ANNUAL REPORT 2022

FINANCE AT YOUR DOORSTEP

CONTENTS

KEY SUMMARY

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

To provide a range of responsible financial services to our clients from varying economic segments, particularly low-income households and women, to help them achieve their financial and household aspirations.

AWARDS AND RECOGNITION

2022

BEST ONE-STOP-SHOP FINANCIAL SOLUTIONS PROVIDER CAMBODIA 2022

AMK was awarded as “Best One-Stop-Shop Financial Solutions Provider Cambodia 2022” by the World Business Outlook, a leading print and online global economy magazine.

DATA INNOVATION LEADER AWARD 2022

AMK received “Data Innovation Leader Award” from Credit Bureau (Cambodia) Co., Ltd. (CBC) recognising AMK as the leader in data innovation in the financial sector, in particular effectively delivering the credit reporting in Cambodia.

CAMBODIA ENERGY EFFICIENCY AWARD 2022

AMK's Stung Treng branch was awarded as winner of its category in the first edition of the Cambodian Energy Efficiency Competition (CEEC), which was co-organised by the Ministry of Environment, Sevea, and the Institute of Technology of Cambodia (ITC).

BEST EMPLOYER BRAND AWARD 2022

AMK has been awarded the "Top Performing Financial Institution" for two consecutive years, 2021 and 2022, by the World HRD Congress. This Award Recognized the achievement of AMK in Creating the best Working Environment for Staff to work and grow.

TOP PERFORMING FINANCIAL INSTITUTIONS 2022

AMK has been awarded “Top Performing Financial Institutions 2022” by Ministry of Economy and Finance and the Credit Guarantee Corporation of Cambodia.

TOP TAXPAYER AND GOLD STATUS COMPLIANCE:

AMK was recognized as the 33rd largest taxpayer in Cambodia and received a certificate of tax compliance as a Gold Status Taxpayer.

2021

AMK MFI Plc has been recognized in its best practices in customer’s protection by SMART CAMPAIGN, an independent institution specialized in Clients Protection Principles in financial sector globally. AMK is committed to continuously providing excellent customer services in a professional and ethical manner.

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 fully implementing seven client protection principles. These principles can help the client to avoid over-indebtedness from Smart Campaign Organization.

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 will provide financial services to its client who have sound financial discipline at all levels.
- AMK will be committed to openness and transparency in all areas of management and operations.
- AMK will be committed to developing processes and services, and to adopting behaviors and standards that ensure optimum environmental and social performance, including client protection and climate change adaptation.
- AMK will be a learning organization where appropriate exchange and sharing of information contributes to staff development, training and to improvements in policy 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.

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.

Freedom of Choice

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

Mechanisms for Redress of Grievances

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

Avoidance of Over-Indebtedness

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

Ethical Staff Behavior

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

Appropriate Collection Practices

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

Privacy of Client Data

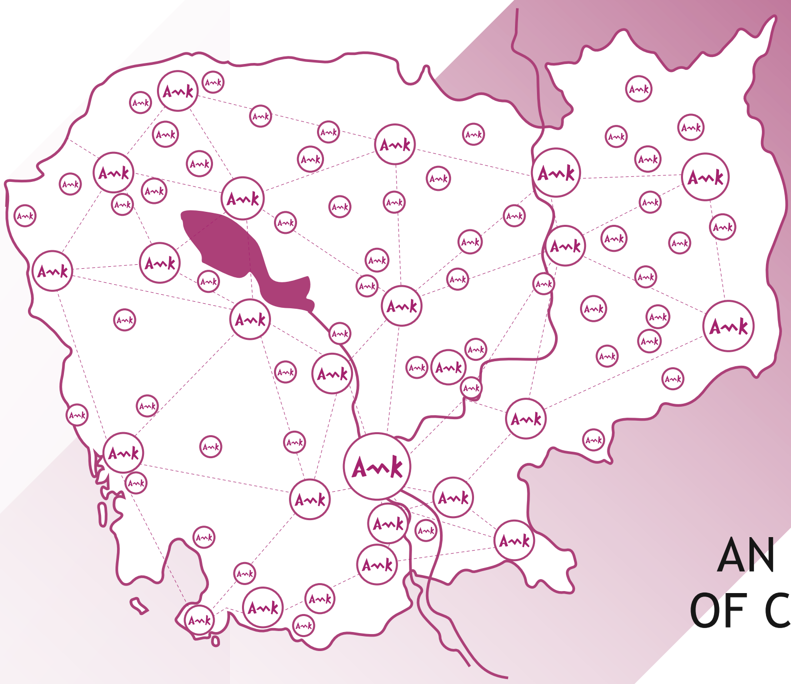
The confidentiality of client data will be respected unless disclosure is required by law.

This Code is enshrined in AMK's operating policies and procedures and is monitored through AMK's internal audit and social performance management functions.

KEY MILESTONES

DESCRIPTION	2005	2010	2015	2020	2022
Number of Offices	5	22	146	149	150
Number of Villages	912	8,032	12,394	13,009	13,237
Coverage of Total Villages in Cambodia	7%	57%	88%	91%	92%
Number of Staff	108	844	2,126	3,176	3,531
Number of Total Client	73,946	251,636	481,890	962,335	865,576
Number of Active Loan Accounts	73,073	250,930	335,837	386,640	391,327
Loan Portfolio (USD)	$ 10,174,859	$ 31,715,578	$ 128,318,669	$ 357,086,536	$ 552,252,791
Number of Active Deposit Accounts	-	4,578	163,856	1,451,813	1,428,746
Deposit Balance (USD)	-	$ 1,929,691	$ 64,660,634	$ 209,680,482	$ 254,978,842
Number of ATMs / CDMs	-	-	54	57	82
Number of Active Micro Insurance	-	-	127,057	277,363	296,201
Net Profit (after tax, USD)	$ 13,980	$ 935,239	$ 5,016,174	$ 7,732,229	$ 11,657,489
Operational Self Sufficiency (OSS)	103.40%	113.14%	119.58%	114.11%	115.40%
Return on Assets (RoA)	0.53%	2.32%	3.71%	1.86%	1.86%
Return on Equity (RoE)	0.60%	7.62%	19.22%	10.55%	10.68%
Portfolio Yield	36.00%	35.26%	33.85%	20.84%	19.30%
Operating Cost Ratio	36.90%	21.45%	19.52%	10.66%	8.56%
Average Cost of Funds	12.62%	10.56%	9.36%	6.07%	5.80%
Leverage Ratio (Debt to Equity)	0.30	2.10	4.25	4.57	4.31
Non-Performing Loan	0.05%	1.57%	0.41%	1.24%	3.17%
Write off Ratio	0.95%	1.14%	0.42%	0.39%	0.85%
Percentage of Loans ≤USD 1000	100.00%	98.50%	92.73%	75.03%	63.77%
Average Outstanding Loan Per Loan Account (USD)	$ 139	$ 126	$ 382	$ 924	$ 1,411
Average Deposit Per Deposit Account (USD)	n/a	$ 422	$ 395	$ 144	$ 178
Women Borrowers as Percentage of Total	86.00%	85.96%	82.13%	80.55%	79.71%
Rural Borrowers as Percentage of Total	90.00%	92.00%	92.51%	95.41%	96.48%
Drop-out Rate	15.11%	22.80%	23.92%	19.20%	15.85%

IN TERM OF OUTREACH AMK IS ONE OF CAMBODIA'S LEADING MFI



OPERATING IN
13,237 VILLAGES

AN OUTREACH OF **92%**
OF CAMBODIAN VILLAGES

AMK REACHES 100% OF ALL COMMUNES IN CAMBODIA

6,009
AMK AGENTS

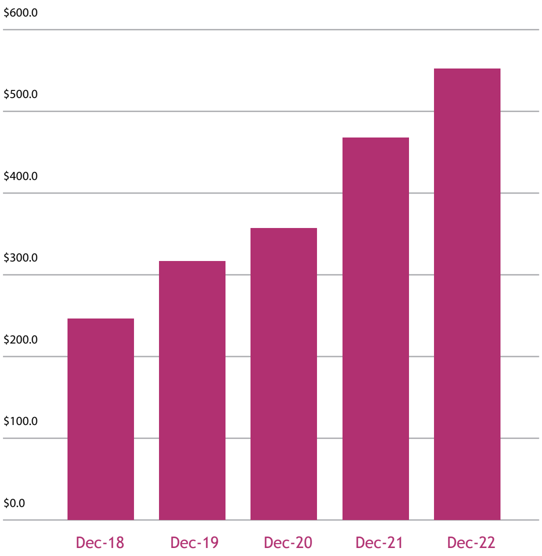
150
BRANCH OFFICES

391,327
LOAN ACCOUNTS

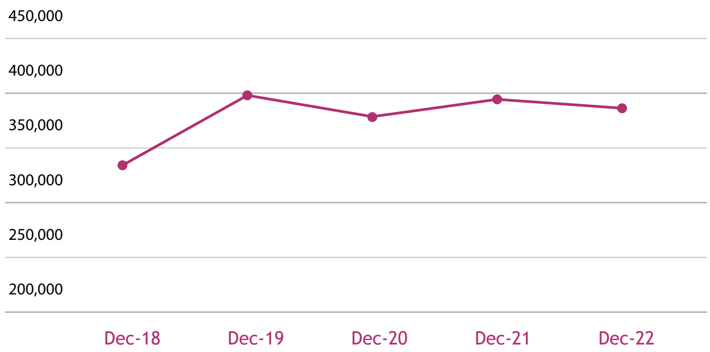
1,428,746
DEPOSIT ACCOUNTS

296,201
MICRO-INSURANCE

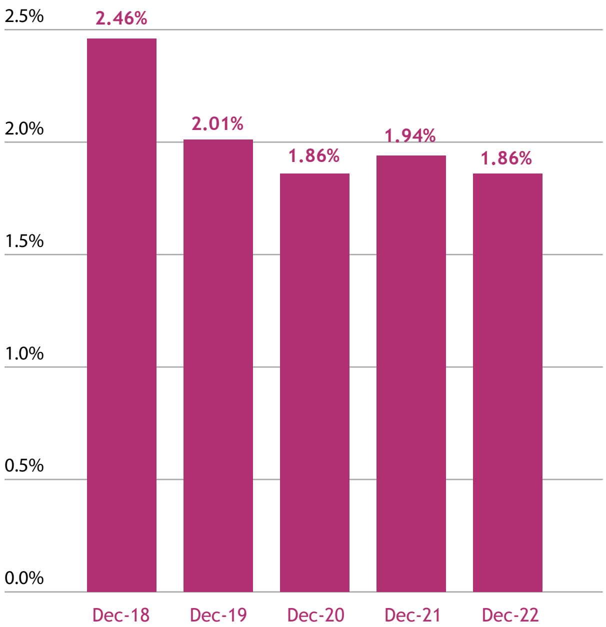
FIVE-YEAR PERFORMANCE HIGHTLIGHTS



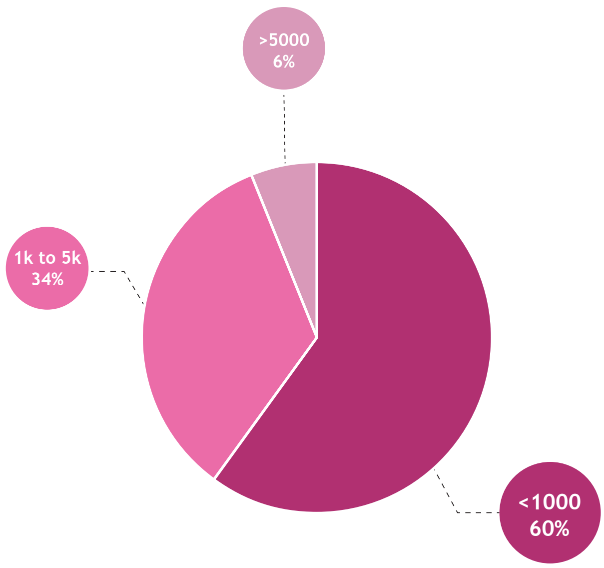
LOAN PORTFOLIO (MILLION USD)



NUMBER OF ACTIVE LOAN ACCOUNTS



RETURN ON AVERAGE ASSETS (ROA)



LOAN DISBURSEMENT BY SIZE (USD), DEC-22

FIVE-YEAR PERFORMANCE HIGHTLIGHTS

DESCRIPTION	2018	2019	2020	2021	2022
I- Operational Highlights					
Number of Branches	34	34	34	35	35
Number of Sub-Branches	115	115	115	115	115
Number of Villages	12,614	12,675	13,009	13,280	13,237
• Coverage of total villages in Cambodia	89%	90%	91%	92%	92%
Number of Staff	2,811	3,091	3,176	3,526	3,531
• Client Officers over Total Staff	35%	41%	39%	42%	42%
Number of Total Client Accounts	765,058	912,113	962,335	911,546	865,576
Number of Active Loan Clients	359,681	398,465	386,640	396,239	391,327
• Group Loan Clients	78%	74%	73%	70%	62%
• Individual Loan Clients	22%	26%	27%	30%	38%
Loan Portfolio (USD)	$ 246,332,213	$ 316,882,273	$ 357,086,536	$ 467,472,529	$552,252,791
• Group Loans	52%	51%	47%	37%	26%
• Individual Loans	48%	49%	53%	63%	74%
Active Loan Accounts/Avg. Client Officer	359	323	310	267	265
Loan Outstanding/Avg. Client Officer (USD)	$ 248,204	$ 265,290	$ 252,732	$ 288,149	$ 370,391
Number of Depositors with Outstanding Loan	388,149	380,872	309,946	309,972	292,738
Number of Active Deposit Accounts	793,526	1,359,755	1,451,813	1,450,506	1,428,746
Deposit Balance (USD)	$ 162,381,565	$ 182,840,456	$ 209,680,482	$ 251,663,265	$254,978,842
Number of ATM / CDM	61	56	57	69	82
Number of Active Micro Insurance	285,646	328,968	277,363	306,091	296,201
II- Financial Highlights					
Net Profit (after tax, USD)	$ 7,347,355	$ 7,300,903	$ 7,732,229	$ 9,933,534	$ 11,657,489
Operational Self Sufficiency (OSS)	118.01%	116.47%	114.11%	116.26%	115.40%
Return on Assets (RoA)	2.46%	2.01%	1.86%	1.94%	1.86%
Return on Equity (RoE)	16.73%	12.51%	10.55%	11.72%	10.68%
Portfolio Yield	22.83%	20.61%	20.84%	19.86%	19.30%
Operating Cost Ratio	13.88%	11.25%	10.66%	9.69%	8.56%
Average Cost of Funds	6.89%	6.50%	6.07%	5.67%	5.80%
Leverage Ratio (Debt to Equity)	5.16	4.48	4.57	4.76	4.31
Non-Performing Loan	1.09%	0.86%	1.24%	1.05%	3.17%
Write off Ratio	1.14%	0.56%	0.39%	0.47%	0.85%

DESCRIPTION	2018	2019	2020	2021	2022
III- Social Highlights					
Loan Highlights					
Average Loan Size(USD)/ GNI per Capita (loan disbursed)	91.69%	84.08%	87.73%	112.81%	**111.99%**
Percentage of Loans ≤ USD 1000	82.98%	82.09%	75.03%	70.97%	**63.77%**
Average Outstanding Loan Per Loan Account (USD)	$ 703	$ 820	$924	$ 1,180	**$ 1,411**
• Group Loan Account	$ 518	$ 571	$ 625	$ 647	**$ 652**
• Individual Loan Account	$ 1,288	$ 1,308	$ 1,912	$ 1,710	**$ 1,950**
• SME Loan Account	$ 11,549	$ 16,958	$ 15,956	$ 16,104	**$ 16,214**
Average Loan Disbursed (USD)	$ 926	$ 1,206	$ 1,258	$ 1,911	**$ 1,846**
• Group Loan Account	$ 662	$ 798	$ 809	$ 839	**$ 822**
• Individual Loan Account	$ 1,810	$ 1,772	$ 2,111	$ 2,402	**$ 2,288**
• SME Loan Account	$ 13,402	$ 23,448	$ 19,053	$ 21,854	**$ 23,316**
Deposit Highlights					
Average Deposit Balance/GNI per Capita	19.81%	9.17%	9.78%	9.97%	**10.51%**
Percentage of Deposits with Balance ≤ USD300	97.45%	98.44%	98.41%	98.16%	**97.80%**
Average Deposit Per Deposit Account (USD)	$ 200	$ 132	$ 144	$ 174	**$ 178**
Money Transfer Highlights					
Number of Agents	4,090	5,547	5,550	6,658	**6,009**
Number of Money Transfer ≤ USD300	525,254	391,903	586,603	993,559	**1,318,947**
Average Transfer Balance/GNI per Capita	30.48%	20.69%	15.02%	12.19%	**19.01%**
Other Social Highlights					
Women Borrowers as Percentage of Total	81.33%	81.04%	80.55%	79.91%	**79.71%**
Rural Borrowers as Percentage of Total	93.14%	95.04%	95.41%	95.71%	**96.48%**
Drop-out Rate	21.65%	16.72%	19.20%	16.99%	**15.85%**

AMK'S HISTORY

1990s

The origins of AMK Microfinance Institution Plc. (AMK) trace book 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 brach 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 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 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 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 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.

AMK MFI Plc is one of the leading microfinance in terms of outreach and customer we served. As of December 31, 2019, AMK operates in 90% of entire villages with 149 offices, over 3,000 experienced staff, 56 ATM/CDM, and over 5,000 Agents running in 25 provinces and cities across Cambodia. AMK served over 900,000 customers, with a loan portfolio of over USD 326 million, and a deposit with nearly USD 180 million. AMK also offered micro-insurance on health and accident to over 329,000 of its loan clients nationwide to cover them from undue financial stress.

AMK provides a variety of adequate financial services, including loans, deposit, leasing, money transfers, micro-insurance, Bill Payment, Payroll Service, Agent Banking, Mobile Banking, ATM/DCM, and other affordable financial services.

2020

In 2020, AMK convert its self to digital, officially launched its Mobile Banking Application which allow user to manage their financial service on mobile phone. The feature of AMK Mobile allow user to transfer money to local and international, 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.
In the same year, AMK also officially launched QR payment of its Mobile Banking App, which allow users to scan and pay with quick, easy and convenient with our merchants. Moreover, AMK has launched new Value Chain Financing for the business chain as well as working capital which help to solve business owner problem as Working Capital, Purchasing Raw Material or good from supplier to boosting sale volume and expanding markets and solve borrower collateral.
At the same time, AMK launched international money transfer services which client can receive money from South Korea and send money to the Philippine and Vietnam.
AMK also has become the 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

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 theAMK Mobile app in which customers can open a savings account while spending twoto 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.
- Transfer Money to Overseas via EMQ and UnionPay: customers can transfer from Cambodia to 12 other countries for a minimal fee.

AMK MFI Plc has been recognized in its best practices in customer's protection by SMART CAMPAIGN, an independent institution specialized in Clients Protection Principles in financial sector globally.
AMK is committed to continuously providing excellent customer services in a professional and ethical manner.

2022

AMK has strived and grown to serve our customers even better in 2022. Our customers are enabled to have worldwide access to various financial transactions through UnionPay virtual debit card, receive international money transfer via DeeMoney and Lightnet, as well as other new products such as Green loan, Personal loan, Salary advance, and Scan-to-pay settlement for utility bills such water supply and electricity.

- UnionPay virtual debit card allows customers to make local and oversea cashless settlements.
- AMK's customers are able to receive oversea money transfers via DeeMoney and Lightnet easier and faster with low transaction fees.
- Green loan enables our customers to open or expand their environment-friendly businesses such as Solar system, Bio digester or electric vehicles purchase.
- Personal loan offers up to $20,000 without collateral and can be used for personal purposes.
- Salary advance allows the customers to access their own salary in advance for personal purposes.
- Scan-to-pay settlement for water supply and electricity bill is a new feature on AMK Mobile which allows customers to scan barcode for a more convenient bill settlement without the need to type customer's ID.

CHAIRMAN'S STATEMENT

2022 was a year which featured great global disruption and uncertainty, yet highlighted the great stability in the Cambodian economy and in AMK's operations. The next phase of the Covid-19 pandemic, Russian-Ukrainian conflict, global supply chain constraints and inflation pressures all created challenges for economies around the world, however the Cambodian economy demonstrated remarkable stability. The GDP is estimated to have grown 4.8% in 2022, with the World Bank projecting 5.2% growth in 2023. In the face of global inflation pressures, despite temporary shocks, the Consumer Price Index in Cambodia increased only 2.86%, highlighting the great stability in the Cambodian economy.

AMK also demonstrated great stability in the face of uncertainty in 2022. Our loan balance grew by 20.8% and the deposit balance grew modestly by 1.3%, and AMK's profitability continued to grow conservatively, increasing 20.3%. AMK continues to innovate digitally, upgrading and expanding the features on our mobile banking app, and growing our total users to over 180,000, with AMK providing access to KHRQ payments to over 40,000 merchants.

AMK has also transitioned into the next phase of the Covid-19 pandemic. Since the onset of Covid-19 in early 2020, AMK has restructured in aggregate over $97 million of loans, to provide assistance and relief to our clients in a time of great uncertainty and temporary hardship. In 2022, in a sign of stability in the Cambodian economy, the extraordinary Covid-19 restructuring relief was phased out, and we are pleased to have supported our clients and finish 2022 with a strong and conservative provision and balance sheet.

Unchanged, too, is SCSB's commitment to AMK and its mission and values. In 2022, SCSB injected a further $22.3m in share capital to support AMK's growth and strengthen the reserves. AMK continued to pursue its vision to provide a range of responsible financial services to our clients from varying economic segments, particularly low-income households and women, to help them to achieve their financial and household aspirations, with AMK's clients comprising over 95% of rural borrowers, and 79% of women borrowers. AMK provided Bancassurance products to over 395,000 clients and our Tonlesap app, which is an online marketplace and information hub for primary producers across Cambodia, on boarded over 40,000 users.

The success and stability of AMK, would be impossible without the efforts and dedication of its staff, management and directors. I would like to thank all staff and stakeholders for their support and continued dedication towards our 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. The future for Cambodia and AMK is bright, and I have great hope for the potential of AMK as it continues to grow.

John Con-Sing Yung

CHIEF EXECUTIVE OFFICER'S REPORT

Cambodia economy slowly recovered in 2022 after government fully opened the country. The Gross Domestic Products (GDP) is expected to grow by 4.8% in 2022. However, Cambodia, like other, also face with high inflation rate forecasted to be around 5%.

The financial industry has faced new emerging risks and challenges in 2022, impacted by interest rate hikes, slowing growth of the overall economy and higher growth of non-performing loans in addition to Covid-19. The credit in Cambodia is estimated to have grown about 20.2% in 2022, down from 23.6% in 2021, while the deposit is also estimated to grown about11.3%, compared to 17.6% in 2021. The non-performing loan (PAR 30+ DPD) has almost doubled to 3.03% in 2022 compare to just 1.66% in the previous year. The interest rate hikes have put significant impact on funding cost of financial institutions on both local deposit fund and offshore funding.

AMK's key client segment, low income and rural Cambodians, has experienced tougher year in 2022 due to a slowdown in the garment industry in the second half of 2022. The increase in price of agriculture inputs, such as fertilizer and high gasoline prices, further impacted their cost of production. Moreover, other key industries such as construction and real-estate and tourism also faced similar challenges. AMK has, for the first time, faced a significant growth in non-performance loan in a decade. The non-performing loan has increased to 3.17% in 2022; however, AMK also build up strong loan loss reserve at 4.12% to cover this credit risk. AMK has taken a number of measures to mitigate the risks by reduce the exposure risk to key high risk sectors, improving internal controls and targeting our focus on the agriculture value chain from producers to processors, traders, and exporters. As result, AMK manage to grow the loan portfolio by 20.79% in 2022. AMK, like other, also impact from the global interest rate hikes causing a significant increase in cost of funding. Moreover, the competition for deposit became so fierce in 2022 pushing a significant increase in deposit rate. AMK deliberately decided to take a step back and only maintain its deposit balance but focus on build up CASA users base. As result, the deposit balance stayed almost flat while CASA base with low income deposit customer has increased by almost 8% in 2022.

Despite the challenges of 2022, AMK continues its strong commitment to support and help to build its clients' resilience and protect from unforeseen incidents. In 2022, AMK offered credit life protection at no cost to over 227,000 low income clients, covered total debt released over $1.8 million. Moreover, about 82% of AMK's loan customer also hold micro life and health insurance policy which helps to build better safety net from unforeseen incidents caused by health and other issues.

AMK continue to build its eco-system to provide one stop financial service to its client through its multiple distribution channels from various products and services. AMK offer simple and easy to use mobile banking application with many services including fund transfer, top up, bill payment international remittance and many others. Customers can manage their financial and make necessary transaction at their own time and place. The number of users has almost doubled since 2021, ending close to 182,000 and performed over 3 million transactions, valued over $800 million in 2022, representing a 2.47 times increase of usage compare to 2021. Likewise, AMK's merchants acquiring launched in 2021 has received a good welcome by the market. The number of acquiring KHQR merchant that can accept payment from both AMK and Bakong's member banks and financial institutions has reach a new milestone with over 40,000 locations. The transaction volume has increase over 6.7 times compared to the previous year. AMK's agent banking has seen a significant improvement in 2022 as well resulting from new emerging opportunity, better quality of agent and strong eco-system within AMK. Total number of transaction perform in 2022 has reach to close 11 million 28% up from last year.

To support Agriculture sector, AMK also launch its own Tonlesap App few years back with an objective to provide knowledge and know-how, access to expert, relevant information and access to market. AMK has on board over 42,000 users with over 600 sellers and over 50 experts so far. Tonlesap Facebook page also has closed to 300,000 followers as well. There are close to one thousand technical contents published in Tonlesap App. Tonslesap team is currently also piloting B2B solution under Smallholder Safety Net Up-Scaling Program "SSNUP" and GIZ-CRASS on cashew nuts and cassava.

2022 financial performance remains stable, despite of the unprecedented challenges we faced from interest rate hikes, high inflation, and high non-performing loan. The Return on Equity is at 10.68% and the Return on Asset is at 1.81%. During this tough year, AMK also improve it cost management and performance, as result, the operating cost ratio drop further to 8.56% from 9.7% in 2021.

The overall economy is expected to slightly improve in 2023. According to the World Bank's recent report , the Cambodian GDP is forecast to growth by 5.2%. The report also stresses that the global trade slowdown in second half of 2022, which it projects to continue in 2023, will pose a risk to country like Cambodia. AMK will continue to focus our growth through our eco-system, agriculture sector and along with environmental sustainability initiative. Moreover, we will continue improve our internal control, risk management and reliable technology with allow us to reach to our customer more effectively.

On behalf of AMK's management and staff, I would like to thank our Shareholders, SCSB, 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 providing 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

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[1]. https://www.worldbank.org/en/country/cambodia/publication/cambodia-economic-update-december-2022-navigating-global-economic-headwinds

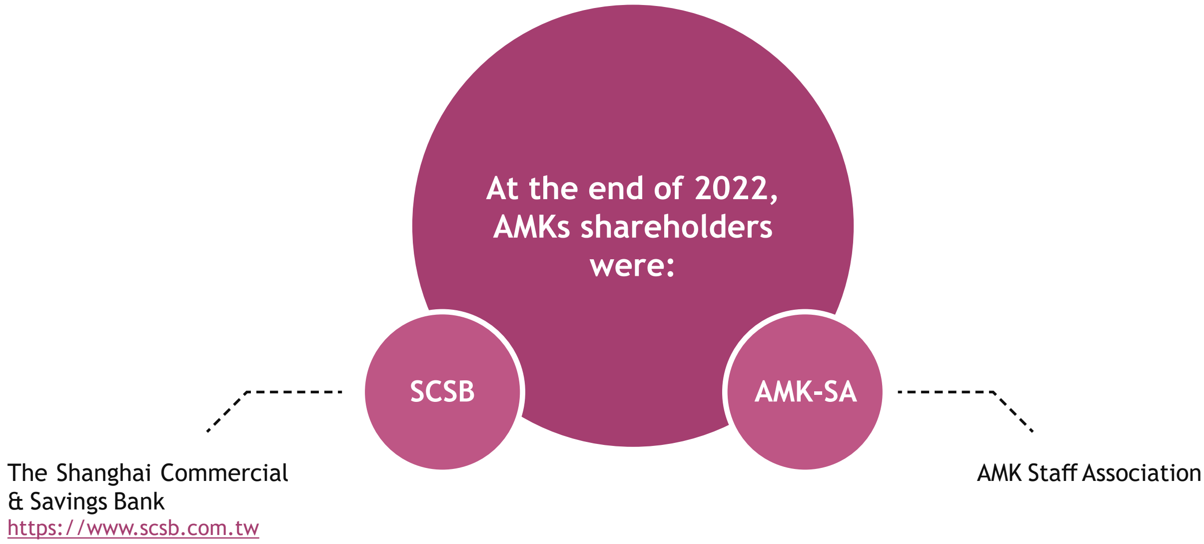
[2]. CBC Monitoring dashboard

[3].https://www.worldbank.org/en/news/press-release/2022/12/07/cambodia-s-economy-is-recovering-but-could-face-headwinds-world-bank-report-says


$7.74

CORPORATE GOVERNANCE

Shanghai Commercial and Savings Bank, Ltd. (SCSB) becomes a significant majority shareholder since 2020.



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.

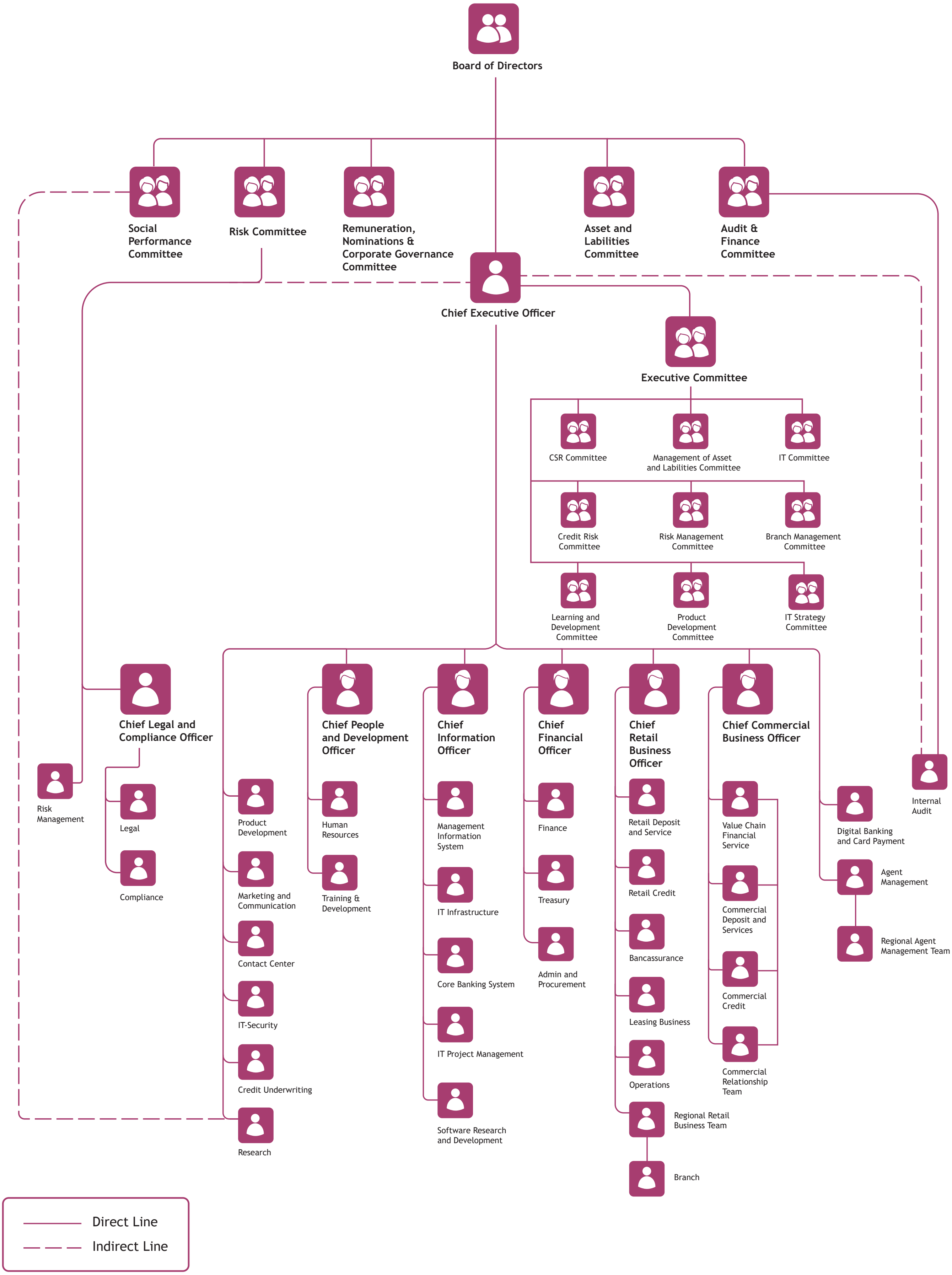
The board of Directors appoints the Chief of Executive Officer (CEO), who works with an executive committee that consists of C-Suit and other key departments. This committee, in turn, oversees the border Management Team composed of the Heads of Department and C-Suit.

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.

AMK 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 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.

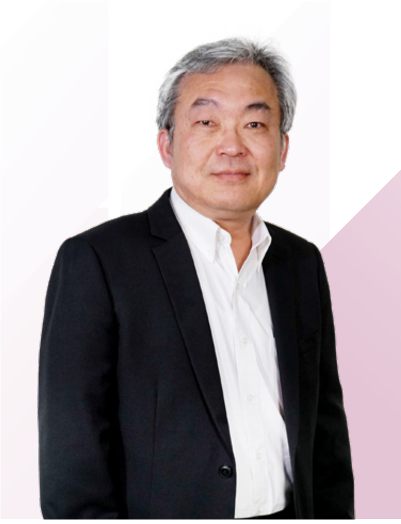
Prior to this, Seida was a financial management specialist with the World Bank for a period of 5 years and was Audit Manager with one of the big 4 auditing firms for a period of 6 years in the audit and advisory services in Cambodia and Malaysia.

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.



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...

BLANDINE CLAUDIA MARIE PONS

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.

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 COMMITTEE

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 2022, the BRC meeting was held four times and significant steps were taken to enhance the company's level risk management framework. Key achievements of BRC in 2022 include:

- Reviewed and endorsed the following products/activities, reports, and policies and procedures:
  - Proposed Amendments to Credit Risk Policy
  - Proposed Amendments to Review Credit Portfolio Risk KRIs;
  - Proposed New Enhancement on Staff Loan;
  - Proposed Amendments to Money Transfer Policy;
  - Proposed New Product Proposal of Auto Leasing;
  - Proposed Auto Leasing Product Policy;
  - Proposed Amendments to Whistleblowing Policy;
  - Proposed SOP for Whistleblowing;
  - Proposed Amendments to SOP for Compliance Review and Testing;
  - Proposed Partnership between AMK and Liquid Group Pte. Ltd.;
  - Proposal on Visa Card Issuance and Enable UPI Card through Other Channels;
  - Proposed Partnership with Three International Companies;
  - Proposed Amendments to Training and Development Policy;
  - Proposed Amendments to IT Policies and Standards;
  - Proposed Amendments to AML/CFT Policy;
  - Proposed Amendments to ATM-CDM Policy;
  - Proposal for Early Loan Pay Off Condition for Leasing Product;
  - Proposed Amendments to Contact Center Policy;
  - Proposed Amendments to SOP for AML/CFT;
  - Proposed Amendments to Dormant Account Policy;
  - Proposed Amendments to Admin Expenditure Policy;
  - Proposed Amendments to Risk Management Framework;
  - Proposed Amendments to Operational Risk Management Policy;
  - Proposed Foreign Currency Exchange Policy;
  - Proposed Amendments to Card Management Policy;
  - Proposed Budget Plan for Risk Management Department for 2023; and
  - Proposed Budget Plan for Legal and Compliance Department for 2023.

ALCO ASSET AND LIABILITY COMMITTEE

The Board Asset and Liability Management Committee (B.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 2022, 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 Asset and Liabilities Management and assessed the liquidity risk, and reviewed and monitored stress testing modelling;
- Reviewed the 2023 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;
- Reviewed and recommended the Proposal on Bond Investment; and
- Reviewed and recommended new balance sheet products issued in 2022, 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 2022, the AFC met four times to discuss the following strategic areas:

- Reviewed and recommended the 2021 audited financial statement to the Board for approval;
- Discussed business line performance, cost allocation logic, business line profitability, and efficiency;
- Reviewed progress against the 2022 Internal Audit Plan and reviewed and approved the proposed 2023 Internal Audit Plan and Internal audit budget plan;
- Discussed material audit findings and feedback for rectification and improvement;
- Reviewed and approved the Proposed Annual Report on Internal Control System for 2021;
- Reviewed and approved the Proposed Amendments to Internal Audit Development and Assurance Guideline;
- Reviewed and approved the Proposed Amendments to AMK Internal Audit Risk Matrix Guideline;
- Reviewed and approved the Proposed Amendments to Internal Audit Risk Profiling Guideline;
- Reviewed and approved the Proposed Assessment of the Functional Currency of AMK for the 2022 Reporting Period;
- Reviewed and discussed the implementation of and compliance with new regulations and Cambodian International Financial Reporting Standards (CIFRSs); and
- Discussed and recommended the 2023 Budget Plan to the Board for approval.

RNCG

REMUNERATION, NOMINATION, 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 2022, RNCG held two meetings and provided the following oversights and resulting recommendations to the Board:

- Review of and approval for Vested Incentive in 2022;
- Review of and recommendation on Proposed Amendments to Annual Incentive Policy;
- Review of and recommendation on RNCG Charter;
- Review of and recommendation on the Proposed Amendments to Monthly Performance Incentive Policy;
- Appointment of new Directors;
- Review of and recommendation on the Proposed Amendments to Job Grading and salary scales for AMK's staff and management.
- Review of and approval for Proposed Salary Increment for 2023 and Proposed 2022 Incentive Distribution;
- Review of and recommendation on Proposed Amendments to Human Resource Policy; and
- Review of and recommendation on Proposed Amendments to AMK's Structure for 2023.

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

Director and CEO

Borann 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.

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 20 years of experience in IT careers, moving from IT support level to IT Executive 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 17 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

Chief People & Development Officer

Pisak was appointed as Chief People & Development Officer in 2023. She first joined AMK as Training Manager in 2011 and was promoted to Head of Training Department in 2012 then become the Head of the Human Resource Department in 2013. 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 Bachelor's Degree in Marketing and a Master's Degree in Management from the National University of Management (NUM).

UK KOSAL

Chief of Legal & Compliance Department

Kosal has been promoted to Chief Legal and Compliance Officer in January 2023. Kosal joined AMK as Head of Legal and Compliance in April 2018. Kosal has over 10 years of experience in banking and financial sector. Having earned through his pervious and current works, Kosal's professional experience includes management of the Company's legal affairs, corporate secretarial tasks, and compliance matters.

Kosal holds a Master of Laws from Transnational Laws and Business University, South Korea. Kosal is an Anti-Money Laundering Specialist certified by ACAMS and ICA.

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 role 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.

CHEA ROATTANA

Head of Agent Management Department

Before serving as Head of Agent Management, Roattana 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.

TAING MUYLENG

Head of Risk Management Department

Muyleng has more than 10 years 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.

ROS KEOV MONY CHENDA

Head of Treasury Department

Chenda was promoted to be Head of Treasury in 2022. After working for 10 years in Treasury management field in microfinance sector, she has professional experience in Cash and Funding Management, Assets and Liabilities Management, Financial Risk Management, Business Performance Analysis, and Budgeting.

She holds a Bachelor Degree of Accounting at Vanda Institution of Accounting and a Bachelor Degree of Business English at Cambodia Mekong University (sponsored by CMU). She has attended several workshop and training course in the area of Financial Risk, Leadership, Compliance and other microfinance relating training program.

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 fifteen years of experience in the microfinance sector. 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.
2017.

CHEANG VANNA

Head of Training Department

Vanna joined AMK in 2013 as a Training Manager. He has over 18 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 almost twenty 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 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 Bancassurance 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, Microfinance Institution, and Life Assurance, where he was offered the positions as Program Coordinator, Project Team Leader, Vice President & Head of Distribution Training, and Executive Director.

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

BUN CHAN PHIWORTH

Head of Supply Chain Financial Service Department

Chan Phiworth joined AMK as Head of Commercial Business in April 2020 responsible for Supply Chain Financial Service Department. Before Joining AMK, he has over fifteen years of experience in Banking and Financial Institutions specializing in Credit Operation, Corporate and Financial Institutions lending, Credit Analysis, Deal Structuring, Relationship Management, Syndicated Lending, Transaction banking sale and operation, Trade and Supply Chain at international and regional banks. He also has experiences in litigation case, banking and finance legal framework.

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) in English program from Pannasastra University of Cambodia.

SO LATIN

Head of Operations

“In Nov-2022, Latin joined AMK as Head of Operations Department. Before joining AMK, Latin possessed a long practical experience in Micro-finance and banking sector over 15 years and short experience in brewing industry in Cambodia with solid skills in operations management, process improvement, customer experience, productivity and cost control, project management, and strategic formulation.

He graduated bachelor's degree in Accounting and master's degree in Management.

HENG ROMNY

Head of Retail Deposit & Services

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.

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.

DETH SOCHEATH

Head of Human Resource Department

Socheath joined AMK in 2019 as Talent Development and Strategy Execution, and she was promoted to Deputy Head of the Human Resource Department in 2020. In 2023, she was promoted to Head of Human Resources, where she oversaw AMK's human resource management, including Talent Acquisition, Personal & Compensation, Talent & Performance Management, and Employee Relation. Socheath has over 21 years of experience in International Non-Governmental Organization and Microfinance sector with solid skills in Administration Management, Project Management, Strategy Execution, Learning & Development and Human Resource Management.

SOTHEA PHAN

Head of Research Department

Sothea is currently a Head of Research. He came to AMK with extensive experience across different industries including Banking, Insurance, Leasing, Digital Banking, FMCG, Telecom, Insurance, and more. His area of expertise includes sale, market/social research, data analytics, predictive modeling, credit scorecard modeling, consumer insight, customers experience, product testing, U&A, and more.

He holds a Master Degree in Sustainable International Development focusing on Research and Applied Data Analysis from Brandeis University, USA. He also fully completed his Master Degree courses in Business Project Management from RULE Cambodia/Lyong II, France in 2012.

MANAGEMENT COMMITTEES

AMK operates committees at the management level to oversee and manage the core aspects of the company's operations according to the nature of its business and the risk appetite. The committees comprise:

EXECUTIVE COMMITTEE (EXCO)

EXCO 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. It is chaired by the CEO and meets on a monthly basis.

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 risk, and AML/CFT (Anti-Money Laundering and Counter Financing of Terrorism) related policies and procedures.

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.

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 portfolio quality (via clients' portfolio, sector, or product, etc.), analyzing delinquency trend and reasons, and taking remedial actions if needed.

IT COMMITTEE (ITC)

The Information Technology Committee (ITC) is responsible for providing guidance for managing the overall technology systems and infrastructure within AMK. The ITC regularly reviews the IT operations, compliance and execution of the IT strategy and project implementation and assesses the priority of system development and investment to meet overall priorities of AMK' business and user requirements

IT STRATEGY COMMITTEE (ITSC)

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

PRODUCT DEVELOPMENT COMMITTEE (PDC)

The PDC ensures the financial products and services of AMK are well developed, meeting the clients' demand in a competitive market, minimizing the possible risks involved, maximizing the cost efficiency in operations, and responding to the vision and mission of AMK. The responsibilities of the committee are to review and endorse the overall short- and long-term product roadmap, new or enhanced product and service proposals, relevant product and service policies and procedures and strategies for recommendation to the EXCO and Board of Directors. In addition, the committee monitors the progress on the implementation and reinforcement of projects and regularly update on the status of projects as well as all pending issues to evaluate the success or failure of pilot tests and provide recommendations to official launch.

THE BRANCH MANAGEMENT COMMITTEE (BMC)

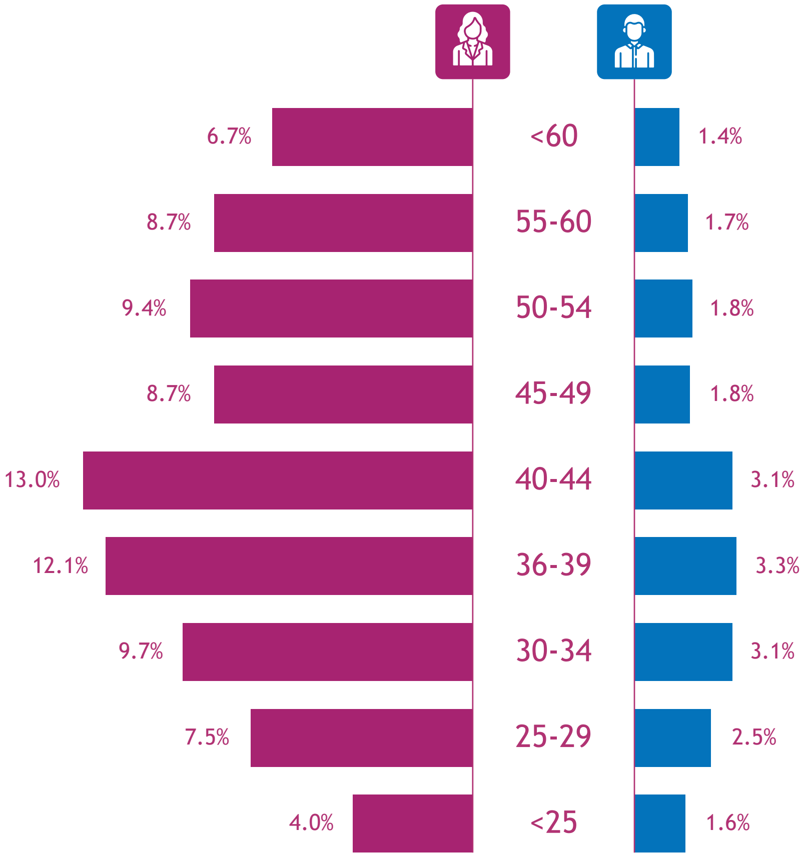
The Branch Management Committee (the "BMC") is formed to manage overall performance of all branches to ensure efficiency and effectiveness by promoting high standard customer service and performance-oriented practices. The BMC is also responsible for selecting the potential sites for new branches and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

THE LEARNING AND DEVELOPMENT COMMITTEE (LDC)

The Learning and Development Committee (LDC) supports AMK' efforts to build a culture of continuous learning, improving individual competencies, expanding organizational capabilities, a professional financial service provider with a high level of ethics. The LDC ensures training and development programs align to AMK strategies, principles and standards. The LDC has the authority to make decisions on all areas related to training and capacity development program within AMK and to propose recommendations to the Executive Committee where action or improvement is needed.

AMK'S CLIENTS

As of December 31, 2022, AMK has 391,327 active loan accounts. AMK always commits to stay true to its mission in increasing financial access for women. In 2022, approximately 80% of its loan clients are female. The average loan size is around ~2,250 USD per person for Individual Loan (ID), and around 820 USD for group loan. Clients are loyal to AMK, on average they stay with AMK at least 3 cycles (approximately 73% of AMK clients stay with AMK between 2 to 10 cycles). They are all from various age groups (18 to 60+ years old). From one year to another, AMK is expanding its outreach to the younger clients (e.g. below 40 years old), while also continuing to take good care of our middle age 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 2022

Rural	Urban
Proportion of client: 96%	Proportion of client: 4%
ID: 40% Vs VB: 60%	ID: 57% Vs VB: 43%
Average loan cycle: 3	Average loan cycle: 3
Average age: 43 years old	Average age: 41 years old

Source: List of loan 31 Dec 2022

Social mission is core part of AMK as a company, AMK continues to maintain its outreach to poor and lower income households, so that they can access to financial service to improve their livelihood, well-being, and businesses. 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).

Due to the absent of PPI (it is still in updating process), AMK decided to measure its depth of outreach using ID Poor. This means that AMK uses ID Poor as an indicator to measure its reach to poor family. Based on AMK's in-house representative survey in 2022 (Brand Awareness and Client Satisfaction Surveys), we observed that on average 16% 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 illustrates that AMK covered a big proportion of poor household in 2022.

AMK'S CLIENTS STORY

"AMK IS NOT ONLY A FINANCIAL SERVICE PROVIDER, BUT ALSO A VERY GOOD BUSINESS PARTNER."

MR. SOK, 38 YEARS OLD, KAMPONG SPEU PROVINCE

-AMK SME LOAN

Offering suitable solutions for customers to address their financial needs is an important goal of AMK to help improve customers' livelihood and business. AMK believes customers need different solutions in different circumstances. Therefore, AMK has created and is offering a variety of financial services in response to customers' needs. AMK's customers have access to several products/services such as: (1) Loan (2) Digital Loan (3) Saving/Deposit (4) ATM/CDM (5) Mobile Banking (6) Insurance (7) Leasing (8) Money Transfer Agent and many other products/services. Customers may choose whichever option that is appropriate for their needs. For instance, among all the financial solutions above, Mr. Sok, a 38-year-old owner of a small size blacksmith and glass workshop in Kampong Speu has been using AMK SME Loan since 2019.

Started as worker in a blacksmith and glass workshop in Kampong Speu, Mr. Sok has later become a small size blacksmith workshop owner subsequent to a loan he received from AMK to start the business. It all started in 2013 when he was a worker in a blacksmith and glass workshop and his wife was a garment factory worker in Kampong Speu. At the time, they needed a motorbike to travel to work. Therefore, they contacted AMK and applied for a 1,800USD loan to purchase a motorbike. About a year later, he started a joint venture with his relatives in a motorbike sale and purchase business. He then took up another loan from AMK in the amount of 2,500USD after having paid off the previous loan. As his business thrived, he continued to apply for more loans from AMK. In 2019, he decided to stop working as a worker and started his own blacksmith and glass business.

"Initial investment and working capital were the two most important elements I needed to start my business. However, at that time I did not have sufficient budget to fund my start up. So, I contacted AMK to consult about the possibility of taking business loan. As I was existing customer with my good repayment history, AMK approved a 5,000USD SME loan for me. That was my first capital helping me grow to where I am today." - Mr. Sok.

To date, Mr. Sok has been using AMK loan for five cycles, the latest of which was a 12,000USD loan to acquire transportation means (a small truck and a carriage motorbike) to carry metal and glass materials for installation for customers as well as to replenish some more materials in his workshop. AMK is the only institution Mr. Sok uses. He does not use other institutions since applying loan from AMK is easy with the loan sizing as per his needs.

"Since I have very good experiences with AMK, I do not wish to change to other institutions. At AMK, staff helped guide me to quickly and properly prepare documentation. They did not ask too many questions, fast application process and loan disbursement. Repayment is easy through AMK's agents, and importantly with very good interest rate." Mr. Sok.

For him, AMK is not only a financial service provider, but also a very good business partner.

MR. SOVANNARITH, 22 YEARS OLD, PHNOM PENH

-AMK DIGITAL LOAN CUSTOMER

Offering suitable solutions for customers to address their financial needs is an important goal of AMK to help improve customers' livelihood and business. AMK believes customers need different solutions in different circumstances. Therefore, AMK has created and is offering a variety of financial services in response to customers' needs. AMK's customers have access to several products/services such as: (1) Loan (2) Digital Loan (3) Saving/Deposit (4) ATM/CDM (5) Mobile Banking (6) Insurance (7) Leasing (8) Money Transfer Agent and many other products/services. Customers may choose whichever products/financial services that is appropriate for their needs and situation. For instance, among all the aforementioned financial solutions, Mr. Sovannarith, a 22-year-old third-year undergraduate student and a general manager of a coffee shop in Phnom Penh, has opted for AMK Digital Loan and AMK Digital Banking since 2020, and currently still an AMK's customer.

Sovannarith, a third-year undergraduate student in Phnom Penh, was not in need of bigger loan and yet he also did not have collateral to apply for bigger loan from any other financial institutions. In 2020, his phone was broken and his school tuition fee was due. He needed money to pay the school tuition fee and change a new phone with his savings. But he did not want to use up all the savings as he wanted to keep some money just in case for any unexpected emergency. One day he saw an advertisement about AMK Digital Loan on AMK Digital Page (Facebook), which did not require collateral nor guarantor for a loan of 1,000USD and below. He was interested but skeptical as it appeared to be too easy to be true. Nonetheless, he thought it would not cost anything anyway if he was to give it a try as it did not cost him anything, did not take time to meet the staff to apply and did not require any collateral. All it took was for him to log in to fill in the form through a chat to AMK Digital Page. During a break time he filled in the digital application form for the first time, with applying amount of only 1,000USD.

"A few days after my submission of the application, AMK, after having duly examined, contacted me and informed that my loan request had been approved. Then AMK sent over the loan agreement for me to signify my agreement in taking up the loan. Subsequently, they deposited the money into my account. At first I was surprised it became true. With hindsight, I think that was a great idea with such a good solution and I did not need to disturb some friends and avoided any potential future uneasy feeling between us" Mr. Sovannarith

For Sovannarith, saving for contingency is crucial but then saving itself is not easy either; that was why he did not want to exhaust his savings.

With good experience taking AMK Digital Loan, and he being a good customer with good credit of repayment history, Sovannarith has up to now been using AMK Digital Loan for four cycles already. With the 2nd, 3rd and 4th cycles, he used for school tuition fee, purchased a motorcycle and provided some money to his mother to expand her small business at their hometown

"Each loan granted did meet my need. These digital loans provided me with additional financial options which were very helpful when I was in dire need. It was easy as I did not need to spend time to go to a branch or meet with credit officer. It did not affect my working time and took only a few days to obtain the loan" - Mr. Sovannarith.

Sovannarith used to think it would not be easy to obtain approval for loan without collateral and applied online. However, after the successful try with AMK, he realized it was not that difficult if we do in accordance with AMK's guidelines. He emphasized that the good thing was that he did not need to take time to meet credit officer, it did not require collateral for the amount of 1,000USD and below, no guarantor, fast approval and not subject to excessive interest rates like informal loan and even with installment on principal and interest reducing his burden as well.

With great confidence and trust with AMK, Sovannarith plans to continue the loan with AMK at bigger sizing to be used as capital for business opportunity with his friends in the near future. He has also recommended AMK to his friends as the digital loan has both the small and big size.

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 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 mainly 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 traffic light colors "Red-Yellow-Green" in which the Red means that there are problems, and the Green means that everything is better, while the Yellow means that immediate action should be taken. At first, the SPC committee evaluates whether all the necessary information gave by RSD or not. Is it accurate? Are those results aligned with AMK's mission? Then, the descriptions of any issues highlighted in Yellow or Red are elaborated by SPC in the row "Issues to Report." 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 Reporting Framework

Period Evaluated: 1st Jan 2022 to December 2022	Regular Monitoring				
Information presented: December 2022	Depth of Outreach	Adequacy of Products	Transparency & Client Protection	Responsibility to Staff	Change Effect
Sources of Information	• VB + ID • Benchmark: ID poor for 2021 since PPI is not available	• Retention % • Dormancy saving • Multiple loan • Exit/reject survey • Customer experience survey (multi Products) • Service quality measurement 2021 • Brand awareness 2021	• Multiple loan • Loan utility • Borrower awareness • MI client awareness • Saving Awareness • Client grievance	• Staff Exit • Staff Satisfaction	
Sources of Information	• ID Poor • PPI - in updating progress		• Multiple loan Ratio • Loan Usage by Client • Awareness Score over products and services • Number of TrackingIssues	• Staff Turnover and Explanations on Reason for resignation • Satisfaction • Reason why staff considering to resign from AMK	

YEAR OF ASSESSMENT: 2022 SOCIAL PERFPRMANCE ASSESSMENT - SUMMARY		Depth of Outreach	Adequacy of Products	Transparency and Client Protection	Responsibility to Staff	Chance 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 is the Social Performance Framework format. It is an integral part of the SPC meeting minutes.

KEY SOCIAL PERFORMANCE FINDINGS

To measure its social mission, AMK conducted several social researches as well as run the analysis using its MIS data throughout the year 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. The results of each aspect are shown using a Traffic-Light method (Red, Yellow, and Green) in which Red signals urgent action, Yellow represents item in needs of further action, and Green indicates low urgency.

Depth of Outreach

The analysis conducted by the Research Department to assess the poverty outreach helps AMK 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 (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) 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 2022, due to the fact that PPI was still in the process of updating, AMK did not conduct that regular research. Regardless, for these past eight-year (2012-2019), 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.

The updated PPI was fully completed in early 2023. Therefore, we will resume using PPI starting from annual report 2023.

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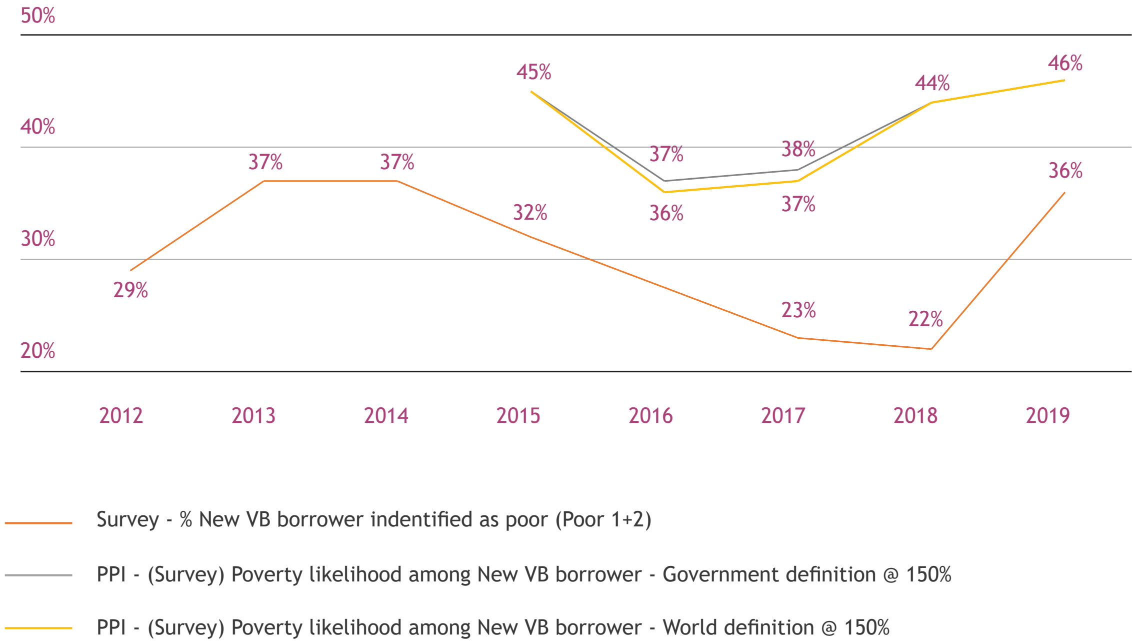
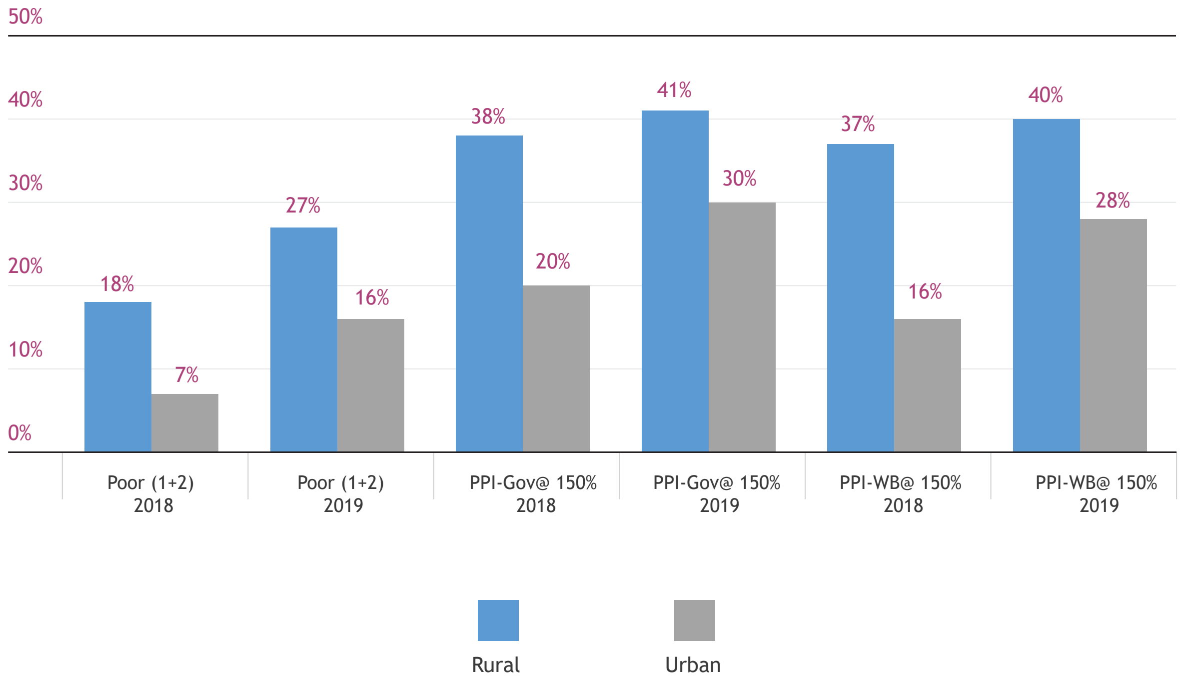
1. The IDPoor Program, established in 2006 within the Ministry of Planning, is part of the Royal Government of Cambodia's ongoing efforts to reduce poverty and support socio-economic development throughout the country. The Program provides regularly updated information on poor households to a large number 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 of AMK: *The comparision year-by-year (2012 -2019)*



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



Due to the absent of PPI (it is still in updating process), AMK decided to measure its depth of outreach using ID Poor. This means that AMK uses ID Poor as an indicator to measure its reach to poor family. Based on AMK's in-house representative survey in 2022 (Brand Awareness and Client Satisfaction Surveys), we observed that on average 16% 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 illustrates that AMK covered a big proportion of poor household in 2022.

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 conducted 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 and internal MIS data analytic helped 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 low income and poor households have 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. In 2022, we are also in the process obtaining the CPP again. 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, Micro-insurance Client Awareness are surveyed and analyzed to gauge their awareness level on the products they are using. 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 2022 indicates the overall satisfaction score at about 4 out of 5, which is similar to that of the previous years' satisfaction level.

ENVIRONMENTAL FOOTPRINT

2022 was a successful year for AMK towards energy efficiency.

AMK's Steung Treng branch was awarded as winner of the inaugural Cambodian Energy Efficiency Contest in the low energy use offices category, and Senior Finance Officer Ms Much Pheakdey was awarded the Individual Champion Award by Clean Energy Week Cambodia 2022. AMK also presented to the United Nations Climate Change Conference in Sharm el-Sheikh, Egypt (COP27), sharing experiences towards reducing our environmental footprint in the Cambodian context.

ENVIRONMENTAL PERFORMANCE INDICATORS				
	2022	2021	2020	2019
Energy				
Electricity in kWh/FTE	648.57	647.67	684.04	776.60
Motor Vehicle Diesel & Gasoline in L/FTE	23.64	19.58	22.58	29.69
Generator Diesel in L/FTE	1.83	1.81	3.36	7.53
Water				
Water in m^3/FTE	10.74	12.74	13.53	15.42
Travel				
Business travel by car in km	838,388	644,488	603,978	731,740
Business travel by airline in km	11,348	-	-	378,974
Emissions in Tonnes of CO_2				
Electricity	1,365	1,290	1,284	1,370
Motor Vehicle Diesel	229	196	195	241
Generator Diesel	18	17	29	61
Water	6	6	6	7
Airline Travel	1	-	-	23

Note: Comparative data has been adjusted to reflect the most accurate calculation standards and conversion factors from the UNFCCC, ICAO and ISSB.

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.

1. CREDIT PRODUCTS

A- PERSONAL

GROUP LOAN

A type of product that uses the method of compiling a loan guarantee group. This approach prioritizes clients in choosing their own group with 2 to 6 members and forming a village bank with 20 groups or up to 100 team members.

Features	Description
Currency	KHR and THB
Loan size	Up to KHR 4,000,000 or equivalent currency
Loan Term	Up to 24 months
Monthly interest rate	1.5%
Repayment mode	Flexible repayment
Type of Collaterals	No collateral required

GENERAL INDIVIDUAL LOAN

Clients can take this general individual loan for business or personal use depending on your needs and cash flow.

Features	Description
Currency	KHR,USD,THB
Loan size	Up to USD 5,000 or equivalent currency
Loan Term	Up to 72 months
Monthly interest rate	1.4%-1.5%
Repayment mode	Flexible repayment
Type of Collaterals	• No collateral required for loans smaller than or equal $ 1,500 • Loans larger than $ 1,500: Land/House/Building/Saving Account.

PERSONAL LOAN

To provide customers who have a monthly salary and pay their salary through a bank or financial institution account and intend to use it for personal or household needs.

Features	Description
Currency	USD
Loan size	Up to USD 20,000
Loan Term	Up to 36 months
Monthly interest rate	1.1%-1.5%
Repayment mode	• Annuity (pay an equal monthly fixed amount)
Type of Collaterals	No collateral required

AFFORDABLE HOUSING LOAN

Affordable Housing Loan offer flexible condition to meet customer needs, such as buying / building a home or renovating a home.

Features	Description
Currency	KHR and USD
Loan size	Up to USD 50,000 or equivalent currency
Loan Term	Up to 120 months
Monthly interest rate	1.1%-1.5%
Repayment mode	• Annuity (pay an equal monthly fixed amount) or • Installment (Interest decreases based on the balance of principal)
Type of Collaterals	Land/House/Building/Saving Account.

SALARY ADVANCE LOAN

A type of loan designed for employees of other institutions who are using the payroll service with AMK to use the money for personal purposes.

Features	Description
Currency	KHR,USD,THB
Loan size	Up to USD 5,000 or equivalent currency
Loan Term	Up to 36 months
Monthly interest rate	1.5%
Repayment mode	Interest payment on utilization amount and pay as monthly basis
Type of Collaterals	No collateral required

DIGITAL LOAN

Digital Loans is a fast, easy, standardized and secure online loan from AMK Microfinance Institution. All AMK customers can apply for a loan to support their personal, family or business needs up to $ 5,000 immediately by chatting to AMK Digital Page (http://m.me/amkdigital) Then fill in the information for each question is done.

≤ USD 1,000

Features	Description
Currency	KHR and USD
Loan size	Up to USD 1,000 or equivalent currency
Loan Term	Up to 12 months
Monthly interest rate	1.5%
Repayment mode	Annuity (pay an equal monthly fixed amount)
Type of Collaterals	No collateral required
Loan approval	1 day (after the customer completes the documents correctly)

≤ USD 5,000

Features	Description
Loan Purpose	To support personal needs or business activities.
Currency	KHR and USD
Loan size	Up to USD 5,000 or equivalent currency
Loan Term	Up to 48 months
Monthly interest rate	1.5%
Repayment mode	Annuity (pay an equal monthly fixed amount)
Type of Collaterals	Required collateral
Loan approval	4 days (after the customer completes the documents correctly)

EMERGENCY LOAN

Emergency loans help AMK clients who are in debt and face immediate emergencies related to health, accident or death in the family. Customers can receive the money within 4 hours after the credit officer receives the information.

Features	Description
Currency	KHR
Loan size	Up to KHR 400,000
Loan Term	Up to 10 months
Monthly interest rate	1.5%
Repayment mode	End of Term
Type of Collaterals	No collateral required
Guarantor	Requires a guarantor

B- BUSINESS

MSME LOAN

A type of business loan for individuals or micro, small and medium enterprises (MSME) who need to use short-term capital or expand an existing business or start a new business.

Features	Description
Currency	KHR and USD
Loan size	From USD 5,001 to USD 20,000 or equivalent currency
Loan Term	Up to 84 months
Monthly interest rate	1%-1.5%
Grace period	Up to 6 months for principal payment only and interest will be paid on a regular monthly basis.
Repayment mode	Flexible repayment
Type of Collaterals	Land/House/Building/Saving Account

SME LOAN

A type of business loan for individuals or small and medium enterprises (SME) who need to use short-term capital or expand an existing business or start a new business.

Features	Description
Currency	KHR and USD
Loan size	Up to USD 300,000 or equivalent currency
Loan Term	Up to 108 months
Monthly interest rate	1%-1.3%
Grace period	Up to 6 months for principal payment only and interest will be paid on a regular monthly basis.
Repayment mode	Flexible repayment
Type of Collaterals	Land/House/Building/Saving Account

VALUE CHAIN FINANCING

Value chain financing is designed to provide clients with a financing package in the cycle of business capital needs. Priority target customers is small and medium enterprises (SME) that have the potential need financial services, especially loans and other additional services, to support their business operations.

Features	Description
Currency	KHR and USD
Loan size	Up to USD 300,000 or equivalent currency
Loan Term	Up to 96 months
Monthly interest rate	0.7%-1.2%
Repayment mode	Flexible repayment
Type of Collaterals	Flexible depend on actual situation

OVERDRAFT

Overdraft is a type of credit that allows customers to withdraw money from their AMK savings account for short-term use in order to facilitate the day-to-day operations and capital needs of your business.

Features	Description
Currency	KHR,USD,THB
Limit size	Up to USD 300,000 or equivalent currency
Limit Term	Up to 12 months
Monthly interest rate	1%-1.5%
Annual unutilized fee	2% on unutilized balance
Repayment mode	Interest payment on utilization amount and pay as monthly basis
Type of Collaterals	Land/House/Building/Saving Account

C- FINANCIAL LEASE

MOTOR/TRICYCLE LEASING

To provide customers who wish to have a motorcycle / tricycle for personal use or daily income generation activities.

Features	Motorcyclet	Tricycle
Currency	USD	
Lease Amount	Up to 100% of motorcycle price (Maximum USD 3,000)	Up to 100% of tricycle price (Maximum USD 5,000)
Lease Term	Up to 36 months	
Monthly interest rate	1.5% Note: Other fees are applied	
Repayment mode	Annuity (Repay an equal monthly fixed amount)	

AGRICULTURAL/BUSINESS EQUIPMENT LEASING

To provide customers who wish to purchase agricultural machinery/business equipment for personal use or daily income generation activities.

Features	Agri-Equipment	Business Equipment
Currency	USD	
Lease Amount	Up to 70% of Agri-Equipment price (Maximum USD 30,000)	Up to 70% of business equipment price (Maximum USD 100,000)
Lease Term	Up to 84 months	
Monthly interest rate	1.1%-1.5% Note: Other fees are applied	
Repayment mode	• Annuity (pay an equal monthly fixed amount) or • Semi-balloon (pay principle amount every 3months or 4 months or 6 months or 12 months.)	Flexible repayment

AUTO LEASING

To provide customers who wish to have a dream car for personal use in family.

Features	Description
Currency	USD
Lease Amount	Up to 85% of car price (Maximum USD 50,000)
Lease Term	Up to 72 months
Monthly interest rate	1%-1.5% Note: Other fees are applied
Repayment mode	• Annuity (pay an equal monthly fixed amount) or • Installment (Interest decreases based on the balance of principal)

2- 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 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 in order to gain a higher interest rate	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, 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.

3- MONEY TRANSFER

AMK offers its customer both local and international money transfer services. With its simple documentation process, customers can easily transfer money to family members, relatives, business partners, and other beneficiaries through branch office, MB, 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.

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.

4- BAKONG

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.

5- CAMBODIA SHARED SWITCH (CSS)

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

6- PAYMENT SERVICE

AMK provides the bill payment service to its customer in cash or between accounts with is flexible By biller and payment throughout AMK's offices, MB and Agent Channels across the country.

7- 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.

8- 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.

9- MICRO INSURANCE

AMK Microfinance Institution and Forte Insurance have entered into an agreement to offer micro insurance products to insure against health and accident risks, which are significant risks for low-income clients. In 2022, AMK sold about 300 thousands policies to its loan clients, which they can purchase at offices or credit officers that are providing loan services at villages.

Premium only 30,000 KHR (7.5 US Dollars) and a 365-day warranty that customers can purchase this product to help prevent serious risks for themselves and their spouses.

The growing number of policyholders indicates that AMK clients, especially rural and low-income people, are better aware of the benefits of insurance as a safety net to protect their family finances and improve livelihoods as well.

10- LIFE INSURANCE

In order to promote the financial inclusive as well as provide convenience to customers in one stop shop services, AMK Microfinance Institution has brought life insurance services through our distribution partnership with Dai-ichi Life Insurance Company(Cambodia) in choosing referral model is an important part of the financial planning process, providing long-term protection to its clients.

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) 2022, there were around 75 Microfinances, five Microfinance Deposit-taking Institutions in Cambodia, and five banks who are member of CMA. These institutions are also the key actors in driving the economy.

Loan portfolio continues to increase year-on-year. This might due to the increase in clients' demand for financial usage in for their business as well as their changing life style. Furthermore, the credit quality of the five MDIs (CMA Report as of December 2022) is still at the controllable level. CMA Report 2022 also illustrated sector summary of its members as of 31 December 2022 as follows [includes only MDIs, MFIs, and RCIs who are CMA members] :

Total number of borrower **2,100,268**

Loan portfolio **USD 9,368.50 millions**

Total number of savers **2,702,040**

Deposit balances **USD 4,714.04 millions**

The whole MFI sector growth trends for the past 15 years is outlined below:

Year [1]	Number of Borrowers	Loan Outstanding (Million USD)	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
2022	**2,100,268**	**9,368.50**	**4,460.79**	**2,702,040**	**4,714.04**	**1,744.90**

Source: NIX-Data from CMA (2008-Q4:2022)

1. The figures in this table represent the information of only the Microfinance Institutions (MFIs), MDIs, and RCIs registered with CMA (for loan size 50,000USD and below). 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 Woori 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 2022, 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 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
	Management Committee (MRC)	• Operational Risk • Legal • Compliance
	Credit Risk Committee (CRC)	• Credit Risk • Portfolio Risk • Counterparty Risk
	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 2023, 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 Russian-Ukraine war threatening the prolong effect on global economy, particularly on 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 credit product policy, credit quality monitoring, 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, Agent 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. Hence, the strengthening of overall operational risk management, internal control, and fraud risk management continue to be the significant part of AMK's operation risk management.

- 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 2022 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 has also taken additional focus to respond to global economy challenges, including responding to interest rate risk. AMK's strategy is to ensure that both short and long term commitment is met, and AMK is well prepared for any potential changes. In order to be well prepared in the face of significant uncertainty, AMK conducts thorough liquidity stress testing and other scenario-based stress testing exercises, which ensures that liquidity risk, interest rate risk, and other financial risk are robustly managed.

TAX PAID REPORT FOR THE YEAR 2017 TO 2022

Units in $US	2017	2018	2019	2020	2021	2022
Annual Profit Tax	2,319,730	2,520,556	2,962,631	2,863,956	3,508,351	3,959,288
Tax on Salary & Benefits	460,969	808,848	699,146	697,412	930,207	1,077,755
Withholding Tax (Interest)	1,214,106	1,090,147	1,382,991	1,062,217	1,105,789	2,083,426
Withholding Tax (Other)	639,876	3,041,908	1,554,152	1,712,942	848,667	782,719
Other Indirect Taxes	69,719	64,460	65,750	109,225	140,923	189,669
Total Taxes Paid	4,704,401	7,525,918	6,664,670	6,445,753	6,533,937	8,092,856

FINANCIAL REPORT & REPORT OF THE INDEPENDENT

REPORT OF THE BOARD OF DIRECTORS

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 2022.

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 2022 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 (2021: nil).

SHARE CAPITAL

31 December 2022

KHR'000	US$
273,662,450	66,471,326

31 December 2021

KHR'000	US$
181,974,950	44,667,391

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
Mr. Tanmay Chetan	Director
Mr. Kea Borann	Director
Mr. Shih-Pang Chang	Director (appointed 26 January 2023)
Mr. Chien-Chin Cheng	Director (appointed 26 January 2023)
Mr. Chien Ling Cheng	Director (appointed 26 January 2023)
Mr. Ru-Hung Wei	Director (resigned 26 January 2023)
Mr. Wei-Kuo Yen	Director (resigned 26 January 2023)
Ms. Fang-Hui Hsieh	Director (resigned 26 January 2023)
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 2022, 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 2022, and its financial performance and cash flows for the year then ended in accordance with CIFRSs, 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

AMK Microfinance Institution Plc.
KINGDOM OF CAMBODIA

Mr. John Con-Sing Yung
Chairman

Phnom Penh, Kingdom of Cambodia
Date: 27 March 2023

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 2022, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

Deloitte (Cambodia) Co., Ltd.
KINGDOM OF CAMBODIA

Ung Kimsopheaktra
Partner

Phnom Penh, Kingdom of Cambodia
Date: 27 March 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		31 December 2022		31 December 2021	
	Note	KHR'000	US$	KHR'000	US$
ASSETS					
Cash on hand	4	120,960,981	29,380,855	119,262,869	29,274,146
Balances with other banks	5	242,327,781	58,860,282	241,983,989	59,397,150
Balances with other banks	6	180,986,348	43,960,735	59,637,718	14,638,615
Loans to customers	7	2,273,624,742	552,252,791	1,904,483,084	467,472,529
Property and equipment	8	14,746,749	3,581,916	14,132,065	3,468,843
Intangible assets	9	7,597,718	1,845,450	9,258,447	2,272,569
Right-of-use assets	10	28,985,002	7,040,321	29,024,705	7,124,375
Deferred tax assets	14	21,178,347	5,144,121	17,839,753	4,378,928
Other assets	11	33,577,257	8,155,759	16,687,037	4,095,984
TOTAL ASSETS		**2,923,984,925**	**710,222,230**	**2,412,309,667**	**592,123,139**
LIABILITIES AND EQUITY LIABILITIES					
Deposits from customers	12	1,012,542,012	245,941,708	974,767,850	239,265,550
Deposits from other					
• financial institutions	13	37,205,881	9,037,134	50,508,292	12,397,715
Current tax liabilities	14	11,768,961	2,858,625	10,830,750	2,658,505
Lease liabilities	15	28,771,782	6,988,531	28,515,587	6,999,408
Borrowings	16	1,235,311,746	300,051,432	892,443,742	219,058,356
Subordinated debts	17	26,943,629	6,544,481	36,711,957	9,011,281
Provision for employee					
• benefits obligations	19	26,679,531	6,480,333	21,409,513	5,255,158
Other liabilities	20	28,924,592	7,025,648	20,616,848	5,060,591
TOTAL LIABILITIES		**2,408,148,134**	**584,927,892**	**2,035,804,539**	**499,706,564**
EQUITY					
Share capital	21	273,662,450	66,471,326	181,974,950	44,667,391
Share premium	22	22,425,355	5,447,014	22,425,355	5,504,505
Reserves	23	72,000,000	17,488,462	96,011,603	23,566,913
Retained earnings		147,748,986	35,887,536	76,093,220	18,677,766
TOTAL EQUITY		**515,836,791**	**125,294,338**	**376,505,128**	**92,416,575**
TOTAL LIABILITIES AND EQUITY		**2,923,984,925**	**710,222,230**	**2,412,309,667**	**592,123,139**

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 2022

		Year ended 31 December 2022		Year ended 31 December 2021	
	Note	KHR'000	US$	KHR'000	US$
Interest income	24	418,197,180	102,323,753	341,987,315	84,067,678
Interest expense	25	(128,594,213)	(31,464,207)	(101,794,968)	(25,023,345)
Net interest income		**289,602,967**	**70,859,546**	**240,192,347**	**59,044,333**
Fee and commission expense	26	(18,121,425)	(4,433,919)	(17,410,351)	(4,279,831)
Other income	27	33,846,158	8,281,419	25,456,143	6,257,656
Total operating income		**305,327,700**	**74,707,046**	**248,238,139**	**61,022,158**
Grant income	28	-	-	741,547	182,288
Personnel expenses	29	(120,304,383)	(29,435,866)	(109,012,668)	(26,797,608)
Depreciation and amortisation	30	(17,548,828)	(4,293,816)	(16,601,899)	(4,081,096)
Other operating expenses	31	(47,590,044)	(11,644,249)	(41,226,174)	(10,134,261)
Net impairment loss on financial instruments	32	(59,490,765)	(14,556,096)	(31,186,596)	(7,666,322)
Other gains or losses	33	(85,467)	(20,912)	627,230	154,186
Profit before income tax		**60,308,213**	**14,756,107**	**51,579,579**	**12,679,345**
Income tax expense	14	(12,664,050)	(3,098,618)	(11,169,962)	(2,745,811)
Net profit for the year		**47,644,163**	**11,657,489**	**40,409,617**	**9,933,534**
Other comprehensive income: Items that will not reclassify to profit or loss Currency translation differences		-	(1,050,190)	-	(565,958)
		-	(1,050,190)	-	(565,958)
Total comprehensive income for the yearthe year		47,644,163	10,607,299	40,409,617	9,367,576
Profit attributable to owners of the Company		47,644,163	11,657,489	40,409,617	9,933,534
Total comprehensive income attributable to owners of the Company		47,644,163	10,607,299	40,409,617	9,367,576

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 2022

	Share capital	Share premium	Reserves	Retained earnings	Total	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	US$
Year ended 31 December 2022						
Balance as at 1 January 2022	181,974,950	22,425,355	96,011,603	76,093,220	376,505,128	92,416,575
Net profit for the year	-	-	-	47,644,163	47,644,163	11,657,489
Issuance of new share capital	91,687,500	-	-	-	91,687,500	22,270,464
Transfer from reserves	-	-	(24,011,603)	24,011,603	-	-
Currency translation differences	-	-	-	-	-	(1,050,190)
Balance as at 31 December 2022	**273,662,450**	**22,425,355**	**72,000,000**	**147,748,986**	**515,836,791**	**125,294,338**
US$ equivalent	**66,471,326**	**5,447,014**	**17,488,462**	**35,887,536**	**125,294,338**	
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 differences	-	-	-	-	-	(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**	

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 2022

		Year ended 31 December 2022		Year ended 31 December 2021	
	Note	KHR'000	US$	KHR'000	US$
Cash flows from operating activities					
Profit before income tax		60,308,213	14,756,107	51,579,579	12,679,345
Adjustments for:					
Depreciation and amortisation	30	17,548,828	4,293,816	16,601,899	4,081,096
Net impairment loss on financial instruments	32	59,490,765	14,556,096	31,186,596	7,666,322
Increase in provision for employee benefit obligations		3,696,973	904,569	4,244,440	1,043,373
Net gain from other financial instruments at FVTPL		(94,200)	(23,049)	(100,813)	(24,782)
Loss on disposal of property and equipment		24,839	6,078	63,140	15,521
Loss on disposal of intangible assets		61,595	15,071	-	-
Gain on disposal of property and equipment		(967)	(237)	(690,370)	(169,707)
Foreign exchange difference on borrowings		3,185,513	779,426	(3,476,272)	(854,541)
Interest income	24	(418,197,180)	(102,323,753)	(341,987,315)	(84,067,678)
Interest expense	25	128,594,213	31,464,207	101,794,968	25,023,345
		(145,381,408)	(35,571,669)	(140,784,148)	(34,607,706)
Changes in working capital:					
Balances with the NBC		(14,977,215)	(3,664,599)	29,483,614	7,247,693
Balances pledged as security with other banks		(70,548,000)	(17,261,561)	(32,737,001)	(8,047,444)
Loans to customers		(429,933,945)	(105,195,484)	(493,387,805)	(121,285,104)
Other assets		(19,275,561)	(4,716,310)	(4,283,307)	(1,052,927)
Deposits from customers		37,145,984	9,088,814	125,174,412	30,770,504
Deposits from banks and other financial institutions		(13,902,935)	(3,401,746)	50,119,141	12,320,339
Other liabilities		8,703,315	2,129,512	4,837,137	1,189,071
Cash used in operations		(648,169,765)	(158,593,043)	(461,577,957)	(113,465,574)
Interest received		420,474,798	102,881,037	345,035,664	84,817,027
Interest paid		(130,029,233)	(31,815,325)	(101,455,349)	(24,939,860)
Income tax paid	14	(15,064,432)	(3,685,939)	(12,074,641)	(2,968,201)
Net cash used in operating activities		**(372,788,632)**	**(91,213,270)**	**(230,072,283)**	**(56,556,608)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

		Year ended 31 December 2022		Year ended 31 December 2021	
	Note	KHR'000	US$	KHR'000	US$
Cash flows from investing activities					
Purchases of property and equipment	8	(6,201,091)	(1,506,216)	(5,746,748)	(1,410,591)
Purchases of intangible assets	9	(2,169,571)	(526,979)	(1,621,915)	(398,114)
Proceeds from disposal of property and equipment		48,989	11,899	2,172,806	533,335
Net cash used in investing activities		**(8,321,673)**	**(2,021,296)**	**(5,195,857)**	**(1,275,370)**
Cash flows from financing activities					
Proceeds from borrowings		746,804,406	181,395,289	559,917,824	137,436,874
Repayments of borrowings		(402,772,677)	(97,831,595)	(284,561,080)	(69,848,080)
Proceeds from subordinated debt		-	-	28,518,000	7,000,000
Repayments of subordinated debts		(9,880,800)	(2,400,000)	(8,924,400)	(2,190,574)
Payments of leases	10	(8,272,050)	(2,009,242)	(7,926,382)	(1,945,602)
Proceeds from issuance of new share capital		91,687,500	22,270,464	22,800,000	5,596,465
Net cash from financing activities		**417,566,379**	**101,424,916**	**309,823,962**	**76,049,083**
Net increase in cash and cash equivalents		36,456,074	8,190,350	74,555,822	18,217,105
Cash and cash equivalents at the beginning of the year		273,159,854	67,049,547	198,604,032	49,098,648
Currency translation differences		-	(35,639)	-	(266,206)
Cash and cash equivalents at the end of the year	**34**	**309,615,928**	**75,204,258**	**273,159,854**	**67,049,547**

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 2022

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 (2021: 150 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 27 March 2023.

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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of leasing transactions that are within the scope of CIFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in CIAS 2 Inventories or value in use in CIAS 36 Impairment of Assets.

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 December 2022	31 December 2021
Closing rate	4,117	4,074
Average rate	4,087	4,068

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 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 days past due		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 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 CIFRSs, the excess amount is transferred from retained earnings to regulatory reserves as disclosed in Note 23.

Reversal of regulatory reserves

When the impairment loss allowance calculated in accordance with regulatory provision is subsequently less than that calculated under 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 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 improvement	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 Intangible assets

Intangible assets comprise software and licences and work in progress.

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, intangible assets and right-of-use assets

At each reporting date, the Company reviews the carrying amounts of its property and equipment, intangible assets 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.

Deferred tax

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 one out of six directors to the board of directors of that company and its material transactions between Forte Life Assurance (Cambodia Plc and the 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.

Further information on the credit quality analysis of the Company is provided in note 37.1(g).

(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. Despite the successful roll-out of vaccines around the world, the Covid-19 pandemic and its effect on the global economy have continued to impact 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. 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.

Further information on the credit quality analysis of the Company is provided in note 37.1(g).

(iii) Inflation and Interest Rates and the Russia-Ukraine War

Global commodity markets have been significantly impacted by the Russia-Ukraine war, leading to supply chain disruptions and increased prices for both energy and agricultural commodities. This, combined with supply chain limitations incurred during the Covid-19 pandemic, contributed to a sharp increase in inflation. In response, central banks tightened monetary policy sharply in 2022. The Company recalculates its discount rate and effective interest rates in response to the changing economic conditions. While the Company does not have any exposure to Russia, Belarus or any sanctioned individuals, any further escalation in the Russia-Ukraine war could have additional economic, social and political consequences, including further inflationary pressures.

(iv) 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 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Khmer Riel ("KHR")	48,084,855	11,679,586	46,922,266	11,517,493
US Dollars ("US$")	54,624,858	13,268,122	56,770,351	13,934,794
Thai Baht ("THB")	18,251,268	4,433,147	15,570,252	3,821,859
	120,960,981	29,380,855	119,262,869	29,274,146

5. BALANCES WITH THE NBC

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Current accounts	107,852,850	26,196,951	147,200,938	36,131,797
Capital guarantee (i)	27,366,245	6,647,133	18,197,495	4,466,739
Negotiable Certificate of Deposit (NCD) (ii)	24,709,291	6,001,771	-	-
Guarantee placement (iii)	405,850	98,579	609,317	149,562
Reserve requirement (iv)	81,993,545	19,915,848	75,976,239	18,649,052
	242,327,781	58,860,282	241,983,989	59,397,150

(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% (2021: 3%) per annum.

(ii) The NCD relates to short-term deposits held with the NBC on unsecured terms. The balances bear fixed interest rate of 3.23% per annum (2021: nil).

(iii) The Guarantee placement 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 2022 is unutilised (2021: unutilised).

The guarantee placement earned interest ranging from 1.95% to 3.54% per annum (2021: 0.16% to 1.95% per annum).

(iv) 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 is minimal.

6. BALANCES WITH OTHER BANKS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Current accounts	28,660,852	6,961,587	5,000,550	1,227,430
Saving accounts	2,963,953	719,930	1,695,497	416,175
Fixed deposits	24,582,607	5,971,000	-	-
Guaranteed placements	125,069,402	30,378,771	53,025,342	13,015,548
	181,276,814	44,031,288	59,721,389	14,659,153
Less: impairment loss allowance	(290,466)	(70,553)	(83,671)	(20,538)
Balance with other banks, net	180,986,348	43,960,735	59,637,718	14,638,615

The guaranteed placements are held as security against secured borrowings (Note 16).

The balances with other banks earn interest according to the following rates:

	31 December 2022	31 December 2021
Current accounts	0.0%-1.5%	0.0%-1.0%
Saving accounts	0.1%-2.0%	0.1%-1.5%
Fixed deposits	4.0%-5.5%	-
Guaranteed placements	3.5%-5.5%	5.0%-5.5%

7. LOANS TO CUSTOMERS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Loans to customers at amortised costs	2,371,051,575	575,917,312	1,962,963,251	481,827,013
Less: impairment loss allowance	(97,426,833)	(23,664,521)	(58,480,167)	(14,354,484)
Loans to customers, net	2,273,624,742	552,252,791	1,904,483,084	467,472,529

Loans to customers at amortised cost

	31 December 2022			31 December 2021		
	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	605,729,782	45,027,635	560,702,147	708,134,962	27,751,769	680,383,193
Individual loans	1,025,962,615	39,153,149	986,809,466	707,874,269	21,509,178	686,365,091
SME and other loans	739,359,178	13,246,049	726,113,129	546,954,020	9,219,220	537,734,800
	2,371,051,575	97,426,833	2,273,624,742	1,962,963,251	58,480,167	1,904,483,084
In US$ equivalent	575,917,312	23,664,521	552,252,791	481,827,013	14,354,484	467,472,529

8. PROPERTY AND EQUIPMENT

	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 2022	4,694,770	5,750,678	5,881,236	28,052,005	201,515	44,580,204
Additions	94,803	-	-	2,311,091	3,795,197	6,201,091
Disposals	(250,983)	-	(103,831)	(1,170,533)	(4,362)	(1,529,709)
Transfers	1,660,328	-	-	1,006,861	(2,667,189)	-
At 31 December 2022	**6,198,918**	**5,750,678**	**5,777,405**	**30,199,424**	**1,325,161**	**49,251,586**
Accumulated Depreciation						
At 1 January 2022	3,763,467	2,385,770	2,990,189	21,308,713	-	30,448,139
Depreciation	451,021	464,650	746,047	3,851,828	-	5,513,546
Disposals	(250,548)	-	(53,389)	(1,152,911)	-	(1,456,848)
At 31 December 2022	**3,963,940**	**2,850,420**	**3,682,847**	**24,007,630**	**-**	**34,504,837**
Carrying amounts						
At 1 January 2022	931,303	3,364,908	2,891,047	6,743,292	201,515	14,132,065
At 31 December 2022	**2,234,978**	**2,900,258**	**2,094,558**	**6,191,794**	**1,325,161**	**14,746,749**
Carrying amounts in US$						
At 1 January 2022	228,597	825,947	709,634	1,655,201	49,464	3,468,843
At 31 December 2022	**542,866**	**704,459**	**508,758**	**1,503,958**	**321,875**	**3,581,916**

	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 2022	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 2022	**4,694,770**	**5,750,678**	**5,881,236**	**28,052,005**	**201,515**	**44,580,204**
Accumulated Depreciation						
At 1 January 2022	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 2022	**3,763,467**	**2,385,770**	**2,990,189**	**21,308,713**	**-**	**30,448,139**
Carrying amounts						
At 1 January 2022	412,928	2,430,778	5,272,172	6,775,654	448,661	15,340,193
At 31 December 2022	**931,303**	**3,364,908**	**2,891,047**	**6,743,292**	**201,515**	**14,132,065**
Carrying amounts in US$						
At 1 January 2022	102,084	600,934	1,303,380	1,675,069	110,917	3,792,384
At 31 December 2022	**228,597**	**825,947**	**709,634**	**1,655,201**	**49,464**	**3,468,843**

9. INTANGIBLE ASSETS

	Software and licenses	Work in progress	Total
	KHR'000	KHR'000	KHR'000
Cost			
At 1 January 2022	18,157,995	725,649	18,883,644
Additions	79,904	2,089,667	2,169,571
Disposal	(1,053,560)	-	(1,053,560)
Transfers	1,431,649	(1,431,649)	-
At 31 December 2022	18,615,988	1,383,667	19,999,655
Accumulated amortisation			
At 1 January 2022	9,625,197	-	9,625,197
Amortisation	3,467,334	-	3,467,334
Disposal	(690,594)	-	(690,594)
At 31 December 2022	12,401,937	-	12,401,937
Carrying amounts			
At 1 January 2022	8,532,798	725,649	9,258,447
At 31 December 2022	6,214,051	1,383,667	7,597,718
Carrying amounts in US$			
At 1 January 2022	2,094,452	178,117	2,272,569
At 31 December 2022	1,509,364	336,086	1,845,450

	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	(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	2,094,452	178,117	2,272,569

10. LEASES

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

	Building	ATM	Parking lot	Total
	KHR'000	KHR'000	KHR'000	KHR'000
Cost				
At 1 January 2022	38,304,138	7,691,435	793,592	46,789,165
Additions	6,180,510	-	688,941	6,869,451
Disposal	(1,501,331)	-	(69,192)	(1,570,523)
Lease modifications	1,658,794	-	-	1,658,794
At 31 December 2022	44,642,111	7,691,435	1,413,341	53,746,887
Accumulated depreciation				
At 1 January 2022	16,783,427	483,370	497,663	17,764,460
Charge for the year	6,734,012	1,562,781	271,155	8,567,948
Disposal	(1,501,331)	-	(69,192)	(1,570,523)
At 31 December 2022	22,016,108	2,046,151	699,626	24,761,885
Carrying amounts				
At 1 January 2022	21,520,711	7,208,065	295,929	29,024,705
At 31 December 2022	22,626,003	5,645,284	713,715	28,985,002
Carrying amounts in US$				
At 1 January 2022	5,282,452	1,769,284	72,639	7,124,375
At 31 December 2022	5,495,750	1,371,213	173,358	7,040,321

	Building	ATM	Parking lot	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

The Company leases several assets including buildings, automated teller machines (ATM), and parking lots. The average lease term is 5 years (2021: 5 years).

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

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 5.76% (2021: 6.55%) for new leases during the year.

(ii) Amounts recognised in profit or loss

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Depreciation expense on ROUA (Note 30)	8,567,948	2,096,390	7,912,706	1,945,109
Interest expense on lease liabilities (Note 25)	1,899,587	464,788	1,667,192	409,831
Expense relating to short-term leases (Note 31)	1,161,628	284,225	615,150	151,217
Expense relating to low value leases (Note 31)	7,888,429	1,930,127	6,717,302	1,651,254

The total cash outflows for leases excluding interest amounted to KHR'000 8,272,050 (2021: KHR'000 7,926,382).

11. OTHER ASSETS

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Prepayment	17,862,737	4,338,776	11,595,487	2,846,217
Debt securities (*)	8,292,622	2,014,239	-	-
Penalty receivable	4,727,441	1,148,273	2,083,613	511,442
Investments (**)	2,655,465	645,000	1,772,190	435,000
Advances and deposits	1,970,019	478,508	1,676,449	411,500
Others	1,778,745	432,049	883,729	216,919
	37,287,029	9,056,845	18,011,468	4,421,078
Less: Allowance for debt securities and interest receivable	(3,709,772)	(901,086)	(1,324,431)	(325,094)
Other assets, net	33,577,257	8,155,759	16,687,037	4,095,984

(*) On 6 March 2022, the Company invested KHR'000 4,117,000 in the Techo International Airport Corporate Guaranteed Bond issued by Cambodia Airport Investment Co., Ltd with an issue term of 3 years and a coupon rate of 5.50% per annum. On 9 September 2022, the Company invested KHR'000 4,000,000 in the Cambodian government bond issued by the Ministry of Economy and Finance, with an issue term of 1 year and a coupon rate of 2.2% per annum.

(**) Included in investments is KHR'000 2,511,370 (2021: KHR'000 1,618,000) representing 5.7% equity interest in Forte Life Assurance (Cambodia) Plc.

12. DEPOSITS FROM CUSTOMERS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Savings deposits	438,002,240	106,388,691	444,357,765	109,071,616
Term deposits	574,539,772	139,553,017	530,410,085	130,193,934
	1,012,542,012	245,941,708	974,767,850	239,265,550

13. DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Savings deposits	16,210,730	3,937,510	19,282,492	4,733,061
Term deposits	20,995,151	5,099,624	31,225,800	7,664,654
	37,205,881	9,037,134	50,508,292	12,397,715

14. 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.

14.1 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 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Current income tax	16,267,911	3,980,404	14,458,900	3,554,301
Deferred tax	(3,338,594)	(816,881)	(3,680,565)	(904,760)
(Over)/Under provision of income tax in prior year	(265,267)	(64,905)	391,627	96,270
	12,664,050	3,098,618	11,169,962	2,745,811

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

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Profit before income tax	60,308,213	14,756,107	51,579,579	12,679,345
Income tax expense at applicable tax rate of 20%	12,061,638	2,951,221	10,315,916	2,535,869
Adjustments:				
Non-deductible expenses	723,379	176,995	684,139	168,176
(Over)/Under provision of income tax in prior year	(265,267)	(64,905)	391,626	96,270
Unrecognised temporary differences	144,300	35,307	(221,719)	(54,504)
	12,664,050	3,098,618	11,169,962	2,745,811

14.2 Current tax liabilities

Movement of current tax liabilities is as follows:

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Balance at beginning of the year	10,830,750	2,658,505	8,054,864	1,991,314
Current income tax	16,002,643	3,915,499	14,850,527	3,650,572
Income tax paid	(15,064,432)	(3,685,939)	(12,074,641)	(2,968,201)
Currency translation difference	-	(29,440)	-	(15,180)
	11,768,961	2,858,625	10,830,750	2,658,505

14.3 Deferred tax

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Deferred tax assets	21,292,050	5,171,739	18,002,076	4,418,772
Deferred tax liabilities	(113,703)	(27,618)	(162,323)	(39,844)
	21,178,347	5,144,121	17,839,753	4,378,928

The movements of net deferred tax assets/(liabilities) during the year was as follows:

	Allowance for loan losses	Provision for employee benefits obligations	Unamortised loan processing fees	Accruals for bonuses	Depreciable assets	Unrealised exchange gain	Total
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
At 1 January 2022	4,519,185	2,649,882	9,560,925	1,272,084	(12,429)	(149,894)	17,839,753
Credited/(charged)to profit or loss	1,170,056	631,349	576,143	233,367	691,488	36,191	3,338,594
At 31 December 2022	5,689,241	3,281,231	10,137,068	1,505,451	679,059	(113,703)	21,187,347
At 31 December 2022 in US$	1,381,890	796,996	2,462,246	365,667	164,940	(27,618)	5,144,121

	Allowance for loan losses	Provision for employee benefits obligations	Unamortised loan processing fees	Accruals for bonuses	Depreciable assets	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	2,346,816	312,244	(3,051)	(36,793)	4,378,928

15. LEASE LIABILITIES

Maturity analysis - contractual undiscounted cash flows

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Year 1	9,949,931	2,416,792	8,895,204	2,183,408
Year 2	7,408,694	1,799,537	8,002,505	1,964,287
Year 3	5,790,671	1,406,527	5,926,491	1,454,711
Year 4	4,228,662	1,027,122	4,443,849	1,090,783
Year 5	1,940,842	471,421	3,002,946	737,100
More than 5 years	4,125,686	1,002,110	3,094,336	759,533
	33,444,486	8,123,509	33,365,331	8,189,822
Less: unearned interest	(4,672,704)	(1,134,978)	(4,849,744)	(1,190,414)
Lease liabilities	28,771,782	6,988,531	28,515,587	6,999,408
Analysed as: Current	9,949,931	2,416,792	8,895,204	2,183,408
Non-current	18,821,851	4,571,739	19,620,383	4,816,000

16. BORROWINGS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Borrowings at amortised cost				
Secured (*)	120,279,100	29,215,229	52,244,167	12,823,801
Unsecured (**)	1,115,032,646	270,836,203	840,199,575	206,234,555
	1,235,311,746	300,051,432	892,443,742	219,058,356

(*) This represents KHR'000 119,930,887 loan secured against a fixed deposit (2021: KHR'000 52,000,000).

(**) This represents bank loans obtained from various banks with terms from one to seven years (2021: one to seven years) and interest rate from 2.00% to 8.14% (2021: 2.00% to 9.65%).

17. SUBORDINATED DEBTS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Subordinated debts at amortised cost				
Moringaway*	22,807,480	5,539,830	28,526,060	7,001,979
BlueOrchard**	4,136,149	1,004,651	8,185,897	2,009,302
	26,943,629	6,544,481	36,711,957	9,011,281

(*) This pertains to a subordinated debt from Moringaway 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.

All the subordinated debts bear fixed interest rates.

18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes		
	1 January 2022	Financing cash flows (i)	New Leases	Other changes (ii)	31 December 2022
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Lease liabilities	28,515,587	(8,272,050)	8,528,245	-	28,771,782
Borrowings	892,443,742	344,031,729	-	(1,163,725)	1,235,311,746
Subordinated debt	36,711,957	(9,880,800)	-	112,472	26,943,629
Total liabilities from financing activities	957,671,286	325,878,879	8,528,245	(1,051,253)	1,291,027,157

			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

(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.

19. PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Staff pension fund	23,893,972	5,803,734	19,227,568	4,719,580
Seniority payments	1,682,043	408,560	2,181,945	535,578
Deferred incentive scheme	1,103,516	268,039	-	-
	26,679,531	6,480,333	21,409,513	5,255,158

19.1 Staff Pension Funds

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Balance at beginning of year	19,227,568	4,719,580	13,824,714	3,417,729
Additions during the year				
Employer contribution	4,607,533	1,127,363	4,291,564	1,054,957
Employee contribution	2,307,496	560,480	2,040,536	501,607
Interest	1,573,045	384,890	1,131,170	278,065
Payments during the year	(3,249,336)	(795,042)	(1,854,756)	(455,938)
Reversal (*)	(572,334)	(140,038)	(205,660)	(50,556)
Foreign exchange difference	-	(53,499)	-	(26,284)
	23,893,972	5,803,734	19,227,568	4,719,580

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

19.2 Seniority Payments

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Balance at beginning of period	2,181,945	535,578	2,209,189	546,153
(Decrease)/increase on Provision on Seniority Pay	(311,659)	(76,256)	205,816	50,594
Paid during the period	(188,243)	(46,059)	(233,060)	(57,291)
Foreign exchange difference	-	(4,703)	-	(3,878)
	1,682,043	408,560	2,181,945	535,578

20.OTHER LIABILITIES

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Accrued other staff benefits	16,450,405	3,995,727	13,960,387	3,426,704
Accrual and other payables	8,210,419	1,994,272	3,452,126	847,355
Other taxes payable	4,067,123	987,885	2,913,356	715,109
Mark-to-market loss on derivative financial instruments	196,645	47,764	290,979	71,423
	28,924,592	7,025,648	20,616,848	5,060,591

21. SHARE CAPITAL

(i) Number of ordinary shares was as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
As at 1 January	7,278,998	6,366,998
Additional shares issued	3,667,500	912,000
As at 31 December	10,946,498	7,278,998

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

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Share capital	273,662,450	66,471,326	181,974,950	44,667,391

Details of shareholdings were as follows:

	31 December 2022			31 December 2021		
	KHR'000	US$	Holding %	KHR'000	US$	Holding %
SCSB	273,662,425	66,471,320	99.9999%	181,974,925	44,667,385	99.9999%
AMK-Staff Association	25	6	0.0001%	25	6	0.0001%
	273,662,450	66,471,326	100.00%	181,974,950	44,667,391	100.00%

On 20 April 2022, the NBC approved an increase in the registered capital by The Shanghai Commercial and Savings Bank Limited ("SCSB") to KHR'000 273,662,425. The Company's revised Memorandum and Article of Association was approved by the NBC and the Ministry of Commerce on 20 April 2022 and 10 May 2022, respectively.

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.

22. SHARE PREMIUM

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
As at 1 January	22,425,355	5,504,505	22,425,355	5,543,968
Currency translation difference	-	(57,491)	-	(39,463)
As at 31 December	22,425,355	5,447,014	22,425,355	5,504,505

23. RESERVES

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Non-distributable reserves (i)	72,000,000	17,488,462	72,000,000	17,673,049
Other reserves (ii)	-	-	24,011,603	5,893,864
	72,000,000	17,488,462	96,011,603	23,566,913

(i) The non-distributable reserve is maintained following the approval on 12 November 2021 from the NBC on the request to transfer from retained earnings in accordance with the NBC'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 NBC.

(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. The loan agreement matured on 29 December 2022 and the reserve was transferred to retained earnings as at 31 December 2022.

24. INTEREST INCOME

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Loans to customers	412,337,404	100,889,993	339,843,265	83,540,626
Balances with other banks	4,774,096	1,168,117	1,625,298	399,532
Balances with the NBC	910,537	222,789	518,752	127,520
Investment securities	175,143	42,854	-	-
	418,197,180	102,323,753	341,987,315	84,067,678

25. INTEREST EXPENSE

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Deposits from customers	52,374,299	12,814,852	46,744,404	11,490,758
Deposits from other financial institutions	116,709	28,556	183,213	45,038
Borrowings	69,150,658	16,919,661	49,785,422	12,238,304
Subordinated debts	3,479,915	851,460	2,283,567	561,349
Staff pension fund	1,573,045	384,890	1,131,170	278,065
Leases	1,899,587	464,788	1,667,192	409,831
	128,594,213	31,464,207	101,794,968	25,023,345

26. FEE AND COMMISSION EXPENSE

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Mobile banking agent incentives	8,367,662	2,047,386	6,871,432	1,689,142
Insurance premiums on products	5,010,626	1,225,991	6,693,982	1,645,522
Village fees and commission	2,786,865	681,885	3,512,372	863,415
Fees and commissions on borrowings and swaps	1,788,789	437,678	310,160	76,244
Other fees and commissions	167,483	40,979	22,405	5,508
	18,121,425	4,433,919	17,410,351	4,279,831

27. OTHER INCOME

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Loan penalties	8,187,104	2,003,207	4,566,910	1,122,643
Loan servicing fees	6,594,862	1,613,619	3,947,682	970,423
Remittance fees	4,387,480	1,073,521	3,312,656	814,321
Bancassurance commissions	3,266,454	799,230	3,102,167	762,578
Mobile banking fees	3,177,783	777,534	2,542,163	624,917
Payroll fees	3,046,910	745,513	2,883,913	708,926
Other account fees	2,361,147	577,721	1,934,525	475,547
Loan recoveries	1,213,483	296,913	1,576,028	387,421
Foreign exchange gains - net	301,760	73,834	749,884	184,337
Others	1,309,175	320,327	840,215	206,543
	33,846,158	8,281,419	25,456,143	6,257,656

28. GRANT INCOME

This represents the grant received from a global not-for-profit organisation, Water.org, for a program managed by the Company as set forth in the grant agreement. No new grants were provided in 2022.

29. PERSONNEL EXPENSES

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Salaries and wages	108,058,772	26,439,631	99,249,314	24,397,570
Pension fund benefits	4,607,533	1,127,363	4,291,564	1,054,957
Insurance	3,967,589	970,783	3,242,875	797,167
Other employee benefits	3,670,489	898,089	2,228,915	547,914
	120,304,383	29,435,866	109,012,668	26,797,608

30. DEPRECIATION AND AMORTISATION

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Depreciation of ROUA	8,567,948	2,096,390	7,912,706	1,945,109
Depreciation of property and equipment	5,513,546	1,349,045	5,409,300	1,329,720
Amortisation of intangible assets	3,467,334	848,381	3,279,893	806,267
	17,548,828	4,293,816	16,601,899	4,081,096

31.OTHER OPERATING EXPENSES

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Professional fees	9,677,871	2,367,966	7,881,682	1,937,484
Low value and short-term leases	9,050,057	2,214,352	7,332,452	1,802,471
Dispensable furniture and fixtures	5,858,880	1,433,540	5,686,669	1,397,903
Transportation	4,861,561	1,189,518	2,994,261	736,052
Security guard	3,124,891	764,593	3,064,448	753,306
Marketing expense	2,742,574	671,048	2,610,983	641,835
Communication	2,415,980	591,138	1,746,470	429,319
Utilities	2,017,010	493,518	1,842,765	452,990
Bank charges	1,836,657	449,390	1,391,867	342,150
NBC licence fee	1,517,500	371,299	1,560,000	383,481
Stationeries and supplies	1,505,522	368,368	1,347,649	331,280
Repairs and maintenance	489,453	119,759	355,514	87,393
Other taxes	626,619	153,320	1,764,065	433,644
Others	1,865,469	456,440	1,647,349	404,953
	47,590,044	11,644,249	41,226,174	10,134,261

32. NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Impairment loss on loans to customers	56,898,629	13,921,857	30,287,324	7,445,262
Impairment loss/(gain) on balances with other banks	206,795	50,598	(425,159)	(104,513)
Impairment loss on other assets	2,385,341	583,641	1,324,431	325,573
	59,490,765	14,556,096	31,186,596	7,666,322

33. OTHER GAINS OR LOSSES

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Gain on disposal of fixed assets	(967)	(237)	(690,370)	(169,707)
Loss on disposal of fixed assets	24,839	6,078	63,140	15,521
Loss on disposal of intangible assets	61,595	15,071	-	-
	85,467	20,912	(627,230)	(154,186)

34. CASH AND CASH EQUIVALENTS

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

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Cash on hand	120,960,981	29,380,855	119,262,869	29,274,146
Balances with the NBC	132,562,142	32,198,723	147,200,938	36,131,796
Balances with other banks	56,092,805	13,624,680	6,696,047	1,643,605
	309,615,928	75,204,258	273,159,854	67,049,547

35. COMMITMENTS

	Year ended 31 December 2022		Year ended 31 December 2021	
	KHR'000	US$	KHR'000	US$
Property and equipment	378,035	91,823	56,778	13,937
Intangible assets	846,805	205,685	1,043,724	256,191
	1,224,840	297,508	1,100,502	270,128

36. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Description	Year ended 31 December 2022		Year ended 31 December 2021	
		KHR'000	US$	KHR'000	US$
Board of Directors	Remuneration	398,403	97,481	302,895	74,458
	Interest expense	325,934	79,749	310,246	76,265
Key management personnel	Remuneration	2,807,145	686,847	2,526,381	621,038
	Interest expense	99,453	24,334	79,370	19,511
	Interest income	18,804	4,601	5,142	1,264
SCSB	Interest expense	4,869,661	1,191,500	-	-
AMK Staff Association (AMK-SA) Ltd.	Interest expense	3,239	793	3,241	797

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

Related party	Description	31 December 2022		31 December 2021	
		KHR'000	US$	KHR'000	US$
Board of Directors	Deposits	6,162,976	1,496,958	6,185,387	1,518,259
Key management personnel	Deposits	2,542,390	617,535	1,515,166	371,911
	Loans	364,985	88,653	378,964	93,020
SCSB	Borrowings	168,871,106	41,018,000	-	-
	Balances with other banks	1,707,090	414,644	1,054,989	258,957
AMK Staff Association (AMK-SA) Ltd.	Deposits	146,183	35,507	147,770	36,271

37. 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:

37.1 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 2022	PD Range 31 December 2021
1	Standard	0.43% - 100.00%	0.28% - 100.00%
2	Special mention	0.43% - 100.00%	0.28% - 100.00%
3	Substandard	31.36% - 100.00%	20.10% - 100.00%
4	Doubtful	31.36% - 100.00%	20.10% - 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

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

From 27 March 2020 until 30 June 2022, the Company restructured loans to provide relief to borrowers which were affected by Covid-19, to support clients which were facing temporary financial difficulty due to the impact of the global pandemic. The circumstances of these restructured loans were 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.

As at 31 December 2022, the Company no longer has any active restructured loans under these extraordinary Covid-19 provisions.

The Company continues to offer restructuring to clients under ordinary provisions to provide support in the event of temporary difficulty, such as the impact of flooding or borrower-specific impacts. Nevertheless, The Company applied additional internal credit risk assessments of individual borrowers that have received 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 its impact on global markets, 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, and has continued to apply this weighting in subsequent reporting periods.

The table below show the scenario probability weighted percentage as at 31 December 2022 and 31 December 2021.

Scenario Probability Weighting	Best Case	Base Case	Worse Case
As at 31 December 2022	15%	55%	30%
As at 31 December 2021	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 nominal GDP, interest rate fixed deposit 12 months, current account balance /GDP and Cambodia Foreign Reserves.

(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 days 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 below.

(e) Groupings based on shared risks characteristics

The Company 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 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Balances with banks at amortised cost				
Concentration by sector:				
Financial institution	181,276,814	44,031,288	59,721,389	14,659,153
Loans to customers at amortised cost				
Concentration by sector:				
Household	1,028,164,994	249,736,456	806,454,400	197,951,497
Agriculture	565,076,033	137,254,319	528,727,432	129,780,911
Trade and commerce	453,534,101	110,161,307	355,243,922	87,197,821
Services	244,031,159	59,274,025	191,685,389	47,050,905
Transportation	57,676,595	14,009,375	50,924,860	12,499,966
Construction	20,956,542	5,090,246	29,594,349	7,264,200
Others	1,612,151	391,584	332,899	81,713
	2,371,051,575	575,917,312	1,962,963,251	481,827,013

(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 2022				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Balances with other banks:					
Normal	181,276,814	-	-	181,276,814	44,031,288
Loss allowance	(290,466)	-	-	(290,466)	(70,553)
Carrying amount	180,986,348	-	-	180,986,348	43,960,735
Loans to customers:					
Normal	2,270,192,954	1,072,201	1,148,984	2,272,414,139	551,958,740
Special mention	585,040	22,479,377	465,271	23,529,688	5,715,251
Substandard	-	296,216	24,123,694	24,419,910	5,931,482
Doubtful	-	860,970	35,036,555	35,897,525	8,719,341
Loss	-	-	14,790,313	14,790,313	3,592,498
	2,270,777,994	24,708,764	75,564,817	2,371,051,575	575,917,312
Loss allowance	(23,519,534)	(13,198,316)	(60,708,983)	(97,426,833)	(23,664,521)
Carrying amount	2,247,258,460	11,510,448	14,855,834	2,273,624,742	552,252,791

	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	14,659,153
Loss allowance	(83,671)	-	-	(83,671)	(20,538)
Carrying amount	59,637,718	-	-	59,637,718	14,638,615
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

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

	31 December 2022		31 December 2021	
	KHR'000	US$	KHR'000	US$
Loss allowance by classes				
Balances with other banks at amortised cost	290,466	70,553	83,671	20,538
Loans to customers at amortised cost	97,426,833	23,664,521	58,480,167	14,354,484
Other assets at amortised cost	3,709,772	901,086	1,324,431	325,094
	101,427,071	24,636,160	59,888,269	14,700,116

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

	31 December 2022				
	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 2022	83,671	-	-	83,671	20,538
Changes in loss allowance:	-	-	-		-
- New financial assets originated or purchased	206,795	-	-	206,795	50,598
Foreign exchange and other movements	-	-	-	-	(583)
Loss allowance as at 31 December 2022	290,466	-	-	290,466	70,553
Loss allowance - other assets					
Loss allowance as at 1 January 2022	-	-	1,324,431	1,324,431	325,094
Changes in loss allowance:					
- New financial assets originated or purchased	261,888	-	2,123,453	2,385,341	583,641
Foreign exchange and other movements	-	-	-	-	(7,649)
Loss allowance as at 31 December 2022	261,888	-	3,447,884	3,709,772	901,086
Loss allowance - Loans to customers at amortised cost					
Loss allowance as at 1 January 2022	12,694,315	29,015,225	16,770,627	58,480,167	14,354,484
Changes in loss allowance					
- Transfer to stage 1	7,914,381	(7,574,962)	(339,419)	-	-
- Transfer to stage 2	(161,095)	176,782	(15,687)	-	-
- Transfer to stage 3	(567,645)	(8,951,730)	9,519,375	-	-
- Increase due to change in credit risk	2,890,143	6,867,901	39,872,157	49,630,201	12,143,431
- Decrease due to change in credit risk	(8,734,081)	(378,235)	(815,230)	(9,927,546)	(2,429,055)
- Write-offs	(93,220)	(2,945,802)	(7,312,583)	(10,351,605)	(2,532,813)
New financial assets originated or purchased	15,941,739	5,498,116	5,075,297	26,515,152	6,487,681
Financial assets which have been derecognised	(6,365,003)	(8,508,979)	(2,045,554)	(16,919,536)	(4,139,842)
Foreign exchange and other movements	-	-	-	-	(219,365)
Loss allowance as at 31 December 2022	23,519,534	13,198,316	60,708,983	97,426,833	23,664,521

	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	124,897
Changes in loss allowance:	-	-	-	-	-
- Financial assets which have been derecognised	(425,159)	-	-	(425,159)	(104,513)
Foreign exchange and other movements	-	-	-	-	154
Loss allowance as at 31 December 2021	83,671	-	-	83,671	20,538
Loss allowance – other assets					
Loss allowance as at 1 January 2021	-	-	-	-	-
Changes in loss allowance:					
- Financial assets which have been derecognised	-	-	1,324,431	1,324,431	325,573
Foreign exchange and other movements	-	-	-	-	(479)
Loss allowance as at 31 December 2021	-	-	1,324,431	1,324,431	325,094
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

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 2022				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Loans to customers at amortised cost					
Gross carrying amount as at 1 January 2022	1,882,164,769	60,399,450	20,399,032	1,962,963,251	481,827,013
Changes in gross carrying amount					
- Transfer to stage 1	15,150,574	(14,570,845)	(579,729)	-	-
- Transfer to stage 2	(19,803,861)	19,830,775	(26,914)	-	-
- Transfer to stage 3	(17,782,974)	(53,671,539)	71,454,513	-	-
New financial assets originated or purchased	1,491,744,084	9,360,024	7,662,362	1,508,766,470	369,162,337
Financial assets which have been derecognised	(1,077,408,810)	9,730,095	(14,534,455)	(1,082,213,170)	(264,794,020)
Write-offs	(3,285,788)	(6,369,196)	(8,809,992)	(18,464,976)	(4,517,978)
Foreign exchange and other movements	-	-	-	-	(5,760,040)
Gross carrying amount as at 31 December 2022	2,270,777,994	24,708,764	75,564,817	2,371,051,575	575,917,312
Loss allowance as at 31 December 2022	(23,519,534)	(13,198,316)	(60,708,983)	(97,426,833)	(23,664,521)

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	KHR'000	KHR'000	KHR'000	KHR'000	US$
Loans to customers at amortised cost					
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)

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 2022		31 December 2021	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Short-term Loans to customers:				
0-29 days	102,436,359	1,738,155	168,752,522	4,651,356
30-59 days	279,780	128,012	919,377	455,107
60-89 days	1,312,142	662,443	621,699	399,123
90-180 days	1,891,057	1,356,150	827,497	556,886
More than 180 days	6,435,477	4,630,789	2,524,307	1,634,965
Total Short-term Loans	112,354,815	8,515,549	173,645,402	7,697,437
Long-term Loans to customers:				
0-29 days	2,170,860,258	23,364,109	1,763,333,003	32,124,016
30-59 days	12,584,242	6,923,938	6,455,138	3,201,165
60-89 days	10,061,358	5,276,389	3,642,751	1,692,424
90-180 days	24,380,074	16,783,410	3,925,192	2,755,233
More than 180 days	40,810,828	36,563,438	11,961,765	11,009,892
Total Long-term Loans	2,258,696,760	88,911,284	1,789,317,849	50,782,730
Total Loans to Customers	2,371,051,575	97,426,833	1,962,963,251	58,480,167
In US$ equivalents	575,917,312	23,664,521	481,827,013	14,354,484

(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.

37.2 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 2022				
	KHR	US$	THB	Total	Total
	KHR'000	KHR'000	KHR'000	KHR'000	US$
On-the balance sheet					
Financial assets					
Cash on hand	48,084,855	54,624,858	18,251,268	120,960,981	29,380,855
Balances with the NBC	98,660,024	143,667,757	-	242,327,781	58,860,282
Balances with other banks (*)	16,702,987	164,573,827	-	181,276,814	44,031,288
Loans to customers (*)	1,199,920,967	1,115,673,394	55,457,214	2,371,051,575	575,917,312
Other assets (*)	7,371,060	8,074,571	229,897	15,675,528	3,807,512
Total financial assets	1,370,739,893	1,486,614,407	73,938,379	2,931,292,679	711,997,249
Financial liabilities					
Deposits from customers	340,144,828	636,770,102	35,627,082	1,012,542,012	245,941,708
Deposits from other financial institutions	3,251,856	32,968,811	985,214	37,205,881	9,037,134
Lease liabilities	-	28,771,782	-	28,771,782	6,988,531
Borrowings	395,915,323	805,644,947	33,751,476	1,235,311,746	300,051,432
Subordinated debts	-	26,943,629	-	26,943,629	6,544,481
Other liabilities	15,428,594	8,971,843	457,032	24,857,469	6,037,763
Total financial liabilities	754,740,601	1,540,071,114	70,820,804	2,365,632,519	574,601,049

(*) Excluding loss allowance.

	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	328,364,533	621,659,722	24,743,595	974,767,850	239,265,550
Deposits from other financial institutions	4,722,278	45,036,120	749,894	50,508,292	12,397,715
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	12,832,271	4,571,385	299,836	17,703,492	4,345,482
Total financial liabilities	804,117,160	1,121,045,166	75,488,594	2,000,650,920	491,077,792

(*) Excluding loss allowance.

Currency swap

The Company has 1 foreign exchange swap contract (2021: 1 contracts) with certain commercial banks outstanding as at 31 December 2022 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 2022							
Financial assets							
Cash on hand	-	-	-	-	-	120,960,981	120,960,981
Balances with the NBC	52,075,536	-	405,850	-	-	189,846,395	242,327,781
Balances with banks (*)	31,624,805	-	149,652,009	-	-	-	181,276,814
Loans to customers (*)	1,567,142	14,837,618	94,791,092	1,534,809,312	725,046,411	-	2,371,051,575
Other assets	-	27,322	5,087,055	7,758,633	147,053	2,655,465	15,675,528
	85,267,483	14,864,940	249,936,006	1,542,567,945	725,193,464	313,462,841	2,931,292,679
Financial liabilities							
Deposits from customers	464,757,164	80,012,106	369,016,930	98,755,812	-	-	1,012,542,012
Deposits from other financial institutions	16,251,155	3,294,910	8,824,259	8,835,557	-	-	37,205,881
Lease liabilities	-	-	-	-		28,771,782	28,771,782
Borrowings	20,821,555	208,911,207	215,048,315	783,500,785	7,029,884	-	1,235,311,746
Subordinated debts	-	-	9,797,683	17,145,946	-	-	26,943,629
Other liabilities	-	-	-	-	-	24,857,469	24,857,469
	501,829,874	292,218,223	602,687,187	908,238,100	7,029,884	53,629,251	2,365,632,519
Total interest re-pricing gap	(416,562,391)	(277,353,283)	(352,751,181)	634,329,845	718,163,580	259,833,590	565,660,160
US$ equivalent	(101,181,052)	(67,367,812)	(85,681,608)	154,075,746	174,438,567	63,112,361	137,396,202

	Up to 1 month	> 1 - 3 months	> 3 - 12 monthst	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	440,719,576	7,687,025	282,903,692	231,364,790	12,092,767	-	974,767,850
Deposits from other financial institutions	24,411,703	907,345	14,749,251	10,439,993	-	-	50,508,292
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	-	-	-	-	-	17,703,492	17,703,492
	481,844,579	113,448,521	614,639,854	727,462,351	17,036,536	46,219,079	2,000,650,920
Total interest re-pricing gap	(454,462,218)	(105,573,584)	(422,022,048)	648,927,844	422,273,230	297,993,157	387,136,381
US$ equivalent	(111,551,845)	(25,913,987)	(103,589,113)	159,285,185	103,650,768	73,145,105	95,026,113

(*) Excluding loss allowance.

37.3 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 2022						
Financial liabilities						
Deposits from customers	467,925,522	85,894,670	385,227,397	108,240,109	-	1,047,287,698
Deposits from other financial institutions	16,328,931	3,433,591	9,297,400	9,350,887	-	38,410,809
Lease liabilities	847,466	1,693,102	7,409,363	19,368,869	4,125,686	33,444,486
Borrowings	27,788,428	222,176,891	261,806,690	846,753,745	7,136,465	1,365,662,219
Subordinated debts	231,382	462,764	11,517,843	20,285,229	-	32,497,218
Other liabilities	404	8,407,064	14,566,207	1,883,794	-	24,857,469
Total financial liabilities	513,122,133	322,068,082	689,824,900	1,005,882,633	11,262,151	2,542,159,899
US$ equivalent	124,634,961	78,228,827	167,555,234	244,324,176	2,735,524	617,478,722
As at 31 December 2021						
Financial liabilities						
Deposits from customers	480,343,493	88,369,280	363,733,330	66,150,044	-	998,596,147
Deposits from other financial institutions	24,579,126	1,178,955	15,709,052	13,052,547	-	54,519,680
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	-	3,743,105	11,106,711	2,853,676	868,988	18,572,480
Total financial liabilities	513,533,291	188,419,599	737,562,046	663,075,119	9,024,565	2,111,614,620
US$ equivalent	126,051,372	46,249,288	181,041,248	162,757,761	2,215,161	518,314,830

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 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	KHR'000	KHR'000	KHR'000	KHR'000
Cash on hand	120,960,981	120,960,981	119,262,869	119,262,869
Balances with the NBC	241,921,931	241,921,931	241,374,672	241,374,672
Balances with other banks	56,207,412	56,207,412	6,696,047	6,696,047
Undrawn credit lines	142,590,000	142,590,000	12,222,000	12,222,000
	561,680,324	561,680,324	379,555,588	379,555,588
In US$ equivalent	136,429,518	136,429,518	93,165,338	93,165,338

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 2022						
Cash on hand	-	-	-	120,960,981	120,960,981	29,380,855
Balances with the NBC	405,850	109,359,790	-	132,562,141	242,327,781	58,860,282
Balances with other banks	125,069,402	-	-	55,916,946	180,986,348	43,960,735
Loans to customers	-	-	-	2,273,624,742	2,273,624,742	552,252,791
Other assets	-	-	-	16,692,306	16,692,306	4,054,483
	125,475,252	109,359,790	-	2,599,757,116	2,834,592,158	688,509,146
31 December 2021						
Cash on hand	-	-	-	119,262,869	119,262,869	29,274,146
Balances with the 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	-	-	-	4,623,473	4,623,473	1,134,873
	53,634,659	94,173,734	-	2,182,182,740	2,329,991,133	571,917,313

(i) This represents balances held with the NBC for its FAST and CSS against overdraft loans and 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.

37.4 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.

38. 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, intangible assets, 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.

39. 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 2022.

Amendment to CIFRS 3 Reference to the Conceptual Framework	Business Combinations
Amendments to CIAS 16 Property, Plant and Equipment	Proceeds before Intended Use
Amendments to CIAS 37 Onerous	Cost of Fulfilling a Contract
Annual Improvements to IFRS Accounting 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 41, Agriculture

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

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

Amendments to CIAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to CIAS 1	Classification of Liabilities as Current or Non-current
Amendments to CIAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
CIFRS 17	Insurance Contracts
Amendments to CIFRS 10 and CIAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to CIAS 8	Definition of Accounting Estimates
Amendments to CIAS 1 and CIFRS Practice Statement 2	Disclosure of Accounting Policies

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.

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 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.

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.

Amendments to CIAS 1 Non-current Liabilities with Covenants

The amendments to CIAS 1 in 2022 specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The amendments also specify that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to CIFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in CIFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in CIFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, 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.

CIFRS 17 must be applied retrospectively for annual periods beginning on or after 1 January 2023 unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

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.

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