AMK អេ អឹម ខេ

ANNUAL REPORT 2021

FINANCE AT YOUR DOORSTEP

CONTENTS

Vision and Mission.. 04
Awards and Recognitions............................... 05
Guiding Principles and Code of Practice for
Client Protection.. 06
Key Milestone.. 07
Operational Outreach................................. 08
5-Year Performance Highlights........................ 09
AMK History.. 12
Chairman’s Statement................................. 14
Chief Executive Officer’s Report...................... 16
Corporate Governance................................ 19
Corporate Structure.................................... 20
Board of Directors & Advisory Commitees........... 22
Board Committees...................................... 26
Executive Team... 30
Management Team.................................... 35
Management Commitees.............................. 41
AMK’s Clients Story.................................... 42
Social Performance Management Framework....... 46
Key Social and Working Methodology................ 49
Products and Working Methodology.................. 53
Cambodian Competitive Landscape.................. 59
Risk Management....................................... 61
Financial Report & Report of the Independent..... 65
Independent Auditor’s Report......................... 67
Contact us.. 125

KEY SUMMARY

04 Vision & Mission

06 Code of practice for client protection

07 Key Milestones

08 Operational outreach

09 5-Year Performance Highlights

VISION

AMK's long term vision is of a Cambodian society where citizens have equal and sufficient economic and social opportunities to improve their standards of living and where they can contribute productively towards the overall development of the country.

MISSION

AMK's mission is to help large numbers of poor people to improve their livelihood options through the delivery of appropriate and viable microfinance services.

AWARDS AND RECOGNITION

2021

BEST EMPLOYER BRAND AWARD 2021
This Award Recognized the achievement of AMK in Creating the best Working Environment for Staff to work and grow.

AMK Microfinance Institution Plc was recertified as fully implementing seven client protection principles. These principles can help the client to avoid over-indebtedness from Smart Campaign Organization.

TOP TAXPAYER AND GOLD STATUS COMPLIANCE:
AMK was recognized as the 31st largest taxpayer in Cambodia and received a certificate of tax compliance as a Gold Status Taxpayer.

2019

AMK Microfinance Institution Plc named "Best Microfinance Company Cambodia" in the Global Business Outlook Awards 2019. AMK's continues its efforts and objectives to offer sound and viable One-Stop-Shop financial services to the unbanked low-income customers, especially those who live in a rural area.

AMK awarded the Leader Milestone Certificate by Truelift and is the first microfinance institution in Cambodia to achieve this. With this, AMK joins six other Financial Institutions globally as Truelift leaders in microfinance. The Truelift Certification signifies AMK's commitment to bring about positive and enduring change for people living in conditions of poverty.

2017

AMK awarded by UNCDF Shaping Inclusive Finance Transformation Programme as a microfinance institution that demonstrates a new and innovative business model, promoting the use of remittance to advance financial inclusion in Cambodia, Myanmar, Lao PDR, and/or Vietnam by the project of UNCDF funded by Australian Aid.

2016

AMK Microfinance Institution Plc recognized for the most use of Khmer Currency (RIEL) from the National Bank of Cambodia (NBC) and the Young Entrepreneurs Association of Cambodia (YEAC).

AMK MFI Plc acknowledged as the runner up candidate for the Financial Exclusive Challenge on the topic of expanding Health Insurance to the spouse who used AMK's loan from The Wall Street Journal - the US International Press.

GUIDING PRINCIPLES AND CODE OF PRACTICE FOR CLIENT PROTECTION

GUIDING PRINCIPLES

- AMK provides microfinance services to poor people in Cambodia that are grounded in the sound financial discipline at all levels.
- AMK is committed to openness and transparency in all areas of management and operations.
- AMK is committed to developing processes and services and to adopting behaviors and standards that ensure optimum social performance, including client protection
- AMK is a learning organization where appropriate exchange and sharing of information contribute to staff development, training, and improvements in policies and systems.

CODE OF PRACTICE FOR CLIENT PROTECTION

Inclusion

AMK will maximize the inclusion of the poor and other marginalized populations through its products and services.

Avoidance of Over-Indebtedness

AMK will limit client exposure to their capacity to repay and will seek to avoid client over-indebtedness.

Transparent Pricing

AMK will provide clients with complete information on product features, costs, and obligations and will ensure transparency in all product and transaction pricing.

Ethical Staff Behavior

AMK will ensure the ethical and respectful behavior of staff towards clients.

Freedom of Choice

AMK will facilitate and promote freedom of choice to its clients.

Appropriate Collection Practices

AMK's debt collection practices will be reasonable and collaborative and never abusive or coercive.

Mechanisms for Redress of Grievances

AMK will provide clients with appropriate and accessible mechanisms for complaint and problem resolution.

Privacy of Client Data

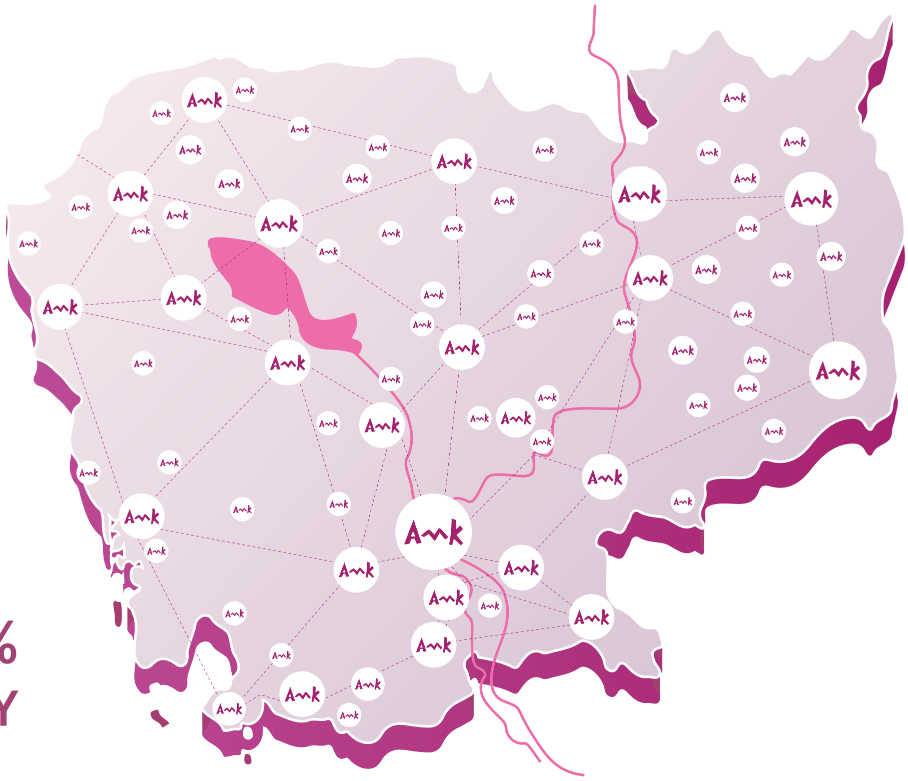
The confidentiality of client data will be respected unless disclosure is required by law.

KEY MILESTONE

DESCRIPTION	2005	2010	2015	2021
Number of Offices	5	22	146	150
Number of Villages	912	8,032	12,394	13,280
Coverage of Total Villages in Cambodia	7%	57%	88%	92%
Number of Staff	108	844	2,126	3,526
Number of Total Client Accounts	73,946	251,636	481,890	911,546
Number of Active Loan Accounts	73,073	250,930	335,837	396,239
Loan Portfolio (USD)	$ 10,174,859	$ 31,715,578	$ 128,318,669	$ 467,472,529
Number of Active Deposit Accounts	-	4,578	163,856	1,450,506
Deposit Balance (USD)	-	$ 1,929,691	$ 64,660,634	$ 251,663,265
Number of ATMs / CDMs	-	-	54	69
Number of Active Micro Insurance	-	-	127,057	306,091
Net Profit (after tax, USD)	$ 13,980	$ 935,239	$ 5,016,174	$ 9,933,534
Operational Self Sufficiency (OSS)	103.40%	113.14%	119.58%	116.26%
Return on Assets (RoA)	0.53%	2.32%	3.71%	1.94%
Return on Equity (RoE)	0.60%	7.62%	19.22%	11.72%
Portfolio Yield	36.00%	35.26%	33.85%	19.86%
Operating Cost Ratio	36.90%	21.45%	19.52%	9.69%
Average Cost of Funds	12.62%	10.56%	9.36%	5.67%
Leverage Ratio (Debt to Equity)	0.30	2.10	4.25	4.76
Non-Performing Loan	0.05%	1.57%	0.41%	1.05%
Write off Ratio	0.95%	1.14%	0.42%	0.47%
Percentage of Loans ≤USD 500	99.00%	98.50%	88.12%	13.04%
Average Outstanding Loan Per Loan Account (USD)	$ 139	$ 126	$ 382	$ 1,180
Average Deposit Per Deposit Account (USD)	n/a	$ 422	$ 395	$ 174
Women Borrowers as Percentage of Total	86.00%	85.96%	82.13%	79.91%
Rural Borrowers as Percentage of Total	90.00%	92.00%	92.51%	95.71%
Drop-out Rate	15.11%	22.80%	23.92%	16.99%

INTERM OF OUTREACH

AMK IS ONE OF CAMBODIA'S LEADING MFI



13,280
OPERATING
IN VILLAGES 92%
OF THE COUNTRY

AMK REACHES 100% OF
ALL COMMUNES IN CAMBODIA

6,658
AMK AGENTS

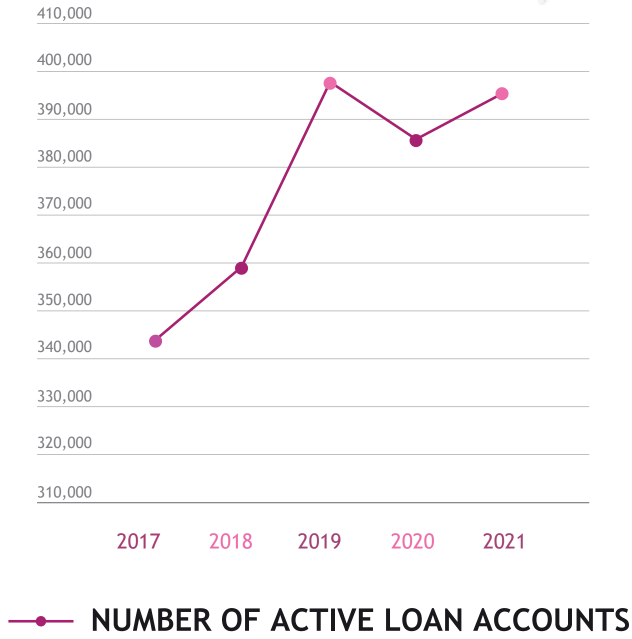
150
BRANCH OFFICES

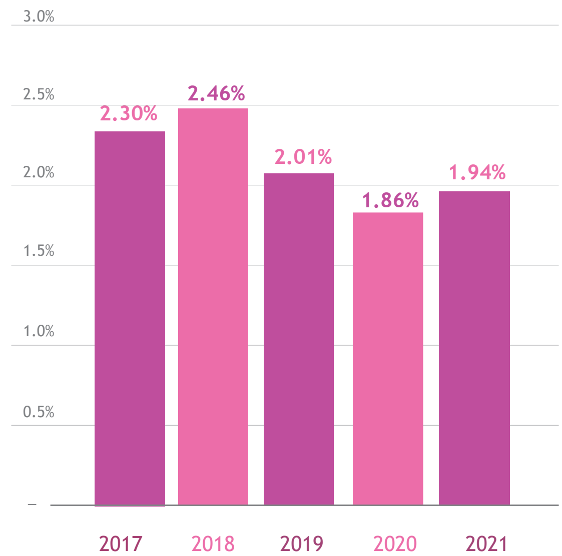
396,239
LOAN ACCOUNTS

1,450,506
DEPOSIT ACCOUNTS

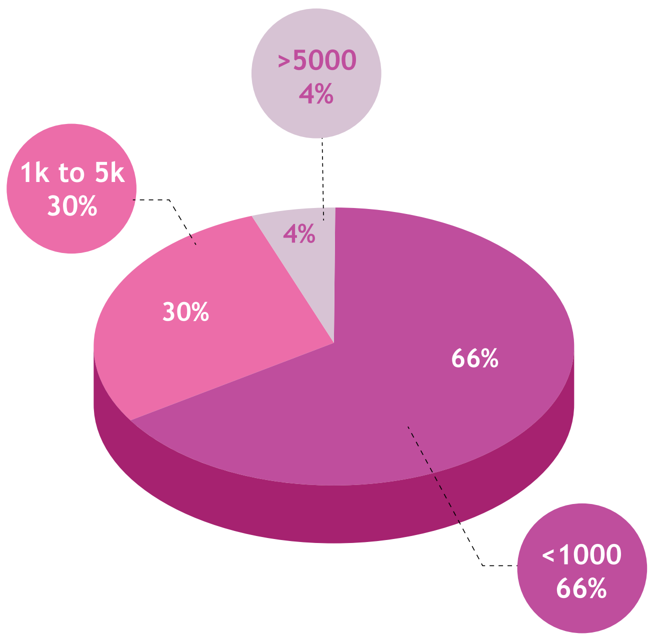
306,091
MICRO-INSURANCE

FIVE-YEAR PERFORMANCE HIGHTLIGHTS





RETURN ON AVERAGE ASSETS (ROA)



LOAN DISBURSEMENT BY SIZE (USD), DEC-21

FIVE-YEAR PERFORMANCE
HIGHTLIGHTS

DESCRIPTION	2017	2018	2019	2020	2021
I- Operational Highlights					
Number of Branches	34	34	34	34	35
Number of Sub-Branches	116	115	115	115	115
Number of Villages	12,560	12,614	12,675	13,009	13,280
• Coverage of total villages in Cambodia	89%	89%	90%	91%	92%
Number of Staff	2,494	2,811	3,091	3,176	3,526
• Client Officers over Total Staff	38%	35%	41%	39%	42%
Number of Total Client Accounts	683,354	765,058	912,113	962,335	911,546
Number of Active Loan Accounts	344,754	359,681	398,465	386,640	396,239
• Group Loan Account	76%	78%	74%	73%	70%
• Individual Loan Account	24%	22%	26%	27%	30%
Loan Portfolio (USD)	$ 202,947,275	$ 246,332,213	$ 316,882,273	$ 357,086,536	$ 467,472,529
• Group Loans	60%	52%	51%	47%	37%
• Individual Loans	40%	48%	49%	53%	63%
Active Loan Accounts/Avg. Client Officer	360	359	323	310	267
Loan Outstanding/Avg. Client Officer (USD)	$ 214,131	$ 248,204	$ 265,290	$ 252,732	$ 288,149
Number of Depositors with Outstanding Loan	236,871	388,149	380,872	309,946	309,972
Number of Active Deposit Accounts	575,471	793,526	1,359,755	1,451,813	1,450,506
Deposit Balance (USD)	$ 120,863,548	$ 162,381,565	$ 182,840,456	$ 209,680,482	$ 251,663,265
Number of ATM / CDM	61	61	56	57	69
Number of Active Micro Insurance	284,957	285,646	328,968	277,363	306,091
II- Financial Highlights					
Net Profit (after tax, USD)	$ 5,277,866	$ 7,347,355	$ 7,300,903	$ 7,732,229	$ 9,933,534
Operational Self Sufficiency (OSS)	114.80%	118.01%	116.47%	114.11%	116.26%
Return on Assets (RoA)	2.30%	2.46%	2.01%	1.86%	1.94%
Return on Equity (RoE)	13.94%	16.73%	12.51%	10.55%	11.72%
Portfolio Yield	29.15%	22.83%	20.61%	20.84%	19.86%
Operating Cost Ratio	16.38%	13.88%	11.25%	10.66%	9.69%
Average Cost of Funds	7.84%	6.89%	6.50%	6.07%	5.67%
Leverage Ratio (Debt to Equity)	4.51	5.16	4.48	4.57	4.76
Non-Performing Loan	1.48%	1.09%	0.86%	1.24%	1.05%
Write off Ratio	0.94%	1.14%	0.56%	0.39%	0.47%

DESCRIPTION	2017	2018	2019	2020	2021

III- Social Highlights

Loan Highlights

Average Loan Size(USD)/ GNI per Capita (loan disbursed)	74.75%	91.69%	84.08%	87.73%	112.81%
Percentage of Loans ≤ USD500	36.90%	21.52%	17.61%	12.37%	13.04%
Average Outstanding Loan Per Loan Account (USD)	$ 601	$ 703	$ 820	$924	$ 1,180
• Group Loan Account	$ 470	$ 518	$ 571	$ 625	$ 647
• Individual Loan Account	$ 970	$ 1,288	$ 1,308	$ 1,912	$ 1,710
• SME Loan Account	$ 11,050	$ 11,549	$ 16,958	$ 15,956	$ 16,104
Average Loan Disbursed (USD)	$ 755	$ 926	$ 1,206	$ 1,258	$ 1,911
• Group Loan Account	$ 570	$ 662	$ 798	$ 809	$ 839
• Individual Loan Account	$ 1,302	$ 1,810	$ 1,772	$ 2,111	$ 2,402
• SME Loan Account	$ 11,708	$ 13,402	$ 23,448	$ 19,053	$ 21,854

Deposit Highlights

Average Deposit Balance/GNI per Capita	20.32%	19.81%	9.17%	9.78%	9.97%
Percentage of Deposits with Balance ≤ USD300	96.70%	97.45%	98.44%	98.41%	98.16%
Average Deposit Per Deposit Account (USD)	$ 205	$ 200	$ 132	$ 144	$ 174

Money Transfer Highlights

Number of Agents	3,126	4,090	5,547	5,550	6,658
Number of Money Transfer ≤ USD300	713,085	525,254	391,903	586,603	993,559
Average Transfer Balance/GNI per Capita	28.84%	30.48%	20.69%	15.02%	12.19%

Other Social Highlights

Women Borrowers as Percentage of Total	81.49%	81.33%	81.04%	80.55%	79.91%
Rural Borrowers as Percentage of Total	96.71%	93.14%	95.04%	95.41%	95.71%
Drop-out Rate	26.12%	21.65%	16.72%	19.20%	16.99%

AMK HISTORY

1990s

The origins of AMK Microfinance Institution Plc. (AMK) trace back to Concern Worldwide's microcredit interventions in the 1990s. As operations grew, in 2002 Concern decided to create a separate microfinance company which became known as AMK. By 2003, AMK was functioning independently of Concern and subsequently received its license from the National Bank of Cambodia (NBC) in 2004.

2005

By 2005 AMK made its first operating profit, had its first external borrowing approved and created a social performance management mechanism. In the following years, AMK experienced rapid growth in its core credit business, extending its branch network to every province in the country.

2010

In 2010, strategy transformation was implemented, turning AMK from a rural credit-only business into a broader provider of microfinance services. This strategy was driven by a desire to provide a broader array of financial services to Cambodia's underserved poor population and thereby assist these people to improve their livelihoods.

2011-2012

The granting of AMK's Microfinance Deposit Taking Institution (MDI) license in 2010 represented a key milestone in this journey. It allowed AMK to implement several new products and channels. Deposit products were rolled out to all branches by mid of 2011, and a domestic money transfer product was launched in July 2011. Both of these services were expanded to all 113 AMK branch and sub-branch outlets during 2012. AMK also introduced an agent-based mobile banking solution in 2011 and 2012.

2013

In 2013 AMK launched ATMs/CDMs as additional delivery channel to its customers. To give customer easier and more convenient access to AMK deposit services. The following year 2014, AMK has partnered with Forte Insurance Company to launch Micro Health and Accident Insurance to its loan clients. Until 2015 AMK official launched smart kid savings account to its clients who wants to save money for their kid's future to guarantee that even they are in trouble, their kids are still able to achieve their dream.

2016

In 2016, AMK has certified for fully implementing Client Protection Principles by SMART CAMPAIGN which is the international body to push the full practice of 7 principles for client protection worldwide. At the same time, AMK also has launched "Fast Service" with the National Bank of Cambodia (NBC).

2018

In 2018, AMK reached 15-year milestones and opened a new chapter to welcome a new shareholder and become a member of the Shanghai Commercial & Savings Bank family. Besides, AMK has successfully migrated to the new core banking system and rolled out "One-Stop-Shop" financial services nationwide.

2019

AMK Microfinance Institution Plc named "Best Microfinance Company Cambodia" in the Global Business Outlook Awards 2019. AMK's continued its efforts and objectives to offer sound and viable One-Stop-Shop financial services to the unbanked low-income customers, especially those who live in a rural area. AMK awarded the Leader Milestone Certificate by Truelift and is the first microfinance institution in Cambodia to achieve this. With this, AMK joins six other Financial Institutions globally as Truelift leaders in microfinance. The Truelift Certification signifies AMK's commitment to bring about positive and enduring change for people living in conditions of poverty.

AMK officially launched the first mobile application called "Tonlesap" to provide agriculture knowledge and products in Cambodia. Tonlesap App designed to provide agricultural expertise to farmers includes technical, weather, market information, critical tactics in growing crops, types of equipment, and better technique to raise animals. This app allowed users to purchase agriculture products online, access to more diversify products and sellers. Tonlesap-Seller App explicitly designed for sellers and suppliers to sell their agriculture products and services on Tonlesap App.

In the same reporting year, AMK launched several new products and services includes:

- SME Loan started with loan size up to USD 100,000 to help Small and Medium enterprises access more capital expanding their businesses to increase profits.
- Financial Leasing to help our clients access to a motorbike, tricycle, and agri-equipment loans.
- AMK incorporated with Credit Bureau Cambodia to officially introduced Financial Health Check Service that allows all public consumers to check their creditworthiness and credit report at AMK Branches nationwide.

2020

In 2020, AMK converted itself to digital, launching its Mobile Banking Application, allowing users to manage their financial services on their mobile phone. The AMK Mobile app is full of features including local and international transfersy, transfer to Bakong Wallet and its member banks, phone top up, bill payment, loan repayment,check account balance status as well as QR code payments and other services.

AMK also officially launched QR payments via its Mobile Banking App, which allow users to conveniently scan and make payments to our merchants quickly and easily. Moreover, AMK has launched Value Chain Financing to provide a solution to the challenges of small businesses in Cambodia, including Working Capital, Purchasing Raw Material and Goods, and to expand into new businesses and markets where traditional collateral may not be available.

At the same time, AMK launched its international money transfer services, allowing clients to receive money from South Korea and send money to the Philippine and Vietnam. AMK also has become a member of Bakong, a banking platform which is initiated by the National Bank of Cambodia (NBC) that allow all customers of banks and financial institutions, are able to scan and pay easily without using physical cash.

2021

AMK DIGITAL

In 2021, AMK had established a new digital technology while expanding its financial services to make it easier for the clients by providing new features such as Self-Account Opening (Selfie Banking), Apply Digital Loan Online, and Transfer Overseas with EMQ and Union Pay.

- Self-Account Opening (also known as Selfie Banking) is a feature applied within the AMK Mobile app in which customers can open a savings account while spending two to three minutes.
- Apply Digital Online Loan is a feature in which customers can apply for loans directly through an AMK Mobile Apps or chat to the AMK Digital Page under standard interest rates with highly classified.
- Transfer Money to Overseas via EMQ and UnionPay: customers can transfer from Cambodia to 12 other countries for a minimal fee.


Solis

CHAIRMAN'S STATEMENT

2021 was a year of transition and resilience. Transition, as Cambodia experienced both its most significant spread of Covid-19 and the impact of local and international travel restrictions, and responded with a successful and wide-spread roll out of the vaccination campaign, with almost 90% of the population receiving two doses of the coronavirus vaccine by the end of 2021. Resilience, as Cambodia has built the foundation for living with Covid-19, and despite the challenges faced, the Cambodian GDP is estimated to have grown 1.9% in 2021, with the ADB projecting 5.3% growth in 2022.

At AMK, we too faced challenging transitions and remarkable resilience. In response to the community transmission of Covid-19 and the impact of local travel restrictions, approximately 14% of our loan balance was restructured to allow clients affected by the pandemic to recover over time without the fear of defaulting on their obligations. However, with clients in over 13,000 villages, close to 7,000 points of contact through our branch, agent and ATM networks and over 85% of our portfolio outside of Phnom Penh and Kandal, our broad outreach and diversified operations provided resilience to the impact of localized outbreaks and restrictions.

This resilience is reflected in AMK's portfolio and operations. Our loan book grew by 31%, customer deposits by 21%, and profits remained stable with a Return on Equity of 11.70%. Other product lines also grew during the year, reflecting the continued demand and stability in AMK operations. The number of depositors remained steady as AMK consolidated our deposit products and the number of loan customers grew by 10,000 reflecting a transition in our portfolio structure.

AMK has a long history of innovation and leveraging technology, and the Covid-19 pandemic has accelerated this transition. In 2021, we launched new features and partnerships, including "Selfie-Banking" and Online Loans, allowing customers to open accounts and apply for loans remotely via the AMK app, and expanded our digital footprint, bringing our customers access to over 8,000

local merchants, and offering new international payment options, including becoming the first microfinance institution to become a member of UnionPay, the world's biggest card network.

AMK's vision, mission and core values has provided a strong sense of direction to our board, executive and entire staff throughout 2021. This was demonstrated in 2021 through our recognition by the "Smart Campaign" for our best practices in Client Protection, and receiving the "Best Employer Brand Award" in 2021, recognizing AMK's commitment to its staff and community.

During 2021, there was also transition within AMK's board. 2021 is my first year as Chairman, and I would like to thank my predecessor and close friend, Mr Tanmay Chetan for his commitment to AMK's development and growth. I am pleased AMK will continue to retain his skills and experience, as he continues to serve AMK in his capacity as a Director. While 2021 represents the first full year following SCSB's increased investment in AMK, our diverse board bring the skills and experience to provide further resilience and growth to AMK into the future.

Once again, I thank all stakeholders of AMK – clients, staff, management, directors and shareholders – for their commitment and support in a year of transition and resilience. Our achievements in 2021 have built a strong foundation for future growth and a continued drive towards our core vision of a Cambodian society where citizens have equal and sufficient economic and social opportunities to improve their standards of living, and where they can contribute productively towards the overall development of the country.

JOHN CON-SING YUNG

CHIEF EXECUTIVE OFFICER'S REPORT

2021 has been another challenging year. The government imposed much stronger rules including a lockdown in Phnom Penh and Kandal provinces and high-risk communities after a number of Covid-19 cases surge at record high in April 2021. However, to reduce the impact and to support local business, the Royal Government of Cambodia has introduced a number of key strategies including tax holiday for impacted sector like tourist industry, provide low-cost financing to SME through a co-financing scheme between SME Bank (State own bank) and Participated Financial Institutions (PFIs). In addition, the Credit Guarantee Corporation of Cambodia (CGCC) has been established to provide a credit guarantee to enable SME to get credit from PFIs without collateral. Cambodia's GDP is expected to grow by 1.9% in 2021 and 5.3% in 2022 with ADB's forecast. The inflation is forecasted to grow by 2.9% for 2021 and 4.7% in 2022. In order to continue to support client who impacted by Covid-19, National Bank of Cambodia (NBC) as the regulator has proactively softened key regulatory requirements to ensure that the financial sector remains robust and healthy. This has helped the sector to mitigate risks and maintain capital availability to support the economy. The Financial sector continues to stay robust and resilient with high liquidity, good credit growth with manageable non-performing loan. The sector provides restructure loan with total value of $7.27billion with 624,159 loan account (source: CBC monitoring dashboard). Total loan outstanding have grown by over 20% reaching $39.84 billion with 3.74million accounts as of 31 December 2021 according to the CBC.

AMK is working very hard during this unprecedented year to support its clients. AMK continued with its mission to offer its services to rural and low-income households. Over 95% of AMK's clients live in rural areas.
AMK continues to reach further and covered over 92% of the total villages and 100% of the districts and communes in Cambodia. Moreover, with strong multiple distribution networks including our field staff, offices, agents and other digital channels, the clients have been able to access services more conveniently and close to their homes. In addition to financial services, AMK also provides a number of

[1] https://www.adb.org/countries/cambodia/economy

financial literacy program through its social media channel to audiences of over 2 million users.

AMK continues to leapfrog towards digital transformation and innovation in 2021. The majority of AMK's internal processes have been digitalized, allowing better communication and faster processes which ease a lot of challenges, especially, during this pandemic. It also reduces our environmental footprint by significantly reducing the use of paper and printing ink. AMK has launched many digital products to its client including Selfie-Banking, UnionPay International (UPI) money express, digital loan through chatbot, open banking API and online payment on third parties App.

The lending business continued to face challenges as the pandemic continued in 2021, especially in the second quarter of 2021. However, AMK has been able to effectively manage our risks, allowing AMK to grow our loan outstanding by 31% reaching $467.6million while the number of loan account also increased by 2.5%, reaching 396,239. The non-performing loan has slightly improved from last year down to 1.05%. The active loan restructure has also improved from last year and down to slightly below 5% as of 31 December 2021. In addition to loans, about 77% of AMK's loan clients also bought insurance policies (health and personal accident) through AMK with its insurance partners in 2021. This provides a safety net to clients as well as their families when they face health issues and/or suffer any accidents. The customer retention has improved significantly from 81% in 2020 to 86% in 2021 (using standard industry definitions, MIX Market).

Deposits from customers continued to grow well in 2021. The deposit balance grew by almost 21% ending at $251.7 million. The growth is contributed by both low-income depositors and the better-off clients who seek higher returns and largely park their funds in longer term fixed deposits. Approximately, 90% of AMK's deposit clients had a balance of less than $100 at the end of 2021.

AMK's digital banking has grown noticeably in 2021. The Mobile Banking App (MB App) continues to evolve after its first launch in 2020 with new feature such as E-cash, In App notification, and Selfie-Banking which allow customers to onboard themselves with three simple steps (take a selfie, NID, and phone number). The MB App users have increased more than double in 2021 reaching 104,941 users. AMK is also the first MDI in Cambodia to become a member of UnionPay Internal (UPI). AMK launched UPI money express in 2021 and will further launch UPI virtual debit card and debit card in 2022. In addition, AMK also works with partners such as EMQ, PPCB, KB, and Thunes to offer cross border remittance at affordable cost, fast and secure. The number of transactions has increased by 5 folds in 2021. Merchant acquiring business also see a huge success in 2021. AMK is the first Bakong member fully adopted the KHQR and rollout to the market which allow its merchant to accept payment from other participated Bakong members. The number of merchants increased by almost 3 times from last year. AMK also working with corporate partners for payment service such as BanhJi, Blue Technology, Nham24 and Khmum E-shop and many others. which allow its customer to make online payment from their account with ease. The Agent Banking has improved significantly in 2021 despite of the pandemic. The number of agents grow by 21% to slightly over 6,600. The services offered at agents are bill payments, phone top-ups, loan payments, cash deposit and cash withdrawal, and transactions through Bakong platform. AMK's digital channels has transacted over 10million transaction for the first time in 2021.

AMK's Tonlesap App continues to enhance its UI/UX and functionality to further support our clients especially farmers who can gain new knowledge, get more information such as input products, weather data, and market. Furthermore, they can reach to our 45 experts to consult on their farm issues. The number of users organic grow to slightly over 35,000 along with over 250,000 Facebook follower. The number of sellers also increased to over 730 shops offering a variety of products from food to agriculture tools/equipment. AMK is also working with serval development partners for different project such as TSSD, HEKS-EPER Cambodia, MetKasekor, Swisscontact and UNDP to provide training to over 600 farmers and Commune Extension Workers.

The financial performance in 2021 was stable despite of the impact from this pandemic crisis. The Return on Equity and Return on Asset is at 11.72% and 1.94%, respectively. During the year, AMK also take number of measurements to improve its operating cost. The Operating cost ratio improve by 14% bring down to 9.69% for 2021. The cost of funding has also improved by 6% to reduce to 5.75% in 2021.

The overall economy is expected to improve in 2022. According to the ADB, Cambodia's GDP is forecast to grow by 5.3% in 2022, with the growth largely coming from Industry. However, the forecast comes with much uncertainty due to the continuing pandemic across the world. We, however expect to continue to grow our business while being mindful of the challenges, we could still face in 2022 including the possibility of new waves of the pandemic. In overall terms, AMK will continue to focus on the following

1. Continue to improve the quality of products and services to clients especially through digital channel
2. Continue portfolio diversification and move deeper into agriculture value chain
3. Continue to integrate further with National Bank of Cambodia systems to enhance capability for cross institutional transaction
4. Integrate with strategic partners through its open banking platform and API sandbox to offer more inclusive financial service to support their business to grow.

We would also like to express our thanks to our shareholder, The Shanghai Commercial & Savings Bank, Ltd. (SCSB), for their commitment to Cambodia and support to AMK throughout the year. Without their strong support, we would not be able to achieve what we have achieved for 2021.

On behalf of AMK's management and staff, I would like to thank our Shareholders, the Chairman, Directors, and Committee Members for their leadership, supports, and guidance throughout the year. I would also like to thank my colleagues, both management and staff, especially our field staff, for their hard work, diligence, and commitment to provide the best services to our clients. Lastly, I would like to express my sincere appreciation to all stakeholders, especially the National Bank of Cambodia, for their continued supports to AMK and to building an inclusive financial sector.

KEA BORANN
Chief Executive Officer

CORPORATE GOVERNANCE

Shanghai Commercial and Savings Bank, Ltd. (SCSB) becomes a significant majority shareholder after fully exit by Agora Microfinance N.V. (AMNV) in 2020.

The Shanghai Commercial & Savings Bank (SCSB).

AMK Staff Association (AMK-SA)

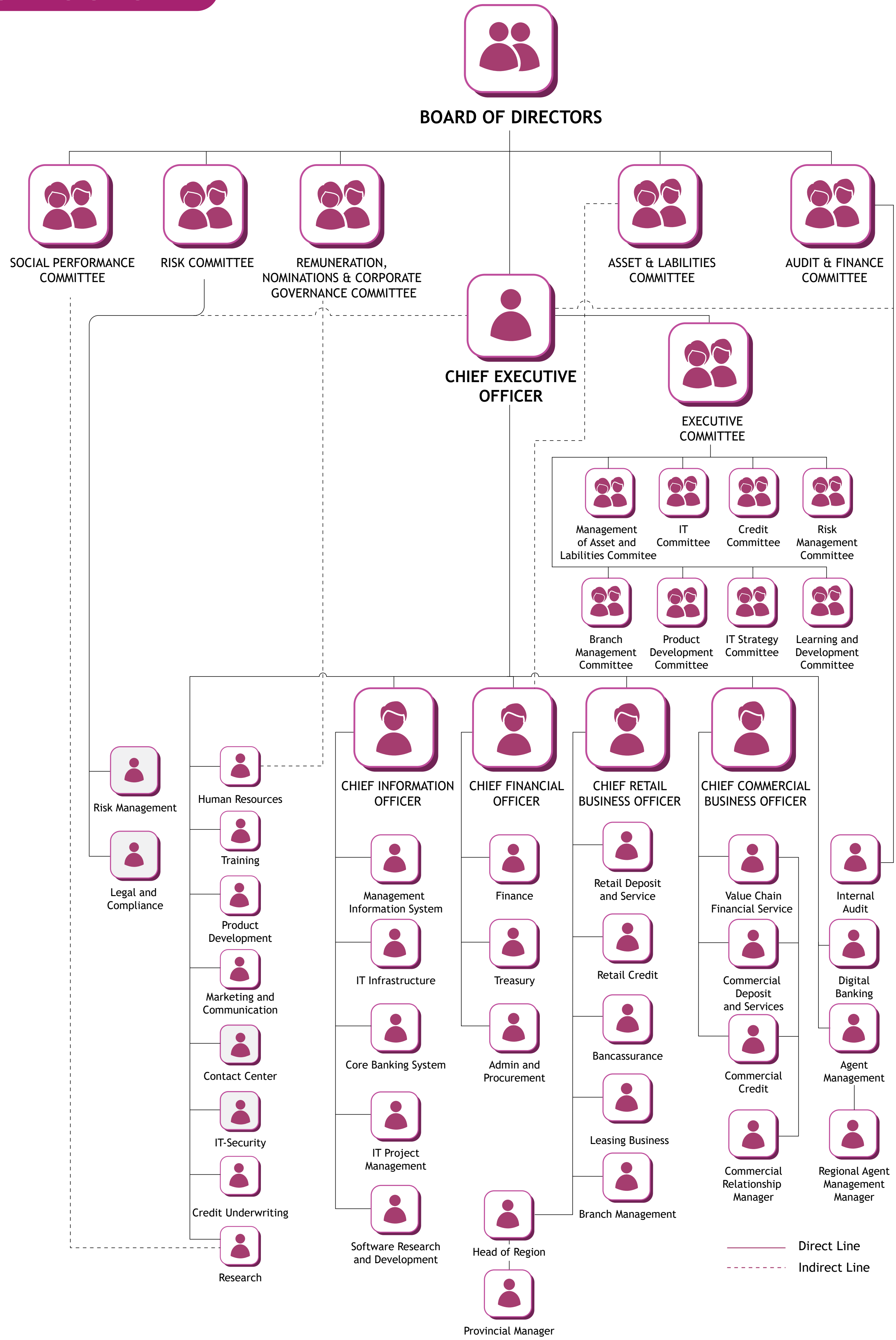
AMK's shareholders appoint the Board of Directors, which is responsible for the overall governance and strategic guidance of the institution. The nine-member Board (including the CEO) has broad expertise in areas such as finance, risk, treasury, audit, legal, and development, as well as extensive experience in microfinance, commercial bank, and investment banking.
The board of Directors appoints the Chief of Executive Officer (CEO), who works with an executive committee that consists of C-Suite and other key departments. This committee, in turn, oversees the border Management Team composed of the Heads of Department and C-Suite.

THE BOARD OF DIRECTORS HAS STANDING COMMITTEES INCLUDING:

- **AFC** Audit and Finance Committee
- **RC** Risk Committee
- **RNCG** Remuneration, Nominations and Corporate Governance Committee
- **ALCO** Asset and Liability Committee
- **SPC** Social Performance Committee

The first four committees perform traditional corporate governance functions. The Social Performance Committee advises the Board on AMK's performance in terms of poverty outreach, product suitability, client protection, and overall social responsibility.

CORPORATE STRUCTURE



BOARD OF DIRECTORS AND ADVISORY COMMITTEES

JOHN CON-SING YUNG

Chairman of the Board of Directors, Member of Audit and Finance Committee ("AFC"), Member of Social Performance Committee ("SPC") and Member of Remuneration, Nomination and Corporate Governance Committee ("RNCG")

JOHN CON-SING YUNG is currently a Managing Director of the Shanghai Commercial and Savings Bank, Ltd. He was a Board member, Senior Executive Vice President and Chief Information Officer of the Shanghai Commercial and Savings Bank, Ltd, in charge of IT, Risk, Compliance, Operation, Legal, Oversea expansion, Mainland China Business, and three Shanghai Bank cooperation until mid-2021. He also holds several key positions on behalf of the Shanghai Commercial and Savings Bank subsidiaries and affiliated companies. John started his career at Chase Manhattan Bank in Hong Kong as a management trainee, ending his time there as a manager in the Credit Card Risk Management Department. After Chase, John spent time starting up Shenzhen Concord, a JV investment company between Canadian Eastern Finance and the Shenzhen Government. For the next decade, John focused on building IT and Telecommunication businesses in the Asia Pacific Region before joining the Shanghai Commercial and Savings Bank, Ltd. He received his BA and MBA degree from the University of Chicago.

CHETAN TANMAY

Director, Member of RNCG, and Member of SPC

CHETAN TANMAY is the co-founder and CEO of the Agora Group, wherein he manages the group's investments across Asia and Africa. Tanmay's previous experience includes microfinance ratings, consulting and operations, including as the first Chief Executive Officer ("CEO") of AMK during 2003 to 2007. Tanmay holds an MBA from IIFM, India, and a Master's in Public Administration from the Harvard Kennedy School.

KEA BORANN

Director and CEO

BORANN was appointed as Chief Executive Officer of AMK in 2012. He has been with AMK for over 15 years since 2004 in different roles. He has held various leadership posts throughout the development of the organization, including Finance Manager, Chief Financial Officer, and Deputy CEO. Before joining AMK, he worked for another MFI as the Finance Director for over four years. Borann also holds a position as director in different institutions such as the Association of Banks in Cambodia, Cambodia Microfinance Association, and Credit Bureau Cambodia. Borann holds a BBA in Finance and Accounting. He received ACCA (Association of Chartered Certified Accountants) Accreditation and accepted as an ACCA member in 2008.

TIP JANVIBOL

Independent Director and Chairperson of RNCG

Dr. TIP JANVIBOL, founder and senior managing partner of Tip & Partner, brings over 20 years of legal experience to the Board of Directors of AMK. He is a licensed attorney and member of the Cambodian Bar Association. Dr. Tip effectively leads both small and large-scale transactions involving both individual and corporate clients while managing and overseeing the implementation of the law and related legal issues.

In prior years, Dr. Tip worked in both the public and private sectors as a consultant and legal adviser for private enterprises, government institutions, international agencies including International Committee for the Red Cross (ICRC), UNICEF, World Bank, and United Nations.

He holds a Doctorate Degree (PhD) from California Coast University, Master's Degree from the University of Massachusetts, Lowell, Bachelor's degree from University of Maine, Presque Isle, and attained numerous legal training certificates, including ones from The Hague Academy of International Law, Legal and Judicial Cooperation of JICA, and United Nations.

HENG SEIDA

Independent Director, Chairperson of AFC and Member of Board Risk Committee ("BRC")

SEIDA is a certified public accountant, an active member of Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA), a fellow member of Association of Certified Chartered Accountants (ACCA), UK, and a certified internal auditor from USA. She also holds a Bachelor Degree in Accounting. Seida has over 19 years of experience in auditing and financial management. She is the Managing Partner of FII & Associates, responsible for the overall operations of the firm, acts as the signing partner and ensures the high quality of services provided with due professionalism. Seida had been elected and served as Vice President and President of KICPAA from 2012-2015 and 2015 -2020, respectively.

Prior to this, Seida was a financial management specialist with the World Bank for a period of 5 years and was Audit Manager with one of the big 4 auditing firms for a period of 6 years in the audit and advisory services in Cambodia and Malaysia.

RU-HUNG WEI

Director, Chairperson of Board Asset and Liability Committee ("B. ALCO") and Member of BRC

RU-HUNG WEI is currently Deputy Executive Vice President, Overseas Regional Manager of the Shanghai Commercial and Savings Bank, Ltd, in charge of Overseas Branches, including Singapore, Vietnam, and Hong Kong. He served the Shanghai Commercial and Savings Bank, Ltd over 29 years with the various position including Import, Export, Foreign Exchange and Credit Investigation. He received his BBA degree from Soochow University and an MBA degree from the University of New Haven.

DINA

Independent Director and Chairperson of SPC

DINA is Incofin East Asia Regional Director and Social Performance Manager, based in Phnom Penh Cambodia. She also sits at the BOD of the Social Performance Task Force (SPTF) and co-chairs the Social Investors Working group. **DINA** manages a portfolio of USD 80 million, serving more than a dozen financial service-providers across East Asia. Previous to joining Incofin, **DINA** lived in the Philippines, where she worked as a senior analyst for the microfinance specialized rating agency Planet Rating.

DINA also lived in China, and she was part of the team which set up MicroCred Nanchong in Sichuan. She also led capacity-building projects.

WEI-KUO YEN

Director, Chairperson of BRC, Member of AFC and Member of B. ALCO

Mr. WEI-KUO YEN obtained a Bachelor's degree in Arts in Economics from Fu Jen Catholic University in 1984 and then pursuing his Master of Science in Business at the University of Wisconsin-Madison in the USA after the first few years in the banking business.

Mr. WEI-KUO YEN started his career as a Deputy Executive Vice President and Head of Treasury Department, in charge of funding, trading, proprietary securities investment and all other treasury business of the Shanghai Commercial & Savings Bank, Ltd. Later, he was transferred to lead the trust department and took care of all trust businesses in the Shanghai Commercial & Savings Bank, Ltd. as a Deputy Executive Vice President and Head of Trust Department, in charge of overseeing all trust business of the Shanghai Commercial & Savings Bank, Ltd. After his exposure of trust business, he was again transferred to HQ's strategic planning department, taking care of strategic planning issues as well as overseeing overseas subsidiaries.

He is currently serving as an Executive Vice President of the Shanghai Commercial & Savings Bank, Ltd., headquartered in Taipei, Taiwan, taking charge of risk management and also overseeing all operation centers throughout the country. He has had experiences in banking sector for over 30 (thirty) years...

FANG-HUI HSIEH

Director, Member of AFC and Member of B. ALCO

MS. FANG-HUI HSIEH has been mainly in charge of debt management, Legal affairs, and compliance, and also responsible for AML/CFT since 2015. She was also appointed by the Shanghai Commercial & Savings Bank, Ltd. as directors of related companies. For the past decade, she has been actively involved in the affairs of The Bankers Association of The Republic of China (BAROC) and The Trust Association of the Republic of China (TAROC). She currently serves as the chairman of Regulations and Disciplinary Committee of the TAROC, and a member of Financial Regulations and Disciplinary Committee of the BAROC.

FRANCES SINHA

Member of SPC

FRANCES SINHA's career in development consultancy spans 30 years of hands-on engagement with financial inclusion. A graduate from Oxford University and the London School of Economics, UK, she has been based in India, where she co-founded M-CRIL as a specialist rating agency. She has been a lead consultant for the Social Performance Task Force and the MicroCredit Summit Campaign, contributing to standards for social reporting, social performance management, outcomes management, pro-poor financial inclusion, and client protection. Her work profile has also included program evaluations and impact assessments in India and throughout Asia.

BOARD COMMITTEES

RC RISK COMMITTEE

AMK's board and management strongly believes that sound risk management is crucial to the success of AMK's business activities as a Deposit Taking Microfinance Institution. Our philosophy is to ensure that the risks we take are helping us to achieve our business strategy and corporate goals while remaining in line with risk appetite. The ultimate responsibility for setting the risk appetite and effective risk management rests with the Board of Directors.

Acting within an authority delegated by the Board of Directors, the BRC has the responsibility for oversight and review of overall enterprise risks including, but not limited to, business and strategy, credit portfolio quality and concentration, capital planning, liquidity and funding, technology, operational, reputational and compliance risks (regulatory compliance and AML/CFT). It reviews AMK's overall risk appetite and makes recommendations thereon to the Board. The responsibilities also include reviewing the appropriateness and effectiveness of the whole AMK's risk management systems and controls, considering the implications of material regulatory changes and the growth of AMK's business within the evolving competitive landscape.

In 2021, the RC meeting was held four times and significant steps were taken to enhance the company's level risk management framework. Key achievements of RC in 2021 include:

- Reviewed and endorsed the following products/activities, reports, and policies and procedures:
  - Proposed Amendments to Mobile Banking Policy
  - Proposed Amendments to Payroll Policy
  - Proposed Smart Kid Product Enhancement
  - Proposal on Loan Tenor Enhancement
  - Proposed Amendments to Business Continuity Plan Policy
  - Proposed Amendments to the Structure of Loan Approval Committee in Credit Risk Policy
  - Proposed Amendments to Credit and Portfolio Risk Key Risk Indicators (KRIs)
  - Proposed Amendments to IT Key Risk Indicators (KRIs)
  - Proposed Amendments to IT Policies and Standards
  - Proposed Amendments to Compliance Key Risk Indicators (KRIs)
  - Proposed Amendments to ALCO Key Risk Indicators (KRIs)
  - Proposed Amendments to Cash Management Policy
  - Proposal on Equity Investment Policy of AMK
  - Proposal on Amendments to AML&CFT Standard Operating Procedures
  - Proposed Amendments to Retail Credit Policy
  - Proposed Amendments to Agent Management Policy
  - Proposal on Partnership Between AMK and Forte in the Form of Corporate Agent Model
  - Proposed Partnership with Six International Remittance Companies
  - Proposal on Two International Remittance Partnership Enhancement
  - Proposal on the Increase of Value Chain Loan Exposure Limit
  - Proposal on Loan Tenor of Group Loan
  - Proposed Amendments to Credit Portfolio Risk Key Risk Indicators (KRIs)
  - Proposed Equity Investment in IBF
  - Proposed Amendments to Payment Service Policy
  - Proposed Amendments to the Admin Expenditure Policy
  - Proposed Property Protection Policy
  - Proposed Amendments to Contact Center Policy
  - Proposed Capital increment in Forte Life Assurance (Cambodia) Plc
  - Proposed Termination of the Partnership between AMK and Forte Insurance (Cambodia) Plc
  - Proposed Amendments to Risk Management Framework
  - Proposed Amendments to Operational Risk Policy
  - Proposed Budget Plan for Risk Management Department for 2022
  - Proposed Budget Plan for Legal and Compliance Department for 2022
  - Proposal on New Leasing product "Business Equipment"
  - Proposal on Rollout the Individual Loan without Collateral

ALCO ASSET AND LIABILITY COMMITTEE

The Asset and Liability Management Committee (ALCO) provides the Board with strategic leadership regarding AMK's balance sheet management and serves as the approving body for ALM policies. The Board ALCO is responsible for strategic management of interest rate and liquidity risk as well as funding management of the Company to maintain sustainable growth and profitability and achieve optimal shareholder value.
The committee performs the following tasks under regular basis:

- Reviews the Company's liquidity and management of funds;
- Reviews and recommends funding strategy and contingency funding plan;
- Evaluates the Company's interest rate, liquidity, and foreign exchange risk tolerance;
- Reviews periodic stress testing on key market drivers and their impact on ALM strategies;
- Recommends for the approval of all policies relating to ALM;
- Reviews new product offerings and changes and their impact on profitability, liquidity and FX position;
- Reviews the annual budget and strategic plans with regards to balance sheet management.

In 2021, the Board ALCO met four times to discuss the following key strategic issues concerning balance sheet risk management:

- Reviewed the performance against budget and revised projections, quantifying the financial risks and recommended risks management strategies to the Board;
- Reviewed the impact of Covid-19 to Asset and Liabilities Management and assessed the liquidity risk, and reviewed and monitored stress testing modelling;
- Reviewed the 2022 budget with a focus on balance sheet management and submitted it to the Board for endorsement.
- Reviewed the funding strategy and its pricing and assessed the paid-up capital and solvency plans;
- Reviewed the impact of new regulations, monitored the existing regulation on balance sheet risk management and recommended balance sheet impact mitigation strategies to the Board;
- Reviewed and monitored the financial and liquidity Key Risk Indicators; and
- Reviewed and recommended new balance sheet products issued in 2021, assessing the features of key products, which could impact the maturity mismatch, currency mismatch, and net interest margin.

AFC AUDIT AND FINANCE COMMITTEE

The committee is responsible for ensuring:

- The integrity of the Company's financial statements, reporting and disclosure practices, thereby ensuring that the information provided to the public and to the National Bank of Cambodia (NBC) is clear, accurate and reliable;
- The relevance of accounting methods used to prepare individual and consolidated accounts, if any;
- The quality of the Company's internal audit function (the internal audit department); and
- The independence and performance of the Company's external auditors.

This committee also regularly performs the following tasks on Finance, Internal Controls, and Internal Audit. Some core activities are as follows:

- Review and discuss with the management significant financial reporting issues and judgement made in connection with the preparation of the Company's financial statement prior to submission to the Board, governmental body, or the public;
- Review and recommend the Company's accounting and finance policies and internal audit policy for the Board's approval;
- Review and monitor the integrity of the financial statements of the Company and recommend audited financial statements for the Board's approval;
- Recommend the proposed annual budgets, particularly on the capital expenditure and operating expenses, to the Board for approval;
- Receive and evaluate reports from management on the effectiveness of the Company's established internal control systems;
- Regularly review the conclusions of systems testing carried out by internal or external auditors and the adequacy of the action by the management based on those conclusions;
- Consider and make recommendations to the Board, to be put forward to shareholders for approval at the AGM, in relation to the appointment, compensation of the external auditors;
- Oversee the work of the external auditors

and discuss their judgements on the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting and the completeness and accuracy of the Company's financial statements;
- Review and approve the annual internal audit plan and ensure the internal audit function has access to information to fulfill its mandate; and
- Monitor and assess the role and effectiveness of the internal audit function in overall context of the Company's risk management system on a quarterly, or, at least, biannual basis;

In 2021, the AFC met four times to discuss the following strategic areas:

- Reviewed and recommended the 2020 audited financial statement to the Board for approval;
- Discussed 2021 and 2022 external audit plans with our external auditor;
- Discussed business line performance, cost allocation logic, business line profitability, and efficiency;
- Reviewed progress against the 2021 Internal Audit Plan and reviewed and approved the proposed 2022 Internal Audit Plan and Internal audit budget plan;
- Discussed material audit findings and feedback for rectification and improvement;
- Reviewed and approved the proposed Risk-Based Audit Approach/Methodology for adoption by the Company's Internal Audit Department;
- Reviewed and approve the proposed Risk Profiling Guideline;
- Reviewed and discussed the implementation of and compliance with new regulations and Cambodian International Financial Reporting Standards (CIFRSs);
- Discussed and recommended the 2022 Budget to the Board for approval.

RNCG REMUNERATION, NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE

The committee is responsible for overseeing the remuneration of employees of the Company and making sure that they are fairly rewarded for their contribution to the Company's performance, and also nominating the new Directors, members of the Board's committees, and senior managers. This committee sets the compensation policies for Directors, Committee members, and senior management of the Company. It is entrusted to oversee the induction of new members, prepare briefings to keep the Board up-to-date on the developments in corporate governance, update Board members of their roles and responsibilities relating to legal obligations. Regarding corporate governance, the committee is expecting that the Board work according to best practices, ensure overall effectiveness, undertake or facilitate periodic self and peer evaluations of the Board.

In 2021, RNCG held three meetings and provided the following oversights and resulting recommendations to the Board:

- Appointment of new Directors and re-appointment of the existing Directors.
- Review of and recommendation on the new competency frame work, job grading, salary structure and salary scales for AMK's staff and management.
- Review of and recommendation on performance incentives and other benefits.
- Review of and recommendation on revised human resource policies.
- Review of and recommendation on revised AMK's structure.

SPC SOCIAL PERFORMANCE COMMITTEE

At Board level, the Social Performance Committee assists the Board of Directors to ensure the alignment of AMK's strategies with its social mission. The Committee also advises on the reliability of the analytical and reporting frameworks used to measure social performance. Mainly, the committee assesses the implications of AMK's business strategy toward achieving its social mission. AMK sets up a research function to assist SPC to collect and analyze client level data (including poverty profiles, satisfaction, exit reasons, usage of multiple products, financial behavior, proportion of clients living in rural area, product understanding, feedback on staff behaviors, etc.) to inform AMK's business strategy. The Research function works in cooperation with various other departments within AMK to ensure that effective social performance standards and controls are in place and are successfully executed. The data from the research department are evaluated on an annual basis through the "Social Performance Framework Report" which covers four dimensions of social performance: Depth of Outreach, Adequacy of Products, Transparency and Client Protection, and Responsibility to Staff. This report is presented annually by the Social Performance Committee to the Board to give a balanced view of AMK's performance, so that governance decisions can be appropriately aligned with its dual social and financial objectives. The SPC meets at least two times a year to review Social Performance Framework Report.

EXECUTIVE TEAM

KEA BORANN

Chief Executive Officer (CEO)

Borann was appointed as Chief Executive Officer of AMK in 2012. He has been with AMK for over 15 years since 2004 in different roles. He has held various leadership posts throughout the development of the organization, including Finance Manager, Chief Financial Officer, and Deputy CEO. Before joining AMK, he worked for another MFI as the Finance Director for over four years. Borann also holds a position as director in different institutions such as the Association of Banks in Cambodia, Cambodia Microfinance Association, Credit Bureau Cambodia, Institute of Banking and Finance and Cambodia Association of Finance & Technology.

Borann holds a BBA in Finance and Accounting. He received ACCA (Association of Chartered Certified Accountants) Accreditation and accepted as an ACCA member in 2008.

HUOT SOKHA

Chief Commercial Business Officer (CCBO)

Sokha joined AMK as Chief Commercial Business Officer in May 2012. He has more than 20-year of experience in an international trading company, microfinance, and banking industry.

Sokha also worked as a consultant and researcher for some projects on microfinance product development and savings mobilization in Cambodian rural areas for Asian Development Bank, and a microfinance project managed by GRET/CEDAC.

Sokha holds a Bachelor's Degree in Management and Marketing at MVU University in 1997 and graduated with an MBA from the Charles Stuart University of Australia in 2004. He also obtained a Postgraduate Study on Finance Development Program at NAROPA University, USA.

SUON PISEY

Chief Retail Business Officer(CRBO)

Pisey joined AMK in 2009 as Regional Manager, and he promoted to Head of Credit department in 2012. In 2017, he promoted to Chief Retail Business Officer, where he oversaw AMK's branch distribution and retail business, including branch management, credit operation, leasing, deposit and bank assurance business.

Pisey has 20 years of experience in the microfinance sector with solid skills in business operation, audit, product development, and branch management. He has attended several training courses related to microfinance, both local and international programs.

He holds both Bachelor's and Master's degree in business management from a local university.

SOK KOSAL

Chief Information Officer (CIO)

Kosal joined AMK in April 2015 as Chief Information Officer. Before joining AMK, he has been working in various sectors including IT Service Provider, Manufacturing, Telecommunication and Media Broadcasting. He has more than 15 years of experience in IT careers, moving from IT support level to senior IT Manager level. This had been a long journey where lots of challenges and changes have happened and have adapted successfully.

Kosal holds a Bachelor's Degree in Computer Science from RUPP and Master's Degree in IT Management from INNOTECH-CBAM.

LUCAS R MORO

Chief Financial Officer (CFO)

Lucas joined AMK as Chief Financial Officer in 2020. He has over 15 years of professional accounting experience across retail, manufacturing, professional services, government and non-government organizations. Lucas has held senior finance roles in both Australia and Cambodia, including as Group Reporting Manager at an ASX listed company in Australia and as CFO at an international manufacturer in Cambodia.

Lucas has been a member of Chartered Accountants Australia and New Zealand (CA) since 2011 and holds a Bachelor's Degree in Business from the Queensland University of Technology.

PEAING PISAK

Head of Human Resource Department

Pisak was appointed as Head of the Human Resource Department in 2013. She first joined AMK as Training Manager in 2011 and was promoted to Head of Training Department in 2012. Pisak has over 20 years of experience in many different sectors, including microfinance, non-government and private sectors, responsible for leading Training and Human Resources Management.

Pisak is also a member of the Board of Directors of AMK Staff Association (AMK-SA) and Chairwoman of HR CLUB of Cambodia Microfinance Association (CMA).

Pisak holds a Bachelors Degree in Marketing and a Masters Degree in Management from the National University of Management (NUM).

CHEA ROATTANA

Head of Agent Management Department.

Before serving as Head of Agent Management, Ratana joined AMK as Mobile Banking Manager in 2010 and has served different positions. He also had various experiences with Mobile Network Operator (MNO) and fast moving consumer goods (FMCG) industry.

Roattana holds an MBA in International Business from IAE-Lyon Business School, Jean Moulin Lyon III University, France.

PUM SOPHY

Head of Product Development Department

Sophy possesses over ten years of experience in the microfinance sector focused on research, marketing, and financial product development.

Within the current as Head of Product Development, she oversees the overall management of Product Development and ensures that AMK is in the forefront of Cambodian microfinance market in terms of diversifying product offerings to meet customers' needs.

Sophy holds a Master's Degree in Rural Development Management from Khon Kean University, Thailand.

HEAK THAVUTH

Head of Internal Audit Department

Thavuth joined AMK as an Internal Audit Officer in 2006 and promoted to Inspection Team Leader in 2008. He then promoted to Head of Internal Audit in 2012.

Thavuth holds a Bachelor's Degree in Finance and Accounting from the National University of Management and a Master's Degree in Accounting from the Vanda Accounting Institute. Thavuth has completed the IIA Certified Internal Auditor session in 2020 and is pending for testing for the CIA certification.

UK KOSAL

Head of Legal & Compliance Department

Kosal joined AMK as Head of Legal and Compliance in April 2018. Prior to joining AMK, Kosal spent around eight years working for a microfinance institution, microfinance deposit-taking institution, specialized bank, and commercial bank.

Having earned through his work as a Senior Legal Officer and Company Secretary, Legal and Compliance Manager, and Senior Legal Manager, Kosal's professional experience includes management of the Company's legal affairs, corporate secretarial tasks, and compliance matters.

Kosal holds a Master of International Commercial Laws from Transnational Laws and Business University, South Korea. Kosal also holds a Bachelor of Laws from Royal University of Law and Economics and a Bachelor of English Literature from Phnom Penh International University.

TAING MUYLENG

Head of Risk Management Department

Muyleng was promoted as Head of Risk in October 2021. She has almost 10 years of professional experience in various positions, obtaining a range of skills and expertise related to asset and liability management, investment analysis, financial risk, credit portfolio risk, credit risk modelling, and operational risk that equip her well in her current role. On top of her experience in microfinance sector, she also had experience working as an investment analyst in London.

Muyleng holds a Master of Science in Investment and Financial Risk Management from Kingston University London (fully sponsored by British Chevening Scholarship). She also obtained Certified Expert in Risk Management (CERM) from Frankfurt School of Finance & Management, and Leadership and Diversity for Innovation Program offered by Women World Banking in partnership with The Wharton School of the University of Pennsylvania.

MANAGEMENT TEAM

ROEUNG VIRINY

Head of Finance Department

Viriny joined AMK as an Accountant and Administrator in 2003 when AMK founded. She was promoted to Accounting Manager in 2008 and then to Head of Finance Department in 2010. Previously, she was an accountant for a private company. With her experience and qualification, she brings value to AMK by managing the Finance Department to ensure the high quality of accounting information in fulfilling AMK's requirements.

Viriny holds a BBA in Finance and Banking from the Royal University of Law and Economics (RULES) and the ACCA affiliate in 2015 from The Association of Chartered Certified Accountants (ACCA) from the UK, and she was also a member of KICPAA in 2017.

PREM CHANDRABOTH

Head of Management Information System Department

Chandraboth joined AMK in 2004 as an information Technology Officer working to develop research applications. He was promoted to Senior Technology Engineer in 2007 and became Technology Development Manager in 2008. In 2011, He promoted to Head of Management Information System Department.

Chandraboth holds a Bachelor's Degree in Management Information System, a Bachelor's Degree in English Education, and a Master's Degree in Information Technology from Sikkim Manipal University in India.

MUT CHAKRIYA

Head of Contact Center Department

Chakriya joined AMK in 2011 as Mobile Banking Operations Coordinator. She promoted to Contact Center Manager in 2013 and Head of Contact Center in 2015. Before joining AMK, she worked as an assistant Group IT Manager at a group of a garment factory for more than seven years.

Chakriya holds an Associate Degree in Accounting from the National Institute of Business, a Bachelor's Degree in Computer Science from the Royal University of Phnom Penh, and MSIT from the Norton University of Cambodia

ANG LEAPHENG

Head of Core Banking System Department

Leapheng joined AMK in 2011 as a Senior Business System Analyst. He had over ten years of experience in the microfinance sector. Before joining AMK, he held various positions at other MFIs, including Teller, General Trainer, and Training Manager. He has attended several training courses related to microfinance. He promoted to Head of Core Banking System in 2015.

Leapheng holds both a Bachelor's and a Master's Degree in Banking and Finance from Build Bright University.

CHEANG VANNA

Head of Training Department

Vanna joined AMK in 2013 as a Training Manager. He has over 17 years of experience in the microfinance sector. Before joining AMK, he held various positions at other MFIs, including Credit Officer, Quality Assurance Officer, Provincial Branch Manager, Trainer, and Training & Development Manager. Vanna has attended several training courses related to microfinance both locally and overseas. He promoted to Head of Training in 2015.

Vanna holds both a Bachelor's Degree in Economics Development and a Master's Degree in General Management from the Royal University of Law and Economics.

REAM KERITHEA

Head of IT Infrastructure Department

Mr. Ream Kerithea joined AMK as Head of IT Infrastructure in 2017. Before joining AMK, Rithea worked for various positions at other Bank, Telecom, System Integration, and Media companies as Business Intelligence Engineer, Business Application Support Engineer, Senior Server Engineer, Senior Network Engineer, IT Deputy Manager, Server, and Network Supervisor, Acting IT Project Manager among others. He has ten years of experience with national and multinational companies. Rithea has attended several training courses related to IT infrastructure both locally and internationally.

Rithea holds a Bachelor's Degree in Management Information System from SETEC Institute.

LONG CHAMNAN

Head of Retail Credit Department

Chamnan joined AMK as a Credit Officer in 2006, and a year later, he promoted to Area Manager. With a successful career path and personal development, Chamnan appointed to Branch Manager in 2009 and Regional Manager in 2014. Following his upright success, he was promoted to Deputy Head of Credit in 2016 and designated as Head of Retail Credit Department in early 2018.

Chamnan holds a Bachelor's Degree in Rural Development from Prek Leap National School of Agriculture and a Master's Degree in Banking and Finance from the National University of Management.

TUM CHANDET

Head of Commercial Credit Department

Chandet has joined AMK since 2016 as Deputy Head of Credit, who responsible for Small and Medium Enterprise Loan (SME). He has over ten years of financial experience within Microfinance Institution in Cambodia, in various positions as Credit Officer, Sub and Branch Manager, and Credit Control Manager. Throughout his successful career path, he appointed as Head of Commercial Credit in early 2018.

Chandet holds the Bachelor's and Master's Degree in Finance and Banking from Build Bright University in Phnom Penh.

PRAV SOKMEI

Head of Leasing Business Department

Sokmei joined AMK as Head of Leasing Business in June 2018. Before joining AMK, he held various positions at MFIs, such as Head of Business Development responsible for leading and managing Product Development and Sales and Marketing at Mega Leasing Plc. He also used to work as a Research and Business Development Officer at VisionFund Cambodia. What is essential, Sokmei used to work with AMK as a Market Research Analyst and then Market Research Manager from 2012 to 2015.

Sokmei graduated Bachelor's Degree in Finance and Banking from Cambodian Mekong University (CMU) and a Bachelor of Education in English from the Institute of Foreign Languages (IFL).

SVAY SOCHEA

Head of Bacssurance Department

Sochea joined AMK as Head of Micro-Insurance Department in April 2020. Before joining AMK, he had 19-year of experience in various industries of Cambodia context such as Non-Governmental Organization, Rural Credit Operator/MFI, and Life Insurance, where he was offered the positions as Program Coordinator, Project Team Leader, Head of Training Department and Executive Director.

He obtained his Bachelor's Degree in Art in the field of Khmer Literature from the Royal University of Phnom Penh and a Master's Degree in Project Management & Rural Development from Build Bright University.

BUN CHAN PHIWORTH

Head of Value Chain Financial Service Department

Chan Phiworth joined AMK as Head of Value Chain Financial Service in April 2020. Before Joining AMK, he has over ten years of experience in Corporate Banking, specializing in Credit Analysis, Deal Structuring, Relationship Management, Syndicated Loan, Trade and Supply Chain, and Credit Operation.

Chan Phiworth graduated Dual Master Degrees in Entrepreneurship and Innovative Management from Lumière University Lyon 2 and Lille 1 University and Bachelor of Laws (LLB) from Pannasastra University of Cambodia.

CHHAY SOKCHEA

Head of Branch Management

In mid-2020, Sokchea joined AMK as Deputy Head of Operations and was promoted to Head of Branch Management department in early 2021.

Before joining AMK, Sokchea possessed a long practical experience in microfinance and banking sector seven years in Cambodia and five years in Myanmar with solid skills in operations, product development, branch management, project management, and strategy formulation.

HENG ROMNY

Head of Retail Deposit and Service

Romny, joined AMK as Head of Retail Deposit & Service of AMK in 2020. He has over 20 years of experiences both in private company and financial institutions. He has spent more than 17 years in Banking and Fin-tech industry, helping various position such service, sale, retail credit, Commercial credit. Before joining AMK, he worked for another fin-tech as Head of Commercial.

Romny hold BBA and MBA in local University in Cambodia field Accounting and Management

PHY VEASNA

Head of Digital Banking Department

Veasna joined AMK as a Deputy Head of Digital Banking in 2019 and he was promoted to another level up of Head of Digital Banking and Card Payment in 2021. He has over 12 years of experience in banking with both local and foreign bank covering both digital banking and card payment comprising of credit, debit, & prepaid card issuing and ATM & Cash In Machine, and merchant acquiring such as POS, QR Code, & Online payment, and other digital payment products and services. With his current role, he contributes to AMK by formulating, managing, facilitating and implementing of digital banking and card payment strategies and business supports for delivering the AMK's expectation.

Veasna holds a Bachelor Degree in Banking and Finance from Build Bright University (BBU) and he has attended several professional efficiency comprising of management & leadership and card payment business & operations management conducted by international card scheme such as Visa Business school, UnionPay International and MasterCard World Wide.

CHAN BORAMEY

Head of Marketing and Communication

Boramey joined AMK as Head of Marketing and Communications in 2021. With more than 10 years experience, Boramey has built her profession in various communications roles and industries including banking institutions, an oil & gas company, an advertising and event management company, a non-profit organization and media institutions. She holds degrees from many different countries with her Bachelor Degree in Media Management from RUPP in Cambodia, Diploma of Public Relations from LBUS in Romania, Post Graduate Diploma in Business Communications from Massey University in New Zealand and many other training programs in sales and management in Singapore and Vietnam.

LUY CHANDAWIN

Head of Commercial Deposit and Services

Dawin has more than 18 years of professional working experiences in sale & service with multinational logistic companies, first international mobile payment company in Cambodia and international commercial banks in charge both loan and deposit products for affluent customer segment. With the complexity of works and never ending customer demands she's been dealing with, have greatly enhanced her personal and professional communication skills to excel. Throughout the successful career path, she has joined with AMK in Jun 2021.

She holds BBA degree of Accounting from National University of Management and Professional English Communication from IFL.

SOTHEA PHAN

Head of Research Department

Sothea joined AMK as a Research Manager in September 2019. He was then promoted to Head of Research Department in 2021. Prior to AMK, he was an Account Lead for a global market research firm. He came to AMK with extensive experience in Market and Social Research. He has more than 10 years research experiences in Social/Development sector, and more than seven years experiences in market research across different industries including Banking, Insurance, Leasing, Digital Banking, Media, FMCG, Telecom, Insurance, Real-estate, and more. His area of expertise includes sale, market/ social research, big data analytics, statistical modeling, predictive modeling, scorecard modeling, consumer insight, customers experience, product testing, usage and attitude study, market size measurement, feasibility study, qualitative and quantitative methods, and experimental and quasi-experimental methods.

Sothea holds a Master Degree in Sustainable International Development focusing on Research and Data Analysis from Brandeis University, MA, USA under the World Bank Scholarship, 2014. In addition, he completed his Master Degree courses in Business Project Management from RULE Cambodia in collaboration with Lyong II, France in 2012. He gained his Bachelor Degree in Financial Accounting in 2006.

MANAGEMENT COMMITTEES

AMK sets up various committees at management level to handle and manage various aspects of the company operation according to the nature of its business and risk that AMK takes. Those committees are:

EXECUTIVE COMMITTEE (EXCO)

EXCO (chaired by the CEO and meets on a monthly basis) is responsible for ensuring that AMK operates efficiently. It oversees a wide range of topics including: strategy and execution, performance management, development of policies, and any other types of risk that emerge during AMK's strategy execution, including reputational risk.

MANAGEMENT ASSET AND LIABILITY COMMITTEE (MANAGEMENT ALCO)

Management ALCO's primary responsibility is to manage all on and off balance sheet positions and overall financial health of AMK. The committee ensures that interest rate, maturity, currency, liquidity and other financial risks inherent in the mismatches between the institution's assets and liabilities are properly reported, analyzed and managed. This allows for the continued and sustainable growth of AMK while managing associated risks.

IT COMMITTEE (ITC)

The Information Technology Committee (ITC) is responsible for providing guidance for managing overall technology system within AMK. Regularly review the IT operation, compliance and execution of IT strategy and project implementation. The priority of system development and investment must meet overall priorities of AMK' business and user requirement.

PRODUCT DEVELOPMENT COMMITTEE (PDC)

PDC ensure the financial products and services of the institution are well developed, meeting the clients' demand in the competitive market environment, minimizing possible risks involved, maximizing the cost efficiency in operations, and responding to its vision and mission of AMK. The responsibilities of the committee are to review and endorse overall short and long term product roadmap, new or enhanced product and service proposals, relevant product and service policies and procedures and strategies before tabling to Exco and BoD. In addition, the committee has to monitor the progress on the implementation and reinforcement of the project and regularly update on the status of every item of the project as well as all pending issues (issues that cannot be decided within working group), evaluate the success or failure of the pilot test and provide recommendations to official launch.

MANAGEMENT RISK COMMITTEE (MRC)

MRC's role is to monitor the implementation of the Company's overall enterprise risk management to achieve its strategic business plan. This includes operational risk, compliance management, and AML/CFT (Anti-Money Laundering and Counter Financing of Terrorism) related policies and procedures.

CREDIT RISK COMMITTEE (CRC)

CRC is responsible for monitoring and implementation of sound credit risk management within the framework of the company's overall risk appetite, including: compliance with credit policies, sound lending practices, and monitoring of portfolio quality.
The committee is also in charge of setting and monitoring portfolio exposure limit and portfolio quality (via clients portfolio, sector, or product, etc.), analyzing delinquency trend and reasons, and taking remedial actions if needed.

IT STRATEGY COMMITTEE (ITSC)

The purpose of the Information Technology Strategy Committee (ITSC) ensure technology strategy and plans align with supporting AMK strategies and that IT services and solutions align to agreed technology principles and standards.

THE BRANCH MANAGEMENT COMMITTEE (BMC)

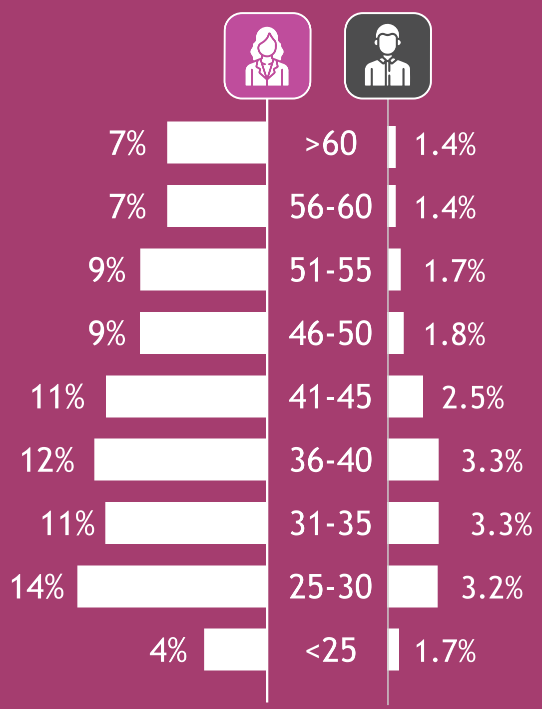
The Branch Management Committee (the "BMC") is formed to manage overall performance of all branches to ensure efficiency and effectiveness through promoting high standard customer service and performance-oriented practice. The BMC is also responsible in selecting potential area for new branch opening and express banking in order to be in line with AMK's business strategic direction.

LEARNING & DEVELOPMENT COMMITTEE (LDC)

The Learning and Development Committee (LDC) is responsible for providing strategic guidance for managing all training preparations within AMK. The LDC has the authority to make decisions on all areas related to training and capacity development program within AMK. The LDC shall make whatever recommendations to the Executive Committee it deems appropriate on any area within its remit where action or improvement is needed.

AMK'S CLIENTS

As of December 31, 2021, AMK has 396,239 active loan accounts – noticeably up from last year, despite the pandemic. AMK always commits to stay true to its mission in increasing financial access for women. In 2021, approximately 80% of its loan clients are female. The average loan size is around 2,470 USD per person for Individual Loan (ID), and around 830 USD for group loan. Clients are loyal to AMK, on average they stay with AMK at least 3 cycles (approximately 72% of AMK clients stay with AMK between 2 to 10 cycles). They are all from various age groups (18 to 70 years old). From one year to another, AMK is expanding its services to younger clients (e.g. below 40 years old), while also continue to take good care of our middle and older age group clients. We believe that the younger age group clients are the next generation of our older age group. As their parents grow older, this next generation is now growing to the stage where they need finance to improve their businesses or standard of living.



Source: List of loan 31 Dec 2021

RURAL	URBAN
Proportion of client: 95%	Proportion of client: 5%
ID: 28% Vs VB: 72%	ID: 42% Vs VB: 53%
Average loan cycle: 3	Average loan cycle: 3
Average age: 42 years old	Average age: 41 years old

Source: List of loan 31 Dec 2021

Social mission is core part of AMK as a company, AMK continues to maintain its outreach to poor households, so that they can access to financial service to improve their livelihood and well-being. In 2019, 39% of AMK clients were relatively poor. The figure was well above the national estimated poverty head count – 13%. This shows that AMK stays true to its social mission in helping the poor (AMK Cashflow, 2019).

The PPI surveys were temporarily suspended in 2020-21, and as a a reliable alternative, from 2020 AMK measures its depth of outreach using ID Poor cardholders. ID Poor is the Royal Government of Cambodia’s nationwide identification process for poor households.

This means that AMK uses ID Poor as an indicator to measure its reach to poor family. With this measure, approximately 6% of AMK clients are from poor household (holding ID Poor). Based on the Cambodia Socio-Economic Survey 2019/2020, approximately 10% of the household in Cambodia are from poor household (holding ID Poor). This is very similar to AMK’s national representative survey on Brand and Product Awareness in 2022, where we also tracked ID Poor family (~12% of Cambodian household are have ID Poor card). This illustrates that AMK covered a big proportion of poor household in 2021.

AMK'S CLIENTS STORY

"AMK Leasing: More than just a normal financial leasing company."

- Mr. Than, 32 years old, Tboung Khmum Province Motorcycle Lease Client

Solving clients' problems, and improving their businesses and standard of living have always been the main agendas of AMK. We believe that clients encounter different issues at different stage in life, and thus, need different solutions. With this in mind, AMK has made various financial products/services available to the market. AMK clients can access to (1) Loan, (2) Online loan, (3) Saving, (4) ATM/CDM, (5) Mobile Banking, (6) Micro insurance, (7) Leasing, and (8) Mobile Money Transfer through AMK Agent. Clients can choose whichever product/service that is viable to them or their situation. For example, Mr. Sorn Than, a 32 years old local casual labor worker who lives with his wife and kids in Tboung Khmum province chose to use AMK's leasing service to purchase a motorcycle in 2020. He is in fact, also a loan client.

Than came from poor household, and thus, has very limited or no access to formal financial products/ services with lower interest rate because he has no collateral. He was then introduced to AMK group loan, a product that allows most people the opportunity to access formal financial product without collateral. For the past six years, Than and his family have a pleasant experience with group loan. They have been using AMK loan to improve their living condition. In 2020, Than wish to purchase a motorcycle to travel to work as his old one was gone. He does not want to spend a whole lots of money to purchase a motorcycle because he wants to keep his money for other business purposes. He was introduced to AMK leasing product, and he thought it is a very good option for him.

"As my old motorcycle is too old, and could not be used anymore, I really need a new motorcycle to travel to work. However, I did not want to use up all the money I have saved just to purchase a motorcycle. I need to keep for any emergency or for businesses opportunity. I was introduced to AMK leasing product. It fits me very well because it does not require me to spend a lot of money to purchase upfront. I only need to spend small amount of security deposit, and meeting a few other conditions. Then I can pay little by little each month - around 70USD maximum." - Than.

With his new motorcycle, Than now can travel a bit more convenient to work as well as to other places with his family. He and his family really loves this motorcycle. For others, this might be a small thing, but this meant a lot to Than and his family. He took very good care of his motorcycle. Unfortunately, after sometime, he lost his motorcycle during the leasing period. After a very careful investigation from experts from AMK and authorities, it was confirmed that the motorcycle was stolen from his house at night. Despite AMK's team equipping the motorbike with a GPS, it unfortunately could not be found.

Than was very sad, and started to be very frustrated because he still owes AMK's money, while he might need to get new motorcycle. Luckily, under AMK leasing, the motorcycle was fully covered by insurance. In fact, Than's loss was fully covered by insurance for the value of his motorcycle plus the security deposit that he paid to AMK at the time he purchased motorcycle.

"When I knew that my motorcycle was stolen, I was very worried thinking about money to repay AMK, while no long have anything to travel to work anymore. I immediately contacted local authority and AMK staff. On that same day, AMK staff came to meet me at my house, and motivate me not to worry too much because the motorcycle was covered by insurance. Then staff explain to me everything I need to know. That makes be relieve, and focus on collaboration with local authority to investigate the case." - Than.

Than used to think that GPS, and insurance were not necessary, and he thought they should not be required. However, now he realized how important they were. More importantly, he acknowledged how helpful they are to him. Like in his case, without insurance it would put a lot of burden on his family. With all the trust and confidence he has on AMK, Than plans and in process of taking motorcycle leasing with AMK again.

"AMK Microinsurance: It is micro, but it is very beneficial to have."

- Ms. Sen Nhech, 55 years old, Tboung Khmum Province

Ms. Sen Nhech, 55 years old, is a single mother raising 3 children. Currently, she is one of AMK loan clients living in Thbong Khmum province. She has already been with AMK for 4 cycles. In addition to loan, she is also using AMK Microinsurance product. Nowadays, she is carrying out small business in her area to feed her three children. She earns approximately 20,000 riels to 30,000 riels per day. In addition, she is also raising cattle as another source of income. With this she earns around 3,000,000 riels to 7,000,000 riels per cycle. She is also a rice farmer, mainly for household consumption.

Before taking a loan with AMK, she was not able to expand or diversify her income source, and thus, depends solely on one source.

"As a single mom raising three kids with a single income source, it was very challenging for me. There are lots of expenses, and it limited me from saving as well as diversifying my income sources. It is even more challenging when any family member falls ill. Sometime we engaged with informal money lender with high interest rate." - Nhench.

Later on she was introduced to AMK group loan. She decided to engage with AMK, and took her first loan. She used that loan as working capital for her businesses. She had a good experience with her first loan, then she continues to take her subsequent loan.

"AMK has contributed a lot to my family's livelihood. Loan has helped me to create more sources income, have a bit better house, and I do not have much problem with working capital anymore."
- Nhench.

Besides loan, Nhench also use other product of AMK - Microinsurance (MI). She has purchase MI policy for four times already. In fact, after she bought her first policy, she used to think of stop buying because she felt that she did not get any benefit from MI. However, she was motivated by AMK staff, and she also thought that it is not a lot of money to purchase, so she keeps on buying. She mentioned that "After I bought my first policy, I used to think that it is useless because I did not get anything in return. But then, at one point I fell sick, and I received money (1,220,000 riels) from AMK MI to pay for my hospitalization fee. From that time onward I have never hesitated to purchase MI anymore. It also gives me some level of peace of mind. Without MI, I might end up getting money from loan shark again that time." She was also very satisfied with AMK staff the fact that they help process the claim much faster for her.

With all the good experience she has with AMK, she keeps on sharing this with her neighbor and friend. She also encourages them to try AMK MI.

SOCIAL PERFORMANCE MANAGEMENT FRAMEWORK

SOCIAL PERFORMANCE MANAGEMENT

AMK is committed to balancing financial and social work by trying to transform its mission into practice accompanying social value and overall acknowledgment. Social Performance Management is the process of transforming the mission of a microfinance institution to real practices. This means that AMK has indicated its hard work in creating social goals, designing monitoring mechanisms toward those goals, and making use of information that acquired to strengthen Institution performance. AMK social aim is established through combining AMK's mission and guideline principle, which produces five strong pillars such as Depth of outreach, Adequacy of products, Transparency and client protection, Responsibility to staff, and Changes effect.

SOCIAL PERFORMANCE MANAGEMENT FRAMEWORK

To achieve the balance between commercial and social purposes, AMK has established its Social Road Map as well as created specific and robust mechanisms to monitor and evaluate AMK's social performance by Social Performance Committee (SPC) through social performance management tool called Social Performance Management (SPM) Framework.

This Social Performance Management Framework is divided into two parts, one for management level and one for the Board level. It will be filled in by the SPC committee to send to the Board of Directors enclosing with the summarized reports of the SPC meeting.

1. At Management Level: AMK's Research department leads and monitors the implementation of SPM within AMK. The department conducts social and market research to understand the issues facing AMK's clients and staff. Research works in cooperation with various other departments within AMK to ensure that practical social performance standards and controls are in place and successfully executed.

2. At Board Level: Research results reported to management and the Social Performance Committee. The SPC then advises the Board of Directors on the results and discusses implications for business strategy. The purpose of doing this is to give the Board a balanced view of AMK's overall institutional performance so that governance decisions appropriately aligned with the institution's dual social and financial objectives.

The SPM framework reflects the structures of reports from the audit committee by practicing the evaluation system through a traffic light reporting system. This allows the SPC to effectively evaluate AMK's social performance and brings immediate attention to the issues of most concern. The SPC works alongside the Research department in improving and enhancing the evaluation methodologies. The Board of Directors can make use of this framework for AMK strategic development.

The Social Performance Management Framework is reported to the Board of Directors by the Chairman of the SPC committee, and the minute documentation during the SPC meeting is taken in as well.

	AMK- Social Performance Management Framework				
Period Evaluated: **1st Jan to 31st Dec 2021**	**Regular Monitoring**				
Information presented: **4th March 2022**	**Depth of Outreach**	**Adequacy of Product**	**Transperency & Client Protection**	**Responsibility to Staff**	**Change Effect**
Source of Information	• VB + ID • Benchmark: ID poor for 2021 since PPI is not available	• Retention% • Dormancy saving • Multiple laon • Exit/reject survey • Customer experience survey (multi products) • Service quality measurement 2021 • Brand awareness 2021	• Multiple laon • Loan utility • Borrower awareness • Mi client awareness • Saving Awareness • Client grievance	• Staff exit • Staff Satisfaction	
Indicators	• ID Poor • PPI - in Updating progress		• Multiple Loan Ratio • Loan Usgae by Client • Awareness Score over products and serive of Tracking issues	• Staff Tumover and explanations on Reasons for registration • Satisfaction • Reason why staff considering to resign from AMK	

YEAR OF Assessment: YYYY Social Performance Assessment - Summary		DEPTH OF OUTREACH	ADEQUACY OF PRODUCTS	TRANSPARENCY & CLIENT PROTECTION	RESPONSIBILITY TO STAFF	CHANGE EFFECT
Methodology, Process and Reports / Sources of Info	Are you satisfied with the accuracy of the methodology and process applied?					
	Is this result/finding in line with the mission?					
	Based on these findings, are there foreseeable issues in the future?					
	Is data or Information Missing:					
Issues to report	Issues to Report					
Any Other	Other:................					

This Social Performance Reporting Framework is an integral part of SPC meeting minutes.

KEY SOCIAL
PERFORMANCE FINDINGS

To measure its social mission, AMK both conducts social reearch studies and analyses internal data from its Management Information Systems on an ongoing basis to monitor key indicators of its social performance. Key findings from those researches and data analysis are illustrated in the Social Performance Framework Report. The report is discussed by the Social Performance Committee (SPC) and presented to the Board of Directors. This report analyzes the following four dimensions: Depth of Outreach, Adequacy of Products, Transparency and Client Protection, and Responsibility to Staff.

DEPTH OF OUTREACH

The analysis conducted by the Research Department to assess the poverty outreach helps AMK to gain greater insight about clients' characteristics. It also provides evidence to confirm if the company stays true to its social mission. AMK uses two primary methods to measure the poverty level of its clients, and those two methods are as follows:

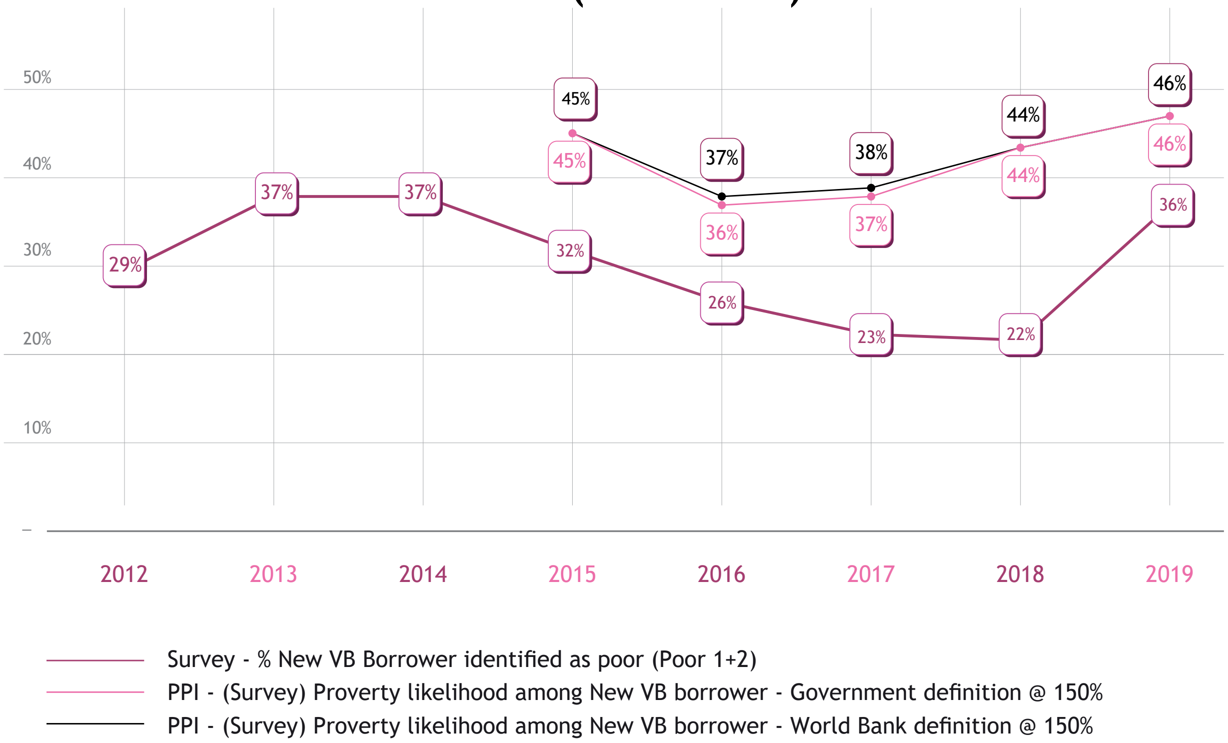
1. **ID Poor**[1] (Identification of Poor Households Program), a program developed by the Ministry of Planning (MOP), allows AMK to access information on household poverty levels across most regions in the country.
2. **Poverty Probability Index** (PPI[2]) is used to capture clients' poverty likelihood, and it helps measure the impacts of AMK's products and services on clients' poverty levels from time to time.

Before 2020, AMK used surveys to measure the depth of outreach. The surveys collected ID poor information from respondents and asked them PPI questions. However, in 2021, due to the restriction to fieldwork data collection caused by COVID-19 plus the fact that PPI was in the process of updating, AMK did not conduct that regular research. Regardless, for these past eight-year, AMK has been able to stay true to its social mission – 22% - 36% of its clients are from poor household, based on ID Poor, or between 36% - 46%, based on PPI Gov't@150.

[1] The IDPoor Program, established in 2006 within the Ministry of Planning, is part of the Royal Government of Cambodia's ongoing efforts to reduce poverty and support socio-economic development throughout the country. The Program provides regularly updated information on poor households to a large number of Government and non-governmental agencies to help them target services and assistance to the poorest and most vulnerable households. The IDPoor Program's main objectives are to reduce duplication of effort and resources by different institutions and organizations to identify their target groups for various poverty reduction interventions and to ensure that assistance is provided to those households who most need it. http://www.idpoor.gov.kh

[2] Poverty Probability Index (PPI®) is a poverty measurement tool for organizations and businesses with a mission to serve the poor. The PPI is statistically sound, yet simple to use: the answers to 10 questions about a household's characteristics and asset ownership scored to compute the likelihood that the household is living below the poverty line – or above by only a narrow margin. https://www.povertyindex.org/about-us

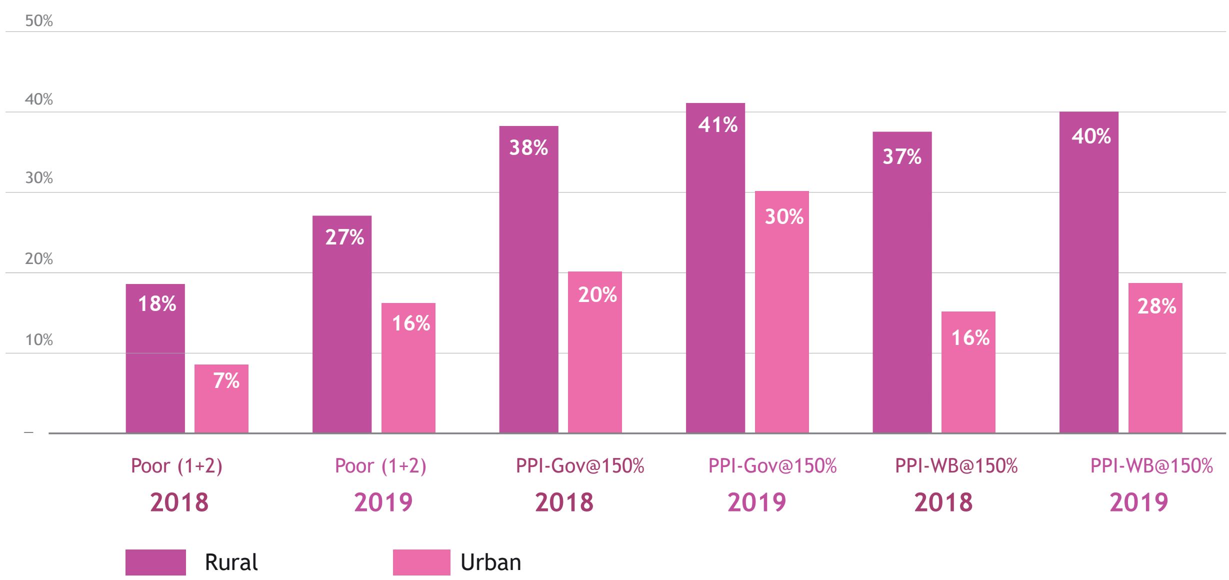
% OF POOR HHS WHO ARE NEW CLIENTS OF AMK: THE COMPARISION YEAR-BY-YEAR (2012-2019)



Note: Data for 2021 is not available in PPI calculation due to the fact that PPI is currently under revision process.

% OF POOR HHS COVERED BY AMK IN URBAN VS. RURAL AREA (2018-2019)

% of poor HHs covered by AMK in urban vs. rural area (2018-2019)



Note: Data for 2021 is not available in PPI calculation due to the fact that PPI is currently under revision process.

ADEQUATE PRODUCTS

Given the fast-changing clients' demand and need relating to financial products/services, AMK has put greater effort into innovating products/services that address clients' needs and preferences. AMK Research Department conducts a Customer Satisfaction Survey every year to understand clients' changing needs, preferences, and to see what they like and do not like about AMK. We also track Brand and Product Awareness, Exit, and Service Quality.

The survey, coupled with internal data analysis and customer trends, helps management to ensure clients remain satisfied with AMK products/services at all time, and that the products/services at AMK meet clients' need and demand. Although the interest cap could be a factor that impedes Financial Service Providers (FSPs) from lending small loan size to the rural poor, AMK still pursues its vision and mission to provide appropriate and viable products to all layers of clients in Cambodia based on their needs. AMK does so to make sure that everyone, especially poor households, has access to finance.

TRANSPARENCY AND CLIENT PROTECTION

In late 2016, AMK received the award of Client Protection Certification (CPP) from Smart Campaign, showcasing the efforts of all staff from field level to the top level. In 2018, AMK had its CPP Certificate recertified after an audit by an independent auditor. We continue to receive the "CPP" Certificate again in 2021. AMK practices a Code of Conduct to protect clients and serve them in a more transparent and accountable way. Research Department independently monitors the practice of all stakeholders to ensure that AMK treats clients fairly and equally.

AMK conducted Multiple Loan Client Study, employing both quantitative and qualitative methods to understand clients' behaviors on loan utilization and experience so that the strategy can be updated as needed to help clients get away from over-indebtedness. Besides, Loan Rejection Client Survey is also analyzed to reflect that AMK is committed to adequately study clients' repayment capacity to make sure that clients are not going to fall in debt trap due to over-indebtedness. Deposit Client Awareness, Loan Client Awareness, Saving Awareness, Micro-insurance Client Awareness are surveyed and analyzed to gauge their awareness level. The awareness data help AMK to develop a strategy to raise awareness among its clients on the products that they are using. AMK also puts in place suggestion boxes and a toll-free line that permits clients to raise their concerns or complaints.

RESPONSIBILITY TO STAFF

It is crucial to recruit and retain excellent staff to work for AMK, and this is always prioritized since employees are the most valuable assets for AMK. In early 2021, AMK received Best Employer Branding Award for Cambodia that recognizes its investment and care toward staff. We received it again in early 2022. AMK is highly aware of the importance of employees' satisfaction levels on the working environment, human resource policy, benefits provision, staff career development, and the root causes of staff exit. Human Resources Department and Research Department work together to constantly seek better solutions that lead to high staff satisfaction. In this regards, staff satisfaction and staff exit reports are produced every year for the management. Staff Satisfaction Report 2021 indicates the overall satisfaction score at 4 out of 5, which is similar to that of the previous years' satisfaction level.

ENVIRONMENTAL FOOTPRINT

AMK is committed to minimizing our environmental footprint and reducing our CO_2 emissions.

In 2021, AMK entered the inaugural Cambodian Energy Efficiency Competition,organized by Sevea and the Institute of Technology of Cambodia, Which has driven the implementation of a number of Energy-saving measures, including retrofitting lighting and airconditioning units, to improve efficiency and sustainability.

ENVIROMENTAL PERFORMANCE INDICATORS	2019	2020	2021
Energy			
Electricity in kWh/FTE	776.60	684.04	**647.67**
Motor Vehicle Diesel & Gasoline in L/FTE	29.69	22.58	**19.58**
Generator Diesel in L/FTE	7.53	3.36	**1.81**
Emissions of CO_2			
Electricity	1,284	1,200	**1,205**
Moto Vehicle Diesel	213	172	**158**
Generator Diesel	62	30	**17**
Water			
Water in m^3/FTE	15.42	13.53	**12.74**

PRODUCTS AND WORKING METHODOLOGY

AMK currently offers a range of financial products and services including different types of group and individual loans, deposits, money transfers, micro-insurance, payment and other digital banking products and services.

A- GROUP LOANS

Village Bank (VB) Loans have been introduced by adapting the methodology of the solidarity group lending. The method begins with potential clients self-selecting themselves into joint-liability groups of two to six members that are organized into Village Banks consisting of twenty groups or up to one hundred members. A Village Bank President (VBP) is appointed by AMK staff to serve as a representative of the Village Bank.

Clients are free to decide which product best suits them according to their income flow.

PRODUCT DESCRIPTION	END OF TERM - VILLAGE BANK	INSTALLMENT - VILLAGE BANK	CREDIT LINE - VILLAGE BANK
Target Clients	Group members with seasonal cash flow	Group members with regular cash flow	Group members with seasonal cash flow who have completed one cycle or 12 months
Currency	KHR & THB	KHR & THB	KHR & THB
Maximum Loan size	KHR 4,000,000 or equivalent currency		
Maximum Term	24 months		
Interest Rate Monthly	1.50%		
Repayment Condition	• Ballon	• Straight line amortization	• Credit Line • Flexible and multiple drawing amount during the loan contract • No unutilized fee

B- INDIVIDUAL LOANS

Individual Loans are designed for both new and existing clients with medium income The Individual Loan is available for both business and personal consumption purposes, depending on the client's needs. The client can choose one of the following products according to their cash flow pattern:

General Loan and Emergency Loan

PRODUCT DESCRIPTION	GENERAL LOAN	EMERGENCY LOAN
Target Clients	Individuals' customer who needs funds for consumption or business activities.	Individual or group clients in good standing who have completed at least 6 months with AMK. Client will get loan within 4-working hours from time of request.
Currency	KHR, THB and USD	KHR and THB
Maximum Loan Size (equivalent in USD)	USD 5,000	KHR 400,000 or equivalent currency
Maximum Term	Up to 60 months	10 months
Interest Rate (Monthly)	1.5%	1.5%
	Note: some fee charges will be applied.	No
Repayment Conditions	1-Annuity 2-Straight-line monthly amortization 3-Simi Balloon 4-Balloon 5-Credit-Line	Balloon

Affordable Housing Loan

PRODUCT DESCRIPTION	AFFORDABLE HOUSING LOAN
Target Clients	For customer who need fund for home improving, build or buy new house.
Currency	KHR & USD
Maximum Loan Size (equivalent in USD)	Up to 50,000 or equivalent currency
Maximum Term	Up to 120 months
Interest Rate (Monthly)	1.1% up to 1.5%
	Note: Some fee charges will be applied.
Repayment Conditions	1-Annuity 2-Straight-line amortization

Micro Small Medium Enterprise Loan

PRODUCT DESCRIPTION	MSME LOAN FOR INVESTMENT	MSME WORKING CAPITAL
Target Clients	individual customer who needs capital to expand their existing business operation or create new business.	individual customer who needs short term financing to support business operation.
Currency	KHR & USD	
Maximum Loan Size (equivalent in USD)	Up to USD20,000	
Maximum Term	Up to 72 months	12 months
Interest Rate (Monthly)	1.1% - 1.5% Note: some fee charge will be applied.	
Repayment Conditions	1-Annuity 2-Straight-line amortization 3-Semi Balloon	Balloon

Small Medium Enterprise Loan

PRODUCT DESCRIPTION	INVESTMENT LOAN	WORKING CAPITAL LOAD
Target Clients	for individual or entity (micro, small or medium enterprise) who needs capital to expand their existing business service or create new business.	for individual or entity (micro, small or medium enterprise) who needs short term financing to support business operation.
Currency	KHR & USD	
Maximum Loan Size (equivalent in USD)	Up to USD100,000	
Maximum Term	Up to 96 months	12 months
Interest Rate (Monthly)	1% - 1.3% Note: some fee charge may be applied.	
Repayment Conditions	1-Annuity 2-Straight-line amortization 3-Simi Balloon	Balloon Repayment

C- FINANCIAL LEASE

The aim of creating financial leasing service is to provide a better choice of leasing service to economically active customers who are in the demand on assets for personal consumption or/and business usage.

The products are specifically designed to meet the affordability of the target customers and in a competitive manner in the market. The design mainly offers customer a fair pricing methodology, convenience processing requirements, and suitable amount of leasing size. The detail specifications are in the following table.

PRODUCT ATTRIBUTE/ PRODUCT TYPE	MOTORCYCLE	TRICYCLE	AGRI-MACHINERY
Target Clients	Economically active personnel	Economically active personnel	Farmers/ Agri-business related personnel
Currency	USD	USD	USD
Maximum Loan size (equivalent in USD)	Up to USD 3,000	Up to USD 5,000	Up to USD 30,000
Maximum Term	Up to 36 months	Up to 36 months	Up to 48 months
Interest Rate (Monthly)	1.50%		1.1% up to 1.5%
	Note: some fees charges will be applied.		
Repayment Condition	Annuity	Annuity	Annuity/Semi-Balloon/ Straight-line amortization

D- VALUE CHAIN FINANCING

Value Chain Financing is created in order to offer financial package to customer within the life cycle of business capital requirement, key prioritized target customers for Value Chain Financing are those SMEs who are potentially need financial services, particularly loan and other value added services, to support their business operations.

There are different value chain financing models, which are customized from AMK's core loan products services, including working capital and investment SME loan, Revolving short-term loan, and Overdraft Facilities where provide customer a full flexible and convenience of financial solution.

PRODUCT DESCRIPTION	VALUE CHAIN FINANCING
Target Clients	This product is designed for any individual or any association, entity who needs a financial solution.
Currency	KHR & USD
Maximum Loan Size (equivalent in USD)	Up to USD300,000
Maximum Term	Up to 96 months
Interest Rate (Monthly)	0.875%-1.20%
Repayment Conditions	Flexible payment terms

E- OVERDRAFT FACILITY

Overdraft facility is a financial facility that enables our potential customer to withdraw money from saving account in AMK when they have shortage capital. AMK Overdraft Facility will keep customer business growing by getting extra cash to invest without worrying or required additional loan assessment.

PRODUCT DESCRIPTION	OVERDRAFT FACILITY
Target Clients	This product is designed for any individual or any association, entity who needs to reserve as working capital for daily business operation.
Currency	KHR, USD & THB
Maximum Loan Size (equivalent in USD)	Up to USD100,000
Maximum Term	Up to 12 months
Interest Rate (Monthly)	1% - 1.50%
Repayment Conditions	Flexible payment terms

F- DEPOSIT PRODUCTS

AMK has created a family of flexible deposit products to meet the savings needs of its customers. Currently, AMK offers deposit products such as. Easy Savings Account, Lucky Savings Account, Smart Kid account, Fixed Deposit Account and Future Account and Happy Old Age account that some of those products allowing to do daily transaction through channels including MB, ATM/CDM, AMK's office and Agent.

PRODUCT DESCRIPTION	EASY SAVINGS ACCOUNT	LUCKY SAVINGS ACCOUNT	FIXED TERM DEPOSIT	FUTURE ACCOUNT	SMART KID ACCOUNT	HAPPY OLD AGE ACCOUNT
Target Clients	Depositors who need the flexibility of deposits and withdrawals for day to day transactions	Depositors who need a better interest rate and the flexibility of deposits and withdrawals for day to day transactions	Depositors who wish to deposit for a specific period of time in order to gain a higher interest rate	Depositors who wish to make regular deposits over a period of time	Depositors who make regular deposits and wish to save for their child's future in specific term.	Depositors who make regular deposits and wish to save for their own future when retired from work or business.
Currency	KHR, THB, USD	KHR, THB, USD	KHR, THB, USD	KHR, THB, USD	KHR, USD	KHR, THB, USD
Minimum Balance	N/A	KHR 2,000,000	KHR 100,000	KHR 20,000	KHR40,000	KHR 10,000
Term	N/A	N/A	1 - 36 months	3 - 36 months	5-17 Years	60 months
Interest Rate (annually)	Up to 3.50%,	Up to 4.25%	Up to 8.50%	Up to 7.00%	3%	2%
Additional benefit	Free of charge for using ATM card.	Free of charge for using ATM card.			• Free of charge for using ATM card. • Receive a life insurance package on illness and accidents.	• Receive a life insurance package on accidents • Get 5% bonus on the savings amount.

G- MONEY TRANSFER

AMK offers money transfer service to its customer both local and international transfer service. With its simple documentation process, customers can easily transfer money to family members, relatives, business partners, and other beneficiaries through branch office, ATM and Agent wherever close to customer and via mobile banking application. Customer can send or receive from/to account or cash at any AMK's channels.

H- BAKONG AND FAST PAYMENT

Bakong is initiated by the National Bank of Cambodia (NBC) that allow all customers of banks and financial institutions, which are members of Bakong are able to scan and pay easily without using physical cash.Currently, Bakong transfer are free of charge.

AMK is also a member of "FAST Payment" service which initiated by National Bank of Cambodia where enables bank customers to transfer or receive funds to another MDI and commercial banks through its saving account in a safe, fast, efficient and reliable manner.

I- CAMBODIA SHARED SWITCH (CSS)

The Cambodian Shared Switch (CSS) is initiated by the National Bank of Cambodia (NBC) that allow all customers of banks and financial institutions, which are members of Cambodian Shared Switch (CSS), can make interbank transactions such as cash withdrawal, fund transfer, balance inquiry and mini statement through AMK's ATM or POS.

J- PAYMENT SERVICE

AMK provides the bill payment service to its customer in cash or between accounts throughout AMK's offices and Agent Channels across the country.

K- PAYROLL SERVICE

AMK offers the reliable and convenient corporate payroll service to its customer. This allows private companies and NGOs to facilitate payroll for their staff with more convenient. Moreover, employee also get a lot of benefit such as high interest rate, flexible and accessible to their money via AMK's offices MB AMK's ATM/CDMs and AMK's agent across Cambodia at no extra cost. Furthermore, they also enjoy great discounts with AMK's merchants nationwide by just presenting their ATM's card.

L- DIGITAL BANKING SERVICES

AMK has extra delivery channel since 2011 in purpose of serve our customer both in urban and rural area where customer wish to perform deposits, withdrawals, loan payment, money transfers or other banking transactions via AMK agent in nationwide. With this new channel, AMK can reach more target clients who may not already bank with a formal financial institution.

In addition to Agent's network, ATMs and CDMs also have been installed across Cambodia. The service includes Cash withdrawal, Fund transfer, Balance enquiry, Mini statement, PIN change, Cross currency withdrawal, and Cash deposit.

In Feb 2020, the AMK's mobile banking service was officially launched that allow customers performing transaction by themselves through Mobile Application running on Smart Phone or Device call AMK Mobile Banking Application.

M- MICRO-INSURANCE

AMK and Forte Insurance Company officially struck a deal for distributing the Micro-Insurance product in AMK's network. In 20201, 305,786 policies of micro-insurance on Health and Accident were offered to AMK's customer. Our customers can purchase the micro-insurance products at AMK office or at their village through our Client Officer.

We offer the following range of protection products to cover the financial needs of customers: Health and Accident: With a small premium of USD 7.5 per annum, our customer can purchase this product to protect themselves and their family member.

The increase in micro-insurance users prove that the AMK customers, especially those from the rural area have understood the micro-insurance coverage benefits for family protection and a financial issue to improve their living standards.

CAMBODIAN COMPETITIVE LANDSCAPE

The number of financial providers keep increasing from one year to another, and each one is working harder to bring new innovations to compete in the market. Based on the Cambodia Association for Microfinance (CMA) 2021, there were around 70 Microfinances, five Microfinance Deposit-taking Institutions in Cambodia, and six banks who are member of CMA. These institutions are also the key actors in driving the economy.

To make financial cost more affordable for Cambodian citizens as well as to minimize/prevent over-indebtedness, the National Bank of Cambodia (NBC) has released a circulation stating the annual interest rate cap to 18% in April 2017. This to a certain extent places challenges on many MDIs, MFIs, and Credit Operators in fitting its products and services to the need of the clients while also making sure that it complies with this regulation.

Despite the interest cap, loan portfolio continues to increase year-on-year. This might due to the increase in clients' demand as a result of lower interest rate. Furthermore, the credit quality of the five MDIs (CMA Report as of December 2021) is still at the controllable level. CMA Report 2021 also illustrated sector summary of its members as of 31 December 2021 as follows [includes only MDIs, MFIs, and RCIs who are CMA members]:

Total number of borrower
1,861,080

Loan portfolio
USD 7,648.39 millions

Total number of savers
2,589,607

Deposit balances
USD 4,136.34 millions

Note: These figures excluded Ly Hour (SBI Ly Hour Bank), Kredit (Phillip Bank), and Hattha Kaksekar (Hattha Bank).

The whole MFI sector growth trends for the past 14 years is outlined below:

Year[1]	Number of Borrowers	Loan Outstanding *(MillionUSD)*	Average Loan Size *(USD)*	Number of Depositors	Deposits *(Million USD)*	Average Deposit Size *(USD)*
2008	825,238	277.06	335.73	108,266	4.91	45.35
2009	878,559	299.30	340.67	126,099	9.70	76.96
2010	992,452	425.92	429.16	190,023	40.89	215.20
2011	1,151,340	644.64	559.91	280,538	114.61	408.52
2012	1,316,185	892.49	678.09	753,113	279.63	371.30
2013	1,565,526	1,325.20	846.49	899,829	444.98	442.00
2014	1,779,171	2,028.56	1,140.17	1,122,630	896.92	798.94
2015	2,022,235	2,951.72	1,459.63	1,418,732	1,317.82	928.87
2016	2,038,749	3,636.44	1,783.66	1,790,989	2,045.01	1,141.83
2017	1,849,246	4,256.51	2,301.75	1,955,575	1,999.01	1,022.21
2018	1,952,506	5,519.65	2,826.96	2,170,666	2,819.49	1,298.91
2019	2,249,650	7,341.41	3,263.35	2,809,218	3,781.00	1,345.92
2020	1,932,745	6,868.29	3,554.64	2,694,386	3,577.01	1,328.58
2021	1,861,080	7,648.39	4,109.65	2,589,607	4,136.34	1,597.28

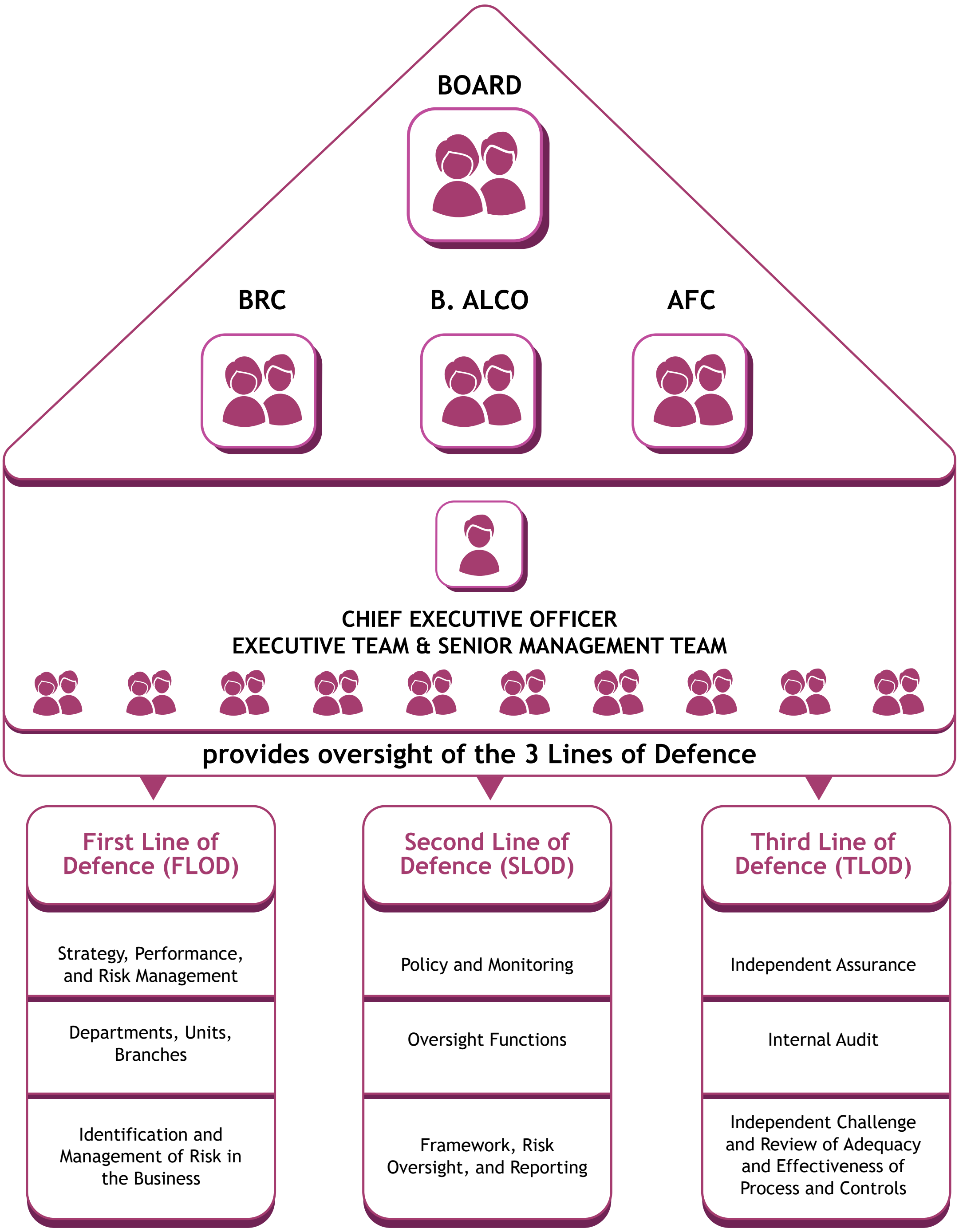
Source: NIX-Data from CMA (2008-2021)

[1] The figures in this table represent the information of only the Microfinance Institutions (MFIs), MDIs, and RCIs registered with CMA. The data in 2016 and before that includes SATHAPANA, but it is excluded from 2017 after SATHAPANA transformed itself to be a bank since 2016. Hatta Bank, SBI Ly Hour Bank, and Phillip Bank (Former Kredit) are excluded from the figure in 2020 presented here, and Worri Bank is excluded for 2021.

RISK MANAGEMENT

The pursuit of AMK's business strategy and operating model inherently carry risks; AMK, thus, recognizes that sound risk management is crucial to the success of its business activities.

In 2021, AMK continued to improve the risk awareness and risk culture through the implementation of the Enterprise Risk Management Framework (ERMF) across all business and enablement functions. The Framework is subject to constant evaluation to ensure that it meets the evolving challenges and requirements of the markets in which AMK operates, including regulatory standards and industry best practices. The Framework serves to continually disseminate a risk culture, defined by the 'tone from the top' approach, which aims to provide a coherent understanding of risk management across the institution. AMK's risk culture, which believes risk management is a responsibility shared by all AMK's staff, is embedded through the following risk governance structure[1]:



[1] BRC: Board Risk Committee, B.AlCO: Board Asset and Liabilities Committee, AFC: Audit and Finance Committee

Working closely with the support functions, the First Line of Defence is the front office that has a clear responsibility for risk in terms of identifying them and reporting on any changes in the risk profile of its respective business.

As the Second Line of Defense, Risk and Compliance Function has its responsibilities to develop, oversee, and report on risk frameworks. In addition, Risk Function is responsible for identifying portfolio risk and ensure that they are within approved limits. This function is also responsible in monitoring the reporting and portfolio, taking into account current and potential future developments of the business and evolving risk environment.

Finally, Internal Audit forms the Third Line of Defense as a completely independent check to ensure adherence to approved policies and procedures.

Amongst the risks identified in the overall ERMF, some are well-known to AMK; others are relatively newer due to changes in regulations, stakeholders' concerns, or the competitive landscape, all of which, whether old or emerging, are considered critical by AMK.

BOARD LEVEL	MANAGEMENT LEVEL	
BRC	Executive Committee (EXCO)	• Business Strategy Risk • Reputation Risk
BRC	Management Committee (MRC)	• Operational Risk • Legal • Compliance
BRC	Credit Risk Committee (CRC)	• Credit Risk • Portfolio Risk • Counterparty Risk
BRC	IT Committee (ITC)	• Technology Risk • Information Security • Disaster Recovery Plan
B. ALCO	Management Assetliabilty Committee (M.ALCO)	• Interest Rate Risk • Liquidity and Funding Risk • Foreign Exchange Risk • Balance Sheet Structuring • Capital Management
	Product Development Committee	• New Product, Service, Policy, and Process Development • Major/minor enhancement of the existing products,service, and process within AMK • Policy and Procedure development and enhancement

Within the defined KRI and policies set, AMK's Risk Management function continues to use the bottom-up approach to get the structured feedback for constant improvement of the system and process in place with the clear objective to ensure AMK's business is operating within an acceptable and well-mitigated risk level. The structured-loop-feedback consists of periodical reviews of each business risk register, risk incidents that happened internally and externally to AMK, and audit finding reports. As a result, the enhancement of many policies and procedures has been conducted across the AMK.

Looking forward to 2022, AMK's key focus in Risk Management are the followings:

- **Credit Risk:** The credit market in Cambodia is becoming more mature and highly competitive. Over-indebtedness and overheated credit growth are still among the concern in the Cambodian financial sector. Cambodia's economic outlook is poised to be challenged by Covid-19 and global economic still has not recovered to normal state , particularly tourism, textile, construction, and real estate sectors. In the meantime, AMK continues to serve rural people and Micro-Small & Medium Enterprises (MSME) while the latter is on the progressive rise. In addition, AMK also engages in value chain financing as an integral part to support local SMEs in getting access to finance. Therefore, the strengthening of the loan underwriting process and the application of forward-looking credit risk calculation/monitoring continue to be the most crucial part of AMK's credit risk management.

- **Operational Risk:** The key strategy in Operational Risk Management is Risk Management Uplift; the uplift plan aims to be held across functions, including Credit, Deposit, Channel Management, and Support Functions. The uplift's objective is to further enhance the effectiveness and efficiency of the existing vital controls to ensure that AMK's operations are well functioning.

- **Technology Risk and Information Security:** With the broadening and increasing distribution channels, this is becoming an essential emerging risk. AMK takes this threat seriously and has implemented a broad range of controls to identify and mitigate risk to its customers and business. Top emerging risks and incidents of 2021 have already fed a discussion within the executive team and led to a clear Information Technology (IT) / Management Information System (MIS) security enhancement.

- **Regulatory Development:** The evolving regulatory landscape requires continuous vigilance in tracking international and domestic regulatory developments to ensure that AMK stays on top of changes applicable to its business. New requirements are analyzed and disseminated to the respective action parties and, where applicable, embedded into the processes and systems.

- **Financial Risk:** In line with the National Bank of Cambodia Liquidity Risk Coverage Framework, Liquidity Risk Management continues to be the key focus amongst other financial risks. AMK's strategy is to ensure that both short and long term commitment is met, and AMK is well prepared for any potential changes. Liquidity management, liquidity stress testing exercise, and other scenario-based stress testing exercises are the aims of financial risk management.

TAX PAID REPORT FOR THE YEAR 2016 TO 2021

Units in $US	2016	2017	2018	2019	2020	2021
Annual Profit Tax	1,914,542	2,324,327	2,520,556	2,962,631	2,863,956	3,503,184
Tax on Salary & Benefits	578,869	461,883	808,848	699,146	697,412	928,837
Withholding Tax (Interest)	1,091,217	1,216,512	1,090,147	1,382,991	1,062,217	1,104,160
Withholding Tax (Other)	741,603	641,144	3,041,908	1,554,152	1,712,942	847,655
Other Indirect Taxes	61,617	69,857	64,460	65,750	109,225	140,716
Total Taxes Paid	**4,387,849**	**4,713,723**	**7,525,918**	**6,664,670**	**6,445,753**	**6,524,552**

FINANCIAL REPORT
& REPORT OF THE INDEPENDENT

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the "Directors") is pleased to present its report and the audited financial statements of AMK Microfinance Institution Plc. (the "Company") for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide loans, savings and other related financial services through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia.

FINANCIAL RESULTS

The financial performance of the Company for the year ended 31 December 2021 is set out in the statement of comprehensive income on page 9.

RESERVES AND PROVISIONS

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

DIVIDENDS

There was no dividend declared or paid during the year (2020: nil).

SHARE CAPITAL

The paid up capital of the Company as at:

	KHR'000	US$
31 December 2021	**181,974,950**	**44,667,391**
31 December 2020	159,174,950	39,351,038

BAD AND DOUBTFUL LOANS

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

ASSETS

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any assets, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributable to the assets in the financial statements of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Company which has arisen since the end of the year which secures the liabilities of any other person except as disclosed in the financial statements; and

(b) any contingent liability in respect of the Company that has arisen since the end of the year other than in the ordinary course of its business operations.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

EVENTS AFTER THE REPORTING DATE

No significant events occurred after the statement of financial position date requiring disclosures or adjustments other than those disclosed in the financial statements, if any.

THE BOARD OF DIRECTORS

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

Mr. JOHN CON-SING YUNG	Chairman (appointed Chairman on 16 May 2021)
Mr. TANMAY CHETAN	Director (resigned as Chairman on 16 May 2021)
Mr. KEA BORANN	Director
Mr. RU-HUNG WEI	Director
Mr. WEI-KUO YEN	Director
Ms. FANG-HUI HSIEH	Director
Mr. TIP JANVIBOL	Independent Director
Ms. HENG SEIDA	Independent Director
Ms. BLANDINE CLAUDIA MARIE PONS	Independent Director

DIRECTORS' INTERESTS

No directors held any interest in the equity of the Company. No arrangements existed to which the Company is a party with the object of enabling the directors to obtain an interest in the Company or in any corporate body.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of the share purchase option.

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

RESPONSIBILITIES OF THE DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the requirements of Cambodian International Financial Reporting Standards ("CIFRSs"), or, if there have been any departures in the interests of fair presentation, these have 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 Company will continue operations in the foreseeable future; and
- effectively control and direct the Company and is involved in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that the Company has complied with the above requirements in preparing the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS

The accompanying financial statements present fairly, in all material respects, the financial position of AMK Microfinance Institution Plc. as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Mr. John Con-Sing Yung
Chairman

Phnom Penh, Kingdom of Cambodia
Date: 30 March 2022

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AMK Microfinance Institution Plc.

OPINION

We have audited the financial statements of AMK Microfinance Institution Plc. (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 87.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

BASIS FOR OPINION

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the Report of the Board of Directors as set out on pages 1 to 4, but does not include the financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

For Deloitte (Cambodia) Co., Ltd.

Kimleng Khoy
Partner

Phnom Penh, Kingdom of Cambodia
Date: 30 March 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		31 December 2021		31 December 2020	
	Note	KHR'000	US$	KHR'000	US$
ASSETS					
Cash on hand	4	119,262,869	29,274,146	84,341,791	20,850,875
Balances with the NBC	5	241,983,989	59,397,150	200,436,299	49,551,619
Balances with other banks	6	59,637,718	14,638,615	57,888,034	14,311,010
Loans to customers	7	1,904,483,084	467,472,529	1,444,415,039	357,086,536
Property and equipment	8	14,132,065	3,468,843	15,340,193	3,792,384
Software	9	9,258,447	2,272,569	10,916,425	2,698,745
Right-of-use assets	10	29,024,705	7,124,375	22,952,396	5,674,264
Deferred tax assets	13	17,839,753	4,378,928	14,159,188	3,500,417
Other assets	11	16,687,037	4,095,984	13,728,161	3,393,859
TOTAL ASSETS		**2,412,309,667**	**592,123,139**	**1,864,177,526**	**460,859,709**
LIABILITIES AND EQUITY LIABILITIES					
Deposits from customers	12	1,025,276,142	251,663,265	848,157,548	209,680,482
Current tax liabilities	13	10,830,750	2,658,505	8,054,864	1,991,314
Lease liabilities	14	28,515,587	6,999,408	22,456,954	5,551,781
Borrowings	15	892,443,742	219,058,356	623,015,769	154,021,204
Subordinated debts	16	36,711,957	9,011,281	17,282,453	4,272,547
Provision for employee benefits obligations	18	21,409,513	5,255,158	16,033,903	3,963,882
Other liabilities	19	20,616,848	5,060,591	15,880,524	3,925,965
TOTAL LIABILITIES		**2,035,804,539**	**499,706,564**	**1,550,882,015**	**383,407,175**
EQUITY					
Share capital	20	181,974,950	44,667,391	159,174,950	39,351,038
Share premium	21	22,425,355	5,504,505	22,425,355	5,543,968
Reserve	22	96,011,603	23,566,913	23,372,788	5,778,192
Retained earnings		76,093,220	18,677,766	108,322,418	26,779,336
TOTAL EQUITY		**376,505,128**	**92,416,575**	**313,295,511**	**77,452,534**
TOTAL LIABILITIES AND EQUITY		**2,412,309,667**	**592,123,139**	**1,864,177,526**	**460,859,709**

The accompanying notes from pages 13 to 87 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021		Year ended 31 December 2020	
	Note	KHR'000	US$	KHR'000	US$
Interest income	23	341,987,315	84,067,678	297,896,608	73,067,601
Interest expense	24	(101,794,968)	(25,023,345)	(89,525,478)	(21,958,665)
Net interest income		**240,192,347**	**59,044,333**	**208,371,130**	**51,108,936**
Fee and commission expense	25	(17,410,351)	(4,279,831)	(13,979,172)	(3,428,789)
Other income	26	26,146,514	6,427,363	18,109,749	4,441,930
Total operating income		**248,928,510**	**61,191,865**	**212,501,707**	**52,122,077**
Grant income	27	741,547	182,288	811,433	199,027
Personnel expenses	28	(109,012,668)	(26,797,608)	(94,991,388)	(23,299,335)
Depreciation and amortisation	29	(16,601,899)	(4,081,096)	(16,366,819)	(4,014,427)
Other operating expenses	30	(41,289,315)	(10,149,782)	(37,389,861)	(9,170,925)
Net impairment loss on financial instruments	31	(31,186,596)	(7,666,322)	(25,387,708)	(6,227,056)
Profit before income tax		**51,579,579**	**12,679,345**	**39,177,364**	**9,609,361**
Income tax expense	13	(11,169,962)	(2,745,811)	(7,653,068)	(1,877,132)
Net profit for the year		**40,409,617**	**9,933,534**	**31,524,296**	**7,732,229**
Other comprehensive income: Items that will not reclassify to profit or loss Currency translation differences		-	(565,958)	-	573,995
		-	(565,958)	-	573,995
Total comprehensive income for the period		**40,409,617**	**9,367,576**	**31,524,296**	**8,306,224**
Profit attributable to owners of the Company		40,409,617	9,933,534	31,524,296	7,732,229
Total comprehensive income attributable to owners of the Company		40,409,617	9,367,576	31,524,296	8,306,224

The accompanying notes from pages 13 to 87 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium	Reserves	Retained earnings	Total	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	US$
Year ended 31 December 2021						
Balance as at 1 January 2021	159,174,950	22,425,355	23,372,788	108,322,418	313,295,511	77,452,534
Net profit for the year	-	-	-	40,409,617	40,409,617	9,933,534
Issuance of new share capital	22,800,000	-	-	-	22,800,000	5,596,465
Transfer to reserves	-	-	72,638,815	(72,638,815)	-	-
Currency translation difference	-	-	-	-	-	(565,958)
Balance as at 31 December 2021	**181,974,950**	**22,425,355**	**96,011,603**	**76,093,220**	**376,505,128**	**92,416,575**
US$ equivalent	**44,667,391**	**5,504,505**	**23,566,913**	**18,677,766**	**92,416,575**	
Year ended 31 December 2020						
Balance as at 1 January 2020	159,174,950	22,425,355	27,398,999	72,771,911	281,771,215	69,146,310
Net profit for the year	-	-	-	31,524,296	31,524,296	7,732,229
Transfer from reserves	-	-	(4,026,211)	4,026,211	-	-
Currency translation difference	-	-	-	-	-	573,995
Balance as at 31 December 2020	**159,174,950**	**22,425,355**	**23,372,788**	**108,322,418**	**313,295,511**	**77,452,534**
US$ equivalent	**39,351,038**	**5,543,968**	**5,778,192**	**26,779,336**	**77,452,534**	

The accompanying notes from pages 13 to 87 form an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021		Year ended 31 December 2020	
	Note	KHR'000	US$	KHR'000	US$
Cash flows from operating activities					
Profit before income tax		51,579,579	12,679,345	39,177,364	9,609,361
Adjustments for:					
Depreciation and amortisation	29	16,601,899	4,081,096	16,366,819	4,014,427
Net impairment loss on financial instruments	31	31,186,596	7,666,322	25,387,708	6,227,056
Increase in provisions for employee benefit obligations		4,244,440	1,043,373	4,195,280	1,029,012
Net (gain)/loss from other financial instruments at FVTPL		(100,813)	(24,782)	289,239	70,944
Loss on disposal of property and equipment		63,140	15,521	85,556	20,984
Loss on disposal of software		-	-	27,899	6,844
Gain on disposal of property and equipment		(690,370)	(169,707)	(419,540)	(102,904)
Foreign exchange difference on borrowings		(3,476,272)	(854,541)	(1,878,915)	(460,857)
Interest income	23	(341,987,315)	(84,067,678)	(297,896,608)	(73,067,601)
Interest expense	24	101,794,968	25,023,345	89,525,478	21,958,665
		(140,784,148)	(34,607,706)	(125,139,720)	(30,694,069)
Changes in working capital:					
Balances with the NBC		29,483,614	7,247,693	79,148,135	19,413,327
Balances pledged as security with other banks		(32,737,001)	(8,047,444)	(20,224,999)	(4,960,755)
Loans to customers		(493,387,805)	(121,285,104)	(185,196,441)	(45,424,685)
Other assets		(4,283,307)	(1,052,927)	(253,543)	(62,189)
Deposits from customers		175,293,553	43,090,844	101,484,618	24,891,984
Other liabilities		4,837,137	1,189,070	(228,205)	(55,974)
Cash used in operations		(461,577,957)	(113,465,574)	(150,410,155)	(36,892,361)
Interest received		345,035,664	84,817,027	305,239,749	74,868,715
Interest paid		(101,455,349)	(24,939,860)	(91,877,075)	(22,535,461)
Income tax paid	13	(12,074,641)	(2,968,201)	(12,408,252)	(3,043,476)
Net cash (used in)/ generated from operating activities		**(230,072,283)**	**(56,556,608)**	**50,544,267**	**12,397,417**

	Note	Year ended 31 December 2021 KHR'000	Year ended 31 December 2021 US$	Year ended 31 December 2020 KHR'000	Year ended 31 December 2020 US$
Cash flows from operating activities					
Purchases of property and equipment	8	(5,746,748)	(1,410,591)	(4,942,556)	(1,212,302)
Purchases of software	9	(1,621,915)	(398,114)	(1,748,736)	(428,927)
Proceeds from disposal of property and equipment		2,172,806	533,335	2,737,073	676,656
Net cash used in investing activities		**(5,195,857)**	**(1,275,370)**	**(3,954,220)**	**(977,557)**
Cash flows from financing activities					
Proceeds from borrowings		559,917,824	137,436,874	342,378,461	84,642,388
Repayments of borrowings		(284,561,080	(69,848,080)	(315,160,969)	(77,913,713)
Proceeds from subordinated debt		28,518,000	7,000,000	-	-
Repayments of subordinated debts		(8,924,400)	(2,190,574)	(8,895,400)	(2,181,849)
Payments of leases	10	(7,926,382)	(1,945,602)	(8,991,673)	(2,205,463)
Proceed from issuance of new share capital		22,800,000	5,596,465	-	-
Net cash generated from financing activities		**309,823,962**	**76,049,083**	**9,330,419**	**2,306,655**
Net increase in cash and cash equivalents		**74,555,822**	**18,217,105**	**55,920,466**	**13,774,207**
Cash and cash equivalents at the beginning of the year		198,604,032	49,098,648	142,683,566	35,014,372
Currency translation differences		-	(266,206)	-	310,069
Cash and cash equivalents at the end of the year	**32**	**273,159,854**	**67,049,547**	**198,604,032**	**49,098,648**

The accompanying notes from pages 13 to 87 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. REPORTING ENTITY

AMK Microfinance Institution Plc. (the "Company") is a licensed micro-finance institution ("MFI") incorporated and registered in the Kingdom of Cambodia.

The Company was initially established in 1999 as Thanakea Ponleu Thmey ("TPT") Programme by Concern Worldwide Cambodia ("CWC"). All assets, liabilities and accumulated donations of TPT were transferred to the Company on 1 July 2003 against the issue of shares. The Company commenced to trade on the date of the asset transfer. On 29 January 2010, the Company obtained a Microfinance Deposit-Taking Institution ("MDI") license from the National Bank of Cambodia ("NBC") to conduct deposit-taking business. On 7 July 2014, the Ministry of Commerce approved the change in business name of the Company from Angkor Mikroheranhvatho (Kampuchea) Co., Ltd. to AMK Microfinance Institution Plc.

The registered office of the Company is currently located at #285, Yothapol Khemarak Phoumin Blvd. (St. 271), Sangkat Tomnub Teuk, Khan Boeng Keng Kang, Phnom Penh, Kingdom of Cambodia. The Company operates its business in 150 offices (2020: 149 Offices).

The principal activity of the Company is to provide loans, savings and other related financial services through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia.

The financial statements were authorised for issue by the Board of Directors on 30 March 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of accounting

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Basis of aggregation

The financial statements include the financial statements of the head office and its branches after the elimination of all significant inter-branch balances and transactions.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). Management has determined the Khmer Riel ("KHR") to be the Company's functional currency owing to the significant influence of the KHR on its operations. The financial statements are presented in KHR, which is the Company's functional and presentation currency.

(ii) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

(iii) Presentation in United States Dollar ("US$")

For shareholder reporting purpose, the financial statements are presented in US$. Assets and liabilities for each statement of financial position presented are translated at the closing rate ruling at each reporting date whereas income and expense items for each statement of comprehensive income and cash flow items presented are translated at the average rate for the year then ended. All resulting exchange differences are recognised in other comprehensive income.

The financial statements presented in US$ are based on the following applicable exchange rates per US$1:

	31 Dec 2021	31 Dec 2020
Closing rate	4,074	4,045
Average rate	4,068	4,077

The financial statements expressed in US$ are unaudited and should not be construed as representation that the KHR amounts have been, could have been, or could in the future be, converted into US$ at this or any other exchange rate.

2.5 Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand Khmer Riel ("KHR'000") and dollar for KHR and US$ amounts, respectively.

2.6 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i). Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The

Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models at each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which CIFRS 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of CIFRS 9.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with CIFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

b. Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" line item;

c. Impairment of financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- loans to customers; and
- balances with other banks.

No impairment loss is required for equity investments measured at FVTOCI.

With the exception of purchased or originated credit-impaired (POCI) financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. portion of lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided below in this note.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate ("EIR").

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due equal to or more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

This definition of default is used by the Company for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired. Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

Significant increase in credit risk

The Company monitors all financial assets and issued loan commitments that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets and issued loan commitments that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the industries in which the Company's counterparties operate, obtained from credit rating bureaus, governmental bodies, and other similar organisations, as well as internally generated information of customer payment behaviour. The Company allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Company uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Company still considers separately some qualitative factors to assess if credit risk has increased significantly.

Given that a significant increase in credit risk since initial recognition is a relative measure, a change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit-impairment, the assets are at stage 3 of the impairment model.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains, which will be presented in 'other income' in the statement of profit or loss.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

ii. Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method. For all financial liabilities, the amount presented on the statement of financial position represent all amounts payable including interest element.

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "net interest income" in Note 2.16.

iii. Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.7 Regulatory reserves

The National Bank of Cambodia ("NBC") issued the Prakas No. B7-017-344, dated on 1 December 2017, on Credit Risk Grading and Impairment Provisioning, and Circular No. B7-018-001, dated 16 February 2018 on the Implementation of Prakas on Credit Risk Grading and Impairment Provisioning, which requires banks and financial institutions to provide impairment provisioning for short-term and long-term facilities as follows:

Classification	Number of past due days		Allowance
	Short-term *(one year or less)*	Long-term *(more than one year)*	
General allowance:			
Normal	**14 days or less**	**Less than 30 days**	**1%**
Specific allowance:			
Special mention	15 days - 30 days	30 days - 89 days	3%
Substandard	31 days - 60 days	90 days - 179 days	20%
Doubtful	61 days - 90 days	180 days - 359 days	50%
Loss	91 days or more	360 days or more	100%

Facilities under this Prakas is defined as all loans and other financial products, whether reported on the statement of financial position or off-the statement of financial position, provided by the Company to a counterparty, which give rise to credit risk exposure on the Company.

The Company calculates the impairment loss allowance for credit facilities in accordance with the regulatory provision simultaneously with the calculation in accordance with the CIFRSs. The impairment loss allowance calculated in accordance with CIFRSs is to be recognised and recorded in profit or loss and statement of financial position. When the impairment loss allowance calculated in accordance with regulatory provision is higher than that calculated under the CIFRSs, the excess amount is transferred from retained earnings to regulatory reserves as disclosed in Note 22.

Reversal of regulatory reserves

When the impairment loss allowance calculated in accordance with regulatory provision is subsequently less than that calculated under the CIFRSs, the regulatory reserve is reversed at the amount that does not exceed the amount that would have been determined had no regulatory reserve been recognised in prior years.

2.8 Derivatives held for risk management

Derivatives held for risk management include all derivative assets and liabilities that are not classified as trading assets or liabilities and are not designated in a qualifying hedge relationship.

Derivatives held for risk management are measured at fair value in the statement of financial position at initial recognition. All changes in its fair value are recognised immediately in profit or loss as a component of foreign exchange gain/loss under 'Other income'.

2.9 Leases

(a) The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets, motorbikes, and small items of office furniture). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under CIAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful lives of the underlying assets. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies CIAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.12.

As a practical expedient, CIFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of a property and equipment item comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Where an item of property and equipment comprises major components having different estimated useful lives, the components are accounted for as separate items of property and equipment.

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

Gain or loss arising from the retirement or disposal of an item of property and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and is recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows

Leasehold improvements	4 years or earlier of lease terms
Motor vehicles	8 years
Motorcycles	5 years
Computer and office equipment	3 to 4 years

Construction in progress is not depreciated until such time as the relevant assets are completed and when it is available for use.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. If there is any indication that there has been a significant change in rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

2.11 Software

Software is stated at cost less accumulated amortisation and accumulated impairment losses, if any. It is amortised on a straight-line basis at the rate of 20% per annum. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of software, the amortisation is revised prospectively to reflect the new expectations.

Work in progress is not depreciated until such time as the relevant assets are completed and when it is available for use.

2.12 Impairment of property and equipment, software and right-of-use assets

At each reporting date, the Company reviews the carrying amounts of its property and equipment, software and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.13 Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

2.14 Provisions

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

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Employee benefits

Provision for staff pension fund

The Company provides its employees with benefits under the staff pension fund policy. Employees who complete three months of service with the Company have to participate in the staff pension fund scheme. The fund is sourced from the following:

Employees contribute 3% of their monthly salary, and the Company contributes 6% for employees who are working less than or equal to three years, and 7% for employees working in the Company for over three years. The Company's contribution is charged to the profit or loss on accrual basis.

The Company contributes interest on the cumulative balance of the staff pension fund in line with the market rates the Company provides to depositors. This interest is charged to the profit or loss on accrual basis.

The staff pension fund will be paid to employees (who have contributed to the fund) upon their retirement, resignation or termination of employment. The employee's contribution and interest are paid in full accordingly. Those who have been terminated due to serious misconduct are only entitled to their contribution plus interest, regardless of how long they have been employed by the Company.

Seniority payment

The Minister of Labour and Vocational Training (MoLVT) issued a Prakas No. 443 on Seniority Payment dated 21 September 2018 and Directive No. 042/19 on the Back Pay of Seniority Payment Before 2019 for the Enterprise and Institution Beside Textile, Garment and Footwear Sector dated 22 March 2019, requiring the Company to pay past seniority payment to employees with undetermined duration contract. All employees who have been working before 1 January 2019 and continue to work are entitled to a payment of six (6) days of their average wages of each year of service, totalling not exceeding 6 months, and shall be paid every year starting December 2021 as follows:

- 3 days shall be made in June; and
- 3 days shall be made in December of each year.

Employees are not entitled to the remaining past seniority payment upon resignation or termination due to serious misconduct.

The past seniority payment benefit is measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to 31 December 2018. This benefit was recognised in full during the year 2018.

This Prakas also requires the Company to pay its employees the seniority for the employment service from 2019 amounting to 15 days per annum of their wages and other benefits, 7.5 days of which shall be paid in June and in December of each year. This seniority was recognised during the employees' periods of service on accrual basis.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period

2.16 Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognised in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any ECL allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

2.17 Other income and expense

Other income and expense include fees other than those that are an integral part of EIR (see above). The fees included in this part of the Company's statement of profit or loss include a diverse range of services it provides to its customers such as fees charged for servicing a loan.

Fee and commission expenses with regards to services are accounted for as the services are received.

2.18 Grant income

Grants received from third parties to subsidise the Company's operating expenses are released to the statement of profit or loss on a systematic and rational basis, matching the related costs which they are intended to compensate.

Grants received from third parties for the purchase of property and equipment are amortised to the statement of profit or loss on a systematic and rational basis over the useful life of the assets. The unamortised grants are shown as deferred grant income.

2.19 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting 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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Functional currency

Based on the economic substance of underlying circumstances relevant to the Company, Management determines the functional currency of the Company to be the KHR. The KHR is the currency of the primary economic environment in which the Company operates and it is the currency that mainly influences the loans to customers and interest income.

(ii) Significant influence over its associate, Forte Life Assurance (Cambodia) Plc.

Forte Life Assurance (Cambodia) Plc. is an associate of the Company although the Company only owns a 5.7% ownership interest in Forte Life Assurance (Cambodia) Plc. (Note 11). The Company has significant influence over Forte Life Assurance (Cambodia) Plc. by virtue of its contractual right to appoint two out of six directors to the board of directors of that company.

(iii) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(iv) Significant increase in credit risk

As explained in Note 2, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. CIFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

(v) Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

(vi) Models and assumptions used

The Company uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

3.2 Key sources of estimation uncertainty

(i) Calculation of loss allowance

When measuring expected credit losses, the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
Loss given default is an estimate of the loss arising on default. It is based on the difference between the

contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(ii) Covid-19 related uncertainty

COVID-19 is a respiratory illness caused by the novel coronavirus and was declared a global pandemic by the World Health Organisation on 11 March 2020. The infection, spread and global efforts to restrain transmission of COVID-19 have led to significant impact on the global business environment, the Cambodian economy, and the Company's borrowers and operations. As a result of the heightened uncertainty associated with the unprecedented nature of the Covid-19 pandemic, developing reliable estimates and applying judgment has become even more challenging. Accounting for expected credit losses (ECL) has become particularly difficult in the current circumstances and requires significant judgment. The ECL model is forward-looking and is based on a probability-weighted approach. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions. During this period of greater economic uncertainty, it is very difficult to forecast future events and the macroeconomic inputs used in ECL modelling. Determining macroeconomic scenarios and assigning probabilities to these scenarios requires significant judgment. Consideration is given both to the effects of Covid-19 and the significant government support measures. As a result of Covid-19 and the recent economic downturn, significant measurement uncertainty exists in determining ECLs, and measurement is subject to significant judgment.

(iii) Taxation

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to interpretation. Taxes are subject to review and investigation by a number of authorities, which are empowered by law to impose fines, penalties and interest charges.

These factors may create potential tax exposures for the Company. Directors believe that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of the current tax legislation. However, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. CASH ON HAND

	31 December 2021		31 December 2020	
	KHR'000	US$	KHR'000	US$
Khmer Riel ("KHR")	46,922,266	11,517,493	35,082,261	8,672,994
US Dollars ("US$")	56,770,351	13,934,794	38,420,150	9,498,183
Thai Baht ("THB")	15,570,252	3,821,859	10,839,380	2,679,698
	119,262,869	**29,274,146**	**84,341,791**	**20,850,875**

5. BALANCES WITH THE NBC

	31 December 2021		31 December 2020	
	KHR'000	US$	KHR'000	US$
Current accounts	147,200,938	36,131,797	76,160,280	18,828,252
Capital guarantee (i)	18,197,495	4,466,739	15,917,495	3,935,104
Negotiable Certificate of Deposit (NCD) (ii)	609,317	149,562	45,313,021	11,202,230
Reserve requirement (iii)	75,976,239	18,649,052	63,045,503	15,586,033
	241,983,989	**59,397,150**	**200,436,299**	**49,551,619**

(i). Under NBC Prakas No. B7-07-163 on Licensing of Microfinance Deposit Taking Institutions dated 13 December 2007, the Company is required to maintain a capital guarantee deposit equivalent to 10% of registered capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia.

The statutory deposit on registered capital placed with the NBC earns interest at the rate of 3% (2020: 3%) per annum.

(ii). The NCD amounting to KHR200 million is used as collateral against the overdraft facility with the NBC in connection with the Fast and Secure Transfer ("FAST") service. The FAST service provides instant Riel-denominated fund transfers between banking institutions. The overdraft line as at 31 December 2021 is unutilised. In 2020, NCD amounting KHR45.10 billion were used as collateral (for currency hedge purpose) against the borrowing from the NBC.

The above NCD earned interest ranging from 0.16% to 1.95% per annum (2020: 0.07% to 1.95% per annum).

(iii). The reserve requirement represents the minimum reserve requirement which is calculated at 8% of the total deposits from customers as required by NBC Prakas B7-07-163 on Licensing of MDIs. The reserve requirement fluctuates depending on the level of deposits from customers and does not earn interest.

No impairment loss allowance is created against the balance with the NBC as management determines that the credit risk on these facilities are minimal.

6. BALANCES WITH OTHER BANKS

	31 December 2021		31 December 2020	
	KHR'000	US$	KHR'000	US$
Current accounts	5,000,550	1,227,430	29,323,633	7,249,353
Saving accounts	1,695,497	416,175	8,778,328	2,170,168
Fixed deposits	53,025,342	13,015,548	20,294,903	5,017,281
	59,721,389	14,659,153	58,396,864	14,436,802
Less: impairment loss allowance	(83,671)	(20,538)	(508,830)	(125,792)
Balance with other banks, net	**59,637,718**	**14,638,615**	**57,888,034**	**14,311,010**

The current accounts earn 0.0% to 1.0% interest per annum (2020: 0.0% to 1.0%). Savings accounts earn annual interest at 0.1% - 1.5% (2020: 0.1% - 1.5%). The fixed deposit earns 5.0%-5.5% interest per annum (2020: 5.5%) and is held as security against secured borrowings (Note 15).

7. LOANS TO CUSTOMERS

	31 December 2021		31 December 2020	
	KHR'000	KHR'000	KHR'000	KHR'000
Loans to customers at amortised costs	1,962,963,251	481,827,013	1,480,960,650	366,121,298
Less: impairment loss allowance	(58,480,167)	(14,354,484)	(36,545,611)	(9,034,762)
Loans to customers, net	**1,904,483,084**	**467,472,529**	**1,444,415,039**	**357,086,536**

Loans to customers at amortised cost

	31 December 2021			31 December 2020		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Village bank loans	708,134,962	27,751,769	680,383,193	695,147,797	16,827,469	678,320,328
Individual loans	707,874,269	21,509,178	686,365,091	545,659,866	15,943,682	529,716,184
SME and other loans	546,954,020	9,219,220	537,734,800	240,152,987	3,774,460	236,378,527
	1,962,963,251	58,480,167	1,904,483,084	1,480,960,650	36,545,611	1,444,415,039
In US$ equivalent	481,827,013	14,354,484	467,472,529	366,121,298	9,034,762	357,086,536

8. PROPERTY AND EQUIPMENT

	Leasehold improvment	Motor Vehicles	Motorcycles	Computer and Office equipment	Constrution in progress	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Cost						
At 1 January 2021	4,126,047	5,122,127	10,839,459	25,683,594	448,661	46,219,888
Additions	604,500	280,285	-	2,911,602	1,950,361	5,746,748
Disposals	(296,236)	(847,876)	(4,958,223)	(1,284,097)	-	(7,386,432)
Transfers	260,459	1,196,142	-	740,906	(2,197,507)	-
At 31 December 2021	4,694,770	5,750,678	5,881,236	28,052,005	201,515	44,580,204
Accumulated depreciation						
At 1 January 2021	3,713,119	2,691,349	5,567,287	18,907,940	-	30,879,695
Depreciation	344,586	372,719	1,026,476	3,665,519	-	5,409,300
Disposals	(294,238)	(678,298)	(3,603,574)	(1,264,746)	-	(5,840,856)
At 31 December 2021	3,763,467	2,385,770	2,990,189	21,308,713	-	30,448,139
Carrying amounts						
At 1 January 2021	412,928	2,430,778	5,272,172	6,775,654	448,661	15,340,193
At 31 December 2021	931,303	3,364,908	2,891,047	6,743,292	201,515	14,132,065
Carrying amounts in US$						
At 1 January 2021	102,084	600,934	1,303,380	1,675,069	110,917	3,792,384
At 31 December 2021	228,597	825,947	709,634	1,655,201	49,464	3,468,843

	Leasehold improvement	Motor Vehicles	Motorcycles	Computer and office equipment	Construction in progress	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Cost						
At 1 January 2020	4,213,221	5,000,707	17,719,584	24,265,462	38,845	51,237,819
Additions	13,062	610,500	484,064	2,109,149	1,725,781	4,942,556
Disposals	(190,831)	(489,080)	(7,364,189)	(1,916,387)	-	(9,960,487)
Transfers	90,595	-	-	1,225,370	(1,315,965)	-
At 31 December 2020	**4,126,047**	**5,122,127**	**10,839,459**	**25,683,594**	**448,661**	**46,219,888**
Accumulated depreciation						
At 1 January 2020	3,527,863	2,731,495	9,078,205	17,280,897	-	32,618,460
Depreciation	373,856	351,118	1,558,162	3,535,498	-	5,818,634
Disposals	(188,600)	(391,264)	(5,069,080)	(1,908,455)	-	(7,557,399)
At 31 December 2020	**3,713,119**	**2,691,349**	**5,567,287**	**18,907,940**	**-**	**30,879,695**
Carrying amounts						
At 1 January 2020	685,358	2,269,212	8,641,379	6,984,565	38,845	18,619,359
At 31 December 2020	**412,928**	**2,430,778**	**5,272,172**	**6,775,654**	**448,661**	**15,340,193**
Carrying amounts in US$						
At 1 January 2020	168,186	556,862	2,120,584	1,714,004	9,532	4,569,168
At 31 December 2020	**102,084**	**600,934**	**1,303,380**	**1,675,069**	**110,917**	**3,792,384**

9. SOFTWARE

	Software and licenses	Work in progress	Total
	KHR'000	KHR'000	KHR'000
Cost			
At 1 January 2021	15,057,371	2,490,102	17,547,473
Additions	116,795	1,505,120	1,621,915
Disposal	(285,744)	-	(285,744)
Transfers	3,269,573	(3,269,573)	-
At 31 December 2021	**18,157,995**	**725,649**	**18,883,644**
Accumulated amortisation			
At 1 January 2021	6,631,048	-	6,631,048
Amortisation	3,279,893	-	3,279,893
Disposal/Write-off	(285,744)	-	(285,744)
At 31 December 2021	**9,625,197**	**-**	**9,625,197**
Carrying amounts			
At 1 January 2021	8,426,323	2,490,102	10,916,425
At 31 December 2021	**8,532,798**	**725,649**	**9,258,447**
Carrying amounts in US$			
At 1 January 2021	2,083,145	615,600	2,698,745
At 31 December 2021	**2,094,453**	**178,117**	**2,272,569**

	Software and licenses	Work in progress	Total
	KHR'000	KHR'000	KHR'000
Cost			
At 1 January 2020	14,541,460	1,285,649	15,827,109
Additions	219,598	1,529,138	1,748,736
Disposal	(28,372)	-	(28,372)
Transfers	324,685	(324,685)	-
At 31 December 2020	**15,057,371**	**2,490,102**	**17,547,473**
Accumulated amortisation			
At 1 January 2020	3,765,843	-	3,765,843
Amortisation	2,865,678	-	2,865,678
Disposal/Write-off	(473)	-	(473)
At 31 December 2020	**6,631,048**	**-**	**6,631,048**
Carrying amounts			
At 1 January 2020	10,775,617	1,285,649	12,061,266
At 31 December 2020	**8,426,323**	**2,490,102**	**10,916,425**
Carrying amounts in US$			
At 1 January 2020	2,644,323	315,497	2,959,820
At 31 December 2020	**2,083,145**	**615,600**	**2,698,745**

10. LEASES

(i) Right-of-use assets ("ROUA")

	Building	ATM	Parking	Total
	KHR'000	KHR'000	KHR'000	KHR'000
Cost				
At 1 January 2021	35,314,947	4,920,538	793,592	41,029,077
Additions	6,033,904	7,951,111	-	13,985,015
Disposal	(3,044,713)	(5,180,214)	-	(8,224,927)
At 31 December 2021	**38,304,138**	**7,691,435**	**793,592**	**46,789,165**
Accumulated depreciation				
At 1 January 2021	13,541,603	4,232,522	302,556	18,076,681
Charge for the year	6,286,537	1,431,062	195,107	7,912,706
Disposal	(3,044,713)	(5,180,214)	-	(8,224,927)
At 31 December 2021	**16,783,427**	**483,370**	**497,663**	**17,764,460**
Carrying amounts				
At 1 January 2021	21,773,344	688,016	491,036	22,952,396
At 31 December 2021	**21,520,711**	**7,208,065**	**295,929**	**29,024,705**
Carrying amounts in US$				
At 1 January 2021	5,382,780	170,090	121,394	5,674,264
At 31 December 2021	**5,282,452**	**1,769,284**	**72,639**	**7,124,375**

	Building	ATM	Parking	Total
	KHR'000	KHR'000	KHR'000	KHR'000
Cost				
At 1 January 2020	30,412,779	4,920,538	779,785	36,113,102
Additions	7,909,767	-	13,807	7,923,574
Disposal	(3,007,599)	-	-	(3,007,599)
At 31 December 2020	**35,314,947**	**4,920,538**	**793,592**	**41,029,077**
Accumulated depreciation				
At 1 January 2020	10,477,418	2,815,567	108,788	13,401,773
Charge for the year	6,071,784	1,416,955	193,768	7,682,507
Disposal	(3,007,599)	-	-	(3,007,599)
At 31 December 2020	**13,541,603**	**4,232,522**	**302,556**	**18,076,681**
Carrying amounts				
At 1 January 2020	19,935,361	2,104,971	670,997	22,711,329
At 31 December 2020	**21,773,344**	**688,016**	**491,036**	**22,952,396**
Carrying amounts in US$				
At 1 January 2020	4,892,113	516,557	164,662	5,573,332
At 31 December 2020	**5,382,780**	**170,090**	**121,394**	**5,674,264**

The Company leases several assets including buildings, automated teller machines (ATM), and parking lots. The average lease term is 5 years (2020: 5 years).

The Company has options to purchase ATM for a nominal amount at the end of the lease term.

Approximately one sixth (2020: one sixth) of the leases for buildings expired in the financial year and were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of KHR'000 2,914,424 in 2021 (2020: KHR'000 6,442,059).

The maturity analysis of lease liabilities is presented in Note 14.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate and the weighted-average rate applied is 6.55% (2020: 7.56%) for new leases during the year.

(ii) Amounts recognised in profit or loss

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Depreciation expense on ROUA (Note 29)	7,912,706	1,945,109	7,682,507	1,884,353
Interest expense on lease liabilities (Note 24)	1,667,192	409,831	263,967	64,745
Expense relating to short-term leases (Note 30)	615,150	151,217	137,956	33,837
Expense relating to low value leases (Note 30)	6,717,302	1,651,254	3,376,990	828,303

The total cash outflows for leases excluding interest amounted to KHR'000 7,926,382 (2020: KHR'000 8,991,673).

11. OTHER ASSETS

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Prepayment	11,595,487	2,846,217	9,958,203	2,461,855
Penalty Interest Receivable	2,083,613	511,442	-	-
Investments (*)	1,772,190	435,000	1,759,575	435,000
Advance and deposits	1,676,449	411,500	1,308,683	323,531
Others	883,729	216,919	701,700	173,473
	18,011,468	4,421,078	13,728,161	3,393,859
Less: Allowance for interest receivable	**(1,324,431)**	**(325,094)**	**-**	**-**
Other assets, net	**16,687,037**	**4,095,984**	**13,728,161**	**3,393,859**

(*) Included in the investments is an amount of KHR000 1,618,000 (2020:KHR000 1,618,000) representing 5.7% equity interest in Forte Life Assurance (Cambodia)Plc.

12. DEPOSITS FROM CUSTOMERS

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Savings deposits	463,640,258	113,804,678	379,912,443	93,921,494
Term deposits	561,635,884	137,858,587	468,245,105	115,758,988
	1,025,276,142	**251,663,265**	**848,157,548**	**209,680,482**

Deposits from Customers are further analysed as:

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
By customer types:				
Third party individuals	918,093,387	225,354,276	774,934,791	191,578,441
Corporations	59,333,876	14,564,034	41,344,160	10,221,053
Other financial institutions	40,000,557	9,818,497	23,990,124	5,930,809
Related parties	7,848,322	1,926,441	7,888,473	1,950,179
	1,025,276,142	**251,663,248**	**848,157,548**	**209,680,482**

13. INCOME TAX

The Company's tax returns are subject to examination by the General Department of Taxation ("GDT"). Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the GDT.

13.1 Income tax expense

In accordance with Cambodian tax law, the Company has the obligation to pay tax on income ("ToI") at the rate of 20% of taxable income or minimum tax at 1% of turnover inclusive of all taxes except value-added tax, whichever is higher.

Income tax expense comprises:

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Current income tax	14,458,900	3,554,301	11,284,720	2,767,898
Deferred tax	(3,680,565)	(904,760)	(3,239,712)	(794,631)
Under/(Over) provision of income tax in prior year(*)	391,627	96,270	(391,940)	(96,135)
	11,169,962	**2,745,811**	**7,653,068**	**1,877,132**

The reconciliation of income tax expense shown in profit or loss is as follows:

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Profit before income tax	51,579,579	12,679,345	39,177,364	9,609,361
Income tax expense at applicable tax rate of 20%				
Adjustments:	10,315,916	2,535,869	7,835,473	1,921,872
Non-deductible expenses	684,139	168,176	775,838	190,296
Under/(Over) provision of income tax in prior year	391,626	96,270	(391,940)	(96,134)
Unrecognised temporary differences	(221,719)	(54,504)	(566,303)	(138,902)
	11,169,962	**2,745,811**	**7,653,068**	**1,877,132**

13.2 Current tax liabilities

Movement of current tax liabilities is as follows:

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Balance at beginning of the year	8,054,864	1,991,314	9,570,336	2,348,549
Current income tax	14,850,527	3,650,572	10,892,780	2,671,763
Income tax paid	(12,074,641)	(2,968,201)	(12,408,252)	(3,043,476)
Currency translation difference	-	(15,180)	-	14,478
	10,830,750	2,658,505	8,054,864	1,991,314

13.3 Deferred tax

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Deferred tax assets	18,002,076	4,418,772	14,655,596	3,623,138
Deferred tax liabilities	(162,323)	(39,844)	(496,408)	(122,721)
	17,839,753	4,378,928	14,159,188	3,500,417

The movements of net deferred tax assets during the year was as follows:

	Allowance for loan losses	Provision for employee benefits obligations	Unamortised loan processing fees	Accruals	Property and equipment	Unrealised exchange gain	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
At 1 January 2021	3,337,855	860,704	8,618,377	1,838,660	(275,614)	(220,794)	14,159,188
Credited/(charged) to profit or loss	1,181,330	1,789,178	942,548	(566,576)	263,185	70,900	3,680,565
At 31 December 2021	4,519,185	2,649,882	9,560,925	1,272,084	(12,429)	(149,894)	17,839,753
At 31 December 2021 in US$	1,109,275	650,437	2,346,815	312,244	(3,051)	(36,793)	4,378,928

	Allowance for loan losses	Provision for employee benefits obligations	Unamortised loan processing fees	Accruals	Property and equipment	Unrealised exchange gain	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
At 1 January 2020	2,004,344	1,660,064	7,011,218	1,180,603	(623,641)	(313,112)	10,919,476
Credited/(charged) to profit or loss	1,333,511	(799,360)	1,607,159	658,057	348,027	92,318	3,239,712
At 31 December 2020	3,337,855	860,704	8,618,377	1,838,660	(275,614)	(220,794)	14,159,188
At 31 December 2020 in US$	825,180	212,782	2,130,625	454,551	(68,137)	(54,584)	3,500,417

14. LEASE LIABILITIES

Maturity analysis - contractual undiscounted cash flows

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Year 1	8,895,204	2,183,408	7,553,870	1,867,458
Year 2	8,002,505	1,964,287	5,880,942	1,453,880
Year 3	5,926,491	1,454,711	4,888,395	1,208,503
Year 4	4,443,849	1,090,783	3,250,040	803,471
Year 5	3,002,946	737,100	1,956,426	483,665
More than 5 years	3,094,336	759,533	3,077,520	760,821
	33,365,331	8,189,822	26,607,193	6,577,798
Less: unearned interest	4,849,744	1,190,414	4,150,239	1,026,017
Lease Liabilities	28,515,587	6,999,408	22,456,954	5,551,781
Analysed as: Current	8,895,204	2,183,408	7,553,870	1,867,458
Non-current	19,620,383	4,816,000	14,903,084	3,684,323

15. BORROWINGS

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Borrowings at amortised cost				
Secured (*)	52,244,167	12,823,801	65,330,000	16,150,803
Unsecured (**)	840,199,575	206,234,555	557,685,769	137,870,401
	892,443,742	219,058,356	623,015,769	154,021,204

* This represents KHR'000 52,000,000 loan secured against a fixed deposit (2020: KHR'000 20,000,000) and nil (2020: KHR'000 45,330,000) currency purchase from NBC through its liquidity-providing collateralised operation ("LPCO") mechanism against the NCD.

** This represents bank loans obtained from various banks with terms from one to seven years (2020: one to seven years) and interest rate from 2.00% to 9.65% (2020: 2.00% to 9.65%

16. SUBORDINATED DEBTS

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Subordinated debts at amortised cost				
Morningaway*	28,526,060	7,001,979	-	-
BlueOrchard**	8,185,897	2,009,302	12,191,442	3,013,953
PROPACO***	-	-	5,091,011	1,258,594
	36,711,957	9,011,281	17,282,453	4,272,547

* This pertains to a subordinated debt from Morningaway which was signed on 8 October 2021 and approved by the NBC on 27 January 2022 as capital tier 2. The loan is repayable to the lender based on the agreed schedules stated in loan agreement. This subordinated debt has a five-year term maturing on 31 October 2026.

** This pertains to a subordinated debt from BlueOrchard Microfinance Fund which was signed on 15 June 2018 and approved by the NBC on 25 July 2018 as capital tier 2. The loan is repayable to the lender based on the agreed schedules stated in loan agreement. This subordinated debt has a five-year term maturing on 15 June 2023.

*** This pertains to a subordinated debt from Société de Promotion et de Participation pour la Coopération Economique ("PROPARCO") approved by the NBC on 14 June 2016 as capital tier 2 and are repayable to the lender based on the agreed schedules stated in loan agreement. This subordinated debt has a five-year term which matured on 15 September 2021.

All the subordinated debts bear fixed interest rates.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Non-cash changes			
	1 January 2021	Financing cash flows (i)	New Leases	Other changes (ii)	31 December 2021
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Lease liabilities	22,456,954	(7,926,382)	13,985,015	-	28,515,587
Borrowings	623,015,767	275,356,744	-	(5,928,769)	892,443,742
Subordinated debt	17,282,453	19,593,600	-	(164,096)	36,711,957
Total liabilities from financing activities	662,755,174	287,023,962	13,985,015	(6,092,865)	957,671,286

		Non-cash changes			
	1 January 2020	Financing cash flows (i)	New Leases	Other changes (ii)	31 December 2020
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Lease liabilities	23,525,054	(8,991,673)	7,923,573	-	22,456,954
Borrowings	602,027,292	27,217,492	-	(6,229,015)	623,015,769
Subordinated debt	26,557,835	(8,895,400)	-	(379,982)	17,282,453
Total liabilities from financing activities	652,110,181	9,330,419	7,923,573	(6,608,997)	662,755,176

(i) The cash flows from borrowings, subordinated debts and lease liabilities make up the net amount of proceeds from and repayments of borrowings and subordinated debts and the payment of lease liabilities in the statement of cash flows.

(ii) Non-cash changes pertain to interest accruals and payments.

18. PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Staff pension fund	19,227,568	4,719,580	13,824,714	3,417,729
Seniority payments	2,181,945	535,578	2,209,189	546,153
	21,409,513	**5,255,158**	**16,033,903**	**3,963,882**

18.1 Staff Pension Funds

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Balance at beginning of year	13,824,714	3,417,729	8,859,295	2,190,184
Additions during the year				
Employer contribution	4,291,564	1,054,957	3,838,433	941,485
Employee contribution	2,040,536	501,607	1,825,533	447,764
Interest	1,131,170	278,065	780,413	191,418
Payments during the year	(1,854,756)	(455,938)	(1,206,156)	(295,844)
Reversal (*)	(205,660)	(50,556)	(272,804)	(64,393)
Foreign exchange difference	-	(26,284)	-	7,115
	19,227,568	4,719,580	13,824,714	3,417,729

* The reversal of provision resulted from adjustments to employee entitlement according to AMK's policy following resignations, terminations and other staff movements.

18.2 Seniority Payments

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Balance at beginning of period	2,209,189	546,153	2,198,916	539,611
Increase/(Decrease) on Provision on Seniority Pay	205,816	50,594	10,273	2,540
Paid during the period	(233,060)	(57,291)	-	-
Foreign exchange difference	-	(3,878)	-	4,002
	2,181,945	535,578	2,209,189	546,153

19. OTHER LIABILITIES

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Accrued other staff benefits	13,960,387	3,426,704	9,633,591	2,381,605
Accrual and other payables	3,452,126	847,355	4,207,647	1,040,210
Taxes payable	2,913,356	715,109	1,744,341	431,234
Mark-to-market loss on derivative financial instruments	290,979	71,423	294,945	72,916
	20,616,848	5,060,591	15,880,524	3,925,965

20. SHARE CAPITAL

(i) Number of ordinary share was as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
As at 1 January	6,366,998	6,366,998
Currency translation difference	912,000	-
As at 31 December	7,278,998	6,366,998

(ii) All ordinary shares are registered, issued and paid up with par value of KHR25,000.

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Share capital	181,974,950	44,667,391	159,174,950	39,351,038

Details of shareholdings were as follows:

	Year ended 31 December 2021			Year ended 31 December 2020		
	KHR'000	US$	Holding %	KHR'000	US$	Holding %
SCSB	181,974,925	44,667,385	99.9999%	159,174,925	39,351,032	99.999%
AMK-Staff Association	25	6	0.0001%	25	6	0.001%
	181,974,950	44,667,391	100.00%	159,174,950	39,351,038	100.00%

On 7 May 2021, the NBC approved an increase in the registered capital by The Shanghai Commercial and Savings Bank Limited ("SCSB") to KHR '000 181,974,950. The Company's revised Memorandum and Article of Association was approved by the NBC and the Ministry of Commerce on 13 and 16 May 2021 respectively.

On 16 June 2020, the NBC approved on the transaction of shares purchased by The Shanghai Commercial and Savings Bank Limited ("SCSB") of 15.11% of the total shares from Agora Microfinance N.V. AMK-Staff Association continues to remain as shareholder after the change to shareholding is completed. The Company's revised Memorandum and Article of Association was approved by the NBC and the Ministry of Commerce on 16 June and 5 August 2020 respectively.

21. SHARE PREMIUM

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
As at 1 January	22,425,355	5,543,968	22,425,355	5,503,155
Currency translation difference	-	(39,463)	-	40,813
As at 31 December	22,425,355	5,504,505	22,425,355	5,543,968

22. RESERVE

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Non-distributable reserves (i)	72,000,000	17,673,049	-	-
Other reserves (ii)	24,011,603	5,893,864	23,372,788	5,778,192
	96,011,603	23,566,913	23,372,788	5,778,192

(i) The non-distributable reserve is maintained following the approval on 12 November 2021 from the central bank on the request to transfer from retained earnings in accordance with the central bank's Prakas No. B7-018-068 Prokor dated 22 February 2018 on the determination of capital buffer of banks and financial institutions. Any movement requires approval from the Board of Directors and the central bank.

(ii) Under the loan agreement with Instituto De Crédito Oficial of The Kingdom of Spain ("ICO"), the Company is required to transfer a reserve amount of 3.5% of the loan outstanding with ICO from net profit at the end of each year into a capital strengthening reserve account. ICO has no entitlement to this reserve.

23. INTEREST INCOME

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Loans to customers	339,843,265	83,540,625	296,461,997	72,715,722
Deposits with banks	2,144,050	527,053	1,434,611	351,879
	341,987,315	84,067,678	297,896,608	73,067,601

24. INTEREST EXPENSE

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Deposits from customers	46,927,617	11,535,796	42,246,116	10,362,060
Borrowings	49,785,422	12,238,304	43,330,097	10,627,936
Subordinated debt	2,283,567	561,349	2,904,885	712,506
Staff pension fund	1,131,170	278,065	780,413	191,418
Leases	1,667,192	409,831	263,967	64,745
	101,794,968	25,023,345	89,525,478	21,958,665

25. FEE AND COMMISSION EXPENSE

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Mobile bank agent incentives	6,871,432	1,689,142	4,658,662	1,142,669
Insurance premiums on products	6,693,982	1,645,522	4,051,457	993,735
Village fees and commission	3,512,372	863,415	4,305,752	1,056,108
Fees and commissions on borrowings and swaps	310,160	76,244	963,301	236,277
Other fees and commissions	22,405	5,508	-	-
	17,410,351	4,279,831	13,979,172	3,428,789

26. OTHER INCOME

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Loan penalties	4,566,909	1,122,642	1,486,419	364,586
Loan servicing fees	3,947,682	970,423	2,545,706	624,406
Remittance fees	3,312,656	814,321	2,310,954	566,827
Payroll fees	2,883,913	708,926	2,266,639	555,958
Micro-insurance commissions	2,776,727	682,578	2,665,029	653,674
Mobile banking fees	2,542,163	624,917	1,904,708	467,184
Other account fees	1,934,525	475,547	2,113,590	518,418
Loan recoveries	1,576,028	387,421	844,451	207,126
Foreign exchange gains - net	749,884	184,337	847,856	207,961
Gain on disposal of property and equipment	690,370	169,707	419,540	102,904
Others	1,165,657	286,544	704,857	172,886
	26,146,514	6,427,363	18,109,749	4,441,930

27. GRANT INCOME

This represents the grant received from Water.org for a program managed by the Company as set forth in the grant agreement.

28. PERSONNEL EXPENSES

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Salaries and wages	99,249,314	24,397,570	84,073,751	20,621,474
Pension fund benefits	4,291,564	1,054,957	3,838,433	941,485
Insurance	3,242,875	797,167	3,351,849	822,136
Other employee benefits	2,228,915	547,914	3,727,355	914,240
	109,012,668	26,797,608	94,991,388	23,299,335

29. DEPRECIATION AND AMORTISATION

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Depreciation of ROUA	7,912,706	1,945,109	7,682,507	1,884,353
Depreciation of property and equipment	5,409,300	1,329,720	5,818,634	1,427,185
Amortisation of software	3,279,893	806,267	2,865,678	702,889
	16,601,899	4,081,096	16,366,819	4,014,427

30. OTHER OPERATING EXPENSES

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Professional fees	7,881,683	1,937,484	7,763,352	1,904,182
Low value and short-term leases	7,332,452	1,802,471	3,514,946	862,140
Dispensable furniture and fixtures	5,686,669	1,397,903	4,811,761	1,180,221
Security guard	3,064,448	753,306	3,063,214	751,340
Transportation	2,994,261	736,052	4,127,048	1,012,276
Marketing expense	2,610,983	641,835	2,052,241	503,370
Utilities	1,842,765	452,990	1,850,978	454,005
Communication	1,746,470	429,319	1,667,178	408,923
NBC licence fee	1,560,000	383,481	1,480,996	363,256
Bank charges	1,391,867	342,150	786,107	192,815
Stationeries and supplies	1,347,649	331,280	1,497,099	367,206
Repairs and maintenance	355,514	87,393	364,557	89,418
Other taxes	1,764,065	433,644	2,123,618	520,878
Loss on disposal of fixed assets	63,140	15,521	85,556	20,984
Others	1,647,349	404,953	2,201,210	539,911
	41,289,315	10,149,782	37,389,861	9,170,925

31. NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Impairment loss on loans to customers	30,287,324	7,445,262	25,147,936	6,168,245
Impairment (gain)/loss on balances with other banks	(425,159)	(104,513)	239,772	58,811
Impairment loss on other assets	1,324,431	325,573	-	-
	31,186,596	7,666,322	25,387,708	6,227,056

32. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise:

	Year ended 31 December 2021		Year ended 31 December 2020	
	KHR'000	US$	KHR'000	US$
Cash on hand	119,262,869	29,274,146	84,341,791	20,850,875
Balances with the NBC	147,200,938	36,131,796	76,160,280	18,828,252
Balances with banks	6,696,047	1,643,605	38,101,961	9,419,521
	273,159,854	67,049,547	198,604,032	49,098,648

33. COMMITMENTS

Capital expenditure commitments

The capital expenditure commitments in respect of the purchases of IT equipment and software and leasehold improvement were as follows:

	31 December 2021		31 December 2020	
	KHR'000	US$	KHR'000	US$
Within one year	1,100,502	270,128	2,394,647	592,002
More than 1 year to 5 years	-	-	848,074	209,660
More than 5 years	-	-	-	-
	1,100,502	270,128	3,242,721	801,662

34. RELATED PARTY TRANSACTIONS AND BALANCES

a) Significant transactions with related parties during the year were as follows:

Related party	Description	Year ended 31 December 2021		Year ended 31 December 2020	
		KHR'000	US$	KHR'000	US$
Board of Directors	Remuneration	302,895	74,458	286,374	70,241
	Interest expense	310,246	76,265	270,123	66,255
Key management personnel	Remuneration	2,526,381	621,038	2,135,857	523,880
	Interest expense	79,370	19,511	74,488	18,270
	Interest income	5,142	1,264	7,659	1,879
AMK Staff Association (AMK-SA) Ltd.	Deposit	3,241	797	620	152
Agora Microfinance N.V	Interest expense	-	-	61,603	15,110

b) Balances with related parties at the reporting year were as follows:

Related party	Description	31 December 2021		31 December 2020	
		KHR'000	US$	KHR'000	US$
Board of Directors	Deposit	6,185,387	1,518,259	5,859,845	1,448,664
Key management personnel	Deposit	1,515,166	371,911	1,882,906	465,490
	Loan	378,964	93,020	36,709	9,075
SCSB (*)	Balance with Other Banks	1,054,989	258,956	7,988,288	1,974,855
AMK Staff Association (AMK-SA) Ltd.	Deposit	147,770	36,271	145,722	36,025

(*) Balance with SCSB is non-interest bearing.

35. FINANCIAL RISK MANAGEMENT

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO), which is responsible for approving and monitoring Company risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The policies and procedures adopted by the Company to manage the risks that arise in the conduct of their business activities are as follows:

35.1 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans to customers and other banks. The Company considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

(a) Credit risk management

The Company's credit committee is responsible for managing the Company's credit risk by:

- Ensuring that the Company has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Company's stated policies and procedures, CIFRSs and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Company, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Company against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Company's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Company's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

As explained in Note 2 the Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

The Company uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a summary of the Company's internal credit risk grades.

(b) Significant increase in credit risk

No.	Groups rating	PD Range 31 December 2021	PD Range 31 December 2020
1	Standard	0.28% - 100.00%	0.29% - 100.00%
2	Special mention	0.28% - 100.00%	0.29% - 100.00%
3	Substandard	20.10% - 100.00%	16.83% - 100.00%
4	Doubtful	20.10% - 100.00%	16.83% - 100.00%
5	Loss	100.00%	100.00%

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due.

The Company has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case the asset may move back to stage 1 from stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

COVID-19 and significant increases in credit risk

As part of its response to COVID-19, the NBC issued Circular B7-020-001 on 27 March 2020, and provided revised guidance on 18 November 2020, to maintain financial stability, support economic activities and ease the burden on borrowers who were facing temporary financial difficulty due to the impact of the global pandemic.

The circular requires Banking and Financial Institutions to work constructively with affected borrowers and assist in the restructuring of loans provides to provide relief to borrowers affected by Covid-19, under the following guidelines:

(i) To allow Loan Restructuring to all sectors impacted by COVID-19 pandemic and floods based on banks and financial institutions' own evaluation. The restructuring should be based on the mutual understanding between Banks and financial institutions and their clients including the availability of reducing interest rate and waive other additional fees;

(ii) To allow Banks and FIs to do loan restructuring until the 30th June 2021; and

(iii) To allow Loan Restructuring up to three times without impacting the loan classification during the referred period.

The Company has carefully assessed the impact of COVID-19 when considering the credit risk position.

Covid-19 payment reliefs that are generally available to a market or industry as a whole and are not borrower-specific in nature have not, on their own, resulted in an automatic change in stage. The circumstances are unique in that many of the deferred loans were performing prior to COVID-19 and either continue to perform, or have genuine prospects of recovery once international restrictions are eased and lockdowns are discontinued. Nevertheless, The Company applied additional internal credit risk assessments of individual borrowers that have received, or are receiving, restructuring and payment relief. This assessment may lead to a downgrade from stage 1 to stage 2 or 3, resulting in a broader PD range across the credit grades.

(c) Incorporation of forward-looking information

The Company analysed forward-looking information by using the statistical regression model for assessment to see whether the credit risk of an instrument has increased significantly to the measurement of ECL.

The unprecedented and widespread impact of COVID-19, and the rapid development of outbreaks in different regions, has significantly increased the estimation uncertainty in the preparation of these financial statements, including the calculation of ECL.

In March 2020, the IASB published 'IFRS 9 and COVID-19', which highlights the requirements within CIFRS 9 Financial Instruments relevant to the impact of COVID-19 on the recognition of expected credit losses. The publication reinforces the fact CIFRS 9 does not provide a mechanistic approach in accounting for impairment provisions.

The current environment is subject to rapid change and to the extent that certain effects of COVID-19 are not fully incorporated into the model calculations, temporary quantitative and qualitative adjustments have been considered. The Company has performed certain additional qualitative portfolio and loan level assessments of significant increase in credit risk.

In recognition of the significant uncertainty, management updated and recalibrated its macroeconomic forecasts and have adjusted the Company's probability weighted percentage in the probability weighted forward looking of Probability of Default ("PD") to give a heavier weight to the worst case scenario and a lighter weight to the best case scenario while keeping the base percentage the same in 2020. No further change in 2021.

The table below show the scenario probability weighted percentage as at 31 December 2021 and 31 December 2020.

Scenario Probability Weighting	Best Case	Best Case	Best Case
As at 31 December 2021	15%	55%	30%
As at 31 December 2020	15%	55%	30%

The revised probability weighting, coupled with the most up-to-date macroeconomic modelling and forecasting, results in a conservative ECL calculation, in recognition of the significant uncertainty in the global economic landscape. The Company will continue to monitor the situation and actively mitigate the risks to the financial position and operating results of the Company.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Company operates, supranational organisations such as International Monetary Fund and World Bank.

The Company has identified and documented the key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk on loan portfolios are: Cambodia GDP at Constant 2000 Price, Unemployment, and USD-KHR Exchange Rate.

(d) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD")

These figures are generally derived from internally developed statistical models and other historical data.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Company's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default. The Company uses EAD models that reflect the characteristics of the portfolios.

The Company measures ECL considering the risk of default over the maximum contractual period over which the entity is exposed to credit risk and not a longer period. However, for financial instruments such as revolving credit facilities that include both a loan and an irrevocable undrawn commitment component, the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Company's exposure to credit losses to the contractual notice period. For such financial instruments, the Company measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Company does not enforce in the normal day-to-day management of the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Company becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Company expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

The ECL calculation for accounting purposes is different to the ECL calculation for regulatory purposes, although many inputs used are similar. The Company has ensured that the appropriate methodology is used when calculating ECL for both accounting and regulatory purposes. The main differences between the methodologies used to measure ECL in accordance with CIFRS 9 versus the ones applied for regulatory purposes are:

- Percentage of provision by classification based on short/long term loan
- Number of day past due
- Forward looking of macro-economic factors
- Probability of default and historical recovery rate.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as paged below.

(e) Groupings based on shared risks characteristics

AMK has defined four main segments for PD calculation which have similar risk behaviours based on analysis of roll rates, as shown in the table below. These segments are:

Principal Repayment Method	Loan Type	Segment
End of Term	Group	EOT-Group Loan
End of Term	Individual	EOT-Individual Loan
Instalment	Group	Instalment-Group Loan
Instalment	Individual	Instalment-Individual Loan

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

(f) Concentration of credit risk

An analysis of the Company's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2021		31 December 2020	
	KHR'000	US$	KHR'000	US$
Balances with banks at amortised cost				
Concentration by sector:				
Financial institution	59,721,389	14,659,153	58,396,864	14,436,802
Loans to customers at amortised cost				
Concentration by sector:				
Household	806,454,400	197,951,497	450,874,235	111,464,582
Agriculture	528,727,432	129,780,911	453,389,717	112,086,457
Trade and commerce	355,243,922	87,197,821	347,966,373	86,023,825
Services	191,685,389	47,050,905	158,466,412	39,175,875
Transportation	50,924,860	12,499,966	38,068,395	9,411,222
Construction	29,594,349	7,264,200	31,482,457	7,783,055
Others	332,899	81,713	713,061	176,282
	1,962,963,251	**481,827,013**	**1,480,960,650**	**366,121,298**

(g) Credit quality analysis

An analysis of the Company's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Balances with other banks:					
Normal	59,721,389	-	-	59,721,389	14,764,249
Loss allowance	(83,671)	-	-	(83,671)	(20,685)
Carrying amount	59,637,718	-	-	59,637,718	14,743,564
Loans to customers:					
Normal	1,881,587,353	49,354,719	326,822	1,931,268,894	474,047,347
Special mention	577,416	10,785,757	773,060	12,136,233	2,978,948
Substandard	-	172,591	4,489,041	4,661,632	1,144,240
Doubtful	-	86,383	4,164,191	4,250,574	1,043,342
Loss	-	-	10,645,918	10,645,918	2,613,136
	1,882,164,769	60,399,450	20,399,032	1,962,963,251	481,827,013
Loss allowance	(12,694,315)	(29,015,225)	(16,770,627)	(58,480,167)	(14,354,484)
Carrying amount	1,869,470,454	31,384,225	3,628,405	1,904,483,084	467,472,529

	31 December 2020				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Balances with other banks:					
Normal	58,396,864	-	-	58,396,864	14,436,802
Loss allowance	(508,830)	-	-	(508,830)	(125,792)
Carrying amount	57,888,034	-	-	57,888,034	14,311,010
Loans to customers:					
Normal	1,440,532,733	12,714,754	239,993	1,453,487,480	359,329,414
Special mention	763,663	6,823,569	23,321	7,610,553	1,881,472
Substandard	-	208,629	3,941,589	4,150,218	1,026,012
Doubtful	-	158,626	5,615,412	5,774,038	1,427,451
Loss	-	-	9,938,361	9,938,361	2,456,949
	1,441,296,396	19,905,578	19,758,676	1,480,960,650	366,121,298
Loss allowance	(10,746,762)	(10,216,144)	(15,582,705)	(36,545,611)	(9,034,762)
Carrying amount	1,430,549,634	9,689,434	4,175,971	1,444,415,039	357,086,536

This table summarises the loss allowance as of the year end by class of exposure/asset.

	31 December 2021		31 December 2020	
	KHR'000	US$	KHR'000	US$
Loss allowance by classes				
Balances with other banks at amortised cost	83,671	20,538	508,830	125,792
Loans to customers at amortised cost	58,480,167	14,354,484	36,545,611	9,034,762
Other assets at amortised cost	1,324,431	325,094	-	-
	59,888,269	14,700,116	37,054,441	9,160,554

The tables below analyse the movement of the loss allowance during the year per class of assets.

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Loss allowance – balances with other banks					
Loss allowance as at 1 January 2021	508,830	-	-	508,830	66,027
Changes in loss allowance:					
- Decrease due to change in credit risk	(425,159)	-	-	(425,159)	(104,513)
- Foreign exchange and other movements	-	-	-	-	59,024
Loss allowance as at 31 December 2021	83,671	-	-	83,671	20,538
Loss allowance - Loans to customers at amortised cost					
Loss allowance as at 1 January 2021	10,746,762	10,216,144	15,582,705	36,545,611	9,034,762
Changes in loss allowance					
- Transfer to stage 1	3,003,451	(2,849,615)	(153,836)	-	-
- Transfer to stage 2	(502,606)	614,471	(111,865)	-	-
- Transfer to stage 3	(80,097)	(2,235,794)	2,315,891	-	-
- Increase due to change in credit risk	1,391,402	22,968,169	7,665,380	32,024,951	7,872,407
- Decrease due to change in credit risk	(4,792,803)	(596,236)	(896,172)	(6,285,211)	(1,545,037)
- Write-offs	-	-	(8,239,677)	(8,239,677)	(2,025,486)
New financial assets originated or purchased	8,500,206	3,894,769	790,946	13,185,921	3,241,377
Financial assets which have been derecognised	(5,572,000)	(2,996,683)	(182,745)	(8,751,428)	(2,151,285)
Foreign exchange and other movements	-	-	-	-	(72,254)
Loss allowance as at 31 December 2021	12,694,315	29,015,225	16,770,627	58,480,167	14,354,484

	31 December 2020				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Loss allowance – balances with other banks					
Loss allowance as at 1 January 2020	**269,058**	**-**	**-**	**269,058**	**66,027**
Changes in loss allowance:					
- New financial assets orig-inated or purchased	239,772	-	-	239,772	58,811
- Foreign exchange and other movements	-	-	-	-	954
Loss allowance as at 31 December 2020	**508,830**	**-**	**-**	**508,830**	**125,792**
Loss allowance - Loans to customers at amortised cost					
Loss allowance as at 1 January 2020	**6,890,263**	**1,456,813**	**8,615,850**	**16,962,926**	**4,162,681**
Changes in loss allowance:					
- Transfer to stage 1	372,504	(266,302)	(106,202)	-	-
- Transfer to stage 2	(106,395)	106,395	-	-	-
- Transfer to stage 3	(147,720)	(515,955)	663,675	-	-
- Increase due to change in credit risk	964,737	6,429,889	10,271,939	17,666,565	4,333,227
- Decrease due to change in credit risk	(1,218,373)	(18,709)	(98,653)	(1,335,735)	(327,627)
- Write-offs	-	(52,260)	(3,998,723)	(4,050,983)	(993,619)
New financial assets originated or purchased	7,870,691	3,659,214	1,196,993	12,726,898	3,121,633
Financial assets which have been derecognised	(3,878,945)	(582,941)	(962,174)	(5,424,060)	(1,330,405)
Foreign exchange and other movements	-	-	-	-	68,872
Loss allowance as at 31 December 2020	**10,746,762**	**10,216,144**	**15,582,705**	**36,545,611**	**9,034,762**

More information about the significant changes in the gross carrying amount of financial assets during the year that contributed to changes in the loss allowance, is provided at the table below:

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Loss allowance - balances with other banks					
Gross carrying amount as at 1 January 2021	1,441,296,396	19,905,578	19,758,676	1,480,960,650	364,051,291
Changes in gross carrying amount:					
• Transfer to stage 1	5,181,865	(4,979,189)	(202,676)	-	-
• Transfer to stage 2	(56,748,969)	56,883,188	(134,219)	-	-
• Transfer to stage 3	(8,840,557)	(4,508,763)	13,349,320	-	-
New financial assets originated or purchased	1,402,797,888	7,302,792	1,143,688	1,411,244,368	346,913,561
Financial assets which have been derecognised	(901,521,854)	(14,204,156)	(5,276,080)	(921,002,090)	(226,401,694)
Write-offs	-	-	(8,239,677)	(8,239,677)	(2,025,486)
Foreign exchange and other movements	-	-	-	-	(710,659)
Gross carrying amount as at 31 December 2021	1,882,164,769	60,399,450	20,399,032	1,962,963,251	481,827,013
Loss allowance as at 31 December 2021	(12,694,315)	(29,015,225)	(16,770,627)	(58,480,167)	(14,354,484)

	31 December 2020				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Loss allowance – balances with other banks					
Gross carrying amount as at 1 January 2020	1,288,855,802	7,659,825	11,742,560	1,308,258,187	321,044,954
Changes in gross carrying amount:					
• Transfer to stage 1	1,004,627	(862,775)	(141,852)	-	-
• Transfer to stage 2	(19,040,346)	19,040,346	-	-	-
• Transfer to stage 3	(12,408,271)	(2,183,487)	14,591,758	-	-
New financial assets originated or purchased	1,065,782,754	6,354,406	1,201,929	1,073,339,089	263,266,885
Financial assets which have been derecognised	(882,898,170)	(9,906,953)	(2,266,252)	(895,071,375)	(219,541,667)
Write-offs	-	(195,784)	(5,369,467)	(5,565,251)	(1,365,036)
Foreign exchange and other movements	-	-	-	-	2,716,162
Gross carrying amount as at 31 December 2020	1,441,296,396	19,905,578	19,758,676	1,480,960,650	366,121,298
Loss allowance as at 31 December 2020	(10,746,762)	(10,216,144)	(15,582,705)	(36,545,611)	(9,034,762)

Under the Company's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans to customers. The table below provides an analysis of the gross carrying amount of loans to customers by past due status.

	31 December 2021		31 December 2020	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	KHR'000	KHR'000	KHR'000	KHR'000
Loans to customers:				
0-29 days	1,932,085,525	36,775,371	1,453,906,943	17,646,415
30-59 days	7,374,515	3,656,272	4,161,292	2,164,203
60-89 days	4,264,450	2,091,548	3,063,151	1,363,570
90-180 days	4,752,689	3,312,120	4,462,935	3,595,526
More than 180 days	14,486,072	12,644,856	15,366,329	11,775,897
Total	**1,962,963,251**	**58,480,167**	**1,480,960,650**	**36,545,611**
In US$ equivalents	**481,827,013**	**14,354,484**	**366,121,298**	**9,034,762**

(h) Collateral held as security and other credit enhancements

The Company holds residential properties as collaterals for majority of loans, and the collaterals include land, house, building and other immovable assets. The Company's policy is to fund up to 70% of the collateral value. There was no change in the Company's collateral policy during the year.

35.2 Market risk

The Company 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 and 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.

(i) Market risk management

The Company's market risk management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

As with liquidity risk, ALCO is responsible for ensuring the effective management of market risk throughout the Company. Specific levels of authority and responsibility in relation to market risk management have been assigned to appropriate market risk committees.

The core market risk management activities are:

- the identification of all key market risks and their drivers;
- the independent measurement and evaluation key market risks and their drivers;
- the use of results and estimates as the basis for the Company's risk/return-oriented management; and
- monitoring risks and reporting on them.

The Company uses a wide range of quantitative and qualitative tools to manage and monitor market risk. Quantitative limits for fair value and net income sensitivities, stress tests, scenario analyses and ratios on economic capital are used to enforce the Company's market risk appetite. The quantitative and qualitative factors limiting market price risk are determined by the Management ALCO by reference to the Company's management of economic capital. Based on qualitative analyses and quantitative ratios, the market risk function identifies potential future risks, anticipates, in collaboration with the finance function, potential financial losses, and defines proposals for further action, which are discussed with the market units. Risk concentrations are restricted directly with specific limits or are indirectly avoided using the limit structure described above. Market risk reports reflecting the Company's exposures, risk concentrations, stress test results are reviewed on a daily basis. Appropriate actions are taken when needed, including revisiting the market risk management policies and relative limits to ensure that the Company's market risk management objective is met.

The Company also enters into a number of currency swaps to manage its exposure to foreign currency risk.

The Company's exposure to market risk pertains to non-trading portfolios.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

(ii) Foreign exchange risk

The Company operates in the Kingdom of Cambodia and transacts in US$, KHR and THB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The balances in monetary assets and liabilities denominated in their respective currencies were as follows:

	31 December 2021				
	KHR	US$	THB	TOTAL	TOTAL
	KHR'000	KHR'000	KHR'000	KHR'000	US$
On-the balance sheet					
Financial assets					
Cash on hand	46,922,266	56,770,351	15,570,252	119,262,869	29,274,146
Balances with the NBC	132,778,035	109,205,954	-	241,983,989	59,397,150
Balances with other banks (*)	2,245,442	57,475,947	-	59,721,389	14,659,153
Loans to customers (*)	1,070,697,477	832,650,420	59,615,354	1,962,963,251	481,827,013
Other assets	1,553,242	2,165,861	136,700	3,855,803	946,442
Total financial assets	**1,254,196,462**	**1,058,268,533**	**75,322,306**	**2,387,787,301**	**586,103,904**
Financial liabilities					
Deposits from customers	333,086,812	666,695,841	25,493,489	1,025,276,142	251,663,265
Lease liabilities	-	28,515,587	-	28,515,587	6,999,408
Borrowings	458,198,078	384,550,395	49,695,269	892,443,742	219,058,356
Subordinated debts	-	36,711,957	-	36,711,957	9,011,281
Other liabilities	15,745,627	4,571,385	299,836	20,616,848	5,060,591
Total financial liabilities	**807,030,517**	**1,121,045,165**	**75,488,594**	**2,003,564,276**	**491,792,901**

* Excluding loss allowance.

	31 December 2020				
	KHR	US$	THB	TOTAL	TOTAL
	KHR'000	KHR'000	KHR'000	KHR'000	US$
On-the balance sheet					
Financial assets					
Cash on hand	35,082,261	38,420,150	10,839,380	84,341,791	20,850,875
Balances with the NBC	61,993,206	138,443,093	-	200,436,299	49,551,619
Balances with other banks (*)	5,057,018	53,339,846	-	58,396,864	14,436,802
Loans to customers (*)	901,113,851	514,277,648	65,569,151	1,480,960,650	366,121,298
Other assets	-	1,759,575	-	1,759,575	435,000
Total financial assets	**1,003,246,336**	**746,240,312**	**76,408,531**	**1,825,895,179**	**451,395,594**
Financial liabilities					
Deposits from customers	**259,024,485**	569,692,365	19,440,698	848,157,548	209,680,482
Lease liabilities	**-**	22,456,954	-	22,456,954	5,551,781
Borrowings	**364,911,568**	204,804,790	53,299,411	623,015,769	154,021,204
Subordinated debts	**5,091,011**	12,191,442	-	17,282,453	4,272,547
Other liabilities	**6,932,877**	8,733,862	213,785	15,880,524	3,925,965
Total financial liabilities	**635,959,941**	**817,879,413**	**72,953,894**	**1,526,793,248**	**377,451,979**

* Excluding loss allowance.

Currency swap

The Company has 1 foreign exchange swap contract (2020: 2 contracts) with certain commercial banks outstanding as at 31 December 2021 to exchange KHR currency with US$ currency in order to manage its foreign exchange risk. As management considers that exposure to foreign exchange risk is deemed minimal, no sensitivity analysis for foreign currency exchange risk was presented.

(iii) Interest rate risk

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 and may reduce losses in the event that unexpected movements arise. The management of the Company, 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, 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 Company is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities. The Company manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

The Company has no significant financial assets and liabilities with floating interest rates. Balances with the NBC and with banks earn fixed interest for the period of the deposit and placement, and loans to customers earn fixed interest based on outstanding balance over the agreed term, and borrowings and subordinated debts bear fixed interest rates over the agreed terms of the loans. Therefore, no sensitivity analysis for interest rate risk was presented.

The following is a summary of the Company's interest rate gap position on non-trading portfolios. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Company's statement of financial position based on the maturity date if fixed rate.

	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 Years	Non-interest sensitive	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
As at 31 December 2021 Financial assets							
Cash on hand	-	-	-	-	-	119,262,869	119,262,869
Balances with the NBC	18,403,112	-	403,700	-	-	223,177,177	241,983,989
Balances with banks (*)	6,696,047	-	53,025,342	-	-	-	59,721,389
Loans to customers (*)	2,274,106	7,871,711	139,007,973	1,374,525,813	439,283,648	-	1,962,963,251
Other assets	9,096	3,226	180,791	1,864,382	26,118	1,772,190	3,855,803
	27,382,361	7,874,937	192,617,806	1,376,390,195	439,309,766	344,212,236	2,387,787,301
Financial liabilities							
Deposits from customers	465,131,279	8,594,370	297,652,943	241,804,783	12,092,767	-	1,025,276,142
Lease liabilities	-	-	-	-	-	28,515,587	28,515,587
Borrowings	16,713,300	104,854,151	316,986,911	448,945,611	4,943,769	-	892,443,742
Subordinated debts	-	-	-	36,711,957	-	-	36,711,957
Other liabilities	-	-	-	-	-	20,616,848	20,616,848
	481,844,579	113,448,521	614,639,854	727,462,351	17,036,536	49,132,435	2,003,564,276
Total interest re-pricing gap	(454,462,218)	(105,573,584)	(422,022,048)	648,927,844	422,273,230	295,079,801	384,223,025
US$ equivalent	(111,551,845)	(25,913,987)	(103,589,113)	159,285,185	103,650,768	72,429,995	94,311,003

(*) Excluding loss allowance.

	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 Years	Non-interest sensitive	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	84,341,791	84,341,791
Balances with the NBC	28,144,666	7,281,000	25,804,850	-	-	139,205,783	200,436,299
Balances with banks (*)	38,101,961	-	20,294,903	-	-	-	58,396,864
Loans to customers (*)	287,572	570,361	190,167,853	1,145,015,157	144,919,707	-	1,480,960,650
Other assets	-	-	-	-	-	1,759,575	1,759,575
	66,534,199	7,851,361	236,267,606	1,145,015,157	144,919,707	225,307,149	1,825,895,179
Financial liabilities							
Deposits from	406,566,433	71,197,493	306,817,119	63,576,503	-	-	848,157,548
customers	-	-	-	-	-	22,456,954	22,456,954
Lease liabilities	30,832,717	48,430,739	216,295,162	327,256,031	201,120	-	623,015,769
Borrowings	-	-	5,091,011	12,191,442	-	-	17,282,453
Subordinated debts	-	-	-	-	-	15,880,524	15,880,524
Other liabilities							
	437,399,150	119,628,232	528,203,292	403,023,976	201,120	38,337,478	1,526,793,248
Total interest re-pricing gap	(370,864,951)	(111,776,871)	(291,935,686)	741,991,181	144,718,587	186,969,671	299,101,931
US$ equivalent	(91,684,784)	(27,633,343)	(72,171,987)	183,434,161	35,777,154	46,222,416	73,943,617

(*) Excluding loss allowance.

35.3 Liquidity risk

Liquidity risk is the risk that the Company 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 fulfil commitments to lend.

Management monitors liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and projection for the next day, week and month, respectively, as these are key periods for liquidity management. Management monitors the movements of the main depositors and projection of their withdrawals.

The following tables present an analysis of the liabilities of the Company by relevant maturity based on the remaining period at the statement of financial position date to the contractual or estimated maturity dates.

	Up to 1 month	> 1 - 3 months	> 3 - 12 months	1 - 5 years	Over 5 Years	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
As at 31 December 2021						
Financial liabilities						
Deposits from customers	504,922,619	89,548,236	379,442,381	79,202,590	-	1,053,115,826
Lease liabilities	778,174	1,542,678	6,574,352	21,375,791	3,094,336	33,365,331
Borrowings	7,519,645	92,959,875	333,812,358	516,127,822	5,061,241	955,480,941
Subordinated debts	312,853	625,706	6,626,243	43,515,239	-	51,080,041
Other liabilities	-	6,656,461	11,106,711	2,853,676	868,988	21,485,836
Total financial liabilities	513,533,291	191,332,956	737,562,045	663,075,118	9,024,565	2,114,527,975
US$ equivalent	126,051,372	46,964,398	181,041,248	162,757,761	2,215,161	522,751,044
As at 31 December 2020						
Financial liabilities						
Deposits from customers	409,339,697	80,549,949	316,532,638	65,182,248	-	848,157,548
Lease liabilities	738,582	1,447,665	5,367,623	15,975,804	3,077,520	22,456,954
Borrowings	41,281,562	54,815,960	229,528,857	353,837,210	202,663	623,015,769
Subordinated debts	173,289	346,579	10,141,943	9,038,707	-	17,282,453
Other liabilities	352	5,700,780	8,665,801	967,439	711,090	15,880,524
Total financial liabilities	451,533,482	142,860,933	570,236,862	445,001,408	3,991,273	1,526,793,248
US$ equivalent	111,627,560	35,317,907	140,973,266	110,012,709	986,718	377,451,977

(*) Excluding loss allowance.

The Company performs maturity analysis for financial liabilities that shows the remaining contractual maturities. However, the Company monitors the assets held to manage liquidity risk on a continuous basis and it could obtain temporary fund from the overdraft facilities with other banks anytime it encounters liquidity problem.

Liquidity reserves

The Company maintains a pool of liquid assets which represents the primary source of liquidity in stress scenarios. Its composition is subject to limits designed to reduce concentration risks which are monitored on an ongoing basis. The Company's liquidity reserves are analysed below:

	31 December 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	KHR'000	KHR'000	KHR'000	KHR'000
Cash on hand	119,262,869	119,262,869	84,341,791	84,341,791
Balances with other banks	6,696,047	6,696,047	38,101,960	38,101,960
Balances with NBC	241,374,672	241,374,672	155,123,278	155,123,278
Undrawn credit lines	12,222,000	12,222,000	4,049,401	4,049,401
	379,555,588	**379,555,588**	**281,616,430**	**281,616,430**
In US$ equivalent	**93,165,338**	**93,165,338**	**69,620,873**	**69,620,873**

Financial assets to support future funding

	Encumbered			Unencumbered		
	Pledged as collateral (i)	Other(ii)	Available as collateral (iii)	Other(iv)	Carrying amount	Carrying amount
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	US$
31 DECEMBER 2021						
Cash on hand	-	-	-	119,262,869	119,262,869	29,274,146
Balances with NBC	609,317	94,173,734	-	147,200,938	241,983,989	59,397,150
Balances with other banks	53,025,342	-	-	6,612,376	59,637,718	14,638,615
Loans to customers	-	-	-	1,904,483,084	1,904,483,084	467,472,529
Other assets	-	-	-	1,772,190	1,772,190	435,000
	53,634,659	94,173,734	-	2,179,331,457	2,327,139,850	571,217,440
31 DECEMBER 2020						
Cash on hand	-	-	-	84,341,791	84,341,791	20,850,875
Balances with NBC	45,313,021	78,962,998	-	76,160,280	200,436,299	49,551,619
Balances with other banks	20,294,903	-	-	38,101,961	58,396,864	14,436,802
Loans to customers	-	-	-	1,444,415,039	1,444,415,039	357,086,536
Other assets	-	-	-	1,759,575	1,759,575	435,000
	65,607,924	78,962,998	-	1,644,778,646	1,789,349,568	442,360,832

(i). this represents currency purchase from NBC through its LPCO mechanism against the NCD or balances with other banks pledged as collateral.

(ii). This represents assets that are not pledged but that the Company believes it is restricted from using to secure funding, for legal or other reasons. This includes capital guarantee and reserve requirement.

(iii). This represents assets that can be used as collateral to access secured funding.

(iv). This represents assets that are not restricted for use as collateral, but that the Company would not consider readily available to secure funding in the normal course of business.

35.4 Capital risk

Capital risk is the risk that the Company has insufficient capital resources to meet the minimum regulatory requirements to support its credit rating and to support its growth and strategic options.

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

The Company's lead regulator, the NBC, sets and monitors capital requirements for the Company as a whole.

Capital risk management

As with liquidity and market risks, ALCO is responsible for ensuring the effective management of capital risk throughout the Company.

Capital risk is measured and monitored using limits set calculated in accordance with NBC's requirements.

On 22 February 2018, the NBC issued a Prakas on Capital Buffer in Banking and Financial Institutions. According to Article 22 of this Prakas, the institution shall comply with the provisions related to the capital conservation buffer at least 50% of the conservation buffer by 1 January 2019 and fully comply by 1 January 2020.

On 7 March 2018, the NBC issued a circular on the implementation of Prakas on Capital Buffer in Banking and Financial Institutions, which determines the countercyclical capital buffer at a level of 0% until a new announcement is released.

On 17 March 2020, the NBC issued an announcement No. B13-020-002 allowing Banks and Financial Institutions to delay and maintain Capital Conservation Buffer at 50% to reduce the impact from COVID-19 on Cambodian economic in accordance to Government policy.

The Company has complied with all externally imposed capital requirements throughout the year.

35.5 Fair value 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 Company's financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. Management believes that the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values. In making this assessment, management assumes that loans to customers are mainly held to maturity with fair values equal to the book value of loans to customers adjusted for provision for loan losses, if any.

36. CURRENT AND NON-CURRENT

Management presents the financial statements based on liquidity. Information about short-term and long-term of assets and liabilities are disclosed in the financial risk management section. Property and equipment, software, right-of-use assets and deferred tax assets are non-current assets. Current tax liability is current liability and provision for employee benefits are non-current liabilities.

37. NEW AND AMENDED CIFRS STANDARDS THAT ARE EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Company has applied the below amendments to CIFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2021.

Amendment to CIFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to CIFRS 9, CIAS 39 and CIFRS 7, CIFRS 4 and CIFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these amended standards does not have any significant impact on the financial statements of the Company.

38. NEW AND REVISED CIFRS STANDARDS IN ISSUE BUT NOT EFFECTIVE

Amendments to CIAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to CIFRS standards 2018-2020 Cycle	• Amendments to CIFRS 1, First-time Adoption of CIFRSs • Amendments to CIFRS 9, Financial Instruments • Amendments to Illustrative Examples accompanying CIFRS 16
Amendments to CIAS 16	Property, Plant and Equipment (PPE) – Proceeds before Intended Use
Amendments to CIAS 1	Classification of Liabilities as Current or Non-current
CIFRS 17	Insurance Contracts
Amendments to CIAS 8	*Definition of Accounting Estimates*
Amendments to CIAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Practice Statement 2 Amendments to CIAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods except amendments to CIAS 12. The Company is still assessing the impact of this amendment.

Amendments to CIAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to CIFRS Standards 2018-2020 Cycle

The Annual Improvements include amendments to three standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in CIFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to CIFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in CIFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

CIFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

CIFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to CIFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to CIAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with CIAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. CIAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to CIAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

The amendments to CIAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

CIFRS 17 Insurance Contracts

CIFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes CIFRS 4 Insurance Contracts.

CIFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

Amendments to CIAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing CIAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to CIAS 1 and IFRS Practice Statement 2

The supporting paragraphs in CIAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in CIFRS Practice Statement 2.

The amendments to CIAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to CIFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to CIAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying CIFRS 16 at the commencement date of a lease.

Following the amendments to CIAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in CIAS 12.

The Board also adds an illustrative example to CIAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
- Right-of-use assets and lease liabilities

- Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Regulatory Reserves

On 28 December 2021, the NBC issued a Circular on Classification and Provisioning Requirement on Restructured Loans ("Circular") of Banks and Financial Institutions ("BFIs") effective from the signing date. Following the NBC's workshop for BFIs on 18 January 2022, the NBC allowed the BFIs to defer the implementation of the new circular to 1 January 2022 onwards.

According to the Circular, the Company is required to classify and make provision for loans restructured as follows:

- Restructured loan that is "viable" shall be deem as "performing" and shall be classified as special mention with 3% provisioning of gross amount regardless the number of restructurings.

- Restructured loan that needs "more restructuring" should be deemed as "non-performing" and shall:

  a. be classified as "substandard" for loan under the first restructuring with provisioning of 20% of gross amount;

  b. be classified as "doubtful" for loan under the second restructuring with provisioning of 50% of gross amount.

  c. Restructured loan that is "non-viable" shall be deemed as "non-performing" and classified as "loss" with provisioning of 100% of gross amount.

Following the implementation of the Circular, there was no further adjustments or transfers from retained earnings required.

Receipt of advance for capital contribution

On 16 February 2022, the Company received KHR'000 91,687,500 or approximately US$22,505,523 from SCSB for the purposes of a proposed increase in registered capital, subject to approval from the NBC and relevant competent authorities.

Financial Reporting Considerations Related to the Unlawful Aggression Against Ukraine

On 24 February 2022, the Russian Federation started military operations over Ukraine, which the United Nations General Assembly has condemned as unlawful. In response, a number of jurisdictions have imposed economic sanctions on the Russian Federation and Belarus and key individuals. The trade sanctions have further impacted current market conditions, resulting in rising commodity prices and increased raw material costs.

The Company does not have any exposure to the region or sanctioned individuals and is not directly exposed to commodities which have experienced significant volatility. At the date of this report, the Company has not experienced a material impact or any indications of impairment as a result of these events. However, the prolonged impact of the conflict and sanctions may impact the global economy, including that of Cambodia, and could lead to a significant increase in credit risk. Management does not consider it practicable to provide a quantitative estimate of the potential impact on the Company's subsequent financial statements.

HEAD OFFICE:
Building 285, Yothapol Khemarak Phoumin Blvd. (St. 271),
Sangkat Tumnobteuk, Khan Boeung Keng Kang, Phnom Penh,
Cambodia

(855) 23 86 14 61 | (855) 23 99 30 62
info@amkcambodia.com
www.amkcambodia.com

150
OFFICES

73
ATMS

6658
AGENTS