

KINGDOM OF CAMBODIA

NATION RELIGION KING



BAMC FINANCE PLC.

ANNUAL REPORT

2020

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I. Chairman's Message

Driven by Garment Exports and Tourism, Cambodia's economy has sustained an average real growth rate of 7.7% percent between 1998 and 2019, indicating it one of the fastest-growing economies in the world. In 2020, Cambodia's economics has been effected by Global-COVID-19-Pandemic, its economy has been registered negative growth of (3.1%) percent, which is the sharpest decline in Cambodia's recent history.



In order to sustain Banking and Financial Institutions during COVID-19 pandemic outbreak in Cambodia, the National Bank of Cambodia (NBC) has committed to monitor and oversee Banking System, **Financial Inclusion**, and Customer Protection, in line with the development of the challenging states of business in Banking and Financial Sectors. For the year ended on 31 December 2020, the computation of the Supplementary Financial Information in accordance to the definitions of the relevant Prakas and applicable notices set out in the respective paragraphs as indicated below, which form an integral part of the Supplementary Financial Information and should be referred together with the summary compliance required by National Bank of Cambodia (NBC) as bellow:

1. Liquidity Ratio	B7-02-48 Pro Kor	100%
2. Net Worth	B7-07-132 Pro Kor	KHR 14,206,210,000
3. Solvency Ratio	B7-07-133 Pro Kor	77.93%
4. Minimum Capital	B7-016-117 Pro Kor	KHR 14,403,683,000

Being Chairman of BAMC, I would like to take opportunity to thank all officers under the Directorate General of Banking Supervision of NBC, for their guidance, supporting, and recommendations.

On behalf of Board of Directors, I would like to thank all the managements and staffs of the institution who have always contributed their commitments and loyalty to our institutions from the beginning year and ending with remarkable results. In particular, the institution will continue its Vision, Mission, and New Strategies to grow together among Micro-Financial Sectors in the pursuit of profit with Transparency, Accountability, Professionally, Virtue, and Social Responsibility in our community and maintain business continuity in the following years.

To all our customers, we are looking forward to keep building our mutually benefit as **Your Trusted Business Partner, BAMC!**

Lastly, our achievements in 2020, are really come from our parent NBC's supports, our BAMC family's commitment, and our customers' loyalty.

Thank you very much.

Mr. HUN Pick
Chairman

II. Chief Executive Officer's Message

Hello 2020, I'm Kang Dong Hyun, President & CEO of BAMC FINANCE PLC.



Our BAMC family members contribute to Challenging Cambodian Economy of the year 2020, which is currently effected by Global-COVID-19-Pandemic. As a top financier and make every effort in the financial sector to ensure the stability and well-being of the common people in Cambodia.

With our long experience in finance and know-how in advanced techniques, we strive to provide Cambodian people with financial stability, pain relief, and necessary emergency business funding, and consider our customers' convenience and service as the top priority.

We will create a win-win financial culture through advanced support and advanced financial support aimed at beloved, trusted, and more than imagined financial institutions.

We want to build on sustainable management and innovation, and to bring happiness and development to our customers. Based on this, we will think about what we can do for the contribution and development of our society, and we have implemented for this year then the next following years.

Our culture, which places customer value first, is not just about meeting customers as financial institutions, but also growing up as a family, good friends and trusted partners who rely on each other and communicate with each other.

We will make every effort and support available to our customers and families until the day you are satisfied, and we will make a small contribution to the development of Cambodia.

Thank you to all BAMC families and customers, and we promise to be there as a family with our customers for your better life in line of our internal slogan (*BAMC! For The Family, BAMC! For The Best*).

Thank you very much.

Mr. KANG DONG HYUN
President & CEO

III. 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), holding Certificate of Incorporation No. **MOC-20937940** ៣៣៣.៥៥៥៣ from Ministry of Commerce with Company Number: **00008347** as Commercial Registered on **29 July, 2014**. The institution received License To Conduct Microfinance Business under the 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

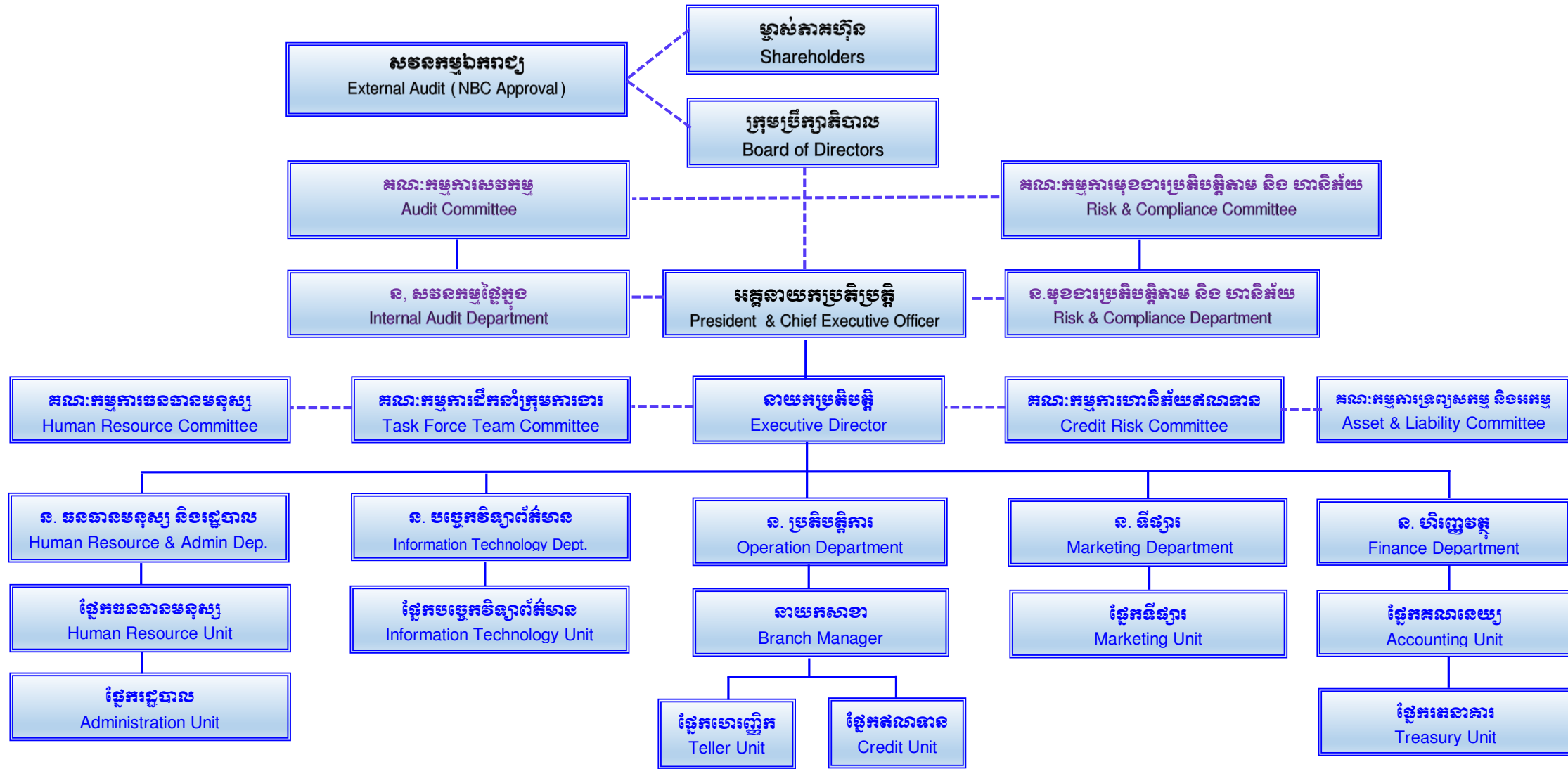
- **Best Service** : We are always beyond our customer expectation
- **Approachable** : We are always with our customers
- **Morality** : We always respect our customers
- **Customer Centric** : We always serve our customers by heart

3.5 BAMC Slogan

3.5.1 External Slogan: Your Trusted Business Partner, BAMC!

3.5.2 Internal Slogan: BAMC! For The Family, BAMC! For The Best

3.6 Institution Structure



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. PEANUT CAMBO CORPORATION LTD	97.81 %
Represented By Mr. HUN Pick	
2. Mr. KANG Dong Hyun (South Korean)	2.19 %
Board of Directors:	Position
1. Mr. HUN Pick	Chairman
2. Mr. KANG Dong Hyun	President & CEO as Member
3. Mr. THONG Socheat	Executive Director as Member
4. Mr. KIM Chul Woong	Independent Director as Member
5. Mr. PARK Byung Kwon	Non-Executive Director as Member
Board Committee:	
Audit Committee	Position
1. Mr. PARK Byung Kwon	CHAIRPERSON
2. Mr. PHIN Nara	HEAD of Finance & Member
3. Mr. BO Sotheara	SENIOR Internal Auditor & Member
Risk & Compliance Committee	Position
1. Mr. KIM Chul Woong	CHAIRPERSON
2. Mr. SOM Putheara	HEAD of Risk & Compliance & Member
3. Mr. KHOM Rathanak	SENIOR Compliance Officer & Member

3.8 Senior Managements



President & Chief Executive Officer and Board Member

Mr. **KANG Dong Hyun**, Korean, is President & Chief Executive Officer of BAMC Finance Plc., since early 2019. He holds a Master Degree of Corporate Finance in Korea.

Before this post, he has been selected to be Executive Director at Phnom Penh Commercial Bank (PPCBank) during the year of 2013 to 2018. He has also held various leadership roles throughout the developments of above institutions in Kingdom of Cambodia.



Executive Director and Board Member

Mr. **THONG Socheat**, Khmer, is currently working at Head Office of BAMC Finance Plc. He graduated Bachelor Degree of Economics and Finance at Norton University in 2001. He has experience over 17 years of Banking and Finance Sector in positions such as: Branch Supervisor, Small and Medium Enterprise Loan Manager, Branch Manager, Senior Loan Manager and General Manager, at Mekong Bank, ANZ Royal Bank, May Bank Cambodia Plc., Phnom Penh Commercial Bank and Miller Drilling Company Limited. He joined BAMC Finance Plc. since early 2019 in order to improve Internal Control and Corporate Governance at BAMC.



HEAD of Risk & Compliance Department and Member of Risk & Compliance Committee

Mr. **SOM Puthera**, Khmer, is currently working at Head Office of BAMC Finance Plc. He graduated Master Degree of Business Administration in 2008 and Bachelor Degree of Business Administration in 2004.

He has experience over 17 years of Banking and Finance Sector in various positions such as: Credit Officer, Loan Recovery Officer, Marketing Officer, Manager of Marketing Officer at ACLEDA Bank Plc., Branch Manager at Maybank (Cambodia) Plc., Senior Branch Manager at Phnom Penh Commercial Bank, General Manager at ADOPEN (Cambodia) Co., Ltd., and has been appointed to be Chief Compliance Officer, certified by Directorate General of Banking Supervision of National Bank of Cambodia on 19 June, 2019. Refer to his current roles he always leads the institution and its employees in compliance with Internal Policies and Procedures of BAMC, as well as the guardian circulars from the parenting NBC, MOC, GDT, and MLVT in Kingdom of Cambodia.



HEAD of Finance Department and Member of Audit Committee

Mr. **PHIN Nara**, Khmer, is currently working at Head Office of BAMC Finance Plc. He graduated Master Degree of Finance at National University of Management in 2015 and Bachelor Degree of Finance and Banking at Institute of Technology and Management in 2004. He also attended several professional training courses in Banking and Finance Sector and He has experience over 15 years of Accounting and Finance in positions from Teller to Head of Finance working in Banking and Finance. He joined BAMC Finance Plc. since December 2018 with the position Head of Finance Department in order to comply with Cambodian International Financial Reporting Standard for small and Medium-sized Entities “CIFRSs for SMEs” as well as the guardian circulars from the parenting NBC, MOC, GDT, and MLVT in Kingdom of Cambodia.



HEAD of Information Technology Department

Mr. **SOK Sithan**, Khmer, is currently working at Head Office of BAMC Finance Plc. He graduated Master Degree of Science Information Technology and Bachelor Degree of Information Technology at Norton University in 2002. He has experience over 11 years of Education, Banking and Finance Sector in positions such as: Lecturer and Deputy Director Department at Norton University, Lecturer at National University of Management and IT Manager at SOKIMEX Co., Ltd. He joined BAMC Finance Plc. since early 2019 with the position advancement as Head of Information Technology Department in order to secure BAMC-Core-Banking-System.



Acting HEAD of Operation Department

Mr. **NOEUK Saret**, Khmer, is currently working at Head Office of BAMC Finance Plc. He graduated Bachelor Degree of Management at Human Resources University in 2011. He has experience over 11 years of Banking and Finance Sector in positions such as: Credit officer, Senior Credit Officer, Chief Credit Officer, Branch Manager and Internal Audit Manager, at LEDA Capital PLC., CAMMA Microfinance Plc., and former TACA Microfinance Plc. He joined BAMC Finance Plc. since early 2014 with position as Acting Head of Operation Department. Meanwhile he also has experience in Auditing Skills, Credit Skills, and Sufficient Knowledge and Qualification in Managing, Leading and Training staffs in daily business operations in order to support the institution to grow altogether with profitability.



Acting Head of Marketing Department

Mr. **HAP Sochit**, Khmer, is currently working at Head Office of BAMC Finance Plc. He graduated Master Degree of Banking and Finance in 2010 and Bachelor Degree of Economic Development in 2000.

He has experience over 18 years of Banking and Finance Sector in positions such as: Credit Officer, Loan Recovery Officer, Teller, Vault Attendant, Manager of Vault Attendant, Sales & Marketing Manager, Sales Supervisor, Brand Activation Coordinator of Marketing Department, at ACELEDA Bank Plc., ADOPEN (Cambodia) Ltd., PSK Group and Japan Tobacco International. He joined BAMC Finance Plc. in 2019 with the position as Acting Head of Marketing Department in order to build brand and image of the institution in publicity.



Senior Internal Auditor and Member of Audit Committee

Mr. **BO Sotheara**, Khmer, is currently working at Head Office of BAMC Finance Plc. He graduated Bachelor Degree of Banking and Finance at Royal University Law and Economics in 2014.

He has experience over 07 years of Banking and Finance Sector in positions such as: Credit Officer, Internal Auditor, Senior Internal Auditor at NIRON Capital Plc., and former TACA Microfinance PLC. He joined BAMC Finance Plc. since early 2014 with the position as Senior Internal Auditor. Meanwhile he also joined many trainings in Auditing Skills, Credit Skills, and Earning related experience in internal auditing in order to monitor the institution avoid from operation or other potential risks.



Senior Human Resource & Admin Officer

Mr. **PHEM Senghort**, Khmer, is currently working at Head Office of BAMC Finance Plc. He graduated Bachelor Degree of Banking & Finance at Cambodia International Cooperation Institute in 2018.

He has experience over 05 years of Education, Banking, and Finance Sector in positions such as: Office Staff, Credit Officer, Human Resource & Admin Officer at Cambodia International Cooperation Organization (CICO), and former TACA Microfinance Plc. He has joined BAMC Finance Plc. since early 2017 with the position advancement as Senior Human Resource & Admin Officer. Meanwhile he also attended many trainings in Human Resource Management, Office Administration, and obtaining Banking Knowledge, People Skills, and Experience Sharing in order to refresh our Human Capital to be the best bankers for the families in Kingdom of Cambodia.



Senior Compliance Officer and Member of Risk & Compliance Committee

Mr. **KHOM Rathanak**, Khmer, is currently working at Head Office of BAMC Finance Plc. He has graduated Bachelor Degree of Business Administration at Phnom Penh International University (PPIU) in 2018.

He has experience over 07 years of Charity Organization International, Banking and Finance Sector in positions such as: Volunteer Youth at CIFY Organization, Credit Officer at LEDA Capital Plc. Internal Auditor at former TACA Microfinance PLC., then been appointed to be Compliance Officer, certified by Cambodia Financial Intelligence Unit (CAFIU) of National Bank of Cambodia on 05 May, 2020. He joined BAMC Finance Plc. since early 2016 with the upgraded position as Senior Compliance Officer. Refer to the current role he is a controller of Anti-Money Laundering (AML) and Combatting the Financing of Terrorism (CFT) in line of 3-Step-Risk Assessment: **(Identification, Analysis, and Evaluation)** of Cash Transactions (CTRs) and Suspicious Transactions (STRs) in term of reporting independently to CAFIU in compliance with laws and regulations of Kingdom of Cambodia.

IV. Operational Results

4.1 Business Operation

In early 2020, the financial institutions has still played an important role in helping the country's economy and businesses' survival. During COVID-19 pandemic outbreak in Cambodia, the microfinance has continued to play the same duties in dealing with communities, which have been effected by COVID-19 by financing Small & Medium Business, Family Economics, or Restructuring current loans for the best for their community. BAMC also has set up Emergency or Short-Term Loan to offer to many new businesses, which have just been started up to motivate Cambodian families' lives in accordance with *the Fourth-Phases of Royal Government of Cambodia & the Five-Leadership-Approach [To Mirror > To Shower > To Clean > To Treat > To Cut] of SAMDECH AKKA MOHA SENA PADEI TECHO HUN SEN, Prime Minister*, known as the strong man in the Kingdom of Cambodia (*Thanks for peace, for long lasting*).

During 2020, BAMC Finance Plc. has amended our internal Policies, Procedures, Products, Services and flexible leadership style to excel either productivity internally or efficiency externally toward both of GLOBAL-COVID-19-Outbreak and Competitive-Advantage in free-market economy globalization. To increase BAMC's market shares in line of our Goal, 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 2020, BAMC Finance Plc. has maintained its three operating offices as bellow:

- 1- **Head Office (CKD)** Head Address: No.315A, Street No.217, Sambuor Village, Sangkat Dangkao, Khan Dangkao, Phnom Penh. **Tel:** 023 911 000
- 2- **Phnom Penh Thmei (PPT)** Branch Address: No.153C, Street 598, Sangkat Phnom Penh Thmei, Khan Saensok, Phnom Penh. **Tel:** 023 911 005
- 3- **Kien Svay (KSV)** Branch Address: No.A-45, National Road No.1, Phum Thum Village, Phum Thum Commune, Kien Svay District, Kandal Province. **Tel:** 023 911 007

Working Hours: Monday – Friday (7:00 AM – 4:00 PM)

Business Hours: Monday – Friday (7:30 AM – 3:30 PM)

BAMC Hotline: 24 Hours / 7 Days (24/7)

1. **Mr. KHOM Rathanak** (Tel: 070 555 081) Email: rathanak.khom@bamc.com.kh
2. **Mr. BO Sotheara** (Tel: 016 555 328) Email: sotheara.bo@bamc.com.kh
3. **Mr. NOEUK Saret** (Tel: 070 555 736) Email: saret.noeluk@bamc.com.kh

As the year ended result our Institution has provide loan services to customers both of Internal and External, assessing to community of **8** Capital/Province, **32** City/District/Khan, **118** Commune/Sangkat and **174** Village with the achievement details below:

- 1- Total Active Borrowers **295** in **2020** Comparing to **2019** Active Borrowers **398**, Decreased Active Borrowers **103** by **(25.88%)**
- 2- Total Loan Portfolio **KHR 16,387.38 Million** in **2020** comparing to **2019** Loan Portfolio **KHR 15,293.53 Million** Increased **KHR 1,093.85 Million**, Increased by **7.15%**
- 3- Average Loan Outstanding **KHR 55.55 Million** in **2020** comparing to **2019** Average Loan Outstanding **KHR 38.42 Million**, Increased by **44.58%**
- 4- Khmer Riel Portfolio Ratio **13.55 %** in **2020**
- 5- Loan Portfolio to Customers **2020** and **2019** as below:

(a) By Currency

	Percentage (%)	2020		2019
		US\$	KHR'000	US\$
US Dollar	86.45 %	3,541,808	14,326,613	2,999,019
Khmer Riel	13.55 %	555,202	2,245,792	753,995
	100 %	4,097,010	16,572,405	3,753,014

(b) By Economic Sector

	Percentage (%)	2020 US\$	KHR'000	2019 US\$
Agriculture	6.14 %	251,435	1,017,054	353,093
Construction	17.05 %	698,475	2,825,331	590,120
Household/Family	13.36 %	547,663	2,215,297	609,887
Services	30.65 %	1,255,817	5,079,780	1,147,774
Trade and commerce	11.88 %	486,925	1,969,612	649,385
Transportation	1.59 %	64,847	262,306	199,074
Others	19.33 %	791,848	3,203,025	203,681
	100 %	4,097,010	16,572,405	3,753,014

(c) By Relationship

	Percentage (%)	2020 US\$	KHR'000	2019 US\$
External loans	95.51 %	3,913,094	15,828,465	3,706,827
Staff loans	4.49 %	183,916	743,940	46,187
	100 %	4,097,010	16,572,405	3,753,014

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 Administration**4.3.1 Employee Information**

As the end of 2020, BAMC Finance Plc., has total employee of 28 including 2 foreigners, South Korean, as details below:

No.	Position / Department / Branch Office	Number of Employee	Male	Female
1	Chief Executive Officer	01	01	
2	Executive Director	01	01	
3	Risk and Compliance Department	02	02	
4	Information Technology Department	02	02	
5	Finance Department	03	02	01
6	Internal Audit Department	02	02	
7	Operation Department	03	03	
8	Human Resource and Administration Department	01	01	
9	Phnom Penh Thmei (PPT) Branch	06	03	03
10	Kien Svay (KSV) Branch	04	02	02
11	Head Office (CKD)	03	01	02
	Total	28	20	08

4.3.2 Employee Benefits

(a) Short Term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company. Short term accumulating compensated absences such as paid annual leave are recognized as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company. Bonuses are recognized as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(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

BAMC has a specific plan in training to existing and newer employees, who were oriented to improve Skills, Competence, Knowledge and Job Practice according to respective Job Description (JD) followed by 2020 Strategy, Goal, Vision, Mission, Core-Value and Internal Slogan (BAMC! For The Family, BAMC! For The Best). BAMC provides regular staff training courses, every morning time on Saturday from (08:00 am to 12:00 am) to all staffs from all branch offices at meeting room of Head Office with mentors, who have been appointed from respective HEADs of Department.

The key purpose of the training is to strengthen staff at all levels to obtain more competency and skillful on jobs with a high sense of Responsibility, Self-Confidence and Solidarity by sharing relationships with line management, expressing contractive brainstorm and positive feedback in term of growing together at both of present time and in the near future to be the best bankers in adaptation to the era of advanced technology.

4.3.4 Position Level and Motivation

Since the early-year of 2020, BAMC has reformed the position in 11 levels from junior officer to senior management attached with non-financial motivation such as (Upgrading or Acting Position, Incentive Reward, Certificate of Achievement and Other Allowances), which are certified by CEO of the institution to the best employees at any levels who have worked hard and overcome their target in challenging to be the number one of each BAMC business campaigns.

At the same time, financial motivation has been set-up for staff benefits and incentives in the new Human Resource Policy and Procedures, which approved by BOD of the institution, assisted by Human Resource Committee for complying with the laws and regulations of Kingdom of Cambodia. In fact, BAMC has cancelled the 2020-Workshop-Trip for all staffs and managements due to outbreak of COVID-19 pandemic.

Previously, in Feb 2020, BAMC had celebrated the 2019-Workshop-Trip for refreshment in Kompot province for (2 day and 1 night) at many beautiful resorts several fun programs such as: surprises of short seminars, eating and drinking, singing, dancing, playing games, folk games, brainstorming, lucky draw and valentine event for couples. This refreshment had created more fun and memorable event for all participants providing opportunities for staff and management getting closer to each other as a single strong teams to build our institution, more progressive and profitability for long-term business sustainability under family of BAMC.

4.3.5 2020 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 Culture** : 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 Human 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 has been consisted by Internal Audit Department, is the Marshal Played an important role in the internal control of both the Processing and Operation of the business at all operating offices. The Senior Internal Auditor (SIA), who was certified by National Bank of Cambodia date 21 December, 2018 carrying out his job independently and finding non-compliance point with the Laws and Regulations of the Kingdom of Cambodia.

By the end of 2020, Audit Committee has been consisting of 3 members chaired by a BOD Member (Non-Executive Director). Meanwhile, Internal Audit Department has a clear annual plan for yearly basic submitting to Audit Committee for reviewing and approval in December then implement it in next calendar years.

The arrangement of the department's Audit Program is conducted to comply with policies, procedures, or manuals of the institution and in line of National Bank of Cambodia's Circular and Regulatory Principles as well. Auditors are assigned to audit all operating offices as monthly basic on Credit, Financial, Administrative and other related matters in accordance with Monthly Audit Programs. All the deficiencies identified with proof evidence attaching with supporting document in order to seek for acceptable recommendations from the discovery. All audit framework are carefully monitored by Internal Audit Department, Committee, and Board of Directors (BOD).

The responsibility of any department found guilty of performing its job is to Comment, Acknowledge or correct the error immediately and make recommendations on both of On-Site-Audit and Off-Site-Audit reports found by the Senior Internal Auditor, then CC to BOD.

The department has joined weekly meeting on Fridays, and present his Monthly Audit Report on the date of monthly managements meeting, while the special cases found need to be reported right now to Audit Committee, CEO, or BOD to make a decision on time.

4.5 Risks and Compliance

The compliance committee, which consists of compliance department and being chaired by BOD Member (Independent Director) assisted by Chief Compliance Officer and Senior Compliance Officer who were certified by NBC and CAFIU date 19-June-2019 & 05-May-2020 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 to describe the standards of conduct by its vendor, contractors, customers and all third party or stakeholders.

The Whistle Blowing Policy and Procedure prepared by Risk & Compliance Department of BAMC Finance Plc. with the effective date on 01-October-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	Contacts
Risk and Compliance Department	070 555 081/070 624 555 / rc.dept@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 has 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 2020

5.1 Report of the Board of Directors

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of BAMC Finance Plc. ("the Company") for the financial year ended 31 December 2020.

Principal activity

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.

Results of operations

	US\$	KHR'000
Profit for the financial year	34,972	141,461

Dividends

The Directors do not recommend the payment of any dividend for the current financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the current financial year.

Bad and doubtful debts

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

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad loans or the amount of the allowance for doubtful loans in the financial statements of the Company inadequate to any material extent.

Current assets

Before the statement of comprehensive income and statement of financial position were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realized in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount expected if realized.

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

Valuation methods

At the date of this report, the Directors are not aware of any circumstances, which have arisen and which may render adherence to the existing method of valuation of assets or liabilities 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.

Share capital

The Company did not issue any shares during the current financial year.

No option to take up unissued shares in the Company was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in the Company.

Directors

The Directors who have held for office since the date of the last report are:

Hun Pick

Kang Dong Hyun

Thong Socheat

Park Byung Kwon

Kim Chul Woong

Directors' benefits

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

Since the end of the previous financial year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' responsibility in respect of the financial statements

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

- (a) Adopt appropriate accounting policies which are supported by reasonable judgments and estimates and then apply them consistently;
- (b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRSs for SMEs") and the guidelines issued by the National Bank of Cambodia relating to the preparation and presentation of financial statements or, 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;
- (c) Maintain adequate accounting records and an effective system of internal controls;
- (d) Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- (e) Control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

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

Significant event during the financial year

The significant event during the financial year is disclosed in Note 30 to the financial statements.

Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 8 to 37 have been drawn up in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia so as to give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board,




Kang Dong Hyun
Chief Executive Officer



Thong Socheat
Director

Phnom Penh, Cambodia

Date: 26 April 2021

5.2 Report of Independent Auditors

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BAMC FINANCE PLC.

(Incorporated in Cambodia)

(Registration No: Co. 2055 KH/2014)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BAMC Finance Plc. (“the Company”), which comprise statement of financial position as at 31 December 2020, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies, as set out on pages 8 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia.

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

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants and Auditors* of the Kampuchea Institute of Certified Public Accountants and Auditors (“Code of Ethics”) and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the IESBA Code.

Information Other than the Financial Statements and Auditors’ Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors’ Report but does not include the financial statements of the Company and our auditors’ report thereon.

Our opinion on the financial statements of the Company 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 of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are 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 the Directors either intend to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 the Directors.
- Conclude on the appropriateness of Directors' 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 auditors' report to the related disclosures in the financial statements of the Company 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 auditors' 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 of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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.

Other Matters

This report is made solely to the shareholders of the Company, as a body. We do not assume responsibility to any other person for the content of this report.



BDO (Cambodia) Limited

Phnom Penh, Cambodia

Date: 26 April 2021

5.3 Statement of Financial Position

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020		2019
		US\$	KHR'000	US\$
ASSETS				
Cash on hand	6	16,253	65,743	16,016
Balances with National Bank of Cambodia	7	176,868	715,431	176,029
Balances with other banks	8	209,567	847,698	379,707
Loans to customers	9	4,051,268	16,387,379	3,723,984
Other receivables	10	75,035	303,517	61,159
Property, plant and equipment	11	182,927	739,940	236,492
Intangible asset	12	4,258	17,224	5,308
TOTAL ASSETS		4,716,176	19,076,932	4,598,695
LIABILITIES AND EQUITY				
LIABILITIES				
Borrowings	13	1,052,077	4,255,651	979,572
Deferred tax liabilities	14	745	3,014	745
Other payables	15	150,641	609,343	81,086
Current tax liabilities		671	2,714	655
TOTAL LIABILITIES		1,204,134	4,870,722	1,062,058
EQUITY				
Share capital	16	3,500,000	14,157,500	3,500,000
Capital contribution	17	60,861	246,183	120,428
Regulatory reserve	18	19,928	80,609	30,431
Accumulated losses		(68,747)	(278,082)	(114,222)
TOTAL EQUITY		3,512,042	14,206,210	3,536,637
TOTAL LIABILITIES AND EQUITY		4,716,176	19,076,932	4,598,695

5.4 Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020		2019
		US\$	KHR'000	US\$
Interest income	19	639,536	2,586,923	318,324
Interest expense	20	(90,149)	(364,653)	(34,702)
Net interest income		549,387	2,222,270	283,622
Allowance for doubtful loans	9	(16,712)	(67,600)	(37,787)
Other operating income	21	187,791	759,615	186,116
Personnel expenses	22	(323,679)	(1,309,282)	(263,461)
Depreciation and amortization expenses	23	(61,820)	(250,062)	(44,675)
General and administrative expenses	24	(291,925)	(1,180,837)	(156,747)
Profit/(Loss) before tax		43,042	174,104	(32,932)
Tax expense	25	(8,070)	(32,643)	(5,632)
Profit/(Loss) for the financial year		34,972	141,461	(38,564)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income/(loss) for the financial year		34,972	141,461	(38,564)

5.5 Statement of Change in Equity

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share capital US\$	Capital contribution US\$	Regulatory reserve US\$	Accumulated losses US\$	Total US\$
Balance as at 1 January 2019		1,500,000	-	24,238	(69,465)	1,454,773
Loss for the financial year, representing total comprehensive loss		-	-	-	(38,564)	(38,564)
Transactions with owners						
Share issue	16	2,000,000	-	-	-	2,000,000
Capital contribution		-	120,428	-	-	120,428
Transfer to regulatory reserve		-	-	6,193	(6,193)	-
Total transactions with owners		2,000,000	120,428	6,193	(6,193)	2,120,438
Balance as at 31 December 2019/1 January 2020		3,500,000	120,428	30,431	(114,222)	3,536,637
Profit for the financial year, representing total comprehensive income		-	-	-	34,972	34,972
Transactions with owners						
Transfer to regulatory reserve		-	-	(10,503)	10,503	-
Reclassification		-	(59,567)	-	-	(59,567)
Total transactions with owners		-	(59,567)	(10,503)	10,503	(59,567)
Balance as at 31 December 2020		3,500,000	60,861	19,928	(68,747)	3,512,042
(KHR'000 equivalent)		14,157,500	246,183	80,609	(278,082)	14,206,210

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

5.6 Statement of Cash Flows

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020		2019
		US\$	KHR'000	US\$
Cash flows from operating activities				
Profit/(Loss) before tax		43,042	174,104	(32,932)
Adjustments for:				
Allowance for doubtful loans	9	16,712	67,600	37,787
Amortization of intangible asset	12	1,050	4,247	1,050
Depreciation of property, plant and equipment	11	60,770	245,815	43,625
Gain on disposal of property, plant and equipment		(3,853)	(15,585)	-
Interest expense	20	90,149	364,653	34,702
Interest income	19	(696)	(2,815)	(865)
Property, plant and equipment written off		214	866	917
Operating profit before working capital changes		207,388	838,885	84,284
Changes in working capital				
Loans to customers		(343,996)	(1,382,176)	(2,358,969)
Other receivables		69,555	281,350	(18,350)
Other payables		(13,876)	(56,128)	9,252
Cash used in operations		(80,929)	(327,358)	(2,283,783)
Income tax paid		(8,054)	(32,578)	(5,289)
Placement of statutory deposit		(90,149)	(364,653)	(100,000)
Net cash used in operating activities		(179,132)	(724,589)	(2,389,072)
Cash flows from investing activities				

Interest received		696	2,815	865
Purchase of property, plant and equipment	5	(8,579)	(34,702)	(239,173)
Proceeds from disposal of property, plant and equipment		5,013	20,278	-
Net cash used in investing activities		(2,870)	(11,609)	(238,308)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	16	-	-	2,000,000
Proceeds from borrowings		72,505	293,283	869,572
Capital contribution		(59,567)	(240,949)	120,428
Net cash from financing activities		12,938	52,334	2,990,000
Net (decrease)/increase in cash and cash equivalents		(169,064)	(683,864)	362,620
Cash and cash equivalents at beginning of financial year		396,752	1,604,861	34,132
Cash and cash equivalents at end of financial year		227,688	920,997	396,752

Cash and cash equivalents comprise the following:

	Note	2020		2019
		US\$	KHR'000	US\$
Cash on hand	6	16,253	65,743	16,016
Balances with National Bank of Cambodia (excluding statutory deposit)	7	1,868	7,556	1,029
Balances with other banks	8	209,567	847,698	379,707
		227,688	920,997	396,752