.00% of net worth as required by this Prakas.

(iii) Net worth (Prakas No. B7-00-39 dated 9 February 2000)

The Bank's net worth as at the balance sheet date is US\$22.53 million (equivalent to KHR'000 93.93 billion) which meets the current minimum net worth equal to at least the minimum capital requirement of KHR50.00 billion.

(iv) Large exposures (Prakas No. B7-06-226 dated 3 November 2006)

Under the provisions of Prakas No. B7-06-226 dated 3 November 2006, 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.

Banks are further required: (a) to maintain at all times a ratio not exceeding 20 percent between their overall exposure resulting from their operations with each individual beneficiary and their net worth, and (b) to maintain at all times a maximum ratio of 300 percent between the total of their large exposures and their net worth.

As at 31 December 2009, the Bank has 4 large exposures exceeding 10% of the Bank's net worth but not exceeding the maximum ceiling limit of 20% for individual large exposure and within the maximum ratio of 300% between the total of its large exposures and its net worth.

OTHER INFORMATION AND PRUDENTIAL REGULATIONS REQUIRED BY THE LAW ON BANKING AND FINANCIAL INSTITUTIONS

(iv) Large exposures (Prakas No. B7-06-226 dated 3 November 2006) (continued)

(a) Individual large exposures are as follows

Items	Exposure base US\$	2009 Bank's net worth US\$	Exposure ratio %
Item N.1	2,522,192	22,531,754	11.19
Item N.2	3,000,000	22,531,754	13.31
Item N.3	3,500,000	22,531,754	15.53
Item N.4	4,500,000	22,531,754	19.97
Total – US\$	13,522,192	22,531,754	60.01
Total – in KHR'000 equivalent (Note 2.1)	56,374,018		

Items	Exposure base US\$	2008 Bank's net worth US\$	Exposure ratio %
Item N.1	2,500,000	23,724,564	10.54
Item N.2	3,000,000	23,724,564	12.65
Item N.3	4,000,000	23,724,564	16.86
Item N.4	4,500,000	23,724,564	18.97
Total – US\$	14,000,000	23,724,564	59.01
Total – in KHR'000 equivalent (Note 2.1)	57,134,000		

(b) For total large exposures to net worth, refer to item 20 on financial soundness indicators.

FINANCIAL SOUNDNESS INDICATORS

CAPITAL

1. EQUITY TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - EQUITY	22,591,190	94,182,671	23,843,437	97,305,067
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
EQUITY TO TOTAL ASSETS (A/B)	52.82%	52.82%	58.42%	58.42%

2. CAPITAL TIER I TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - CAPITAL TIER 1	22,591,190	94,182,671	23,843,437	97,305,067
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
CAPITAL TIER I TO TOTAL ASSETS (A/B)	52.82%	52.82%	58.42%	58.42%

3. CAPITAL TIER I TO RISK-WEIGHTED ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - CAPITAL TIER 1	22,591,190	94,182,671	23,843,437	97,305,067
B - RISK-WEIGHTED ASSETS	23,854,282	99,448,502	27,323,191	111,505,943
CAPITAL TIER 1 TO RISK-WEIGHTED ASSETS (A/B)	94.70%	94.70%	87.26%	87.26%

4. CAPITAL TIER I + TIER II TO RISK-WEIGHTED ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - CAPITAL TIER 1 + TIER 2	22,591,190	94,182,671	23,843,437	97,305,067
B - RISK WEIGHTED ASSETS	23,854,282	99,448,502	27,323,191	111,505,943
CAPITAL TIER 1 + TIER 2 TO RISK-WEIGHTED ASSETS (A/B)	94.70%	94.70%	87.26%	87.26%

FINANCIAL SOUNDNESS INDICATORS

CAPITAL (Continued)

5. NET WORTH TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NET WORTH	22,531,754	93,934,882	23,724,564	96,819,946
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
NET WORTH TO TOTAL ASSETS (A/B)	52.68%	52.68%	58.13%	58.13%

6. SOLVENCY RATIO

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NET WORTH	22,531,754	93,934,882	23,843,437	96,819,946
B - RISK-WEIGHTED ASSETS	23,854,282	99,448,502	40,812,924	111,505,943
SOLVENCY RATIO (A/B)	94.46%	94.46%	86.83%	86.83%

7. DEBT TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - TOTAL LIABILITIES	20,177,455	84,119,810	16,969,487	69,252,476
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
DEBT TO TOTAL ASSETS (A/B)	47.18%	47.18%	41.58%	41.58%

8. DEBT TO EQUITY

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - TOTAL LIABILITIES	20,177,455	84,119,810	16,969,487	69,252,476
B - EQUITY	22,591,190	94,182,671	23,843,437	97,305,067
DEBT TO EQUITY (A/B)	89.32%	89.32%	71.17%	71.17%

9. DIVIDEND TO NET PROFIT

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - DIVIDEND	-	-	-	-
B - NET PROFIT	(1,252,247)	(5,220,618)	(1,156,563)	(4,719,933)
DIVIDEND TO NET PROFIT (A/B)	N/A	N/A	N/A	N/A

ASSETS QUALITY

10. BANKING RESERVES TO TOTAL LOANS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - BANKING RESERVES	-	-	-	-
B - TOTAL LOANS (GROSS)	21,806,721	90,912,220	17,566,674	71,689,597
BANKING RESERVES TO TOTAL LOANS (A/B)	N/A	N/A	N/A	N/A

11. BANKING RESERVES TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - BANKING RESERVES	-	-	-	-
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
BANKING RESERVES TO TOTAL ASSETS (A/B)	N/A	N/A	N/A	N/A

12. NON-PERFORMING LOANS (“NPLS”) TO TOTAL LOANS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NON-PERFORMING LOANS	2,901,787	12,097,550	-	-
B - TOTAL LOANS (GROSS)	21,806,721	90,912,220	17,566,674	71,689,597
NPLS TO TOTAL LOANS (A/B)	13.31%	13.31%	N/A	N/A

13. NPLS TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NON-PERFORMING LOANS	2,901,787	12,097,550	-	-
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
NPLS TO TOTAL ASSETS (A/B)	6.78%	6.78%	N/A	N/A

ASSETS QUALITY (Continued)

14. CLASSIFIED ASSETS TO TOTAL LOANS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - CLASSIFIED ASSETS	2,901,787	12,097,550	-	-
B - TOTAL LOANS (GROSS)	21,806,721	90,912,220	17,566,674	71,689,597
CLASSIFIED ASSETS TO TOTAL LOANS (A/B)	13.31%	13.31%	N/A	N/A

15. CLASSIFIED ASSETS TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - CLASSIFIED ASSETS	2,901,787	12,097,550	-	-
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
CLASSIFIED ASSETS TO TOTAL ASSETS (A/B)	6.78%	6.78%	N/A	N/A

16. CLASSIFIED ASSETS TO EQUITY

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - CLASSIFIED ASSETS	2,901,787	12,097,550	-	-
B - EQUITY	22,591,190	94,182,671	23,843,437	97,305,067
CLASSIFIED ASSETS TO EQUITY (A/B)	12.84%	12.84%	N/A	N/A

17. LOANS TO RELATED PARTIES TO TOTAL LOANS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - LOANS TO RELATED PARTIES	-	-	-	-
B - TOTAL LOANS (GROSS)	21,806,721	90,912,220	17,566,674	71,689,597
LOANS TO RELATED PARTIES TO TO- TAL LOANS (A/B)	N/A	N/A	N/A	N/A

18. LARGE EXPOSURES TO TOTAL LOANS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - LARGE EXPOSURES	13,522,192	56,374,018	14,000,000	57,134,000
B - TOTAL LOANS (GROSS)	21,806,721	90,912,220	17,566,674	71,689,597
LARGE EXPOSURES TO TOTAL LOANS (A/B)	62.01%	62.01%	79.70%	79.70%

19. LOANS TO RELATED PARTIES TO NET WORTH

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - LOANS TO RELATED PARTIES	-	-	-	-
B - NET WORTH	22,531,754	93,934,882	23,724,564	96,819,946
LOANS TO RELATED PARTIES TO NET WORTH (A/B)	N/A	N/A	N/A	N/A

20. LARGE EXPOSURES TO NET WORTH

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - LARGE EXPOSURES	13,522,192	56,374,018	14,000,000	57,134,000
B - NET WORTH	22,531,754	93,934,882	23,724,564	96,819,946
LARGE EXPOSURES TO NET WORTH (A/B)	60.01%	60.01%	59.01%	59.01%

21. GENERAL PROVISIONS TO TOTAL LOANS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - GENERAL PROVISION	189,049	788,145	-	-
B - TOTAL LOANS (GROSS)	21,806,721	90,912,220	17,566,674	71,689,597
GENERAL PROVISIONS TO TOTAL LOANS (A/B)	0.87%	0.87%	N/A	N/A

ASSETS QUALITY (Continued)

22. SPECIFIC PROVISIONS TO TOTAL LOANS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - SPECIFIC PROVISIONS	580,358	2,419,513	-	-
B - TOTAL LOANS (GROSS)	21,806,721	90,912,220	17,566,674	71,689,597
SPECIFIC PROVISIONS TO TOTAL LOANS (A/B)	2.66%	2.66%	N/A	N/A

23. SPECIFIC PROVISIONS TO NPLS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - SPECIFIC PROVISIONS	580,358	2,419,513	-	-
B - NPLS	2,901,787	12,097,550	-	-
SPECIFIC PROVISIONS TO NPLS (A/B)	20.00%	20.00%	N/A	N/A

24. ALL ALLOWANCES TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - TOTAL ALL ALLOWANCES	804,718	3,354,870	-	-
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
ALL ALLOWANCES TO TOTAL ASSETS (A/B)	1.88%	1.88%	N/A	N/A

25. LOANS TO DEPOSITS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - TOTAL LOANS TO NON-BANK CUSTOMERS (GROSS)	21,806,721	90,912,220	17,566,674	71,689,597
B - CUSTOMERS' DEPOSITS	15,109,991	62,993,553	13,756,119	56,138,722
LOANS TO DEPOSITS (A/B)	144.32%	144.32%	127.70%	127.70%

EARNINGS

26. RETURN ON ASSETS (“ROA”)

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NET PROFIT	(1,252,247)	(5,220,618)	(1,156,563)	(4,719,933)
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
ROA (A/B)	-2.93%	-2.93%	-2.83%	-2.83%

27. RETURN ON EQUITY (“ROE”)

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NET PROFIT	(1,252,247)	(5,220,618)	(1,156,563)	(4,719,933)
B - EQUITY	22,591,190	94,182,671	23,843,437	97,305,067
ROE (A/B)	-5.54%	-5.54%	-4.85%	-4.85%

28. GROSS YIELD

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - INTEREST INCOME	2,586,677	10,783,856	1,100,158	4,489,745
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
GROSS YIELD (A/B)	6.05%	6.05%	2.70%	2.70%

29. NET INTEREST MARGIN (“NIM”) TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - INTEREST INCOME	2,586,677	10,783,856	1,100,158	4,489,745
B - INTEREST EXPENSE	713,790	2,975,791	203,125	828,953
C - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
NIM TO TOTAL ASSETS [(A-B)/C]	4.38%	4.38%	2.20%	2.20%

EARNINGS (Continued)

30. OTHER INCOME (“OTINC”) TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - OTHER INCOME	282,277	1,176,813	224,566	916,454
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
OTINC TO TOTAL ASSETS (A/B)	0.66%	0.66%	0.55%	0.55%

31. PROVISIONS TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - PROVISIONS	804,718	3,354,870	-	-
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
PROVISIONS TO TOTAL ASSETS (A/B)	1.88%	1.88%	N/A	N/A

32. OVERHEAD (“OHEAD”) TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NON-INTEREST EXPENSE	2,572,976	10,726,736	2,264,852	9,242,861
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
OHEAD TO TOTAL ASSETS = (A/B)	6.02%	6.02%	5.55%	5.55%

33. NET INCOME BEFORE TAX (“NIBT”) TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NET INCOME BEFORE TAX	(1,222,530)	(5,096,728)	(1,143,253)	(4,665,615)
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
NIBT TO TOTAL ASSETS = (A/B)	-2.86%	-2.86%	-2.80%	-2.80%

34. TAX TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - TAX (ALL CATEGORIES)	30,128	125,604	13,746	57,307
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
TAX TO TOTAL ASSETS (A/B)	0.07%	0.07%	0.03%	0.03%

35. INTEREST MARGIN TO GROSS INCOME

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - INTEREST INCOME	2,586,677	10,783,856	1,100,158	4,489,745
B - INTEREST EXPENSE	713,790	2,975,791	203,125	828,953
C - GROSS INCOME	2,868,954	11,960,669	1,324,724	5,406,199
INTEREST MARGIN TO GROSS INCOME [(A-B)/C]	65.28%	65.28%	67.71%	67.71%

36. NON-INTEREST INCOME TO GROSS INCOME

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NON-INTEREST INCOME	282,277	1,176,813	224,566	916,454
B - GROSS INCOME	2,868,954	11,960,669	1,324,724	5,406,199
NON-INTEREST INCOME TO GROSS INCOME (A/B)	9.84%	9.84%	16.95%	16.95%

37. NON-INTEREST EXPENSE TO GROSS MARGIN

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - NON-INTEREST EXPENSE	2,572,976	10,726,736	2,264,852	9,242,861
B - GROSS INCOME	2,868,954	11,960,669	1,324,724	5,406,199
NON-INTEREST EXPENSE TO GROSS INCOME (A/B)	89.68%	89.68%	170.97%	170.97%

EARNINGS (Continued)

38. TIMES INTEREST EARNED

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - INCOME BEFORE TAX	(1,222,530)	(5,096,728)	(1,143,253)	(4,665,615)
B - INTEREST EXPENSE	713,790	2,975,791	203,125	828,953
TIMES INTEREST EARNED [(A+B)/B]	-71.27%	-71.27%	-462.83%	-462.83%

LIQUIDITY

39. LIQUID ASSETS TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - LIQUID ASSETS	14,681,975	61,209,154	16,041,579	65,465,684
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
LIQUID ASSETS (A/B)	34.33%	34.33%	39.31%	39.31%

40. SHORT-TERM LIABILITIES TO TOTAL ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - SHORT-TERM LIABILITIES	20,090,092	83,755,594	16,946,904	69,160,315
B - TOTAL ASSETS	42,768,645	178,302,481	40,812,924	166,557,543
SHORT-TERM LIABILITIES (A/B)	46.97%	46.97%	41.52%	41.52%

41. NET LIQUID ASSETS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - LIQUID ASSETS	14,681,975	61,209,154	16,041,579	65,465,684
B - SHORT-TERM LIABILITIES	20,090,092	83,755,594	16,946,904	69,160,315
C - TOTAL LIABILITIES	20,177,455	84,119,810	16,969,487	69,252,476
NET LIQUID ASSETS [(A-B)/C]	-26.80%	-26.80%	-5.34%	-5.34%

42. QUICK RATIO

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - QUICK ASSETS	14,681,975	61,209,154	16,041,579	65,465,684
B - CURRENT LIABILITIES	20,090,092	83,755,594	16,946,904	69,160,315
QUICK RATIO (A/B)	73.08%	73.08%	94.66%	94.66%

43. DEPOSITS TO TOTAL LOANS

	2009 US\$ or %	2009 KHR'000 equivalent or %	2008 US\$ or %	2008 KHR'000 equivalent or %
A - TOTAL CUSTOMERS' DEPOSITS	15,109,991	62,993,553	13,756,119	56,138,722
B - TOTAL LOANS TO NON-BANK CUSTOMERS (GROSS)	21,806,721	90,912,220	17,566,674	71,689,597
DEPOSITS TO TOTAL LOANS (A/B)	69.29%	69.29%	78.31%	78.31%





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