



KINGDOM OF CAMBODIA
NATION RELIGION KING

ប៊ីអេអិមស៊ី ហ្វាយនែល ម.ក
BAMC FINANCE PLC.

ANNUAL REPORT

Year 2021

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I. Chairman's Message

Cambodia's economic growth during 1998 to 2019 averaged 7.7% per year, supported by garment and tourism exports and also emerged as one of the fastest growing economies in the world. In 2021, the Cambodian economy will be affected by the global Covid-19 epidemic, which will lead to a sharp decline in Cambodia.



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 conclusion, 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 2021, 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 as follow:

Financial Information Praskas		2021 KHR'000 (if not in %)
- Liquidity Ratio	B7-02-48 Pro Kor	>100%
- Net Worth	B7-07-132 Pro Kor	14,218,456
- Solvency Ratio	B7-07-133 Pro Kor	75.04%
- Minimum Capital	B7-016-117 Pro Kor	14,259,000

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 2021, 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 2021, I'm Kang Dong Hyun, President & CEO of BAMC Finance Plc.

Our BAMC family members contribute to Challenging Cambodian Economy of the year 2021, 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 ពណ៌.ធុប័ណ 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”

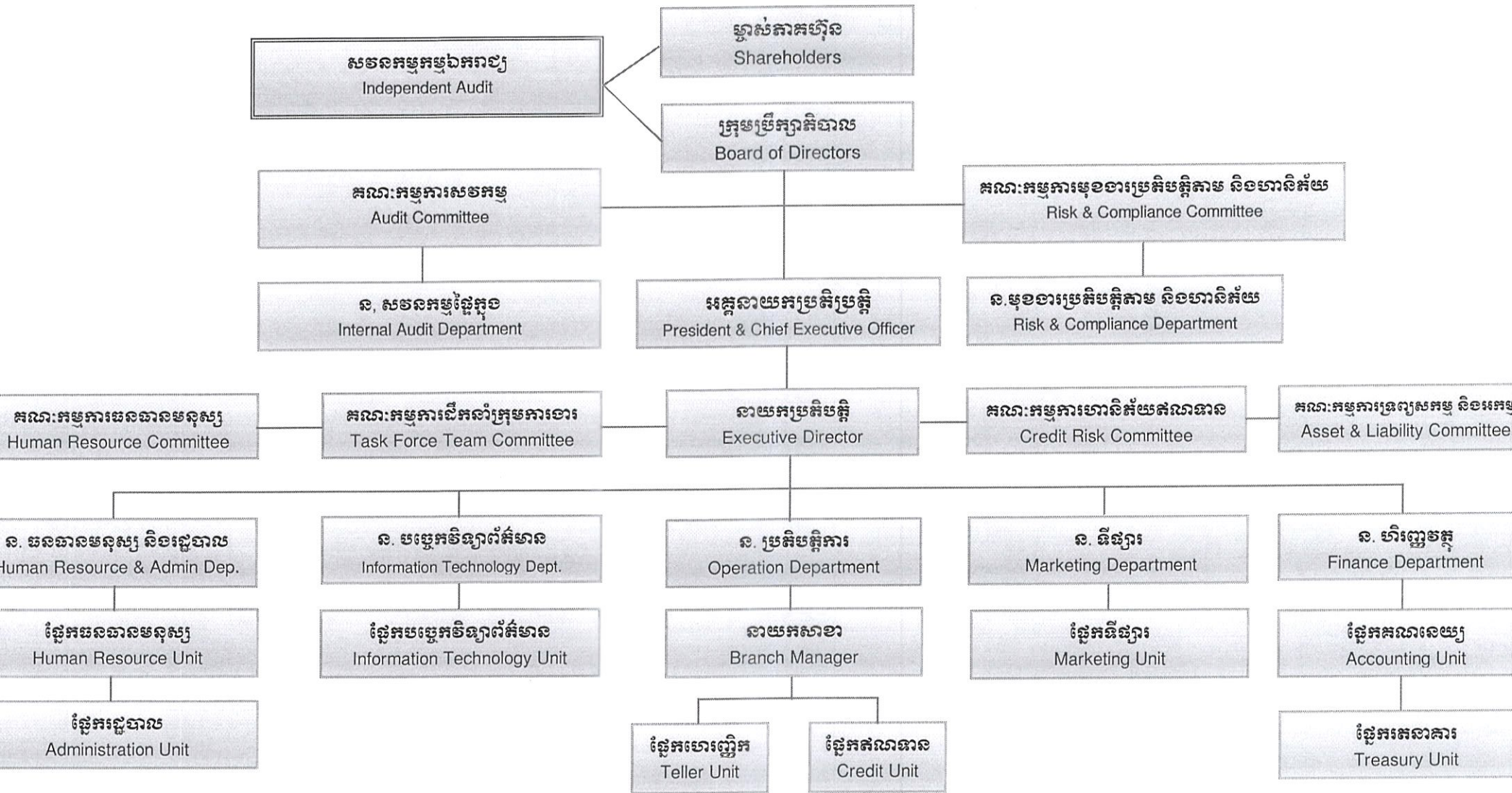
3.4 BAMC Core Value

- | | |
|--------------------|---|
| ➤ 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



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 Represented By Mr. Hun Pick	97.81%
2. Mr. Kang Dong Hyun	2.19 %

Board of Directors	Position
1. Mr. Hun Pick	Chairman
2. Mr. Kang Dong Hyun	President & CEO as Member
3. Mr. Thong Soheat	Executive Director as Member
4. Mr. Park Byung Kwon	Non-Executive Director as Member
5. Mr. Kim Chul Woong	Independent Director as Member

Board Committee:

Audit Committee	Position
1. Mr. Park Byung Kwon	Chairperson
2. Mr. Tha Keopraseth	Assistant Finance Manager & 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 (PPC Bank) 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 Soheat is a Cambodian. He is currently the Executive Director of BAMC Finance Plc., graduating with a Bachelor of Economics and Finance from Norton University in 2001. He has more than 18 years of experience in the banking and financial sector, holding positions such as Credit Manager, SME, Branch Manager, Senior Credit Manager and General Manager at major local international banks.

In 2019, he joined BAMC Finance Plc, with the role and position of the Director of the institution to improve internal management and good governance in the workplace in the Kingdom of Cambodia.

Head of Information Technology Department



Mr. Sok Sithon is the Head of the Information Technology Department.

He graduated with a master's degree in information science from a local university in 2006.

He has more than 12 years of experience in the technology industry in education and banking and finance, holding positions such as lecturer, deputy director of the department and head of a major local oil company. In 2019, he joined BAMC Finance Plc., as the Head of

the Information Technology Department to ensure the operation and security of the institution's core banking system.



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

Mr. Som Putheara, Khmer, is currently working at Head Office of BAMC Finance Plc., He graduated Master Degree of management in 2008 and Bachelor's Degree management in 2004 .

He has experience over 18 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 Head of Compliance Department, 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.



Acting Head of Operation Department

Mr. Noeuk Saret, Acting Head of Operations, is currently working at the head office of BAMC Finance Plc., In 2014, he graduated with a Bachelor of Management from the University of Human Resources (HRU) in 2011.

He has more than 12 years of experience in the banking and financial sector, holding positions such as Credit Officer, Chief Credit Officer, Deputy Branch Manager, Branch Manager and Head of Internal Audit at Rural Credit Operators and Local Microfinance Institutions. At the same time, he has undergone training courses in auditing, credit skills and has sufficient experience and knowledge to manage, lead and train staff in business operations and help promote the organization to grow and be profitable.



Acting Head of Marketing Department

Mr. Hap Sochit, Acting Head of Marketing Department, is currently working at the head office of BAMC Finance Plc., in 2019, with the role and position of Acting Head of Marketing Department to build the reputation and brand of BAMC. Public.

He graduated with a Master's Degree in Banking and Finance in 2010 and a Bachelor's Degree in Economic Development in 2000. He has over 22 years of experience in the banking and financial sector, working as a credit agent, debt settler, teller, cashier, sales manager and marketing coordinator.



Assistant Director of Finance and a member of the Audit Committee

Mr. Tha Keopraseth, Assistant Director of the Department of Finance, is currently working at the head office of BAMC Finance Plc., and he has been working since June 2021. He graduated with a Master's Degree in Management from the National University of Management in 2009 and a Bachelor's Degree in Management from the National University of Management in 2002. He has also attended many professional training courses related to banking and finance and has more than 15 years of experience in positions such as Teller until Branch Manager in the banking sector.



Senior Internal Auditor and Member of Audit Committee

Mr. Bo Sotheara, Senior Internal Audit Officer, is currently working at the head office of BAMC Finance Plc., The new name has been changed from Taka Microfinance Plc. He graduated with a Bachelor of Banking and Finance from the Royal University of Law and Economics in 2014. He has more than 8 years of experience in the banking and financial sector, holding positions such as Credit Officer, Head Office Auditor and Senior Internal Audit Officer at Niron Microfinance Institution. At the same time, he has attended many training courses on auditing, credit skills and has enough experience, knowledge and skills to manage, lead and train staff in audit, operations and other areas to help. Encourage the institution to avoid operational risk and other potential risks.



Senior Human Resource & Admin Officer

Mr. Phem Senghort, Human Resources and Administration Officer, He is currently working at the head office of BAMC Finance Plc., a new name changed from Taka Microfinance Plc in 2017 until now. He graduated with a Bachelor's Degree in Banking and Finance from the Cambodian Institute of International Cooperation in 2018. He has more than 6 years of experience in the field of education and banking and finance, holding positions such as office staff, credit officers, and administrative staff at Cambodia International Cooperation. At the same time, he has undergone training courses in human resources, administrative skills and has enough experience, knowledge and professional skills to manage, lead and train staff in human resources, administration and other areas to help. Support the human capital of the institution to become the best banker in the Kingdom of Cambodia.



Senior Compliance Officer and Member of Risk & Compliance Committee

Mr. Khom Rathanak Senior Executive Officer He is currently working at the head office of BAMC Finance Plc., In early 2016, he graduated from Phnom Penh International University (PPIU) in 2018 with a Bachelor of Business Administration. He has more than 8 years of experience in international philanthropy and in the field of banking and finance, holding positions such as Youth Volunteer in Charity, Credit Officer, Internal Auditor at SFI International, Lida Rural Credit Operator. At the same time, according to his current role as an Independent Reporter, the Anti-Money Laundering and

Terrorism Financing Representative in risk assessment is divided into three main steps: Identification, Analysis And the evaluation of cash transactions and suspicious transactions to report to the Financial Intelligence Unit of Cambodia (FIU) in accordance with the laws and regulations of the Kingdom of Cambodia to implement more effectively.

IV. Operational Results

4.1 Business Operation

In early 2021, 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 2021, 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 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 2021, 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 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)
- BAMC Hotline: 24 Hours / 7 Days (24/7):
 - Mr. Bo Sotheara Tel: 016 555 328
 Email: sotheara.bo@bamc.com.kh
 - Mr. Tha Keopraseth Tel: 070 555 081
 Email: keopraseth.tha@bamc.com.kh
 - Mr. Noeuk Saret Tel: 070 555 736
 Email: saret.noeuk@bamc.com.kh

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:

1. The total number of active customers was 219 in 2021, compared to 295 in 2020, a decrease of 76 active customers, a percentage equal to (25.76%).
2. The total loan portfolio was 17,009.21 million riels in 2021, compared to 2020, the total loan portfolio was 16,387.38 million riels, an increase of 621.83 million riels, equivalent to 3.79%.
3. The average loan size per customer is 77.66 million riels in 2021, compared to 2020, the average loan size per customer is 55.55 million riels.
4. Loan portfolio in the national currency (KHR) in accordance with the Prakas of the National Bank of Cambodia to 10% of institutions to achieve 13.21% in 2021.
5. Loan Portfolio to Customers 2021 and 2020 as below:

(a). By Currency

	2021		2020
	US\$	KHR'000	US\$
US Dollar	3,606,125	14,691,353	3,541,808
Khmer Riel	568,940	2,317,862	555,202
	<u>4,175,065</u>	<u>17,009,215</u>	<u>4,097,010</u>

(b). By economic sector

	2021		2020
	US\$	KHR'000	US\$
Agriculture	150,307	612,351	251,435
Construction	371,805	1,514,734	698,475
Household/Family	1,009,895	4,114,312	547,663
Services	794,873	3,238,313	1,255,817
Trade and commerce	935,207	3,810,033	486,925
Transportation	38,991	158,849	64,847
Others	873,987	3,560,623	791,848
	<u>4,175,065</u>	<u>17,009,215</u>	<u>4,097,010</u>

(c). By relationship

	2021		2020
	US\$	KHR'000	US\$
External loans	3,679,056	14,988,473	3,913,094
Staff loans	496,009	2,020,742	183,916
	<u>4,175,065</u>	<u>17,009,215</u>	<u>4,097,010</u>

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 end of 2021, BAMC Finance Plc., has one foreign employee who is a South Korean, as detailed in the table below:

No.	Position / Department / Branch Office	Number of Employee	Male	Female
1	Chief Executive Officer	1	1	
2	Executive Director	1	1	
3	Risk and Compliance Department	1	1	
4	Information Technology Department	1	1	
5	Finance Department	3	2	1
6	Internal Audit Department	1	1	
7	Operation Department	1	1	
8	Human Resource and Administration Department	1	1	
9	Marketing Department	2	2	
10	Phnom Penh Thmei (PPT) Branch	6	3	3
11	Kien Svay (KSV) Branch	5	3	2
12	Head Office (CKD)	3	1	2
	Total	26	18	8

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 2021, 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.

Last year, in February 2021, BAMC organized an annual workshop with a two-day, one-night trip to Sihanoukville on Koh Rong Samloem, 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 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 is headed by the Internal Audit Department, 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 2021, the Internal Audit Department has a total of 1 staff 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 in 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, 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 an 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-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	Contact
- 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 2021

5.1 Directors' Report

The Directors hereby submit their report and the audited financial statements of BAMC Finance Plc. ("the Company") for the financial year ended 31 December 2021.

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
Loss for the financial year	21,994	89,603

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 realised 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 realised.

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 2021, 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 36 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 2021, 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

Phnom Penh, Cambodia
Date: 28 April 2022



Thong Socheat
Director

5.2 Independent Auditors' Report to the Shareholder of BAMC Finance Plc.

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 2021, 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 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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 Matter

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: 28 April 2022

5.3 Statement of Financial Position

AS AT 31 DECEMBER 2021

	Note	2021		2020
		US\$	KHR'000	US\$
ASSETS				
Cash on hand	6	11,958	48,717	16,253
Balances with National Bank of Cambodia	7	176,980	721,017	176,868
Balances with other banks	8	387,923	1,580,398	209,567
Loans to customers	9	4,026,618	16,404,442	4,051,268
Other receivables	10	99,759	406,418	75,035
Property, plant and equipment	11	133,617	544,356	182,927
Intangible asset	12	3,207	13,065	4,258
TOTAL ASSETS		<u>4,840,062</u>	<u>19,718,413</u>	<u>4,716,176</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Borrowings	13	1,063,300	4,331,883	1,052,077
Deferred tax liabilities	14	745	3,035	745
Other payables	15	252,448	1,028,474	150,641
Current tax liabilities		33,521	136,565	671
TOTAL LIABILITIES		<u>1,350,014</u>	<u>5,499,957</u>	<u>1,204,134</u>
EQUITY				
Share capital	16	3,500,000	14,259,000	3,500,000
Capital contribution	17	60,861	247,948	60,861
Regulatory reserve	18	-	-	19,928
Accumulated losses		(70,813)	(288,492)	(68,747)
TOTAL EQUITY		<u>3,490,048</u>	<u>14,218,456</u>	<u>3,512,042</u>
TOTAL LIABILITIES AND EQUITY		<u>4,840,062</u>	<u>19,718,413</u>	<u>4,716,176</u>

5.4 Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021		2020
		US\$	KHR'000	US\$
Interest income	19	612,455	2,495,142	639,536
Interest expense	20	(88,223)	(359,421)	(90,149)
Net interest income		524,232	2,135,721	549,387
Allowance for doubtful loans	9	(102,705)	(418,420)	(16,712)
Other operating income	21	236,440	963,257	187,791
Personnel expenses	22	(322,588)	(1,314,224)	(323,679)
Depreciation and amortisation expenses	23	(55,883)	(227,667)	(61,820)
General and administrative expenses	24	(234,713)	(956,221)	(291,925)
Profit before tax		44,783	182,446	43,042
Tax expense	25	(66,777)	(272,049)	(8,070)
(Loss)/Profit for the financial year		(21,994)	(89,603)	34,972
Other comprehensive income, net of tax		-	-	-
Total comprehensive (loss)/income for the financial year		(21,994)	(89,603)	34,972

5.5 Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share capital US\$	Capital contribution US\$	Regulatory reserve US\$	Accumulated losses US\$	Total US\$
Balance as at 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 from 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 2020/1 January 2021	3,500,000	60,861	19,928	(68,747)	3,512,042
Loss for the financial year, representing total comprehensive loss	-	-	-	(21,994)	(21,994)
Transaction with owners					
Transfer from regulatory reserve, representing total transaction with owners	-	-	(19,928)	19,928	-
Balance as at 31 December 2021	3,500,000	60,861	-	(70,813)	3,490,048
(KHR'000 equivalent)	14,259,000	247,948	-	(288,492)	14,218,456

5.6 Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021		2020
		US\$	KHR'000	US\$
Cash flows from operating activities				
Profit before tax		44,783	182,446	43,042
Adjustments for:				
Allowance for doubtful loans	9	102,705	418,420	16,712
Amortisation of intangible asset	12	1,051	4,282	1,050
Depreciation of property, plant and equipment	11	54,832	223,385	60,770
Gain on disposal of property, plant and equipment		-	-	(3,853)
Interest expense	20	88,223	359,421	90,149
Interest income		-	-	(696)
Property, plant and equipment written off		-	-	214
Operating profit before working capital changes		291,594	1,187,954	207,388
Changes in working capital				
Loans to customers		(78,055)	(317,996)	(343,996)
Other receivables		(24,724)	(100,726)	(13,876)
Other payables		36,357	148,119	52,679
Cash generated from/(used in) operations		225,172	917,351	(97,805)
Interest paid		(22,773)	(92,777)	(73,273)
Income tax paid		(33,927)	(138,219)	(8,054)
Net cash from/(used in) operating activities		168,472	686,355	(179,132)

Cash flows from investing activities

Interest received		-	-	696
Purchase of property, plant and equipment	5	(5,522)	(22,497)	(8,579)
Proceeds from disposal of property, plant and equipment		-	-	5,013
Net cash used in investing activities		<u>(5,522)</u>	<u>(22,497)</u>	<u>(2,870)</u>

	Note	2021 US\$	KHR'000	2020 US\$
Cash flows from financing activities				
Proceeds from borrowings		11,223	45,723	72,505
Capital contribution		-	-	(59,567)
Net cash from financing activities		<u>11,223</u>	<u>45,723</u>	<u>12,938</u>
Net increase/(decrease) in cash and cash equivalents		174,173	709,581	(169,064)
Cash and cash equivalents at beginning of financial year		<u>227,688</u>	<u>927,601</u>	<u>396,752</u>
Cash and cash equivalents at end of financial year		<u><u>401,861</u></u>	<u><u>1,637,182</u></u>	<u><u>227,688</u></u>

Cash and cash equivalents comprise the following:

	Note	2021 US\$	KHR'000	2020 US\$
Cash on hand	6	11,958	48,717	16,253
Balances with National Bank of Cambodia (excluding statutory deposit)	7	1,980	8,067	1,868
Balances with other banks	8	<u>387,923</u>	<u>1,580,398</u>	<u>209,567</u>
		<u><u>401,861</u></u>	<u><u>1,637,182</u></u>	<u><u>227,688</u></u>

