

**AMK MICROFINANCE INSTITUTION PLC.**  
**(SUBSEQUENTLY KNOWN AS AMK BANK PLC.)**  
(Registration No. 00007298)

**FOR THE YEAR ENDED 31 DECEMBER 2025**

**REPORT OF THE BOARD OF DIRECTORS  
AND AUDITED FINANCIAL STATEMENTS**

**AMK MICROFINANCE INSTITUTION PLC.**

**REPORT OF THE BOARD OF DIRECTORS AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**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. (subsequently known as AMK Bank Plc) (the "Company") for the year ended 31 December 2025.

**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 2025 is set out in the statement of profit or loss and other comprehensive income on page 11.

**RESERVES AND PROVISIONS**

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

**DIVIDENDS**

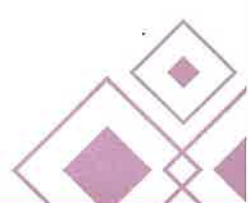
There was no dividend declared or paid during the year (2024: nil).

**SHARE CAPITAL**

The paid up capital of the Company as at 31 December 2025 was KHR 273,662 million or approximately US\$ 68,193,982 (2024: KHR 273,662 million or approximately US\$ 67,990,671).

**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.

## **CONTINGENT AND OTHER LIABILITIES**

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

1. 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
2. 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. Chetan Tanmay	Director
Mr. Kea Borann	Director
Mr. Chien-Chih Cheng	Director
Mr. Chien-Ling Cheng	Director
Mr. Cheng-Chung Chen	Director
Mr. Tip Janvibol	Independent Director
Ms. Heng Seida	Independent Director
Ms. Blandine Claudia Marie Pons	Independent Director

## **DIRECTORS' INTERESTS**

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

## **DIRECTORS' BENEFITS**

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

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

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

The Directors are responsible for reviewing the financial statements prepared by management and ensuring that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, 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 ("CIFRS"), 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 the Company as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with CIFRS, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



Mr. John Con-Sing Yung  
Chairman

Phnom Penh, Kingdom of Cambodia

23 MAR 2026



## Independent auditor's report

To the shareholders of AMK Microfinance Institution Plc.

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of AMK Microfinance Institution Plc. (the "Company") as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRS).

### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

PricewaterhouseCoopers (Cambodia) Ltd.  
P.O. Box 1147, 58C Sihanouk Blvd, Sangkat Tonle Bassac,  
Khan Chamkarmon, Phnom Penh 120101  
T: +855 (0)23/69 860 606



## Independence

We are independent of the Company in accordance with the ethical requirements of the Code of Ethics for Certified Public Accountants and Auditors of Cambodia (CPAA Code), together with the independence rules of the National Bank of Cambodia (NBC) that are relevant to audits of the financial statements of public interest entities in Cambodia. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the CPAA Code and the NBC.

## Other information

Management is responsible for the other information. The other information comprises the report of board of directors and the supplementary financial information and other disclosures required by the National Bank of Cambodia 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 and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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



## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS, 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.

Those charged with governance are 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

For PricewaterhouseCoopers (Cambodia) Ltd.



By Lang Hy  
Partner

Phnom Penh, Kingdom of Cambodia  
27 March 2026

**AMK MICROFINANCE INSTITUTION PLC.**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025**

	Notes	31 December 2025		31 December 2024	
		KHR Million	US\$	KHR Million	US\$
<b>ASSETS</b>					
Cash on hand	5	78,856	19,650,026	98,842	24,557,008
Balances with the NBC	6	429,925	107,133,117	301,591	74,929,437
Balances with other banks	7	37,633	9,377,726	145,468	36,141,094
Loans to customers	8	2,374,166	591,618,725	2,221,571	551,943,174
Debt securities measured at amortised cost	9	4,109	1,023,854	4,099	1,018,472
Property and equipment	10	11,165	2,782,264	15,405	3,827,361
Intangible assets	11	7,520	1,874,034	6,179	1,535,172
Right-of-use assets	12	23,664	5,896,947	28,566	7,097,138
Current tax assets	13	6,695	1,668,094	3,816	947,977
Deferred tax assets	13	33,497	8,347,238	17,297	4,297,358
Investments under the equity method, net	14	1,662	414,093	1,648	409,464
Other assets	15	26,672	6,646,319	26,839	6,668,170
<b>TOTAL ASSETS</b>		<b>3,035,564</b>	<b>756,432,437</b>	<b>2,871,321</b>	<b>713,371,825</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from customers	16	1,568,201	390,780,324	1,311,814	325,916,596
Deposits from other financial institutions	17	113,503	28,283,857	70,306	17,467,383
Other liabilities	18	16,031	3,994,696	21,535	5,349,983
Lease liabilities	12	22,820	5,686,564	27,584	6,853,188
Borrowings	19	718,396	179,017,111	776,022	192,800,535
Subordinated debts	20	69,552	17,331,660	75,162	18,673,854
Employee benefit obligations	22	42,967	10,706,835	41,142	10,221,599
<b>TOTAL LIABILITIES</b>		<b>2,551,470</b>	<b>635,801,047</b>	<b>2,323,565</b>	<b>577,283,138</b>
<b>EQUITY</b>					
Share capital	23	273,662	68,193,982	273,662	67,990,671
Share premium		22,425	5,588,177	22,425	5,571,517
Reserves	24	171,019	42,949,693	174,462	43,613,174
Retained earnings		16,988	3,899,538	77,207	18,913,325
<b>TOTAL EQUITY</b>		<b>484,094</b>	<b>120,631,390</b>	<b>547,756</b>	<b>136,088,687</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,035,564</b>	<b>756,432,437</b>	<b>2,871,321</b>	<b>713,371,825</b>

The accompanying notes from pages 14 to 96 form an integral part of these financial statements.

**AMK MICROFINANCE INSTITUTION PLC.**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	Year ended 31 December 2025		Year ended 31 December 2024	
		KHR Million	US\$	KHR Million	US\$
Interest income	25	372,912	92,972,068	410,110	100,739,250
Interest expense	26	(142,575)	(35,545,981)	(171,511)	(42,129,829)
<b>Net interest income</b>		230,337	57,426,087	238,599	58,609,421
Fee and commission expense	27	(15,110)	(3,767,027)	(18,267)	(4,487,004)
Other income	28	34,077	8,495,991	34,635	8,507,799
<b>Total operating income</b>		249,304	62,155,051	254,967	62,630,216
Grant income		-	-	219	53,784
Personnel expenses	29	(122,839)	(30,625,480)	(126,611)	(31,100,669)
Depreciation and amortisation	30	(17,009)	(4,240,657)	(17,430)	(4,281,626)
Other operating expenses	31	(44,646)	(11,130,874)	(47,246)	(11,605,468)
Net impairment loss on financial instruments	32	(144,088)	(35,923,200)	(52,406)	(12,873,118)
Share of net profit of investments using the equity method		19	4,629	42	10,409
Other gains	33	145	36,163	301	73,889
<b>(Loss)/profit before income tax</b>		(79,114)	(19,724,368)	11,836	2,907,417
Income tax benefit/(expense)	13	15,943	3,974,871	(2,874)	(705,846)
<b>(Loss)/net profit for the year</b>		(63,171)	(15,749,497)	8,962	2,201,571
Other comprehensive income: <i>Items that may be reclassified to profit or loss</i>					
Hedging gains, net of tax		313	78,040	196	47,996
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of employee benefits, net of tax		(805)	(200,693)	(2,359)	(579,451)
Currency translation differences		-	414,853	-	1,993,130
		(492)	292,200	(2,163)	1,461,675
<b>Total comprehensive (loss)/income for the year</b>		(63,663)	(15,457,297)	6,799	3,663,246
(Loss)/Profit attributable to owners of the Company		(63,171)	(15,749,497)	8,962	2,201,571
Total comprehensive (loss)/ income attributable to owners of the Company		(63,663)	(15,457,297)	6,799	3,663,246

The accompanying notes from pages 14 to 96 form an integral part of these financial statements.

**AMK MICROFINANCE INSTITUTION PLC.**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Attributable to owners of the Company									
	Share capital		Share premium		Reserves		Retained Earnings		Total	
	KHR Million	US\$	KHR Million	US\$	KHR Million	US\$	KHR Million	US\$	KHR Million	US\$
Balance as at 1 January 2024	273,662	66,992,032	22,425	5,489,683	173,674	42,507,105	71,196	17,436,621	540,957	132,425,441
Net profit for the year	-	-	-	-	-	-	8,963	2,201,571	8,963	2,201,571
Remeasurement of employee benefits, net of tax	-	-	-	-	(2,359)	(579,451)	-	-	(2,359)	(579,451)
Hedging loss, net of tax	-	-	-	-	196	47,996	-	-	196	47,996
Currency translation differences	-	-	-	-	-	912,657	-	-	-	912,657
<b>Total comprehensive income for the year</b>	-	-	-	-	(2,163)	381,202	8,963	2,201,571	6,800	2,582,773
<b>Transactions with owners in their capacity as owners:</b>										
Transfer to reserves	-	-	-	-	2,951	724,867	(2,951)	(724,867)	-	-
Currency translation differences	-	998,639	-	81,834	-	-	-	-	-	1,080,473
<b>Balance as at 31 December 2024</b>	<b>273,662</b>	<b>67,990,671</b>	<b>22,425</b>	<b>5,571,517</b>	<b>174,462</b>	<b>43,613,174</b>	<b>77,208</b>	<b>18,913,325</b>	<b>547,757</b>	<b>136,088,687</b>
Balance as at 1 January 2025	273,662	67,990,671	22,425	5,571,517	174,462	43,613,174	77,208	18,913,325	547,757	136,088,687
Net loss for the year	-	-	-	-	-	-	(63,171)	(15,749,497)	(63,171)	(15,749,497)
Remeasurement of employee benefits, net of tax	-	-	-	-	(805)	(200,693)	-	-	(805)	(200,693)
Hedging loss, net of tax	-	-	-	-	313	78,040	-	-	313	78,040
Currency translation differences	-	-	-	-	-	194,882	-	-	-	194,882
<b>Total comprehensive income for the year</b>	-	-	-	-	(492)	72,229	(63,171)	(15,749,497)	(63,663)	(15,677,268)
<b>Transactions with owners in their capacity as owners:</b>										
Transfer from reserves	-	-	-	-	(2,951)	(735,710)	2,951	735,710	-	-
Currency translation differences	-	203,311	-	16,660	-	-	-	-	-	219,971
<b>Balance as at 31 December 2025</b>	<b>273,662</b>	<b>68,193,982</b>	<b>22,425</b>	<b>5,588,177</b>	<b>171,019</b>	<b>42,949,693</b>	<b>16,988</b>	<b>3,899,538</b>	<b>484,094</b>	<b>120,631,390</b>

The accompanying notes from pages 14 to 96 form an integral part of these financial statements.

**AMK MICROFINANCE INSTITUTION PLC.**
**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	Year ended 31 December 2025		Year ended 31 December 2024	
		KHR Million	US\$	KHR Million	US\$
<b>Cash flows from operating activities</b>					
(Loss)/profit before income tax		(79,114)	(19,724,368)	11,836	2,907,417
Adjustments for:					
Depreciation and amortisation	30	17,009	4,240,657	17,430	4,281,626
Net impairment loss on financial instruments	32	144,088	35,923,200	52,406	12,873,118
(Decrease)/increase in employee benefit obligations		(1,760)	(438,880)	5,463	1,341,812
Loss on disposals of property and equipment		18	4,593	33	8,166
Loss on disposals of intangible assets		-	-	8	1,962
Gain on disposals of property and equipment		(163)	(40,756)	(342)	(84,017)
Proportionate share of profit of associate		(19)	(4,629)	(42)	(10,409)
Unrealised foreign exchange differences		(1,339)	(333,791)	385	94,858
Interest income	25	(372,912)	(92,972,068)	(410,110)	(100,739,250)
Interest expense	26	142,575	35,545,981	171,511	42,129,829
		<u>(151,617)</u>	<u>(37,800,061)</u>	<u>(151,422)</u>	<u>(37,194,888)</u>
Changes in working capital:					
Balances with the NBC		1	150	3	737
Balances pledged as security with other banks		86,538	21,575,044	54,338	13,347,458
Statutory deposits		(17,999)	(4,487,482)	11,858	2,912,798
Loans to customers		(304,185)	(75,837,798)	(20,004)	(4,913,735)
Other assets		1,418	353,481	(1,125)	(276,321)
Deposits from customers		257,485	64,194,610	194,888	47,872,293
Deposits from banks and other financial institutions		42,144	10,507,225	37,609	9,238,310
Other liabilities		<u>(5,650)</u>	<u>(1,408,628)</u>	<u>(3,898)</u>	<u>(957,460)</u>
Cash (used in)/ generated from operations		<u>(91,865)</u>	<u>(22,903,459)</u>	<u>122,247</u>	<u>30,029,192</u>
Interest received		383,371	95,580,021	396,491	97,394,043
Interest paid		(134,560)	(33,547,785)	(159,854)	(39,266,510)
Income tax paid		<u>(2,964)</u>	<u>(738,972)</u>	<u>(4,504)</u>	<u>(1,106,306)</u>
<b>Net cash generated from operating activities</b>		<u>153,982</u>	<u>38,389,805</u>	<u>354,380</u>	<u>87,050,419</u>
<b>Cash flows from investing activities</b>					
Purchases of property and equipment	10	(1,760)	(438,596)	(2,810)	(698,218)
Purchases of intangible assets	11	(3,303)	(823,043)	(1,468)	(364,699)
Proceeds from disposals of property and equipment		295	73,607	642	159,475
<b>Net cash used in investing activities</b>		<u>(4,768)</u>	<u>(1,188,032)</u>	<u>(3,636)</u>	<u>(903,442)</u>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		255,015	63,547,097	752,274	184,788,442
Repayments of borrowings		(314,042)	(78,256,143)	(1,141,820)	(280,476,538)
Proceeds from subordinated debts		-	-	24,426	6,000,000
Repayments of subordinated debts		(5,615)	(1,399,302)	(5,699)	(1,400,000)
Principal elements of lease payments		<u>(9,061)</u>	<u>(2,257,800)</u>	<u>(9,584)</u>	<u>(2,354,207)</u>
<b>Net cash used in financing activities</b>		<u>(73,703)</u>	<u>(18,366,148)</u>	<u>(380,403)</u>	<u>(93,442,303)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		75,511	18,835,625	(29,659)	(7,295,326)
Cash and cash equivalents at the beginning of the year		304,130	75,560,563	333,789	81,710,890
Currency translation differences		-	206,814	-	1,144,999
<b>Cash and cash equivalents at the end of the year</b>	34	<u>379,641</u>	<u>94,603,002</u>	<u>304,130</u>	<u>75,560,563</u>

**Non-cash transactions:**

- Non-investing activities of acquisition in right-of-use assets are disclosed in note 12.
- Borrowings of KHR 86,400 million were rolled over in 2025 (2024: 204,575 million Riels)
- Debt securities measured at amortised cost of KHR 4,011 million were rolled over in 2025 (note 9).

The accompanying notes from pages 14 to 96 form an integral part of these financial statements.

## **AMK MICROFINANCE INSTITUTION PLC.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **1. REPORTING ENTITY**

AMK Microfinance Institution Plc. (the "Company") is 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. On 12 February 2026, the Company obtained a Commercial Banking Licence from the NBC and on 11 March 2026, the Ministry of Commerce approved the change in business name from AMK Microfinance Institution Plc to AMK Bank 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 143 offices (2024: 147 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 23 March 2026.

#### **2. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The material 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 ("CIFRS").

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.

The preparation of financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language statutory financial statements shall prevail.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**2.2 Going concern**

Management has, 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. Resulting exchange difference arising from translation of shareholders’ capital is recognised directly in equity; 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:

	<u><b>31 December 2025</b></u>	<u><b>31 December 2024</b></u>
Closing rate	4013	4025
Average rate	4011	4071

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.5 Rounding of amounts**

Amounts in the financial statements have been rounded off to the nearest million Khmer Riel ("KHR Million") 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").

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

**a. Classification of financial assets** (continued)

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.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

a. Classification of financial assets (continued)

Debt instruments at amortised cost or at FVTOCI (continued)

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.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

**a. Classification of financial assets** (continued)

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

a. Classification of financial assets (continued)

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 gains/(losses)" 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:

- balances with other banks;
- loans to customers;
- debt securities measured at amortised costs; and
- other assets.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

**c. Impairment of financial assets** (continued)

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 unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

**c. Impairment of financial assets** (continued)

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 more than 30 days on short-term loan or equal to or more than 90 days on long-term loan on any material credit obligation to the Company;
- The account has been written off in accordance with the loan agreement; 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.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

c. Impairment of financial assets (continued)

Significant increase in credit risk (continued)

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 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

**d. Modification 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).

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see 2.6.i.f). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated under the effective interest rate method.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

e. Derecognition of financial assets

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.6 Financial instruments** (continued)

**i. Financial assets** (continued)

f. 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**

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.

## AMK MICROFINANCE INSTITUTION PLC.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### 2.6 Financial instruments (continued)

#### 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 Reserves

#### i. Regulatory reserves

The NBC issued a number of regulations that require Companies 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 the NBC's regulations include 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 provision is calculated as a percentage of the facility amount outstanding at each reporting period, inclusive of principal and interest capitalisation.

The Company calculates the impairment loss allowance for credit facilities in accordance with the regulatory provision simultaneously with the calculation in accordance with the CIFRS. The impairment loss allowance calculated in accordance with CIFRS 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 CIFRS, the excess amount is transferred from retained earnings to regulatory reserves as disclosed in Note 24.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.7 Reserves** (continued)

**i. Regulatory reserves** (continued)

When the impairment loss allowance calculated in accordance with regulatory provision is subsequently less than that calculated under CIFRS, 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.

**ii. Non-distributable reserve**

The non-distributable reserve is maintained 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.

**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. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within the other comprehensive income.

**2.9 Leases**

*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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.9 Leases** (continued)

*The Company as a lessee (continued)*

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.

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**2.9 Leases (continued)**

*The Company as a lessee (continued)*

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

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.10 Property and equipment** (continued)

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.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.12 Impairment of property and equipment, intangible assets and right-of-use assets**  
(continued)

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. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**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**

**Defined benefits plan**

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.

The staff pension fund is accounting for as a defined benefits plan following actuarial techniques using the projected unit cost method and actuarial assumptions about demographic variables such as employee turnover and mortality and discounting in order to determine the present value of the defined benefit obligation and the current service costs.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.15 Employee benefits** (continued)

**Short-term employee benefits**

The Company recognises the expected cost of short-term employee benefits where it is contractually obliged or where there is a past practice that has created a constructive obligation. Salary and wages, annual leave and other paid absences and bonuses and incentives are recognised in the year in which the services are rendered by employees, and the Company measures the expected liability related to the short-term employee benefits at the end of the reporting period.

**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.

**Pension obligations**

The Company pays contributions to publicly administered social security scheme for pension on a mandatory basis in Cambodia. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expenses when they are due.

**Other long-term employee benefits**

Other long-term employee benefits include benefits not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. These include unvested deferred performance incentives under the Company's policies and seniority payments in accordance with the Labour Law.

Other long-term employment benefits may be vesting (employees are entitled to a cash payment for unused entitlement on leaving the entity) or non-vesting (when employees are not entitled to a cash payment for unused entitlement upon leaving). The Company recognised a liability for the present value of the long-term employee benefits expected to be paid at 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 gross 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.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.16 Net interest income** (continued)

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.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

**2.19 Taxation** (continued)

**Deferred tax**

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

**Current tax and deferred tax for the year**

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

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**3.1 Critical judgments in applying accounting policies**

In applying the Company's accounting policies, management is 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.

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that management has 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) 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.

(iii) 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.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY (continued)**

**3.1 Critical judgments in applying accounting policies (continued)**

(iii) Significant increase in credit risk (continued)

Quantitative information may include the days past due of the asset, and the borrower's history with the Company. Qualitative information includes borrower specific information, such as the borrower's individual or business performance indicators and whether the borrower has been provided restructuring or other forms of relief, and portfolio specific information, such as risks associated with geographic regions or portfolio level risks.

(iv) 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.

(v) 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.

(vi) Employee benefits obligations

The Company provides short-term, long-term and post-employment benefits to its employees. Short-term and long-term benefits are calculated based on reliable estimates where the measurement reflects the possibility that some employees may leave without receiving the benefits.

The Company provides a defined benefit plan post-employment benefit to its employees, the liability of which is calculated by using an actuarial using an actuarial technique, the projected unit credit method, to make a reliable estimate of the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods, and discounting that benefit in order to determine the present value of the defined benefit obligation and the current service costs.

Judgement is applied in developing the actuarial techniques and assessing actuarial assumptions, including demographic assumptions, financial assumptions, mortality assumptions and the discount rate applied.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY** (continued)

**3.1 Critical judgments in applying accounting policies** (continued)

(vii) Existence of significant influence

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 15). 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.

**3.2 Key sources of estimation uncertainty**

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 38.1(h).

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)**

**3.2 Key sources of estimation uncertainty (continued)**

Cambodia-Thai Border conflict

Following the armed conflict between Cambodia and Thailand in December 2025, the NBC issued Instruction No.B37-025-027 on 10 December 2025, advising banking and financial institutions to extend preferential treatment to displaced customers, including waiving all fees and penalties related to existing loans from the date of issuance until March 31, 2026, as well as suspending interest payments and allowing the postponement of principal payments through the same period, and providing additional concessions for military personnel currently engaged in frontline operation.

The Company has complied with the directive and provided relief to its clients as appropriate. However, as at the reporting date, it is not practical to incorporate the specific effects of the border conflict and the relief measures in models, and management has implemented post-model overlays and adjustments in recognition of the significant estimation uncertainty.

Further information on the credit quality analysis of the Company is provided in note 38.1(h).

**4. NEW AND AMENDED CIFRS STANDARDS AND INTERPRETATIONS**

**4.1 New and amended standards adopted by the Company**

The Company has also applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2025:

- Lack of exchangeability – Amendments to CIAS 21

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**NOTES TO THE FINANCIAL STATEMENTS  
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**4. NEW AND AMENDED CIFRS STANDARDS AND INTERPRETATIONS** (continued)

**4.2 New and amended standards not yet adopted by the Company**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Company.

***CIFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)***

CIFRS 18 will replace CIAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though CIFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is in the process of determining the impact on the Company of applying CIFRS 18. The Company has prepared a transition plan and is on track to report the first CIFRS 18-compliant annual financial statements for the period ending 31 December 2027.

It is anticipated that as the Company's main business activity is investing in assets and providing financing to customers, the operating category will include providing financing and investing in assets, which includes income and expenses from cash and cash equivalents, and accordingly, the investing category will be limited to results of associates and joint ventures accounted for applying the equity method and the financing category will include income and expenses from liabilities that are not related to providing financing to customers.

The Company is performing a detailed assessment to determine the appropriate classification of items to ensure that the operating profit subtotal will comply with the requirements of CIFRS 18.

All other standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**5. CASH ON HAND**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Khmer Riel ("KHR")	36,153	9,008,996	46,464	11,543,805
US Dollars ("US\$")	42,139	10,500,661	44,400	11,031,034
Thai Baht ("THB")	564	140,369	7,978	1,982,169
	<b>78,856</b>	<b>19,650,026</b>	<b>98,842</b>	<b>24,557,008</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**6. BALANCES WITH THE NBC**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Statutory deposits</b>				
Capital guarantee (i)	27,366	6,819,398	27,366	6,799,067
Reserve requirement (ii)	139,317	34,716,389	121,318	30,141,014
	166,683	41,535,787	148,684	36,940,081
<b>Cash and cash equivalents</b>				
Current accounts	250,636	62,456,013	149,503	37,143,662
<b>Other deposits and placements</b>				
Negotiable Certificate of Deposit	12,205	3,041,479	3,003	746,005
Guarantee placement	401	99,838	401	99,689
	12,606	3,141,317	3,404	845,694
	429,925	107,133,117	301,591	74,929,437

- (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 and paid 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.
- (ii) Reserve requirement represents the minimum reserve on deposits from customers and borrowings in foreign currencies. The NBC issued Announcement B7-024-1718 on 21 August 2024 to financial institutions to continue to apply the reserve requirement calculated at 7% for foreign currencies and for local currency (KHR) of customers' deposits and foreign borrowings until 31 December 2025.

The balances with the NBC earn interest according to the following rates:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Capital guarantee	3.00%	3.00%
Reserve requirement	0.00%	0.00%
Current account	0.00%	0.00%
Negotiable certificate of deposit	0.86%-1.00%	1.00%
Guarantee placement	0.90%-1.40%	1.18%-1.40%

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

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**7. BALANCES WITH OTHER BANKS**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Current accounts	30,863	7,690,758	39,652	9,851,447
Saving accounts	2,985	743,746	1,131	281,074
Fixed deposits	4,097	1,020,979	12,179	3,025,883
Guaranteed placements	-	-	92,843	23,066,540
	<u>37,945</u>	<u>9,455,483</u>	<u>145,805</u>	<u>36,224,944</u>
Less: impairment loss allowance	(312)	(77,757)	(337)	(83,850)
Balance with other banks, net	<u>37,633</u>	<u>9,377,726</u>	<u>145,468</u>	<u>36,141,094</u>

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

	<b>31 December 2025</b>	<b>31 December 2024</b>
Current accounts	0.0%-2.0%	0.0%-1.5%
Saving accounts	0.1%-0.15%	0.1%-2.0%
Fixed deposits	4.75%	5.00%
Guaranteed placements	n/a	4.4%-5.5%

**8. LOANS TO CUSTOMERS**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Loans to customers at amortised costs	2,563,648	638,835,845	2,341,175	581,658,322
Less: impairment loss allowance	<u>(189,482)</u>	<u>(47,217,120)</u>	<u>(119,604)</u>	<u>(29,715,148)</u>
<b>Loans to customers, net</b>	<u>2,374,166</u>	<u>591,618,725</u>	<u>2,221,571</u>	<u>551,943,174</u>

**Loans to customers at amortised cost**

	<b>31 December 2025</b>			<b>31 December 2024</b>		
	<b>Gross carrying amount KHR Million</b>	<b>ECL allowance KHR Million</b>	<b>Carrying amount KHR Million</b>	<b>Gross carrying amount KHR Million</b>	<b>ECL allowance KHR Million</b>	<b>Carrying amount KHR Million</b>
Village bank loans	173,581	(29,139)	144,442	280,066	(25,635)	254,431
Individual loans	1,171,916	(89,998)	1,081,918	1,191,333	(52,715)	1,138,618
Small and medium enterprise loans	1,160,862	(69,141)	1,091,721	762,506	(40,572)	721,934
Other loans	57,289	(1,204)	56,085	107,270	(682)	106,588
	<u>2,563,648</u>	<u>(189,482)</u>	<u>2,374,166</u>	<u>2,341,175</u>	<u>(119,604)</u>	<u>2,221,571</u>

**AMK MICROFINANCE INSTITUTION PLC.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****9. DEBT SECURITIES MEASURED AT AMORTISED COST**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Cambodia Airport Investment Co., Ltd	4,180	1,041,667	4,170	1,036,191
Less: allowance for debt securities	(71)	(17,813)	(71)	(17,719)
<b>Debt securities measured at amortised cost, net</b>	<b>4,109</b>	<b>1,023,854</b>	<b>4,099</b>	<b>1,018,472</b>

The debt securities hold a coupon rate of 6.25% (2024: 5.50%) with an issue term of 3 years (2024: 3 years).

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**10. PROPERTY AND EQUIPMENT**

	<b>Leasehold improvement KHR Million</b>	<b>Motor Vehicles KHR Million</b>	<b>Motorcycles KHR Million</b>	<b>Computer and office equipment KHR Million</b>	<b>Construction in progress KHR Million</b>	<b>Total KHR Million</b>
<b>Cost</b>						
At 1 January 2025	8,620	5,955	3,706	38,343	33	56,657
Additions	18	-	-	905	837	1,760
Disposals	(90)	(133)	(513)	(995)	-	(1,731)
Transfers	133	-	-	611	(744)	-
<b>At 31 December 2025</b>	<b>8,681</b>	<b>5,822</b>	<b>3,193</b>	<b>38,864</b>	<b>126</b>	<b>56,686</b>
<b>Accumulated depreciation</b>						
At 1 January 2025	5,757	3,129	2,946	29,420	-	41,252
Depreciation	1,157	395	16	4,282	-	5,850
Disposals	(83)	(106)	(412)	(980)	-	(1,581)
At 31 December 2025	<b>6,831</b>	<b>3,418</b>	<b>2,550</b>	<b>32,722</b>	<b>-</b>	<b>45,521</b>
<b>Carrying amounts</b>						
At 31 December 2025	<b>1,850</b>	<b>2,404</b>	<b>643</b>	<b>6,142</b>	<b>126</b>	<b>11,165</b>
<b>Carrying amounts in US\$</b>						
At 31 December 2025	<b>460,735</b>	<b>599,149</b>	<b>160,205</b>	<b>1,530,831</b>	<b>31,344</b>	<b>2,782,264</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**10. PROPERTY AND EQUIPMENT (continued)**

	<b>Leasehold improvement KHR Million</b>	<b>Motor Vehicles KHR Million</b>	<b>Motorcycles KHR Million</b>	<b>Computer and office equipment KHR Million</b>	<b>Construction in progress KHR Million</b>	<b>Total KHR Million</b>
<b>Cost</b>						
At 1 January 2024	8,548	5,923	5,057	37,451	13	56,992
Additions	26	165	-	1,077	1,542	2,810
Disposals	(240)	(133)	(1,351)	(1,421)	-	(3,145)
Transfers	286	-	-	1,236	(1,522)	-
<b>At 31 December 2024</b>	<b>8,620</b>	<b>5,955</b>	<b>3,706</b>	<b>38,343</b>	<b>33</b>	<b>56,657</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	4,793	2,810	3,729	26,233	-	37,565
Depreciation	1,182	426	297	4,594	-	6,499
Disposals	(218)	(107)	(1,080)	(1,407)	-	(2,812)
At 31 December 2024	5,757	3,129	2,946	29,420	-	41,252
<b>Carrying amounts</b>						
At 31 December 2024	2,863	2,826	760	8,923	33	15,405
<b>Carrying amounts in US\$</b>						
At 31 December 2024	711,089	702,162	188,843	2,217,007	8,260	3,827,361

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**11. INTANGIBLE ASSETS**

	<b>Software and licenses KHR Million</b>	<b>Work in progress KHR Million</b>	<b>Total KHR Million</b>
<b>Cost</b>			
At 1 January 2025	20,130	2,155	22,285
Additions	31	3,272	3,303
Disposals	(10,631)	-	(10,631)
Transfers	5,154	(5,154)	-
<b>At 31 December 2025</b>	<b>14,684</b>	<b>273</b>	<b>14,957</b>
<b>Accumulated amortisation</b>			
At 1 January 2025	16,106	-	16,106
Amortisation	1,962	-	1,962
Disposals	(10,631)	-	(10,631)
At 31 December 2025	7,437	-	7,437
<b>Carrying amounts</b>			
At 31 December 2025	7,247	273	7,520
<b>Carrying amounts in US\$</b>			
<b>At 31 December 2025</b>	<b>1,806,021</b>	<b>68,013</b>	<b>1,874,034</b>
	<b>Software and licenses KHR Million</b>	<b>Work in progress KHR Million</b>	<b>Total KHR Million</b>
<b>Cost</b>			
At 1 January 2024	19,028	2,300	21,328
Additions	34	1,434	1,468
Disposals	(511)	-	(511)
Transfers	1,579	(1,579)	-
<b>At 31 December 2024</b>	<b>20,130</b>	<b>2,155</b>	<b>22,285</b>
<b>Accumulated amortisation</b>			
At 1 January 2024	15,031	-	15,031
Amortisation	1,578	-	1,578
Disposals	(503)	-	(503)
At 31 December 2024	16,106	-	16,106
<b>Carrying amounts</b>			
At 31 December 2024	4,024	2,155	6,179
<b>Carrying amounts in US\$</b>			
<b>At 31 December 2024</b>	<b>999,827</b>	<b>535,345</b>	<b>1,535,172</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**12. LEASES**

This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the statement of financial position

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Right-of-use-assets (ROUA)</b>				
Buildings	23,164	5,772,414	24,180	6,007,656
ATM/CDMs	185	45,986	3,770	936,556
Parking lots	315	78,547	616	152,926
	<u>23,664</u>	<u>5,896,947</u>	<u>28,566</u>	<u>7,097,138</u>
<b>Lease liabilities</b>				
Current	7,996	1,992,552	11,039	2,742,551
Non-current	14,824	3,694,012	16,545	4,110,637
	<u>22,820</u>	<u>5,686,564</u>	<u>27,584</u>	<u>6,853,188</u>

Additions to the right-of-use assets during the year were KHR million 789 (2024: KHR million 1,594).

(ii) Amounts recognised in profit or loss

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Depreciation expense on ROUA (Note 30)				
Buildings	7,006	1,746,746	6,983	1,715,278
ATM/CDMs	1,892	471,620	2,068	508,104
Parking lots	300	74,873	302	74,193
	<u>9,198</u>	<u>2,293,239</u>	<u>9,353</u>	<u>2,297,575</u>
Interest expense on lease liabilities (Note 26)	1,788	445,823	1,991	488,976
Expense relating to short-term leases (Note 31)	492	122,579	187	45,981
Expense relating to low value leases (Note 31)	8,526	2,125,692	8,749	2,149,001

The total cash outflows for leases amounted to KHR 19,938 million (2024: KHR 20,150 million).

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**13. INCOME TAX**

**13.1 Income tax (benefit)/expense**

Income tax (benefit)/expense comprises:

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Current income tax	-	-	1,229	301,726
Deferred tax	(15,943)	(3,974,871)	2,269	557,494
Over-provision of income tax in prior year	-	-	(624)	(153,374)
	<u>(15,943)</u>	<u>(3,974,871)</u>	<u>2,874</u>	<u>705,846</u>

The reconciliation of income tax expense/(benefit) shown in profit or loss is as follows:

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
(Loss)/profit before income tax	<u>(79,114)</u>	<u>(19,724,368)</u>	<u>11,836</u>	<u>2,907,417</u>
Income tax expense at applicable tax rate of 20%	(15,823)	(3,944,874)	2,367	581,483
Adjustments:				
Non-deductible expenses	658	164,342	26	6,474
Over-provision of income tax in prior year	-	-	(624)	(153,374)
Previously unrecognised deferred tax	<u>(778)</u>	<u>(194,339)</u>	<u>1,105</u>	<u>271,263</u>
	<u>(15,943)</u>	<u>(3,974,871)</u>	<u>2,874</u>	<u>705,846</u>

The Company incurred tax losses during the year. Tax losses incurred in any tax year can be carried forward to offset future taxable profits for a maximum period of five years, on a first-in-first-out basis, subject to the following conditions:

- The loss must be recorded in the Tax on Income return and submitted to General Department of Taxation("GDT") on time;
- The business objective of the Company must not be changed; and
- The Company is not subject to a unilateral tax re-assessment.

Management considers that it is probable that there will be future taxable profits available and has recognised a deferred tax asset for KHR 4,051 million (2024: Nil).

Under the Cambodian tax regulations, the Company has an obligation to pay corporate income tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenue, whichever is higher, however an exemption is available for taxpayers which have obtained a certificate of proper accounting records. The Company has obtained a certificate of proper accounting records for the years 2024 and 2025, and accordingly the prepayment of income tax is recognised as a current tax asset which can be carried forward as a tax credit against future income tax payment.

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**13. INCOME TAX** (continued)

**13.2 Other tax matters**

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.

**13.3 Deferred tax**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Deferred tax assets	37,990	9,466,845	23,391	5,811,385
Deferred tax liabilities	(4,493)	(1,119,607)	(6,094)	(1,514,027)
	<u>33,497</u>	<u>8,347,238</u>	<u>17,297</u>	<u>4,297,358</u>

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

	<b>At 1 January 2025 KHR Million</b>	<b>(Charged)/Credited to</b>		<b>At 31 December 2025</b>	
		<b>Profit or Loss KHR Million</b>	<b>Other Comprehensive Income KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Deferred tax assets:</b>					
Allowance for loan losses	5,467	8,754	-	14,221	3,543,755
Unamortised loan processing fees	5,296	903	-	6,199	1,544,803
Depreciable assets	463	185	-	648	161,596
Other assets	316	1,475	-	1,791	446,288
Lease liabilities	5,517	(953)	-	4,564	1,137,313
Employee benefits	6,332	(73)	257	6,516	1,623,644
Tax losses carried forward	-	4,051	-	4,051	1,009,446
Total deferred tax assets	<u>23,391</u>	<u>14,342</u>	<u>257</u>	<u>37,990</u>	<u>9,466,845</u>
<b>Deferred tax liabilities:</b>					
Right of use assets	5,713	(980)	-	4,733	1,179,389
Unrealised exchange gain	381	(621)	-	(240)	(59,782)
Total deferred tax liabilities	<u>6,094</u>	<u>(1,601)</u>	<u>-</u>	<u>4,493</u>	<u>1,119,607</u>
Total	<u>17,297</u>	<u>15,943</u>	<u>257</u>	<u>33,497</u>	<u>8,347,238</u>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**13. INCOME TAX (continued)**

**13.3 Deferred tax (continued)**

	At 1 January 2024 KHR Million	(Charged)/Credited to		At 31 December 2024	
		Profit or Loss KHR Million	Other Comprehensive Income KHR Million	KHR Million	US\$
<b>Deferred tax assets:</b>					
Allowance for loan losses	5,448	19	-	5,467	1,358,153
Unamortised loan processing fees	7,736	(2,440)	-	5,296	1,315,986
Depreciable assets	492	(29)	-	463	114,953
Other assets	281	35	-	316	78,391
Lease liabilities	6,365	(848)	-	5,517	1,370,638
Employee benefits	5,077	1,199	56	6,332	1,573,264
<b>Total deferred tax assets</b>	<b>25,399</b>	<b>(2,064)</b>	<b>56</b>	<b>23,391</b>	<b>5,811,385</b>
<b>Deferred tax liabilities:</b>					
Right of use assets	5,737	(24)	-	5,713	1,419,428
Unrealised exchange gain	152	229	-	381	94,599
<b>Total deferred tax liabilities</b>	<b>5,889</b>	<b>205</b>	<b>-</b>	<b>6,094</b>	<b>1,514,027</b>
<b>Total</b>	<b>19,510</b>	<b>(2,269)</b>	<b>56</b>	<b>17,297</b>	<b>4,297,358</b>

**14. INVESTMENTS UNDER THE EQUITY METHOD, NET**

Set out below is the associate of the Company as at 31 December.

The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Company. The country of incorporation or registration is also the principal place of business of the entity, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2025 %	2024 %			2025 KHR Million	2024 KHR Million
Forte Life Assurance (Cambodia) Plc	Cambodia	5.71%	5.71%	Associate	Equity method	1,662	1,648
Total equity-accounted investments						1,662	1,648

The principal activity of Forte Life Assurance (Cambodia) Plc is underwriting of life insurance business.

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**15. OTHER ASSETS**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
<b><i>Financial assets</i></b>				
Refundable deposits	3,601	897,227	2,645	657,193
Penalty receivable	628	156,512	2,611	648,671
Other equity investments	100	25,000	101	25,000
	<u>4,329</u>	<u>1,078,739</u>	<u>5,357</u>	<u>1,330,864</u>
Less: Allowance for penalty receivable	(242)	(60,316)	(1,554)	(386,161)
Other financial assets, net	<u>4,087</u>	<u>1,018,423</u>	<u>3,803</u>	<u>944,703</u>
<b><i>Non-financial assets</i></b>				
Prepayment	20,499	5,107,984	20,338	5,053,238
Other assets	2,086	519,912	2,698	670,229
Other non-financial assets	<u>22,585</u>	<u>5,627,896</u>	<u>23,036</u>	<u>5,723,467</u>
Other assets, net	<u>26,672</u>	<u>6,646,319</u>	<u>26,839</u>	<u>6,668,170</u>

**16. DEPOSITS FROM CUSTOMERS**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Savings accounts	464,072	115,642,294	400,831	99,585,429
Term deposits	<u>1,104,129</u>	<u>275,138,030</u>	<u>910,983</u>	<u>226,331,167</u>
	<u>1,568,201</u>	<u>390,780,324</u>	<u>1,311,814</u>	<u>325,916,596</u>

**17. DEPOSITS FROM OTHER FINANCIAL INSTITUTIONS**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Savings accounts	21,164	5,273,975	27,997	6,955,682
Term deposits	<u>92,339</u>	<u>23,009,882</u>	<u>42,309</u>	<u>10,511,701</u>
	<u>113,503</u>	<u>28,283,857</u>	<u>70,306</u>	<u>17,467,383</u>

Deposits from other financial institutions include a trust account balance of KHR 19,154 million (2024: KHR 18,490 million) the Company holds on behalf of its money transfer agents as required by the NBC.

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**18. OTHER LIABILITIES**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Short term employee benefits	11,525	2,871,771	15,183	3,771,920
Accrual and other payables	2,259	562,916	3,668	911,218
Other taxes payable	2,247	560,009	2,293	569,634
Mark-to-market loss on derivative financial instruments	-	-	391	97,211
	<u>16,031</u>	<u>3,994,696</u>	<u>21,535</u>	<u>5,349,983</u>

**19. BORROWINGS**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Borrowings at amortised cost				
Secured (*)	-	-	78,204	19,429,445
Unsecured (**)	<u>718,396</u>	<u>179,017,111</u>	<u>697,818</u>	<u>173,371,090</u>
	<u>718,396</u>	<u>179,017,111</u>	<u>776,022</u>	<u>192,800,535</u>

(\*) The balances in 2024 represents loans from various banks with terms from one to three years and interest rate from 6.50% to 7.50% that were secured by guaranteed placements (note 2.7).

(\*\*) This represents bank loans obtained from various banks with terms from one to twenty years (2024: one to seven years) and interest rate from 2.00% to 7.80% (2024: 2.00% to 8.89%).

**20. SUBORDINATED DEBTS**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Balance at beginning of year	75,162	18,673,854	57,441	14,061,418
Additions	-	-	24,426	6,000,000
Interest charged during the year	6,316	1,574,634	7,400	1,817,829
Interest payments	(6,082)	(1,516,828)	(7,342)	(1,805,393)
Repayments	(5,615)	(1,400,000)	(5,699)	(1,400,000)
Foreign exchange difference	(229)	-	(1,064)	-
	<u>69,552</u>	<u>17,331,660</u>	<u>75,162</u>	<u>18,673,854</u>

All the subordinated debts are unsecured and bear fixed interest rates. All subordinated debt facilities have been approved by the NBC as Tier 2 capital (Note 38.5).

**AMK MICROFINANCE INSTITUTION PLC.**

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**21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	1 January 2025 KHR Million	Financing cash flows (i) KHR Million	Non-cash changes		31 December 2025 KHR Million
			New leases KHR Million	Other changes (ii) KHR Million	
Liabilities arising from financing activities					
Lease liabilities	27,584	(9,061)	4,368	(71)	22,820
Borrowings	776,022	(59,027)	-	1,401	718,396
Subordinated debt	75,162	(5,615)	-	5	69,552
Total liabilities from financing activities	<u>878,768</u>	<u>(73,703)</u>	<u>4,368</u>	<u>1,335</u>	<u>810,768</u>
Financial assets that hedge liabilities from financial activities					
Balances with other banks – guaranteed placement	92,843	(86,538)	-	(6,305)	-
Net liabilities from financing activities	<u>785,925</u>	<u>12,835</u>	<u>4,368</u>	<u>7,640</u>	<u>810,768</u>

	1 January 2024 KHR Million	Financing cash flows (i) KHR Million	Non-cash changes		31 December 2024 KHR Million
			New leases KHR Million	Other changes (ii) KHR Million	
Liabilities arising from financing activities					
Lease liabilities	31,261	(9,584)	5,907	-	27,584
Borrowings	1,173,606	(387,025)	-	(10,559)	776,022
Subordinated debt	57,441	18,515	-	(794)	75,162
Total liabilities from financing activities	<u>1,262,308</u>	<u>(378,094)</u>	<u>5,907</u>	<u>(11,353)</u>	<u>878,768</u>
Financial assets that hedge liabilities from financial activities					
Balances with other banks – guaranteed placement	147,646	(56,438)	-	1,635	92,843
Net liabilities from financing activities	<u>1,114,662</u>	<u>(321,656)</u>	<u>5,907</u>	<u>(12,988)</u>	<u>785,925</u>

(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.

**AMK MICROFINANCE INSTITUTION PLC.**

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**22. EMPLOYEE BENEFIT OBLIGATIONS**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Other long-term employee benefits	1,308	325,820	5,789	1,438,361
Defined benefits plan	41,659	10,381,015	35,353	8,783,237
	<u>42,967</u>	<u>10,706,835</u>	<u>41,142</u>	<u>10,221,598</u>

**22.1 Defined benefits plan**

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Balance at beginning of year	35,353	8,783,237	26,610	6,514,177
Additions during the year:				
Employer contribution	4,126	1,028,641	4,207	1,033,407
Interest expense	2,579	642,911	2,217	544,506
Reversals and cancellations	(445)	(110,834)	(367)	(90,199)
Total amount recognised in profit or loss	6,260	1,560,718	6,057	1,487,714
Remeasurements:				
Gain from change in demographic assumptions	(1,490)	(371,569)	(412)	(101,275)
Loss from change in financial assumptions	2,491	620,988	3,370	827,908
Experience gain	6	1,447	(9)	(2,319)
Total amount recognised in other comprehensive income	1,007	250,866	2,949	724,314
Payments during the year	(3,444)	(858,269)	(2,638)	(647,922)
Employee contributions	2,483	618,983	2,375	583,481
Foreign exchange difference	-	25,480	-	121,473
	<u>41,659</u>	<u>10,381,015</u>	<u>35,353</u>	<u>8,783,237</u>

The significant actuarial assumptions were as follows:

	<b>Actuarial Assumptions</b>	<b>Change in Assumptions</b>	<b>Impact on staff pension fund</b>	
			<b>Increase in assumptions</b>	<b>Decrease in assumptions</b>
<b>31 December 2025</b>				
Discount rate	5.88%	1.00%	Decrease by 9.7%	Increase by 11.3%
Withdrawal rate	11.86%	2.00%	Decrease by 0.5%	Increase by 0.6%
Mortality rate	0.09%	0.20%	Decrease by 2.2%	Increase by 0.6%
<b>31 December 2024</b>				
Discount rate	6.41%	1.00%	Decrease by 9.0%	Increase by 10.5%
Withdrawal rate	12.45%	2.00%	Decrease by 0.2%	Increase by 0.3%
Mortality rate	0.09%	0.20%	Decrease by 2.0%	Increase by 0.5%

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**22. EMPLOYEE BENEFIT OBLIGATIONS** (continued)

**22.1 Defined benefits plan** (continued)

**Amount, timing and uncertainty of future cash flows:**

The Company manages its defined benefits plan as an unfunded plan where the Company meets the benefit payment obligation as it falls due. Expected contributions to for the year ending 31 December 2026 are KHR 4,530 million. The weighted average duration of the defined benefit obligation is 10.0 years (2024: 9.2 years). The expected maturity analysis of defined benefit plans is as follows:

	<b>Less than a year KHR Million</b>	<b>Between 1-2 years KHR Million</b>	<b>Between 2-5 years KHR Million</b>	<b>Over 5 years KHR Million</b>	<b>Total KHR Million</b>
<b>31 December 2025</b>					
KHR million	3,921	3,259	7,384	27,095	41,659
In US\$ equivalent	<u>977,024</u>	<u>812,152</u>	<u>1,840,018</u>	<u>6,751,821</u>	<u>10,381,015</u>
<b>31 December 2024</b>					
KHR million	3,640	3,004	6,689	22,020	35,353
In US\$ equivalent	<u>904,440</u>	<u>746,234</u>	<u>1,661,781</u>	<u>5,470,782</u>	<u>8,783,237</u>

**23. SHARE CAPITAL**

Number of ordinary shares was as follows:

	<b>Year ended 31 December 2025 Number of shares</b>	<b>Year ended 31 December 2024 Number of shares</b>
As at 1 January	<u>10,946,498</u>	<u>10,946,498</u>
As at 31 December	<u>10,946,498</u>	<u>10,946,498</u>

Details of shareholdings were as follows:

	<b>31 December 2025</b>			<b>31 December 2024</b>		
	<b>KHR Million</b>	<b>US\$</b>	<b>Holding %</b>	<b>KHR Million</b>	<b>US\$</b>	<b>Holding %</b>
The Shanghai Commercial & Savings Bank, Ltd. ("SCSB")	273,662	68,193,976	99.999991%	273,662	67,990,665	99.999991%
AMK Staff Association (AMK-SA) Ltd	-	6	0.000009%	-	6	0.000009%
	<u>273,662</u>	<u>68,193,982</u>	<u>100.00%</u>	<u>273,662</u>	<u>67,990,671</u>	<u>100.00%</u>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**24. RESERVES**

	<b>Non-distributable reserve</b>		<b>Regulatory reserve</b>		<b>General reserves</b>		<b>Revaluation reserve</b>		<b>Total</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Balance as at 1 January 2024	172,000	42,105,263	-	-	1,674	409,835	-	(7,993)	173,674	42,507,105
Remeasurement of employee benefits, net of tax	-	-	-	-	(2,359)	(579,451)	-	-	(2,359)	(579,451)
Hedging loss, net of tax	-	-	-	-	196	47,996	-	-	196	47,996
Currency translation differences	-	627,656	-	-	-	35	-	284,966	-	912,657
<b>Total comprehensive income for the year</b>	-	627,656	-	-	(2,163)	(531,420)	-	284,966	(2,163)	381,202
<b>Transactions with owners in their capacity as owners:</b>										
Transfer to reserves	-	-	2,951	724,867	-	-	-	-	2,951	724,867
Currency translation differences	-	-	-	8,284	-	-	-	(8,284)	-	-
	-	-	2,951	733,151	-	-	-	(8,284)	2,951	724,867
<b>Balance as at 31 December 2024</b>	<b>172,000</b>	<b>42,732,919</b>	<b>2,951</b>	<b>733,151</b>	<b>(489)</b>	<b>(121,585)</b>	<b>-</b>	<b>268,689</b>	<b>174,462</b>	<b>43,613,174</b>
Balance as at 1 January 2025	172,000	42,732,919	2,951	733,151	(489)	(121,585)	-	268,689	174,462	43,613,174
Remeasurement of employee benefits, net of tax	-	-	-	-	(805)	(200,693)	-	-	(805)	(200,693)
Hedging loss, net of tax	-	-	-	-	313	78,040	-	-	313	78,040
Currency translation differences	-	127,784	-	2,193	-	(302)	-	65,207	-	194,882
<b>Total comprehensive income for the year</b>	-	127,784	-	2,193	(492)	(122,955)	-	65,207	(492)	72,229
<b>Transactions with owners in their capacity as owners:</b>										
Transfer to reserves	-	-	(2,951)	(735,710)	-	-	-	-	(2,951)	(735,710)
Currency translation differences	-	-	-	366	-	-	-	(366)	-	-
	-	-	(2,951)	(735,344)	-	-	-	(366)	(2,951)	(735,710)
<b>Balance as at 31 December 2025</b>	<b>172,000</b>	<b>42,860,703</b>	<b>-</b>	<b>-</b>	<b>(981)</b>	<b>(244,540)</b>	<b>-</b>	<b>333,530</b>	<b>171,019</b>	<b>42,949,693</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**25. INTEREST INCOME**

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Loans to customers	367,969	91,739,814	400,006	98,257,089
Balances with other banks	3,831	955,017	9,050	2,223,141
Balances with the NBC	869	216,758	830	203,882
Investment securities	243	60,479	224	55,138
	<u>372,912</u>	<u>92,972,068</u>	<u>410,110</u>	<u>100,739,250</u>

**26. INTEREST EXPENSE**

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Deposits from customers	77,660	19,361,764	71,631	17,595,236
Deposits from other financial institutions	2,536	632,347	902	221,669
Borrowings	51,696	12,888,502	87,370	21,461,613
Subordinated debts	6,316	1,574,634	7,400	1,817,829
Staff pension fund	2,579	642,911	2,217	544,506
Leases	1,788	445,823	1,991	488,976
	<u>142,575</u>	<u>35,545,981</u>	<u>171,511</u>	<u>42,129,829</u>

**27. FEE AND COMMISSION EXPENSE**

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Mobile banking agent incentives	8,500	2,118,982	9,626	2,364,354
Insurance premiums on products	6,365	1,586,924	7,842	1,926,315
Village fees and commission	177	44,164	719	176,639
Other fees and commissions	68	16,957	80	19,696
	<u>15,110</u>	<u>3,767,027</u>	<u>18,267</u>	<u>4,487,004</u>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**28. OTHER INCOME**

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Loan servicing fees	7,742	1,930,120	8,883	2,181,960
Remittance fees	5,208	1,298,473	5,557	1,365,059
Other account fees	5,118	1,276,088	1,934	475,030
Bancassurance commissions	4,192	1,045,016	3,616	888,135
Recovery of loans written off	3,906	973,820	2,360	579,709
Payroll fees	3,548	884,689	3,609	886,588
Mobile banking fees	1,718	428,313	2,839	697,407
Gain on exchange differences	283	70,591	2,115	519,584
Loan penalties	198	49,345	665	163,320
Dividend income	808	201,509	198	48,617
Others	1,356	338,027	2,859	702,390
	<u>34,077</u>	<u>8,495,991</u>	<u>34,635</u>	<u>8,507,799</u>

**29. PERSONNEL EXPENSES**

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Salaries and wages	109,212	27,228,003	112,865	27,724,036
Pension fund benefits	4,126	1,028,641	4,207	1,033,407
Insurance	5,759	1,435,845	5,732	1,407,993
Other employee benefits	3,742	932,991	3,807	935,233
	<u>122,839</u>	<u>30,625,480</u>	<u>126,611</u>	<u>31,100,669</u>

**30. DEPRECIATION AND AMORTISATION**

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Depreciation of ROUA	9,198	2,293,239	9,353	2,297,575
Depreciation of property and equipment	5,850	1,458,403	6,499	1,596,349
Amortisation of intangible assets	1,961	489,015	1,578	387,702
	<u>17,009</u>	<u>4,240,657</u>	<u>17,430</u>	<u>4,281,626</u>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**31. OTHER OPERATING EXPENSES**

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Professional fees (*)	9,006	2,245,434	11,529	2,831,899
Low value and short-term leases	9,018	2,248,271	8,936	2,194,982
Transportation	6,661	1,660,691	5,704	1,401,185
Security and cleaning	3,989	994,519	3,214	789,378
Communication	2,731	680,818	2,932	720,271
Utilities	2,326	579,900	3,361	825,494
Marketing and branding expense	1,748	435,798	2,421	594,613
Licence and registration fees	1,776	442,659	1,256	308,473
Stationeries and supplies	1,301	324,256	1,700	417,561
Bank charges	884	220,321	1,360	334,091
Dispensable furniture and fixtures	344	85,870	1,251	307,240
Repairs and maintenance	342	85,358	410	100,798
Other taxes	1,295	322,742	874	214,635
Others	3,225	804,237	2,298	564,848
	<b>44,646</b>	<b>11,130,874</b>	<b>47,246</b>	<b>11,605,468</b>

(\*) The professional fees include the fees paid or payable to PricewaterhouseCoopers (Cambodia) Ltd as follows:

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Statutory audit	267,150	65,000	267,150	65,000
Assurance engagement	-	-	-	-
Tax services	-	-	-	-
Other services	-	-	-	-
	<b>267,150</b>	<b>65,000</b>	<b>267,150</b>	<b>65,000</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**32. NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS**

	Year ended 31 December 2025		Year ended 31 December 2024	
	KHR Million	US\$	KHR Million	US\$
Reversal of impairment loss on balances with other banks	(67)	(16,769)	(747)	(183,501)
Impairment loss on loans to customers	145,467	36,267,090	56,642	13,913,653
(Reversal of) impairment loss on debt securities	-	41	(15)	(3,588)
Reversal of impairment of impairment loss on other assets	(1,312)	(327,162)	(3,474)	(853,446)
	<u>144,088</u>	<u>35,923,200</u>	<u>52,406</u>	<u>12,873,118</u>

**33. OTHER GAINS**

	Year ended 31 December 2025		Year ended 31 December 2024	
	KHR Million	US\$	KHR Million	US\$
Gain on disposal of fixed assets	163	40,756	342	84,017
Loss on disposal of fixed assets	(18)	(4,593)	(33)	(8,166)
Loss on disposal of intangible assets	-	-	(8)	(1,962)
	<u>145</u>	<u>36,163</u>	<u>301</u>	<u>73,889</u>

**34. CASH AND CASH EQUIVALENTS**

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

	Year ended 31 December 2025		Year ended 31 December 2024	
	KHR Million	US\$	KHR Million	US\$
Cash on hand	78,856	19,650,026	98,842	24,557,008
Balances with the NBC	262,841	65,497,492	152,506	37,889,667
Balances with other banks	37,944	9,455,484	52,782	13,113,888
	<u>379,641</u>	<u>94,603,002</u>	<u>304,130</u>	<u>75,560,563</u>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**35. COMMITMENTS**

Significant commitments at the end of the reporting period but not recognised as liabilities is as follows:

Credit Commitments:

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Unused portions of loans to customers	46,704	11,638,239	31,987	7,947,089
	<u>46,704</u>	<u>11,638,239</u>	<u>31,987</u>	<u>7,947,089</u>

Capital expenditure commitments:

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Property and equipment	567	141,361	33	8,260
Intangible assets	52	13,037	1,615	401,361
	<u>619</u>	<u>154,398</u>	<u>1,648</u>	<u>409,621</u>

**36. RELATED PARTY TRANSACTIONS AND BALANCES**

The Company entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the period end and relating expenses and income for the period are as follows:

a) Related parties and relationships

Related party	Relationship
The Shanghai Commercial & Savings Bank, Ltd. ("SCSB")	Shareholder and the ultimate parent Company
Board of Directors and key management personnel	All directors of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members)

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**36. RELATED PARTY TRANSACTIONS AND BALANCES** (continued)

b) Key management personnel compensation during the year was as follows:

Related party	Description	Year ended 31 December 2025		Year ended 31 December 2024	
		KHR Million	US\$	KHR Million	US\$
Board of Directors	Short-term employee benefits	615	153,409	604	148,272
Key management personnel	Short-term employee benefits	3,980	992,263	3,324	816,461
	Post-employment benefits	285	71,118	248	60,806
	Other long-term benefits	296	73,891	272	66,887
		<u>4,561</u>	<u>1,137,272</u>	<u>3,844</u>	<u>944,154</u>
		<u>5,176</u>	<u>1,290,681</u>	<u>4,448</u>	<u>1,092,426</u>

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

Related party	Description	Year ended 31 December 2025		Year ended 31 December 2024	
		KHR Million	US\$	KHR Million	US\$
Board of Directors	Interest expense	1,035	258,091	1,237	303,768
Key management personnel	Interest expense	184	45,945	131	32,149
	Interest income	99	24,625	99	24,277
SCSB	Interest expense	17,052	4,251,418	29,903	7,345,349

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

Related party	Description	31 December 2025		31 December 2024	
		KHR Million	US\$	KHR Million	US\$
Board of Directors	Deposits	17,866	4,452,082	18,127	4,503,577
Key management personnel	Deposits	4,079	1,016,436	3,214	798,435
	Loans	2,127	530,011	1,795	445,875
	Expected credit loss	(2)	(457)	(1)	(131)
SCSB	Borrowings	265,043	66,046,211	306,048	76,036,890
	Balances with other banks	1,798	447,942	1,306	324,510

**AMK MICROFINANCE INSTITUTION PLC.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****36. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

e) Borrowings from SCSB

	<b>Year ended 31 December 2025</b>		<b>Year ended 31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
As at 1 January	306,048	76,036,890	247,924	60,691,278
Proceeds from borrowings	40,110	10,000,000	309,396	76,000,000
Repayments of borrowings	(80,368)	(20,036,890)	(246,296)	(60,500,000)
Interest charged and accrued	17,200	4,288,308	29,274	7,190,961
Interest paid	(17,015)	(4,242,097)	(29,903)	(7,345,349)
Foreign exchange gains	(932)	-	(4,347)	-
As at 31 December	<u>265,043</u>	<u>66,046,211</u>	<u>306,048</u>	<u>76,036,890</u>

The borrowings from SCSB are unsecured syndicated facilities on the same terms and conditions that applies to all other lenders.

**AMK MICROFINANCE INSTITUTION PLC.**

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**37. MATURITY PROFILE OF ASSETS AND LIABILITIES**

Management presents the financial statements based on liquidity. Information about short-term and long-term financial assets and liabilities are disclosed in Note 38. The following table shows an analysis of assets and liabilities as to whether they are expected to be recovered or settled within one year or beyond one year from the end of reporting period:

	<b>31 December 2025</b>			
	<b>Within one year KHR Million</b>	<b>Beyond one year KHR Million</b>	<b>Total KHR Million</b>	<b>Total US\$</b>
<b>Financial assets</b>				
Cash on hand	78,856	-	78,856	19,650,026
Balances with the NBC	263,242	-	263,242	65,597,330
Balances with other banks	37,633	-	37,633	9,377,726
Loans to customers	235,737	2,138,429	2,374,166	591,618,725
Debt securities measured at amortized cost	-	4,109	4,109	1,023,854
Investments under the equity method, net	-	1,662	1,662	414,093
Other assets	280	3,807	4,087	1,018,423
<b>Total financial assets</b>	<b>615,748</b>	<b>2,148,007</b>	<b>2,763,755</b>	<b>688,700,177</b>
<b>Non-Financial assets</b>				
Balances with the NBC - statutory deposits	-	166,683	166,683	41,535,787
Property and equipment	-	11,165	11,165	2,782,264
Intangible assets	-	7,520	7,520	1,874,034
Right of use assets	454	23,210	23,664	5,896,947
Current tax assets	6,695	-	6,695	1,668,094
Deferred tax asset	-	33,497	33,497	8,347,238
Other assets	22,585	-	22,585	5,627,896
<b>Total non-financial assets</b>	<b>29,734</b>	<b>242,075</b>	<b>271,809</b>	<b>67,732,260</b>
<b>Total assets</b>	<b>645,482</b>	<b>2,390,082</b>	<b>3,035,564</b>	<b>756,432,437</b>
<b>Financial liabilities</b>				
Deposits from customers	1,244,260	323,941	1,568,201	390,780,324
Deposits from other financial institutions	65,372	48,131	113,503	28,283,857
Lease liabilities	6,541	16,279	22,820	5,686,564
Borrowings	215,232	503,164	718,396	179,017,111
Subordinated debt	18,387	51,165	69,552	17,331,660
<b>Total financial liabilities</b>	<b>1,549,792</b>	<b>942,680</b>	<b>2,492,472</b>	<b>621,099,516</b>
<b>Non-Financial liabilities</b>				
Other liabilities	16,031	-	16,031	3,994,696
Employee benefits	5,228	37,739	42,967	10,706,835
<b>Total non-financial liabilities</b>	<b>21,259</b>	<b>37,739</b>	<b>58,998</b>	<b>14,701,531</b>
<b>Total liabilities</b>	<b>1,571,051</b>	<b>980,419</b>	<b>2,551,470</b>	<b>635,801,047</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**37. MATURITY PROFILE OF ASSETS AND LIABILITIES (continued)**

	<b>31 December 2024</b>			<b>Total US\$</b>
	<b>Within one year KHR Million</b>	<b>Beyond one year KHR Million</b>	<b>Total KHR Million</b>	
<b>Financial assets</b>				
Cash on hand	98,842	-	98,842	24,557,008
Balances with the NBC	152,907	-	152,907	37,989,357
Balances with other banks	145,468	-	145,468	36,141,094
Loans to customers	352,762	1,868,809	2,221,571	551,943,174
Debt securities measured at amortized cost	4,099	-	4,099	1,018,472
Investments under the equity method, net	-	1,648	1,648	409,464
Other assets	811	2,992	3,803	944,704
<b>Total financial assets</b>	<b>754,889</b>	<b>1,873,449</b>	<b>2,628,338</b>	<b>653,003,273</b>
<b>Non-Financial assets</b>				
Balances with the NBC - statutory deposits	-	148,684	148,684	36,940,081
Property and equipment	-	15,405	15,405	3,827,361
Intangible assets	-	6,179	6,179	1,535,172
Right of use assets	8,197	20,369	28,566	7,097,138
Current tax assets	3,816	-	3,816	947,977
Deferred tax asset	-	17,297	17,297	4,297,358
Other assets	23,036	-	23,036	5,723,465
<b>Total non-financial assets</b>	<b>35,049</b>	<b>207,934</b>	<b>242,983</b>	<b>60,368,552</b>
<b>Total assets</b>	<b>789,938</b>	<b>2,081,383</b>	<b>2,871,321</b>	<b>713,371,825</b>
<b>Financial liabilities</b>				
Deposits from customers	1,010,423	301,391	1,311,814	325,916,596
Deposits from other financial institutions	40,542	29,764	70,306	17,467,383
Lease liabilities	9,457	18,127	27,584	6,853,188
Borrowings	676,629	99,393	776,022	192,800,535
Subordinated debt	5,597	69,565	75,162	18,673,854
<b>Total financial liabilities</b>	<b>1,742,648</b>	<b>518,240</b>	<b>2,260,888</b>	<b>561,711,556</b>
<b>Non-Financial liabilities</b>				
Current tax liabilities	-	-	-	-
Other liabilities	21,535	-	21,535	5,349,983
Employee benefits	9,430	31,712	41,142	10,221,599
<b>Total non-financial liabilities</b>	<b>30,965</b>	<b>31,712</b>	<b>62,677</b>	<b>15,571,582</b>
<b>Total liabilities</b>	<b>1,773,613</b>	<b>549,952</b>	<b>2,323,565</b>	<b>577,283,138</b>

### **38. 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) and Board Risk Committee (BRC), which are responsible for approving and monitoring the Company's 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:

#### **38.1 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, CIFRS 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.

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(a) Credit risk management (continued)

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

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

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.

On 28 August 2024, the NBC issued Circular B7-024-001 on Loan Restructuring to all financial institutions to provide loan restructuring to their customers under the following conditions:

- a) Institutions can provide loan restructuring to customers twice without changing the loan classification or recording additional provisions
- b) Institutions can upgrade the loan classification of a loan that has been restructured during this preferential period for the first time after the customer has made consecutive repayments for at least three months. Subsequently, institutions can upgrade the loan classification from one class to another following the principle of the number of due dates for downgrading loans.

The above preferential loan restructuring measures are effective until the end of December 2025.

## **AMK MICROFINANCE INSTITUTION PLC.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **38. FINANCIAL RISK MANAGEMENT** (continued)

##### **38.1 Credit risk** (continued)

###### (b) Significant increase in credit risk (continued)

The Company has carefully assessed the impact of restructuring when considering the credit risk position. Restructuring and payment reliefs that are generally available to a market or industry as a whole and are not borrower-specific in nature have not, on their own, resulted in an automatic change in stage. Nevertheless, The Company applied additional internal credit risk assessments of individual borrowers that have received, or are receiving, restructuring and payment relief. This assessment may lead to a downgrade from stage 1 to stage 2 or 3, resulting in a broader PD range across the credit grades.

Following the armed conflict between Cambodia and Thailand in December 2025, the NBC issued Instruction No.B37-025-027 on 10 December 2025, advising banking and financial institutions to extend preferential treatment to displaced customers, including waiving all fees and penalties related to existing loans from the date of issuance until March 31, 2026, as well as suspending interest payments and allowing the postponement of principal payments through the same period, and providing additional concessions for military personnel currently engaged in frontline operation.

The Company has complied with the directive and provided relief to its clients as appropriate. As at the reporting date, management has implemented post-model overlays and adjustments in recognition of the significant estimation uncertainty (Note 38.1h).

###### (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.

In recognition of the significant uncertainty, management updated and recalibrated its macroeconomic modelling and forecasting and have maintained 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.

Additionally, management assessed and identified borrowers with both quantitative and qualitative indicators of increased risk and upgraded the stage assessment as appropriate. Quantitative information may include the days past due of the asset, and the borrower's history with the Company. Qualitative information includes borrower specific information, such as the borrower's individual or business performance indicators and whether the borrower has been provided restructuring or other forms of relief, and portfolio specific information, such as risks associated with geographic regions or portfolio level risks.

This resulted 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.

## AMK MICROFINANCE INSTITUTION PLC.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### 38. FINANCIAL RISK MANAGEMENT (continued)

##### 38.1 Credit risk (continued)

###### (c) Incorporation of forward-looking information (continued)

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 macroeconomic variables and credit risk and credit losses.

Forwarding looking, including statistical testing on identified MEVs, Correlation between PD & MEVs, Adjusted R<sup>2</sup> analysis and validation testing was applied as part of the 2025 ECL modelling process. In 2025, the Company reviewed the macroeconomic variables and projections, and refined the variables as appropriate to ensure the most significant correlations are applied. However, none of MEVs met the statistical criterial required for incorporation into the forward-looking component of the model (2024: Key macroeconomic variables which met the statistical criteria include: Total exports, CSX index, and crude oil brent index).

###### (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 recovery from 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(d) Measurement of ECL (continued)

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 macroeconomic 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) Modification of financial assets

The Company may modify the terms of loans provided to customers due to commercial renegotiations, for distressed loans or due to regulatory requirements, with a view to maximising recovery and providing relief to borrowers in temporary financial distress.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Company monitors the subsequent performance of modified assets and may upgrade the stage of the assets should there be a significant increase in credit risk.

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(e) Modification of financial assets (continued)

The following table includes summary information for financial assets whose cash flows were modified during the period as part of the Company's restructuring activities and their respective effect on the Company's financial performance:

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Amortised cost before modification	432,727	107,831,300	209,009	51,927,601
Net modification loss	(4,839)	(1,206,376)	(2,480)	(616,202)

(f) Groupings based on shared risks characteristics

The Company has segmented its PD calculation based on the product account type, which have similar risk behaviours based on analysis of roll rates. Where there is insufficient historic data available, a proxy product account type may be used, which most closely represents the product type.

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

(g) 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.

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Balances with banks at amortised cost				
<b>Concentration by sector:</b>				
Financial institution	37,945	9,455,483	145,805	36,224,944
Loans to customers at amortised cost				
<b>Concentration by sector:</b>				
Household	1,240,620	309,150,466	1,007,201	250,235,932
Agriculture	588,326	146,604,944	553,143	137,426,921
Trade and commerce	403,243	100,484,082	429,919	106,812,244
Services	256,088	63,814,703	281,211	69,866,075
Transportation	61,488	15,322,138	56,791	14,109,596
Construction	13,883	3,459,512	12,910	3,207,554
	<b>2,563,648</b>	<b>638,835,845</b>	<b>2,341,175</b>	<b>581,658,322</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(h) Credit quality analysis

An analysis of the Company's credit risk exposure per class of financial asset, days past due status 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.

	<b>31 December 2025</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Balances with other banks:</b>					
Current	37,945	-	-	37,945	9,455,483
Loss allowance	(312)	-	-	(312)	(77,757)
Carrying amount	<u>37,633</u>	<u>-</u>	<u>-</u>	<u>37,633</u>	<u>9,377,726</u>
<b>Loans to customers:</b>					
Current	2,274,421	66,481	8,080	2,348,982	585,343,206
Overdue < 90 days	1,268	43,107	4,078	48,453	12,072,218
Overdue ≥ 90 days	-	-	166,213	166,213	41,420,421
	<u>2,275,689</u>	<u>109,588</u>	<u>178,371</u>	<u>2,563,648</u>	<u>638,835,845</u>
Loss allowance	(44,928)	(37,414)	(107,140)	(189,482)	(47,217,120)
Carrying amount	<u>2,230,761</u>	<u>72,174</u>	<u>71,231</u>	<u>2,374,166</u>	<u>591,618,725</u>
<b>Debt securities measured at amortised cost:</b>					
Current	4,180	-	-	4,180	1,041,667
Loss allowance	(71)	-	-	(71)	(17,813)
Carrying amount	<u>4,109</u>	<u>-</u>	<u>-</u>	<u>4,109</u>	<u>1,023,854</u>
<b>Other assets:</b>					
Current	3,710	16	1	3,727	928,986
Overdue < 90 days	-	100	99	199	49,550
Overdue ≥ 90 days	-	-	303	303	75,203
	<u>3,710</u>	<u>116</u>	<u>403</u>	<u>4,229</u>	<u>1,053,739</u>
Loss allowance	(2)	(31)	(209)	(242)	(60,316)
Carrying amount	<u>3,708</u>	<u>85</u>	<u>194</u>	<u>3,987</u>	<u>993,423</u>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(h) Credit quality analysis (continued)

	<b>31 December 2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Balances with other banks:</b>					
Current	145,805	-	-	145,805	36,224,944
Loss allowance	(337)	-	-	(337)	(83,850)
Carrying amount	<u>145,468</u>	<u>-</u>	<u>-</u>	<u>145,468</u>	<u>36,141,094</u>
<b>Loans to customers:</b>					
Current	2,172,389	2,104	5,935	2,180,428	541,721,186
Overdue < 90 days	-	20,177	10,045	30,222	7,508,515
Overdue ≥ 90 days	-	-	130,525	130,525	32,428,621
	<u>2,172,389</u>	<u>22,281</u>	<u>146,505</u>	<u>2,341,175</u>	<u>581,658,322</u>
Loss allowance	(24,647)	(5,607)	(89,350)	(119,604)	(29,715,148)
Carrying amount	<u>2,147,742</u>	<u>16,674</u>	<u>57,155</u>	<u>2,221,571</u>	<u>551,943,174</u>
<b>Debt securities measured at amortised cost:</b>					
Current	4,170	-	-	4,170	1,036,191
Loss allowance	(71)	-	-	(71)	(17,719)
Carrying amount	<u>4,099</u>	<u>-</u>	<u>-</u>	<u>4,099</u>	<u>1,018,472</u>
<b>Other assets:</b>					
Current	2,722	8	1	2,731	678,561
Overdue < 90 days	-	32	6	38	9,373
Overdue ≥ 90 days	-	-	2,487	2,487	617,931
	<u>2,722</u>	<u>40</u>	<u>2,494</u>	<u>5,256</u>	<u>1,305,865</u>
Loss allowance	(1)	(9)	(1,544)	(1,554)	(386,161)
Carrying amount	<u>2,721</u>	<u>31</u>	<u>950</u>	<u>3,702</u>	<u>919,704</u>

**AMK MICROFINANCE INSTITUTION PLC.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****38. FINANCIAL RISK MANAGEMENT** (continued)**38.1 Credit risk** (continued)

(h) Credit quality analysis (continued)

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

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Loss allowance by classes				
Balances with other banks at amortised cost	312	77,757	337	83,850
Loans to customers at amortised cost	189,482	47,217,120	119,604	29,715,148
Debt securities measured at amortised cost	71	17,813	71	17,719
Other assets at amortised cost	242	60,316	1,554	386,161
	<u>190,107</u>	<u>47,373,006</u>	<u>121,566</u>	<u>30,202,878</u>

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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(h) Credit quality analysis (continued)

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:

Balances with other banks

	<b>31 December 2025</b>				<b>US\$</b>
	<b>Stage 1 KHR Million</b>	<b>Stage 2 KHR Million</b>	<b>Stage 3 KHR Million</b>	<b>Total KHR Million</b>	
<b>Gross carrying amount as at 1 January 2025</b>	145,805	-	-	145,805	36,224,944
<i>Changes in gross carrying amount</i>					
New financial assets originated	13,954	-	-	13,954	3,478,820
Financial assets which have been derecognised	(121,814)	-	-	(121,814)	(30,370,005)
Foreign exchange and other movements	-	-	-	-	121,724
<b>Gross carrying amount as at 31 December 2025</b>	<u>37,945</u>	<u>-</u>	<u>-</u>	<u>37,945</u>	<u>9,455,483</u>
<b>Loss allowance as at 31 December 2025</b>	<u>(312)</u>	<u>-</u>	<u>-</u>	<u>(312)</u>	<u>(77,757)</u>
	<b>31 December 2024</b>				<b>US\$</b>
	<b>Stage 1 KHR Million</b>	<b>Stage 2 KHR Million</b>	<b>Stage 3 KHR Million</b>	<b>Total KHR Million</b>	
<b>Gross carrying amount as at 1 January 2024</b>	247,967	-	-	247,967	60,701,795
<i>Changes in gross carrying amount</i>					
New financial assets originated	56,250	-	-	56,250	13,686,102
Financial assets which have been derecognised	(158,412)	-	-	(158,412)	(38,542,898)
Foreign exchange and other movements	-	-	-	-	379,945
<b>Gross carrying amount as at 31 December 2024</b>	<u>145,805</u>	<u>-</u>	<u>-</u>	<u>145,805</u>	<u>36,224,944</u>
<b>Loss allowance as at 31 December 2024</b>	<u>(337)</u>	<u>-</u>	<u>-</u>	<u>(337)</u>	<u>(83,850)</u>

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**38. FINANCIAL RISK MANAGEMENT (continued)**

**38.1 Credit risk (continued)**

(h) Credit quality analysis (continued)

Loans to customers at amortised cost

	<b>31 December 2025</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Gross carrying amount as at 1 January 2025</b>	2,172,389	22,281	146,505	2,341,175	581,658,322
<i>Changes in gross carrying amount</i>					
- Transfer to stage 1	5,883	(4,440)	(1,443)	-	-
- Transfer to stage 2	(107,441)	110,370	(2,929)	-	-
- Transfer to stage 3	(100,917)	(9,581)	110,498	-	-
New financial assets originated	1,197,840	5,896	15,278	1,219,014	303,917,526
Financial assets which have been derecognised	(891,338)	(13,762)	(15,838)	(920,938)	(229,602,959)
Write-offs	(727)	(1,176)	(73,700)	(75,603)	(18,848,723)
Foreign exchange and other movements	-	-	-	-	1,711,679
<b>Gross carrying amount as at 31 December 2025</b>	<u>2,275,689</u>	<u>109,588</u>	<u>178,371</u>	<u>2,563,648</u>	<u>638,835,845</u>
<b>Loss allowance as at 31 December 2025</b>	<u>(44,928)</u>	<u>(37,414)</u>	<u>(107,140)</u>	<u>(189,482)</u>	<u>(47,217,120)</u>
	<b>31 December 2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Gross carrying amount as at 1 January 2024</b>	2,057,604	195,984	136,259	2,389,847	585,029,816
<i>Changes in gross carrying amount</i>					
- Transfer to stage 1	131,364	(122,177)	(9,187)	-	-
- Transfer to stage 2	(10,651)	11,002	(351)	-	-
- Transfer to stage 3	(48,657)	(32,962)	81,619	-	-
New financial assets originated	1,105,466	9,843	16,602	1,131,911	278,042,445
Financial assets which have been derecognised	(1,062,010)	(39,149)	(17,645)	(1,118,804)	(274,823,060)
Write-offs	(727)	(260)	(60,792)	(61,779)	(15,175,182)
Foreign exchange and other movements	-	-	-	-	8,584,303
<b>Gross carrying amount as at 31 December 2024</b>	<u>2,172,389</u>	<u>22,281</u>	<u>146,505</u>	<u>2,341,175</u>	<u>581,658,322</u>
<b>Loss allowance as at 31 December 2024</b>	<u>(24,647)</u>	<u>(5,607)</u>	<u>(89,350)</u>	<u>(119,604)</u>	<u>(29,715,148)</u>

**AMK MICROFINANCE INSTITUTION PLC.**

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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(h) Credit quality analysis (continued)

Debt securities measured at amortised cost

	<b>31 December 2025</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Gross carrying amount as at 1 January 2025</b>	4,170	-	-	4,170	1,036,191
<i>Changes in gross carrying amount</i>					
New financial assets purchased	-	-	-	-	-
Financial assets which have been derecognised	10	-	-	10	2,378
Foreign exchange and other movements	-	-	-	-	3,098
<b>Gross carrying amount as at 31 December 2025</b>	<u>4,180</u>	<u>-</u>	<u>-</u>	<u>4,180</u>	<u>1,041,667</u>
<b>Loss allowance as at 31 December 2025</b>	<u>(71)</u>	<u>-</u>	<u>-</u>	<u>(71)</u>	<u>(17,813)</u>
	<b>31 December 2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Gross carrying amount as at 1 January 2024</b>	4,232	-	-	4,232	1,036,041
<i>Changes in gross carrying amount</i>					
New financial assets purchased	-	-	-	-	-
Financial assets which have been derecognised	(62)	-	-	(62)	(15,121)
Foreign exchange and other movements	-	-	-	-	15,271
<b>Gross carrying amount as at 31 December 2024</b>	<u>4,170</u>	<u>-</u>	<u>-</u>	<u>4,170</u>	<u>1,036,191</u>
<b>Loss allowance as at 31 December 2024</b>	<u>(71)</u>	<u>-</u>	<u>-</u>	<u>(71)</u>	<u>(17,719)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT (continued)**

**38.1 Credit risk (continued)**

(h) Credit quality analysis (continued)

Other assets

	<b>31 December 2025</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Gross carrying amount as at 1 January 2025</b>	2,722	40	2,494	5,256	1,305,865
<i>Changes in gross carrying amount</i>					
- Transfer to stage 1	12	(6)	(6)	-	-
- Transfer to stage 2	(8)	11	(3)	-	-
- Transfer to stage 3	(7)	(6)	13	-	-
New financial assets originated	1,006	102	1,591	2,699	672,715
Financial assets which have been derecognised	(15)	(25)	(3,686)	(3,726)	(928,873)
Foreign exchange and other movements	-	-	-	-	4,032
<b>Gross carrying amount as at 31 December 2025</b>	<b>3,710</b>	<b>116</b>	<b>403</b>	<b>4,229</b>	<b>1,053,739</b>
<b>Loss allowance as at 31 December 2025</b>	<b>(2)</b>	<b>(31)</b>	<b>(209)</b>	<b>(242)</b>	<b>(60,316)</b>
	<b>31 December 2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Gross carrying amount as at 1 January 2024</b>	41	81	6,158	6,280	1,537,217
<i>Changes in gross carrying amount</i>					
- Transfer to stage 1	17	(5)	(12)	-	-
- Transfer to stage 2	-	2	(2)	-	-
- Transfer to stage 3	(10)	(67)	77	-	-
New financial assets originated	2,695	38	2,052	4,785	1,175,486
Financial assets which have been derecognised	(21)	(9)	(5,779)	(5,809)	(1,426,880)
Foreign exchange and other movements	-	-	-	-	20,042
<b>Gross carrying amount as at 31 December 2024</b>	<b>2,722</b>	<b>40</b>	<b>2,494</b>	<b>5,256</b>	<b>1,305,865</b>
<b>Loss allowance as at 31 December 2024</b>	<b>(1)</b>	<b>(9)</b>	<b>(1,544)</b>	<b>(1,554)</b>	<b>(386,161)</b>

**AMK MICROFINANCE INSTITUTION PLC.**

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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(h) Credit quality analysis (continued)

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

Loss allowance – balances with other banks

	<b>31 December 2025</b>				<b>US\$</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	
<b>Loss allowance as at 1 January 2025</b>	337	-	-	337	83,850
<i>Changes in loss allowance:</i>					
New financial assets originated	88	-	-	88	21,830
Financial assets which have been derecognised	(113)	-	-	(113)	(28,177)
Foreign exchange and other movements	-	-	-	-	254
<b>Loss allowance as at 31 December 2025</b>	<b>312</b>	<b>-</b>	<b>-</b>	<b>312</b>	<b>77,757</b>
	<b>31 December 2024</b>				<b>US\$</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	
<b>Loss allowance as at 1 January 2024</b>	1,085	-	-	1,085	265,491
<i>Changes in loss allowance:</i>					
New financial assets originated	78	-	-	78	19,423
Financial assets which have been derecognised	(826)	-	-	(826)	(202,923)
Foreign exchange and other movements	-	-	-	-	1,859
<b>Loss allowance as at 31 December 2024</b>	<b>337</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>83,850</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(h) Credit quality analysis (continued)

Loss allowance - Loans to customers at amortised cost

	<b>31 December 2025</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Loss allowance as at 1 January 2025</b>	24,647	5,607	89,350	119,604	29,715,148
<i>Changes in loss allowance</i>					
- Transfer to stage 1	2,061	(1,110)	(951)	-	-
- Transfer to stage 2	(1,555)	3,318	(1,763)	-	-
- Transfer to stage 3	(1,225)	(2,402)	3,627	-	-
Net remeasurement of loss allowance	(6,159)	31,940	107,177	132,958	30,553,323
Write-offs	(10)	(29)	(73,700)	(73,739)	(15,788,704)
New financial assets originated	12,461	1,801	1,535	15,797	3,938,448
Financial assets which have been derecognised	(5,367)	(1,711)	(18,135)	(25,213)	(6,286,048)
Management overlay *	20,075	-	-	20,075	5,004,780
Foreign exchange and other movements	-	-	-	-	80,173
<b>Loss allowance as at 31 December 2025</b>	<b>44,928</b>	<b>37,414</b>	<b>107,140</b>	<b>189,482</b>	<b>47,217,120</b>

\* This represents net addition of management overlay for the year ended 31 December 2025. Management has incorporated an ECL overlay of KHR million 20,075 in recognition of the significant estimation uncertainty.

	<b>31 December 2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Loss allowance as at 1 January 2024</b>	12,081	32,410	81,313	125,804	30,796,583
<i>Changes in loss allowance</i>					
- Transfer to stage 1	26,046	(21,183)	(4,863)	-	-
- Transfer to stage 2	(88)	292	(204)	-	-
- Transfer to stage 3	(334)	(5,598)	5,932	-	-
Net remeasurement of loss allowance	(24,053)	2,009	63,539	41,495	10,192,924
Write-offs	(9)	(48)	(60,791)	(60,848)	(14,946,624)
New financial assets originated	14,576	2,641	10,187	27,404	6,731,365
Financial assets which have been derecognised	(3,572)	(4,916)	(5,763)	(14,251)	(3,500,772)
Foreign exchange and other movements	-	-	-	-	441,672
<b>Loss allowance as at 31 December 2024</b>	<b>24,647</b>	<b>5,607</b>	<b>89,350</b>	<b>119,604</b>	<b>29,715,148</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(h) Credit quality analysis (continued)

Loss allowance – debt securities measured at amortised cost

	<b>31 December 2025</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Loss allowance as at 1 January 2025</b>	71	-	-	71	17,719
<i>Changes in loss allowance:</i>					
- New financial assets originated	-	-	-	-	41
Foreign exchange and other movements	-	-	-	-	53
<b>Loss allowance as at 31 December 2025</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>17,813</b>
	<b>31 December 2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Loss allowance as at 1 January 2024</b>	86	-	-	86	21,036
<i>Changes in loss allowance:</i>					
- New financial assets originated	(15)	-	-	(15)	(3,555)
Foreign exchange and other movements	-	-	-	-	238
<b>Loss allowance as at 31 December 2024</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>17,719</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.1 Credit risk** (continued)

(h) Credit quality analysis (continued)

Loss allowance – other assets

	<b>31 December 2025</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Loss allowance as at 1 January 2025</b>	1	9	1,544	1,554	386,161
<i>Changes in loss allowance</i>					
- Transfer to stage 1	6	(2)	(5)	(1)	-
- Transfer to stage 2	-	2	(2)	-	-
- Transfer to stage 3	-	(2)	2	-	-
Net remeasurement of loss allowance	(5)	28	4,924	4,947	1,233,243
New financial assets originated	-	1	3	4	1,059
Financial assets which have been derecognised	-	(5)	(6,257)	(6,262)	(1,561,465)
Foreign exchange and other movements	-	-	-	-	1,318
<b>Loss allowance as at 31 December 2025</b>	<b>2</b>	<b>31</b>	<b>209</b>	<b>242</b>	<b>60,316</b>

	<b>31 December 2024</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Loss allowance as at 1 January 2024</b>	2	43	4,984	5,029	1,231,009
<i>Changes in loss allowance</i>					
- Transfer to stage 1	10	(3)	(7)	-	-
- Transfer to stage 2	-	1	(1)	-	-
- Transfer to stage 3	(1)	(36)	37	-	-
Net remeasurement of loss allowance	(9)	7	3,958	3,956	971,781
New financial assets originated	-	1	33	34	8,569
Financial assets which have been derecognised	(1)	(4)	(7,460)	(7,465)	(1,833,796)
Foreign exchange and other movements	-	-	-	-	8,598
<b>Loss allowance as at 31 December 2024</b>	<b>1</b>	<b>9</b>	<b>1,544</b>	<b>1,554</b>	<b>386,161</b>

(i) 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.

## **AMK MICROFINANCE INSTITUTION PLC.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **38. FINANCIAL RISK MANAGEMENT (continued)**

##### **38.2 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 may also enter into 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.2 Market risk** (continued)

(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:

	<b>31 December 2025</b>				
	<b>KHR</b>	<b>US\$</b>	<b>THB</b>	<b>Total</b>	<b>Total</b>
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Financial assets</b>					
Cash on hand	36,153	42,139	564	78,856	19,650,026
Balances with the NBC	90,421	172,821	-	263,242	65,597,330
Balances with other banks	10,101	27,532	-	37,633	9,377,726
Loans to customers	1,016,941	1,350,177	7,048	2,374,166	591,618,725
Debt securities measured at amortised cost	-	4,109	-	4,109	1,023,854
Investments under the equity method, net	-	1,662	-	1,662	414,093
Other assets	235	3,849	3	4,087	1,018,423
<b>Total financial assets</b>	<b>1,153,851</b>	<b>1,602,289</b>	<b>7,615</b>	<b>2,763,755</b>	<b>688,700,177</b>
<b>Financial liabilities</b>					
Deposits from customers	389,845	1,177,600	756	1,568,201	390,780,324
Deposits from other financial institutions	24,599	88,899	5	113,503	28,283,857
Lease liabilities	-	22,820	-	22,820	5,686,564
Borrowings	320,596	397,800	-	718,396	179,017,111
Subordinated debts	-	69,552	-	69,552	17,331,660
<b>Total financial liabilities</b>	<b>735,040</b>	<b>1,756,671</b>	<b>761</b>	<b>2,492,472</b>	<b>621,099,516</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.2 Market risk** (continued)

(ii) Foreign exchange risk (continued)

	<b>31 December 2024</b>				
	<b>KHR</b> <b>KHR Million</b>	<b>US\$</b> <b>KHR Million</b>	<b>THB</b> <b>KHR Million</b>	<b>Total</b> <b>KHR Million</b>	<b>Total</b> <b>US\$</b>
<b>Financial assets</b>					
Cash on hand	46,464	44,400	7,978	98,842	24,557,008
Balances with the NBC	19,561	133,346	-	152,907	37,989,357
Balances with other banks	32,520	112,948	-	145,468	36,141,094
Loans to customers	1,046,666	1,156,782	18,123	2,221,571	551,943,174
Debt securities measured at amortised cost	-	4,099	-	4,099	1,018,472
Investments under the equity method, net	-	1,648	-	1,648	409,464
Other assets	327	3,469	6	3,802	944,704
<b>Total financial assets</b>	<b>1,145,538</b>	<b>1,456,692</b>	<b>26,107</b>	<b>2,628,337</b>	<b>653,003,273</b>
<b>Financial liabilities</b>					
Deposits from customers	361,754	945,064	4,996	1,311,814	325,916,596
Deposits from other financial institutions	14,413	54,821	1,072	70,306	17,467,383
Lease liabilities	-	27,584	-	27,584	6,853,188
Borrowings	309,345	466,677	-	776,022	192,800,535
Subordinated debts	-	75,162	-	75,162	18,673,854
<b>Total financial liabilities</b>	<b>685,512</b>	<b>1,569,308</b>	<b>6,068</b>	<b>2,260,888</b>	<b>561,711,556</b>

**AMK MICROFINANCE INSTITUTION PLC.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****38. FINANCIAL RISK MANAGEMENT** (continued)**38.2 Market risk** (continued)

(ii) Foreign exchange risk (continued)

**Sensitivity**

The Company has significant exposure to changes in the KHR/ US\$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US-dollar denominated financial instruments and the impact on other components of equity arises from currency translation differences recognised in other comprehensive income.

The Company performs sensitivity analysis to assess the effect on profit or loss and equity of reasonable possible changes in the exchange rates. The Company has considered that a reasonable variation of the KHR/US\$ exchange rates is 1%, and the results of the sensitivity analysis is below:

	<b>Impact on profit or loss</b>		<b>Impact on equity</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
<b>At 31 December 2025</b>				
KHR-US\$ exchange rate +1%	(494)	32,828	-	(1,350,305)
KHR-US\$ Exchange rate - 1%	494	(35,979)	-	1,377,586
<b>At 31 December 2024</b>				
KHR-US\$ exchange rate +1%	(170)	(64,034)	-	(1,325,619)
KHR-US\$ Exchange rate - 1%	170	64,474	-	1,352,400

The Company's exposure to other foreign exchange movements is not significant.

**Currency swaps and forward contracts**

As at the reporting date, the Company had no foreign exchange forward contracts (2024: 2 contracts to exchange US\$ 2,500,000 with Thai Baht currency). 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. 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.

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.2 Market risk** (continued)

(iii) Interest rate risk (continued)

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 statement of financial position based on the maturity date.

	<b>Up to 1 month KHR Million</b>	<b>&gt; 1 – 3 months KHR Million</b>	<b>&gt; 3 – 12 months KHR Million</b>	<b>1 – 5 years KHR Million</b>	<b>Over 5 Years KHR Million</b>	<b>Non- interest sensitive KHR Million</b>	<b>Total KHR Million</b>
<b>As at 31 December 2025</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	78,856	78,856
Balances with the NBC	12,606	-	-	-	-	250,636	263,242
Balances with banks	37,633	-	-	-	-	-	37,633
Loans to customers	40,006	52,299	143,432	1,227,980	910,449	-	2,374,166
Debt securities measured at amortised cost	-	-	-	4,109	-	-	4,109
Investments under the equity method, net	-	-	-	-	1,662	-	1,662
Other assets	147	8	39	167	26	3,700	4,087
	<u>90,392</u>	<u>52,307</u>	<u>143,471</u>	<u>1,232,256</u>	<u>912,137</u>	<u>333,192</u>	<u>2,763,755</u>
<b>Financial liabilities</b>							
Deposits from customers	512,699	98,346	633,215	323,790	151	-	1,568,201
Deposits from other financial institutions	26,532	1,411	37,428	47,903	229	-	113,503
Lease liabilities	-	-	-	-	-	22,820	22,820
Borrowings	40,589	366,725	90,239	208,503	12,340	-	718,396
Subordinated debts	-	4,797	13,591	51,164	-	-	69,552
	<u>579,820</u>	<u>471,279</u>	<u>774,473</u>	<u>631,360</u>	<u>12,720</u>	<u>22,820</u>	<u>2,492,472</u>
<b>Total interest re-pricing gap</b>	<u>(489,428)</u>	<u>(418,972)</u>	<u>(631,002)</u>	<u>600,896</u>	<u>899,417</u>	<u>310,372</u>	<u>271,283</u>
<b>US\$ equivalent</b>	<u>(121,960,763)</u>	<u>(104,403,784)</u>	<u>(157,239,552)</u>	<u>149,737,229</u>	<u>224,125,831</u>	<u>77,341,703</u>	<u>67,600,664</u>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.2 Market risk** (continued)

(iii) Interest rate risk (continued)

	<b>Up to 1 month KHR Million</b>	<b>&gt; 1 – 3 months KHR Million</b>	<b>&gt; 3 – 12 months KHR Million</b>	<b>1 – 5 years KHR Million</b>	<b>Over 5 Years KHR Million</b>	<b>Non- interest sensitive KHR Million</b>	<b>Total KHR Million</b>
<b>As at 31 December 2024</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	98,842	98,842
Balances with the NBC	3,003	-	401	-	-	149,503	152,907
Balances with banks	145,468	-	-	-	-	-	145,468
Loans to customers	44,975	59,904	260,510	1,332,964	523,218	-	2,221,571
Debt securities measured at amortised cost	-	-	-	4,099	-	-	4,099
Investments under the equity method, net	-	-	-	-	1,648	-	1,648
Other assets	677	36	98	206	39	2,645	3,701
	<u>194,123</u>	<u>59,940</u>	<u>261,009</u>	<u>1,337,269</u>	<u>524,905</u>	<u>250,990</u>	<u>2,628,236</u>
<b>Financial liabilities</b>							
Deposits from customers	430,998	94,579	484,847	301,233	157	-	1,311,814
Deposits from other financial institutions	33,206	2,017	5,319	29,740	24	-	70,306
Lease liabilities	-	-	-	-	-	27,584	27,584
Borrowings	1,809	448,856	225,964	88,969	10,424	-	776,022
Subordinated debts	-	-	5,597	37,581	31,984	-	75,162
	<u>466,013</u>	<u>545,452</u>	<u>721,727</u>	<u>457,523</u>	<u>42,589</u>	<u>27,584</u>	<u>2,260,888</u>
<b>Total interest re-pricing gap</b>	<u>(271,890)</u>	<u>(485,512)</u>	<u>(460,718)</u>	<u>879,746</u>	<u>482,316</u>	<u>223,406</u>	<u>367,348</u>
<b>US\$ equivalent</b>	<u>(67,752,203)</u>	<u>(120,984,816)</u>	<u>(114,806,262)</u>	<u>219,224,055</u>	<u>120,188,207</u>	<u>55,670,650</u>	<u>91,539,631</u>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.3 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 all non-derivative financial 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. The Company's exposure to other derivative financial liabilities by maturity is not material so the analysis of derivative financial liabilities is not disclosed in the financial statements.

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.3 Liquidity risk** (continued)

	<b>Up to 1 month KHR Million</b>	<b>&gt; 1 – 3 months KHR Million</b>	<b>&gt; 3 – 12 months KHR Million</b>	<b>1 – 5 years KHR Million</b>	<b>Over 5 years KHR Million</b>	<b>Total KHR Million</b>
<b>As at 31 December 2025</b>						
<b>Financial liabilities</b>						
Deposits from customers	517,929	108,001	659,682	335,211	152	1,620,975
Deposits from other financial institutions	26,841	2,017	39,196	48,146	230	116,430
Lease liabilities	831	1,659	5,506	16,170	2,600	26,766
Borrowings	4,330	93,663	156,692	513,050	16,898	784,633
Subordinated debts	501	5,798	17,366	59,560	-	83,225
<b>Total financial liabilities</b>	<b>550,432</b>	<b>211,138</b>	<b>878,442</b>	<b>972,137</b>	<b>19,880</b>	<b>2,632,029</b>
<b>US\$ equivalent</b>	<b>137,162,016</b>	<b>52,613,406</b>	<b>218,899,305</b>	<b>242,247,080</b>	<b>4,953,834</b>	<b>655,875,641</b>
<b>As at 31 December 2024</b>						
<b>Financial liabilities</b>						
Deposits from customers	436,040	103,829	509,554	312,035	158	1,361,616
Deposits from other financial institutions	33,370	2,329	6,654	30,386	24	72,763
Lease liabilities	841	1,624	8,574	17,757	3,139	31,935
Borrowings	5,959	56,496	254,973	526,910	14,483	858,821
Subordinated debts	551	1,101	10,429	54,755	32,689	99,525
<b>Total financial liabilities</b>	<b>476,761</b>	<b>165,379</b>	<b>790,184</b>	<b>941,843</b>	<b>50,493</b>	<b>2,424,660</b>
<b>US\$ equivalent</b>	<b>118,449,856</b>	<b>41,087,873</b>	<b>196,319,202</b>	<b>233,997,999</b>	<b>12,544,986</b>	<b>602,399,916</b>

**AMK MICROFINANCE INSTITUTION PLC.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.3 Liquidity risk** (continued)

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:

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
Cash on hand	78,856	19,650,026	98,842	24,557,008
Balances with the NBC	250,636	62,456,013	149,503	37,143,662
Balances with other banks	37,945	9,455,483	52,962	13,158,404
Statutory deposits	166,683	41,535,787	148,684	36,940,081
Undrawn credit lines - secured	-	-	8,000	1,987,578
Undrawn credit lines - unsecured	202,903	50,561,326	20,000	4,968,944
	<u>737,023</u>	<u>183,658,635</u>	<u>477,991</u>	<u>118,755,677</u>

Financial assets to support future funding

	<b>Encumbered Pledged as collateral (i)</b>	<b>Unencumbered Other(ii)</b>	<b>Carrying amount</b>	
	<b>KHR Million</b>	<b>KHR Million</b>	<b>KHR Million</b>	<b>US\$</b>
<b>31 December 2025</b>				
Cash on hand	-	78,856	78,856	19,591,442
Balances with the NBC	401	262,841	263,242	65,401,761
Balances with other banks	-	37,633	37,633	9,349,768
Loans to customers	-	2,374,166	2,374,166	589,854,892
Debt securities measured at amortised cost	-	4,109	4,109	1,020,802
	<u>401</u>	<u>2,757,605</u>	<u>2,758,006</u>	<u>685,218,665</u>
<b>31 December 2024</b>				
Cash on hand	-	98,842	98,842	24,557,008
Balances with the NBC	401	152,506	152,907	37,989,357
Balances with other banks	92,843	52,625	145,468	36,141,094
Loans to customers	-	2,221,571	2,221,571	551,943,174
Debt securities measured at amortised cost	-	4,099	4,099	1,018,472
	<u>93,244</u>	<u>2,529,643</u>	<u>2,622,887</u>	<u>651,649,105</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.3 Liquidity risk** (continued)

- (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 restricted for use as collateral, but that the Company would not consider readily available to secure funding in the normal course of business.

**38.4 Fair value of financial assets and liabilities**

Financial instruments comprise of financial assets and financial liabilities. 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. The information presented herein represents the estimates of fair values as at the statements of financial position date.

(a) Financial instruments measured at fair value

The Company's financial asset at FVOCI is investment in unlisted equity securities where the fair values have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

The Company's exposure to financial instruments measured at fair value is not material so further analysis is not disclosed in the financial statements.

(b) Financial instruments not measured at fair value

As at the balance sheet date, the fair values of financial instruments of the Company approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

i) Deposits and placements with the central bank and banks

Balances with other banks include non-interest-bearing current accounts, savings deposits and margin deposits. The carrying amounts of deposits and placements with the central bank and banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

ii) Loans and advances to customers

Loans to customers are net of allowance for expected credit losses determined following the requirements of CIFRS 9.

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loan and advances to customers are approximate to their carrying value as reporting date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.4 Fair value of financial assets and liabilities** (continued)

(b) Financial instruments not measured at fair value (continued)

iii) Debt investments

The fair value of debt investment with maturities of less than one year approximate its carrying amount due to the relatively short maturity of this instrument. The fair value of debt investment with remaining maturities of more than one year are expected to approximate its carrying amount as the interest rate of the instrument is similar with its maturities and terms.

iv) Deposits from banks, other financial institutions and customers

The fair value of deposits from banks, other financial institutions and customers with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits from banks and customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Company offered similar interest rate of the instrument with similar maturities and terms.

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.

v) Other financial assets and other financial liabilities

The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

vi) Borrowings and subordinated debts

Borrowings and subordinated debts are not quoted in active market and their fair value approximates their carrying amount.

The fair value of borrowings and subordinated debts are estimated by discounting the expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Company believed that the contractual interest rates were not significantly different to the prevailing market interest rates on the ground that there was no change to interest rates following the lenders' consideration on the Company's credit risk profile as at reporting date. On this basis, the fair value of borrowings and subordinated debts approximate their carrying values at the reporting date.

**38. FINANCIAL RISK MANAGEMENT** (continued)

**38.5 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, the 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.

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

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheet, are:

- to comply with the capital requirement set by the central bank
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for head office and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of business.

The central bank requires all commercial banks to i) hold a minimum capital requirement, ii) maintain the Company's net worth at least equal to the minimum capital, and iii) comply with solvency, liquidity and other prudential ratios.

**AMK MICROFINANCE INSTITUTION PLC.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025****38. FINANCIAL RISK MANAGEMENT** (continued)**38.5 Capital risk** (continued)

The table below summarises the composition of the regulatory capital.

	<b>31 December 2025</b>		<b>31 December 2024</b>	
	<b>KHR Million</b>	<b>US\$</b>	<b>KHR Million</b>	<b>US\$</b>
<b>Common Equity Tier 1 capital</b>				
Share capital	273,662	68,193,982	273,662	67,990,671
Share premium	22,425	5,588,177	22,425	5,571,517
Reserves other than revaluation reserve	171,019	42,616,163	171,511	42,611,334
Retained earnings	80,159	19,649,035	68,245	16,711,754
Net profit for the last financial year	(63,171)	(15,749,497)	8,962	2,201,571
Less: intangible assets and goodwill	(3,145)	(783,728)	(6,179)	(1,535,172)
Less: Deferred tax assets	(33,497)	(8,347,238)	-	-
Less: Loans to related parties	(7,533)	(1,763,703)	(8,557)	(2,126,017)
	<u>439,919</u>	<u>109,403,191</u>	<u>530,069</u>	<u>131,425,658</u>
<b>Tier 2 capital</b>				
General provisions	28,703	7,152,521	22,454	5,578,617
Subordinated debt (*)	69,826	17,400,000	75,670	18,800,000
	<u>98,529</u>	<u>24,552,521</u>	<u>98,124</u>	<u>24,378,617</u>
Regulatory net worth	<u>538,448</u>	<u>133,955,712</u>	<u>628,193</u>	<u>155,804,275</u>

(\*) This represents the outstanding principal amount.

**39. EVENTS AFTER THE REPORTING PERIOD**

On 12 February 2026, the Company obtained a Commercial Banking Licence from the NBC and on 11 March 2026, the Ministry of Commerce approved the change in business name from AMK Microfinance Institution Plc to AMK Bank Plc.

On 12 February 2026, the NBC approved the increase registered capital from 273,662,450,000 riels to 300,000,000,000 riels through the conversion of retained earnings of 26,337,550,000 riels, which was subsequently approved by the Ministry of Commerce on 11 March 2026.