ប៊ីអេអឹមស៊ី ហ្វាយនែន ម.ក
BAMC FINANCE PLC.

KINGDOM OF CAMBODIA
NATION RELIGION KING

ANNUAL REPORT

2023

Address: Building No 106 street 271, Phum Sansam Kosal5, Sangkat Boeng Tumpun 1, Khan Mean chey, Phnom Penh

Tel: 023 911 000 Email: info@bamc.com Web: www.bamc.com.kh

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1. Chairman's Message

On behalf of BAMC FINANCE PLC. and the Board of Directors, I am pleased to present the Annual Report of BAMC FINANCE PLC. to all interested parties.

In 2023, the global economics still faced challenges while recovering from the Covid19 pandemic. According to the annual report released by National Bank of Cambodia (NBC), the Cambodia's economy has been impacted by the global and regional economic slowdown, especially on the garment export, construction and real estate sector even though tourism sector, non-garment exports and domestic demand has slightly grown compared to 2022. The Cambodia's economic growth in 2023 is estimated around 5.5% compared with the previous year only 5.2% while it is projected to be around 6.4% in 2024, according to the NBC's annual report. The report also pointed out the inflation rate in 2023 is 2.1% which is lower than previous year at 5.4% while exchange rate of Khmer Riel against US Dollar in 2023 remained stable at around KHR 4,110 per USD.

The banking and financial sector continued to grow in 2023 even small growth. The assets of the banking system as end of 2023 experienced a growth of 8.6% equal to USD 84.3 billion of which microfinance sector accounting for 7.6%. The total credit slightly increased by 4.8% equal to USD 57.6 billion which is the first time for one digit growth for more than two decades. The non-performing loan ratio has increased, which is a big challenge for every bank and financial institution. During 2023, BAMC FINANCE PLC.'s total assets have hugely increased 97.8% from USD 4.47 million to USD 8.84 million compared to the previous year while the loan to customer has also increased 14.8% to USD 4.69 million and experienced with the increased non-performing loan like other banks/FIs. BAMC FINANCE PLC. has also increased its paid-up capital during 2023 from USD 3.50 million to USD 8.50 million and expects to get NBC's approval on new additional capital injection and hopefully middle of 2024, the paid-up capital will increase to USD 15 million. In addition to more capital injection to build more confidence and trusts from clients, regulators and all stakeholder, BAMC has relocated our new Head Quarter and Sen Sok Branch to the bigger and attractive buildings to show to the public on our long-term and sustainable business in Cambodia.

To all our customers, we are looking forward to keeping building our mutual benefit as Your Trusted Business Partner, BAMC! To all our staff, working together is the best way to solve the challenges, and I believe that we will bring our BAMC to the next better level together.

Finally, I would like to take this opportunity to thank the Executive Committee, Management and all levels of staff for their strong and hard work during the year. I also would like to express my sincere appreciation to shareholders, customers, partners, regulators and all stakeholders for their kind support and trust in BAMC FINANCE PLC.

Thank you very much

Mr. YOON JONG LYOL
Chairman

2. Chief Executive Officer's Message

Full of dreams and hopes Blue Dragon Year 2024!!

Today, Our BAMC is working hard for new leaps and developments. Cambodia's economy has been deteriorating since the third quarter of 2021. This deterioration is not just a problem in Cambodia, but it is also linked to a worldwide recession.

Despite such difficult external economic conditions and recession, our BAMC is slowly but steadily taking its foundation one by one like a turtle. Our BAMC will grow into a better financial institution through aggressive investment along with the change to a new shareholder. All our BAMC family will strive to maximize the profits and profits of our shareholders. We are wisely overcoming the current difficult situation and preparing to leap to a better financial company. We will also offer high-quality services and customer-first services that are different from the past for our customers. What we think finance in Cambodia is not just a simple financial model, but we are thinking about a model that directly benefits Cambodians, contributes to the Cambodian economy with Win-Win. With the continued interest and support of the parent company in Korea, our BAMC will grow further and contribute to Cambodia's economy.

BAMC is doing its best! BAMC thinking about family!!

Together with our beloved BAMC families, we will be reborn as a financial institution that contributes to Cambodia's national economy.

Thank you

Mr. KANG DONG HYUN
Chief Executive Officer

3. Institutional Background

3.1 Institution History

BAMC FINANCE PLC. has been changed name from TACA Microfinance Plc., which has established as a Public Limited Company (PLC), holing Certificate of Incorporation No. MOC-20937940 ពណ.ចបព from Ministry of Commerce with Company Number: 00008347 as Commercial Registered on 29 July, 2014. The institution received Microfinance License under the new name of BAMC FINANCE PLC. from the National Bank of Cambodia No. M.F-45 on 23 August 2019.

The Principal Activity of the Company is to provide sustainable micro-finance services to small and medium enterprises, and low-income families in the Kingdom of Cambodia. There have been no significant changes in the nature of these activities during the financial year.

The Business Activity is expanding its financial services to Capital City, Provinces, and Districts to make it easier for customers who need loans to support Families' Economics, Businesses' Survivals, Personal Investments, and Short-Term Emergencies in the Kingdom of Cambodia.

3.2 Vision

"To be the best bankers for the families in Kingdom of Cambodia"

3.3 Mission

"Making prosperity for the best for our community"

3.4 BAMC Core Value

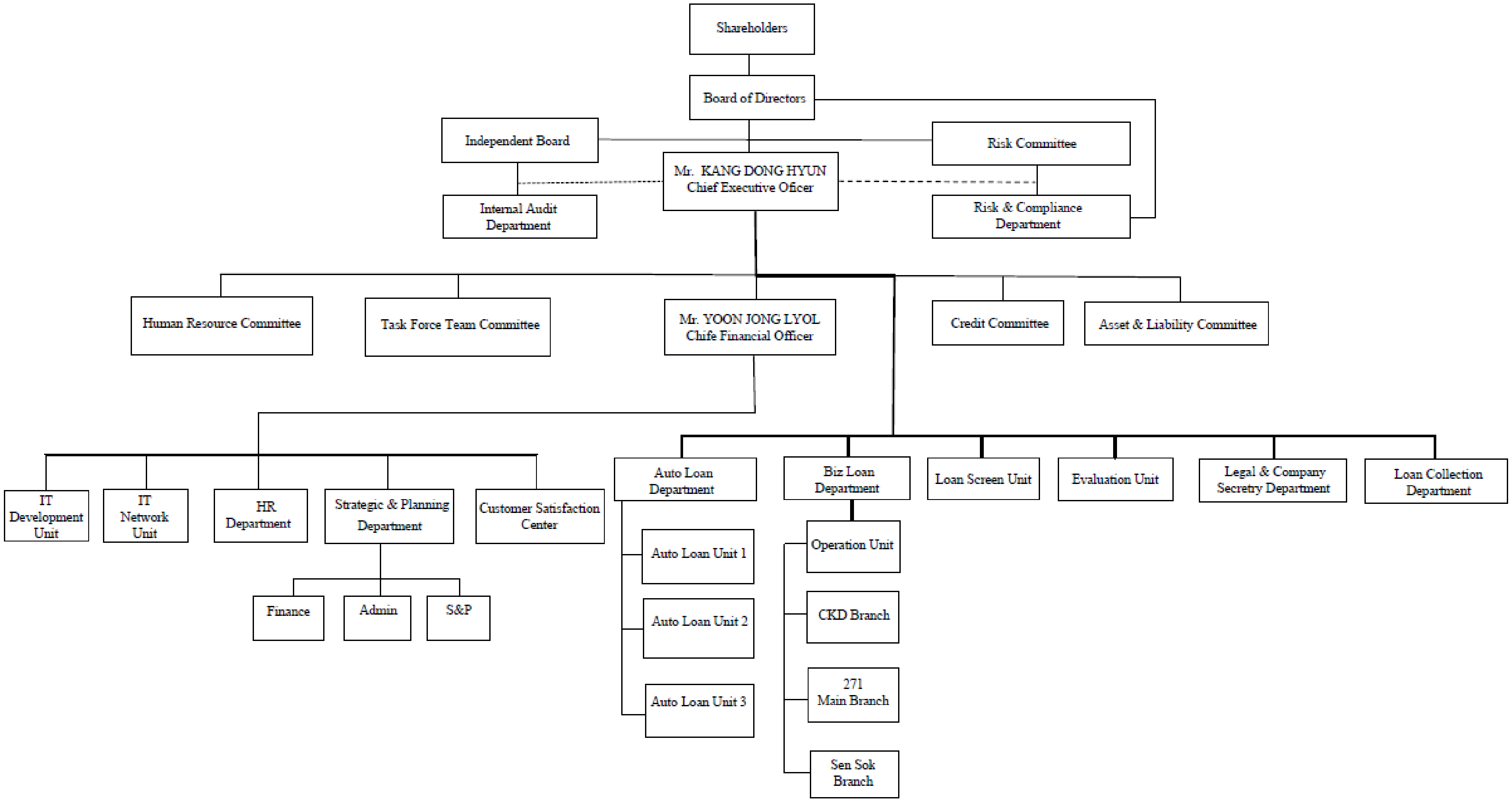
- Best Service : We are always beyond our customer expectation
- Approachable : We are always with our customers
- Morality : We always respect our customers
- Customer Centric : We always serve our customers by heart

3.5 BAMC Slogan

Your Trusted Business Partner, BAMC!

3. 6 Institution Structure

BAMC FINANCE PLC.'s Organization Chart



3.7 Shareholders and Board of Directors

BAMC FINANCE PLC. has been established by 2 shareholders which is a Legal Entity and a Physical Entity. At the same time, the institution also has Board of 5 members, two of them are shareholders, who are certified by the National Bank of Cambodia (NBC), Ministry of Commerce (MOC), and General Department of Taxation (GDT), in accordance with the Laws and Regulations of the Kingdom of Cambodia.

The following are the Shareholders and Board Members of BAMC FINANCE PLC. the Currently:

Shareholders	Percentage of Shares (%)
1. DEUTSCH FINANCIAL Co., Ltd. Represented by Mr. SHIN YONG SIK	99.10%
2. Mr. KWON HYEOK MIN	0.90 %

Board of Directors

Mr. YOON JONG LYOL

Chairman of Board
(Appointed on 01 September 2023)

Nationality: Korean

Mr. YOON is holding a master's degree of Law Administration and Finance. He has more than 28 years of professional experience in the finance & Accounting field.

Mr. KANG DONG HYUN
Non-Independ Board /
Chief Executive Officer

Nationality: Korean

Mr. KANG is a Non-Independ Board and Chief Executive Officer of BAMC FINANCE PLC., since early 2019.

He is holding a master's degree of Corporate Finance. He has more than 11 years of professional experience working in Banking and Financial with Loan Department, Deposit Department, Treasury and Visa Card Department at PPC Bank.

Mr. SONG JUN YONG
Independent Director
(Appointed on 03 June 2024)

Nationality: Korean

Mr. SONG is an Independent Director of BAMC FINANCE PLC.

He is holding a bachelor's degree of Business Administration at Seol National University and he is a lawyer at YOSOO LAWFIRM as well. He has more than 22 years of professional experience working in law firm and audit field, for local company in Korea.

3.8 Senior Managements

Mr. SOK VISETH
Head of Strategy and Planning Department

He holds a master's degree of Finance, Banking and Insurance for South-East Asia from Nantes University, France and Risk Management in Insurance, Finance, and Banking from Royal University of Law and Economics, Cambodia.

Moreover, he graduated ACCA and became ACCA member in 2013, FCCA member in 2018. He has more than 14 years of professional experience in the finance & Accounting field.

Mrs. UNG SOVY
Head of Auto Loan department

She is holding a bachelor's degree of English. She has more than 10 years of experience in the Finance and Loan Department In-Charge.

Mr. CHHEUY SOPHEAK
Head of Biz Loan Department

Mr. CHHEUY SOPHEAK, He holds a bachelor's degree of Management and Administration. He has more than 20 years of professional experience working with the Loan and Operation Department.

Mr. HAN KAKADA
Head of Legal & Company Secretary Department

Mr. HAN KAKADA holds a bachelor's degree in law and master's degree in law specializing in Private Law from the Royal University of Law and Economies. He has more than 10 years of legal experience working in Banking and Financial Sector, Credit Bureau, Law Firms, Internation NGO and Private Sector.

Ms. MORN SOPHEA
Finance Manager

Ms. MORN SOPHEA, she holds bachelor's degree of accounting and completed course Tax agency at National tax school.
She has experience of finance and accounting more than 10 years in Banking and Finance Sector.

Ms. THIM SOKLY
Human Resource Manager

Ms. THIM SOKLY joined BAMC FINANCE PLC. in July 2023, she possessed 7 years' experience working in HR & Admin function with both financial industry and private company before starting with us. During the tenure with BAMC FINANCE PLC.

Beside pursuing master's degree in business administration at a local university, Sokly has attended the courses with Institute of Banking & Finance and CMA's training center and qualified for on the certification such as: Managing workplace Dispute and disciplinary action, Advance KPI and Setting Strategy, Employee Performance Management, Human Resource Management and Compliance practice for FI, Cambodian Labor and compliance and effectiveness of HRBP.

Mr. YAT PUTHEARITH
Administration Manager

Mr. YAT PUTHEARITH, Admin Manager He holds a bachelor's degree of Business Administration Finance and Banking, completed course International Financial Reporting Standard, KPMG Singapore and exchange program Finance Empowerment Program IFRS, JB Financial Group (South Korea). He has experience more than 10 years in the Banking and Financial sector in the finance department and sale.

Mr. AN PHORN
Collateral Evaluation Manager

Mr. AN PHORN, Collateral Evaluation Manager He holds a bachelor's degree of Accounting and Finance. He completed Certificate of Professional Real Estate Values in 2022. He has experience more than 16 years with Banking and Financial Sector.

Mr. SREY MAKARA
Loan Screen Manager

Mr. SREY MAKARA, Loan Screen Manager He holds a Master's degree of Development Management and has experience more than 17 years of banking and financial sector and Private sector.

Mr. TUY VIPHAL
IT Network Manager

Mr. TUY VIPHAL, IT Network Manager He holds a bachelor's degree of Computer Science. He has experience more than 13 years of IT Professional and Technician including project Management and Design with Private Company.

Mr. SOM SOVANNARA
IT Development, Team Leader

Mr. SOM SOVANNARA, IT Development, Team Leader He holds a bachelor's degree of Computer Science. He has experience more than 3 years of IT Technical with Banking and Finance Sector. and has been appointed to be IT Supervisor in September 2023.

Mr. KIN CHANTOLA
Internal Audit Manager

Mr. KIN CHANTOLA join BAMC FINANCE PLC. as Manager of Internal Audit Officer. He has experience in finance, banking, accounting and other related sectors for more than 12 years. His experience is related to review and assurance on governance, risk management, internal control systems and fraud/misconduct/wrongdoing investigation in financial institutions.

Currently, Mr. Kin Chantola is pursuing a Master's degree in Auditing and Accounting. Moreover, he holds many professional certificates from both local and international institutions, such as Certificates in Risk Management, HR Audit, Credit Audit, leadership skills, Cloud Security, CISA, and Ethical Hacking.

Mrs. PIN PESEY
Risk & Compliance Manager

Mrs. PIN PESEY joined BAMC FINANCE PLC. in March 2023, she possessed 8 years' experience working in Compliance function with both local and reginal Bank before starting with us.

During the tenure with BAMC FINANCE PLC. She was one of the staff outstanding award recipients and within her first 3 months she obtained certification from NBC and CAFIU.

Beside pursuing master's degree in Private Law at a local university, Pesey has attended the courses with Institute of Banking & Finance and qualified for on the certification such as: Regulatory Compliance, Fundamental Risk Management, Risk Management in Banking, Risk Base Internal Audit Master class.

IV. Operational Results

4.1 Business Operation

To increase BAMC's market shares in line of our Goals, Vision, Mission and BAMC-Core-Value, all of Staffs and Senior Managements are working smart for profitability by promoting Virtue of Customer Protection, Ethical Code of Conduct, Job Equity, Corporate Governance, Internal Control and Compliance with Laws and Regulations in Kingdom of Cambodia.

In the end 2023, BAMC FINANCE PLC., has maintained its three operating offices as bellow:

1. Head Office
   - Address: Building No 106 Street 271, Phum Sansam Kosal5, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh.
   - Tel: 023 911 000

2. Phnom Penh Thmei (PPT) Branch
   - Address: No.153C, Street 598, Sangkat Phnom Penh Thmei, Khan Saensokh, Phnom Penh.
   - Tel: 023 911 005

3. Kien Svay (KSV) Branch
   - Address: No.A-45, National Road No.1, Phum Thum Village, Phum Thum Communce, Kien Svay District, Kandal Province.
   - Tel: 023 911 007
   - Working Hour
     - Working Hours: Monday – Friday (7:00 AM – 4:00 PM)
     - Business Hours: Monday – Friday (7:30 AM - 3:30 PM)

As a result of the year 2021, BAMC FINANCE PLC., has provided loan services to both internal and external clients in a total of 8 capitals / provinces, 30 cities / districts / Khans, which achieved the following results:

As a result of the year 2023, BAMC FINANCE PLC., has provided loan services to both internal and external clients in a total of 10 capitals / provinces, 31 cities / districts / Khans, which achieved the following results (based on audited report):

1. The total number of active customers was 161 in 2023 compared to 196 in 2022, a decrease of 35 active customers (21.73%).

2. The total loan portfolio was USD 4.70 million in 2023 compared to USD 4.09 million in 2022 which increased of USD 0.61 million or 12.89%.

3. The average loan size per customer is USD 29,163 in 2023 compared to USD 20,867 in 2022 which increased 39.8%.

4. Loan Portfolio to Customers 2023 and 2022 as below:

(a). By Currency (in USD)

	2023	**2022**
US Dollar	4,274,400	3,782,512
Khmer Riel	420,843	307,450
	4,695,243	4,089,962

(b). By economic sector (in USD)

	2023	**2022**
Agriculture	10,549	41,842
Construction	125,428	197,902
Household/Family	1,132,862	1,396,691
Services	605,499	428,674
Trade and commerce	1,739,667	781,331
Transportation	27,075	32,537
Others	1,054,163	1,210,985
	4,695,243	4,089,962

(c). By relationship

	2023	**2022**
External loans	4,539,378	3,539,505
Staff loans	155,865	550,457
	4,695,243	4,089,962

4.2 Financial Service & Products

Financial Service:	1. Business Loan	2. Short-Term Loan
	3. Housing Loan	4. Car Loan
Financial Product:	1. Khmer Riel (KHR)	2. United State Dollar (USD)

4.3 Human Resource Governance
4.3.1 Employee Information

As of the beginning of 2024, BAMC FINANCE PLC., has one foreign employee who is a South Korean, as detailed in the table below:

Nº	Position / Department / Branch	Number of Staff	Male	Female
1	Chief Executive Officer	01	01	00
2	Chief Financial Officer	01	01	00
3	Risk & Compliance Department	02	01	01
4	IT Department	03	03	00
5	Finance Department	03	00	03
6	Internal Audit Department	02	02	00
7	Biz Loan Department	05	04	01
8	Human Resources Department	03	01	02
9	Admin Department	06	06	00
10	Screen & Legal Department	07	06	01
11	Sen Sok Branch	22	18	04
12	CKD Branch	08	05	03
13	217 Main Branch	10	06	04
Total Number of Staff		**73**	**55**	**19**

4.3.2 Employee Benefits

a. Short Term Employee Benefits

Wages, salaries, social security contributions, annual leave pay, sick leave pay, benefits and non-cash benefits are measured on a non-discounted basis and are recognized as expenses when employees Those did the job for the company.

Short-term accrued compensation includes annual leave payments, which are recognized as expenses when those employees are employed, increasing their entitlements in the future. Short-term absences do not accumulate for payments, such as sick leave is recognized when that absence occurs and if the leave is not fully utilized during the period, the employee will not be paid in cash at the end. Term or when resigning from the company. Additional benefits are recognized as expenses when there is a legal obligation or current obligation that requires payment as a result of a past event and when certain estimates can be made. Made from a number of obligations.

b. Termination Benefits

Termination benefits are payments due to employees as a result of the termination of employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are recognized as a liability and an expense when the Company has a detailed formal plan for termination with no realistic possibility of withdrawal. In the case of voluntary redundancy, the benefits are accounted for based on the number of employees expected to accept the offer. Where termination benefits fall due more than 12 months after the end of reporting period, they are discounted to present value based on market yields at the end of reporting period.

4.3.3 Employee Development

In 2023, BAMC has specific plans to train existing and new employees who are oriented to improve their skills, abilities, knowledge and performance according to their respective job descriptions. In line with the 2021 strategy, goals, vision, mission, core values and internal principles of BAMC! For families, BAMC! Very good.

BAMC conducts regular training sessions for employees every Saturday morning from 8:00 am to 12:00 pm for all employees from all branch offices in the upper auditorium of the institution's head office with teachers. The pillars are the representatives appointed from each specialized department in the training and mentoring of the staff.

The main purpose of this training is to strengthen staff at all levels to have full capacity and skills to work with a high sense of responsibility, self-confidence and solidarity by sharing constructive and negative feedback in a constructive way with Our colleagues and management team work together to build BAMC to be more prosperous as it is now and in the future to become the best bank in this age of modern technology.

4.3.4 Position Level and Motivation

Since the beginning of 2021, BAMC has undergone numerous reforms in each of its 11 levels and positions, from junior high to senior management, accompanied by financial incentives. Material and non-financial, including: promotions, appointments, acting roles, awards, letters of commendation or commendation to employees who have achieved excellent performance and other benefits offered by the President. The Company's executives to employees at all levels who have worked hard, competed, fulfilled and achieved the best results beyond the plan in the established business operation campaign of the organization.

At the same time, a variety of financial incentives have been developed to provide staff at all levels, all of which are enshrined in the new policies and procedures of the institution, which have been approved by the Board of Directors. With the assistance of the Human Resources Commission in charge of compliance with the laws and regulations of the Kingdom of Cambodia. In fact, this year, BAMC has organized an annual workshop through field trips for all staff and management. We

This year, in 20 January 2024, BAMC organized an annual workshop with a two-day, one-night trip to Kompot and Kep province, which has many scenic spots. Organize fun activities such as: short workshops, solidarity meals, singing, dancing, playing games, popular games, brain teasers, lucky draws and many other fun activities that create a wonderful atmosphere Happy and good memories make employees and management at all levels disappear, leave worries to the environment and provide opportunities for employees and management to be closer to each other as a family, work hard Strong and stand together to build BAMC FINANCE PLC. to grow and achieve long-term profits that make business operations sustainable under the name BAMC is a family.

4.3.5 Leadership Approach & Working Culture of 10-S

- 4-C MEMO : Change > Challenge > Cooperation > Communication
- 5-C CREDIT : Character > Capacity > Capital > Collateral > Condition
- 3-C DO : Corporate Governance > Compliance > Common Sense
- 3-C DON'T : Commission > Corruption > Criminal Issues
- 10-S Couture : Sort>Set>Shine>Save>Standardize>Secret>Safety>Security> Sustainability>Smile

4.3.6 Internal Regulation & Human Resource Discipline

- BAMC Internal Regulation: has been set up by BOD as an executive manual to comply with Labor Law in Cambodia & followed by the new updated circulars from Ministry of Labor and Vocational Training (MLVT). The internal regulation has been approved by Phnom Penh Administration since 12 October, 2020.

- Manual on Hunan Resource Discipline: has been amended by Human Resource Committee in 2020 as an Ethical Code of Conduct, and Procedures to penalty To Whom It May Concern in serious misconducts. The executive manual is aim to be fair in all Terms & Conditions of Employment Contract, Termination, or Dismissal.

4.4 Audits and Internal Controls

The Audit Committee, which is headed by the Mr. HUH YOUN Board of Director, plays an important role in overseeing the operation and business operations of all branches, all of which have been fully authorized by the institution and the National Bank of Cambodia. Get to know on December 21, 2018 to the Senior Internal Audit Officer in the performance of their duties or the performance of their duties independently and the search for findings that do not comply with the laws and regulations of the Kingdom of Cambodia.

By the end of 2023, the Internal Audit Department has a total of 2 staffs member and the Audit Committee has 3 members, with the Chairman of the Audit Committee as a member in the Board of Directors. At the same time, the Internal Audit Department has a clear annual plan, prepared at the end of each year to submit to its audit committee for review and approval, and will be formally implemented for efficiency next the year.

The preparation of the department's audit program shall be carried out in accordance with the principles of various laws and regulations of the institution, as well as in accordance with the principles, laws, proclamations and other regulations of the National Bank of Cambodia. Audit officers are assigned to audit all branch offices on a monthly basis on credit, finance, administration and other related matters in accordance with each monthly audit program. All deficiencies found are clearly and accurately substantiated, which are discussed in the relevant departments to make corrections and make good recommendations for improvement to an acceptable level. Any deficiencies found are closely monitored and monitored by the Internal Audit Department, the Audit Committee and the Board of Directors.

The responsibility of the various departments that are found to be at fault in the performance of their duties is to express their opinions, acknowledge or correct the mistakes, and make recommendations and issue action plans on all reports found by officials. The senior auditor on the actual audit shall then copy the report to the Board for review.

The Internal Audit Department shall have a representative body to attend the weekly meetings every Friday and shall present its audit report at each monthly meeting of the Management. Whenever a finding is made on a special audit case, the auditor should immediately report to the Internal Audit Department, the Audit Committee and the Board for a timely decision.

4.5 Risks and Compliance

The compliance committee being chaired by BOD Member (Independent Director) assisted by Chief Compliance Officer and Senior Compliance Officer who were certified by NBC and CAFIU to report independently as Daily basic, Weekly, Bi-weekly, Monthly, Quarterly, Semester, Yearly, 2-Year, and 3-Year-Basic.

The reports shall be on time in priority to National Bank of Cambodia (NBC), Credit Bureau of Cambodia (CBC), Cambodia Microfinance Association (CMA), Ministry of Commerce (MOC), General Department of Taxation (GDT), Ministry of Labor and Vocational Training (MLVT) and others related.

4.6 Whistle Blowing Policy and Procedure

Whistle Blowing Policy and Procedure describes Ethical Code of Conduct has been set up to require BAMC Employees, Officers and Managements in the operations within BAMC and in representation of BAMC that impact the institution, shareholders, our customers, our colleagues as well as communities that we serve. The policy also envisions describing the standards of conduct by its vendor, contractors, customers and all third-party stakeholders.

The Whistle Blowing Policy and Procedure prepared by Risk & Compliance Department of BAMC FINANCE PLC. with the effective date on 01-Octorber-2019 with the key purpose summarized as follows:

- Ensure that all employees feel supported in speaking up in confidence and reporting matters they suspect may involve anything improper, unethical or inappropriate;
- Encourage whistle blower to identify and challenge all improper, unethical or inappropriate behavior such as misuse of BAMC asset or benefiting from BAMC business transactions at all levels of BAMC;
- Provide clear framework for reporting and handing such concern(s);
- Manage all disclosures in a timely, consistent and professional manner; and
- Provide assurance that all disclosures will be taken seriously, treated as confidential and managed without fear of retaliation or reprisal of any form.
- To help promote and develop a culture of openness, accountability and integrity.

The Channels and Key Information of Whistle Blowing which Whistleblower can raise their concern(s) in verbal or written form and this can be done by either declaration in strict confidence or anonymously. However, it is highly recommended to raise the concern(s) in written form by using the "BAMC Whistle Blowing Form'' to submit to Risk and Compliance Department, Website or Email of the BAMC:

In charged Function	Contact
- Risk and Compliance Department	compliance@bamc.com.kh

4.7 AML/CFT Framework of BAMC FINANCE PLC.

BAMC FINANCE PLC. institution has compiled policies and procedures on the implementation of obligations AML/CFT by comply with laws and regulations of the Kingdom of Cambodia.

The policies and procedures on the implementation of obligations AML/CFT of BAMC have been amended and approved by the Board of Directors and Shareholders on 28 February 2020. In addition, the institution has issued additional guidelines on Customer Due Diligence Measures (CDD), Know Your Customer (KYC), Anti-Money Laundering (AML) and Combat the Financing Terrorism (CFT) approved by the CEO of BAMC FINANCE PLC. on 01 July 2020 to be able to supplement policies and procedures on the implementation of obligations AML/CFT of BAMC FINANCE PLC. to be more efficient and effective by comply with laws and regulations updated of the Kingdom of Cambodia.

V. Audited Financial Statements 2021

5.1 Directors' Report

The Board of Directors (the "Board" or "Directors") hereby submit their report together with the audited financial statements of BAMC FINANCE PLC. ("the Company") for the year ended 31 December 2023 (the "financial year" or "year").

Principal activity

The principal business activities of the Company are to provide sub-stainable micro-finance services to small and medium enterprises, and low-income families in the Kingdom of Cambodia. There have been no significant changes in the nature of principal activities during the financial year. Financial performance

The financial performance of the Company was as follows:

	2023		**2022**	
	US$	**KHR'000**	**US$**	**KHR'000**
		(Note 2.4)		(Note 2.4)
Loss before income tax	(762,236)	(3,132,790)	(316,339)	(1,292,878)
Income tax credit	38,242	157,175	-	-
Net loss for the year	(723,994)	(2,975,615)	(316,339)	(1,292,878)

Dividends

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

Share capital

During the year, the Company has obtained the approval from the National Bank of Cambodia ("NBC") for the requested change of shareholders by transferring 99.10% shares to Deutsch Financial Co., Ltd and 0.90% shares to Mr. **Hyeok Min Kwon** from the previous shareholders and the increased share capital from US$3,500,000 to US$8,500,000. The Company is in the process of obtaining the approval from the Ministry of Commerce.

Refer to Note 15 for the detailed Company's share capital and shareholding structure.

Reserves and provisions

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

Bad and doubtful debts

Before the financial statements of the Company were prepared, Directors took reasonable steps to ascertain that action has been taken in relation to the write off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or to make allowance for doubtful debts in the financial statements of the Company, inadequate to any material extent.

Current assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company have been written down to an amount which they might be expected to realize.

At the date of this report, the Directors are not aware of any circumstances that have arisen the value attributed to the current assets in the financial statements of the Company misleading.

Valuation methods

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

Contingent and other liabilities

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

(i) Any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) Any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations 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 in the financial statements of the Company, which would render any amount stated in the financial statements as misleading.

Items of an unusual nature

The results of the operations of the Company during the financial 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 financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year for which this report is made.

Events since the reporting date

At the date of this report, except as disclosed in the financial statements, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

The Board of Directors

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

Mr. Yoon Jong Lyol Chairman (appointed on 1 September 2023)

Mr. Hun Pick Chairman (resigned on 30 September 2023)

Mr. Kang Dong Hyun Director and Chief Executive Officer

Mr. Huh Youn Independent Director (appointed on 1 September 2023)
Mr. Thong Socheat Director (resigned on 30 September 2023)

Directors' benefits

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

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

Directors' responsibility in respect of the financial statements

The Board of Directors is responsible to ascertain that the financial statements are presented fairly, in all material respects, the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs"). In preparing those financial statements, the Board of Directors is required to:

(i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

(ii) comply with CIFRS for SMEs, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

(iii) oversee the Company's financial reporting process and maintain adequate accounting records and effective system of internal control;

(iv) assess 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; and

(v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such has been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Approval of the financial statements

The Board of Directors hereby approve the accompanying financial statements as set out on pages 8 to 38 which present fairly, in all material respects, the financial position of BAMC FINANCE PLC. as at 31 December 2023, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs.

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

BAMC FINANCE PLC.
KINGDOM OF CAMBODIA

Mr. Yoon Jong Lyol	Mr. Kang Dong Hyun
Chairman	*Chief Executive Officer*

Phnom Penh, Kingdom of Cambodia
12 June 2024

5.2 Independent Auditors' Report to the Shareholder of BAMC FINANCE PLC.

Opinion

We have audited the financial statements of BAMC FINANCE PLC. ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 38.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the information included in the Report of the Board of Directors as set out on pages 1 to 4, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on other information obtained at 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 these financial statements in accordance with CIFRS for SMEs, 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 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 reporting process.

Auditors' Responsibility 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 audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effective 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 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 audit 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 condition 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 disclosure, 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 Fii&Associates Co., Ltd.

Fii&Associates
Co.,Ltd

Seng Chanthan
Audit Partner
Phnom Penh, Kingdom of Cambodia
12 June 2024

5.3 Statement of Financial Position

AS AT 31 DECEMBER 2023

	Note	2023 US$	2023 KHR'000	2022 US$	2022 KHR'000
			(Note 2.4)		(Note 2.4)
ASSETS					
Cash on hand	4	8,280	33,824	8,899	36,637
Deposits and placements with the NBC	5	430,278	1,757,686	177,036	728,857
Deposits and placements with banks	6	3,437,474	14,042,081	109,290	449,947
Loans to customers – net	7	4,226,230	17,264,150	4,057,227	16,703,603
Other receivables	8	429,093	1,752,845	36,767	151,370
Other non-current asset	9	78,552	320,885	-	-
Property and equipment	10	194,246	793,495	83,829	345,124
Intangible assets	11	1,107	4,522	2,157	8,880
Deferred tax assets	14.1	37,497	153,175	-	-
Total assets		8,842,757	36,122,663	4,475,205	18,424,418
LIABILITIES AND EQUITY					
Liabilities					
Borrowings	12	1,367,774	5,587,357	1,289,009	5,306,850
Other payables	13	25,268	103,220	11,742	48,342
Deferred tax liabilities	14.1	-	-	745	3,067
Current income tax liability	14.2	-	-	-	-
Total liabilities		1,393,042	5,690,577	1,301,496	5,358,259
Equity					
Share capital	15.1	8,500,000	34,000,000	3,500,000	14,000,000
Capital contribution	15.2	60,861	248,617	60,861	250,565
Regulatory reserves	16	13,582	55,482	4,108	16,913
Accumulated losses		(1,124,728)	(4,613,488)	(391,260)	(1,598,935)

Currency translation differences	-	741,475	-	397,616
Total equity	7,449,715	30,432,086	3,173,709	13,066,159
Total liabilities and equity	8,842,757	36,122,663	4,475,205	18,424,418

5.4 Statement of Comprehensive Income

For the year ended 31 December 2023

		2023		**2022**	
	Note	**US$**	**KHR'000**	**US$**	**KHR'000**
Interest income	17	598,168	2,458,470	531,969	2,174,157
Interest expense		(90,315)	(371,195)	(89,302)	(364,977)
Net interest income		507,853	2,087,275	442,667	1,809,180
Other operating income		133,678	549,417	188,620	770,890
Total operating income		641,531	2,636,692	631,287	2,580,070
Depreciation and amortisation		(60,103)	(247,023)	(52,674)	(215,279)
Operating and administrative expenses	18	(794,033)	(3,263,476)	(956,399)	(3,908,803)
(Additional)/reversal of allowance for bad and doubtful loans	7	(543,418)	(2,233,448)	68,848	281,382
Minimum tax expense	14.3	(6,213)	(25,535)	(7,401)	(30,248)
Loss before income tax		(762,236)	(3,132,790)	(316,339)	(1,292,878)
Income tax credit	14.3	38,242	157,175	-	-
Net loss for the year		(723,994)	(2,975,615)	(316,339)	(1,292,878)
Other comprehensive income					
Currency translation difference		-	341,542	-	140,581
Total comprehensive loss for the year		(723,994)	(2,634,073)	(316,339)	(1,152,297)

5.5 Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital		Capital contribution		Regulatory reserve		Accumulated losses		Currency translation differences		Total	
	US$	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**	**US$**	**KHR'000**
		(Note 2.4)		(Note 2.4)		(Note 2.4)		(Note 2.4)		(Note 2.4)		(Note 2.4)
At 1 January 2023	3,500,000	14,000,000	60,861	250,565	4,108	16,913	(391,260)	(1,598,935)	-	397,616	3,173,709	13,066,159
Capital injection	5,000,000	20,000,000	-	-	-	-	-	-	-	-	5,000,000	20,000,000
Comprehensive loss for the year												
Net loss for the year	-	-	-	-	-	-	(723,994)	(2,975,615)	-	-	(723,994)	(2,975,615)
Transfers	-	-	-	-	9,474	38,938	(9,474)	(38,938)	-	-	-	-
Other comprehensive (loss)/ income												
Currency translation difference	-	-	-	(1,948)	-	(369)	-	-	-	343,859	-	341,542
Total comprehensive (loss)/income for the year	-	-	-	(1,948)	9,474	38,569	(733,468)	(3,014,553)	-	343,859	(723,994)	(2,634,073)
At 31 December 2023	8,500,000	34,000,000	60,861	248,617	13,582	55,482	(1,124,728)	(4,613,488)	-	741,475	7,449,715	30,432,086

5.6 Statement of Cash Flows

For the year ended 31 December 2023

	2023		2022	
	US$	**KHR'000**	**US$**	**KHR'000**
		(Note 2.4)		(Note 2.4)
Cash flows from operating activities				
Net loss for the year	(723,994)	(2,975,615)	(316,339)	(1,292,878)
Adjustments for:				
Additional/(reversal of) allowance for bad and doubtful loans	543,418	2,233,448	(68,848)	(281,382)
Depreciation and amortisation	60,103	247,023	52,674	215,279
Interest expense	90,315	371,195	89,302	364,977
Minimum tax expense	6,213	25,535	7,401	30,248
Loss of property and equipment written off	203	834	-	-
Gain on disposals of property and equipment	(600)	(2,466)	-	-
Income tax credit	(38,242)	(157,175)	-	-
	(62,584)	(257,221)	(235,810)	(963,756)
Changes in:				
Loans to customers	(712,421)	(2,928,050)	4,525	18,494
Other assets	(392,326)	(1,612,460)	7,735	31,613
Other liabilities	13,526	55,592	(3,775)	(15,428)
Cash used in operations	(1,153,805)	(4,742,139)	(227,325)	(929,077)
Interest paid	(11,550)	(47,471)	(11,550)	(47,205)
Income tax paid	(6,213)	(25,535)	(40,922)	(167,248)
Net cash used in operating activities	(1,171,568)	(4,815,145)	(279,797)	(1,143,530)
Cash flows from investing activities				
Purchases of property and equipment	(169,673)	(697,356)	(1,839)	(7,516)
Capital guarantee (*)	(250,000)	(1,027,500)	-	-
Other non-current asset	(78,552)	(322,849)	-	-

Proceeds from disposals of property and equipment	600	2,466	-	-
Net cash used in investing activities	(497,625)	(2,045,239)	(1,839)	(7,516)
Cash flows from financing activities				
Capital injection	5,000,000	20,550,000	-	-
Net cash generated from financing activities	5,000,000	20,550,000	-	-
Net increase/(decrease) in cash and cash equivalents	3,330,807	13,689,616	(281,636)	(1,151,046)
Cash and cash equivalent at 1 January	120,225	494,966	401,861	1,637,182
Currency translation difference	-	(87,116)	-	8,830
Cash and cash equivalents at the end of year (Note 19)	3,451,032	14,097,466	120,225	494,966

The accompanying notes form an integral part of this financial statements.