

## FINANCIAL HIGHLIGHT 2020

Total Assets	35.38 million USD
Total Liabilities	3.9 million USD
Total Equity	31.4 million USD
Return on Asset (ROA)	0.61%
Return on Equity (ROE)	0.69%

## GENERAL INFORMATION 2020

Number of offices	4
Number of Staffs	73
Loan Outstanding	12.84 million USD
Number of Loan Account	932

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# Chairperson's Statement

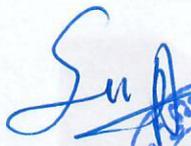
In the last 3 years of activity as Microfinance Institution, CMK has built its reputation and provide loan to low and medium-income customers across the country. In this 3<sup>rd</sup> year 2020 we have served over 8,000 clients individual and cooperate through our 4 locations: 2 in Phnom Penh city, 1 in Siam Reap province and 1 in Sihanoukville province. With our new capital of 31 Million USD, we have provided outstanding loan almost 13 Million USD to over 900 customers and generate net profit around 215,000 USD.

Besides these, CMK PLC will keep strengthening its customer services and provide new and diversified products and services to meet client's needs. In fact, we are in process to upgrade our company to be a commercial bank soon in which we believe this new status will allow CMK to grow rapidly in term of loan production and develop new divers' products and services for our loyal customers.

We have changed company structure with divers and qualify team's leaders to mitigate risk, reenforce our internal control and get better production performance. More importantly, the Audit Committee and Risk Committee, are the specialized committees at the level of the Board of Director, oversight and strengthen the MFI's governance in accordance with the regulatory requirement of the National Bank of Cambodia.

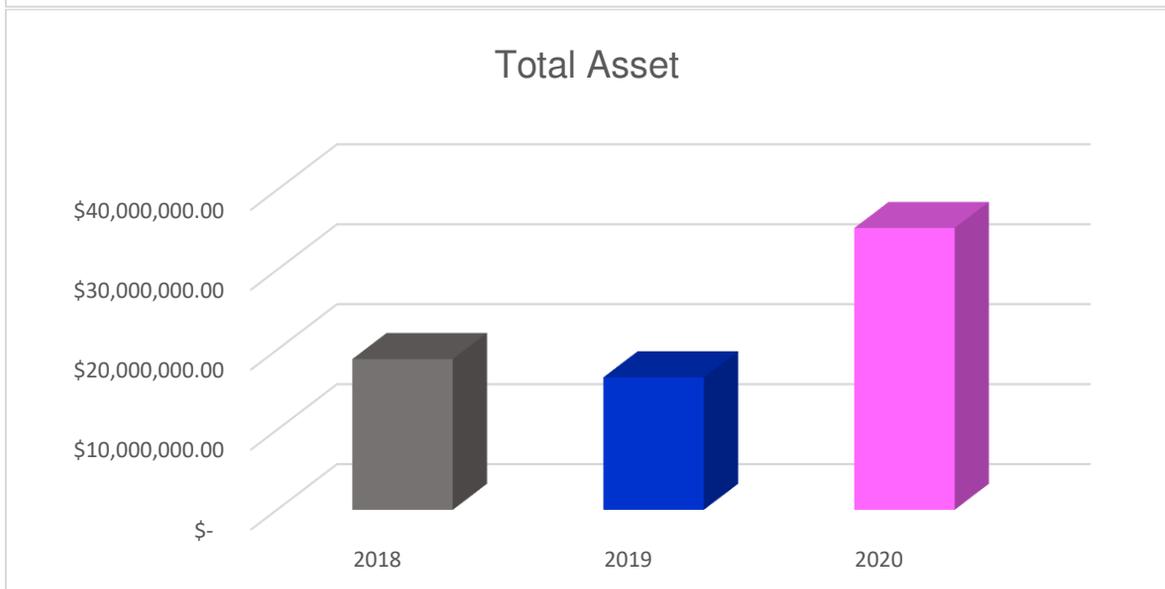
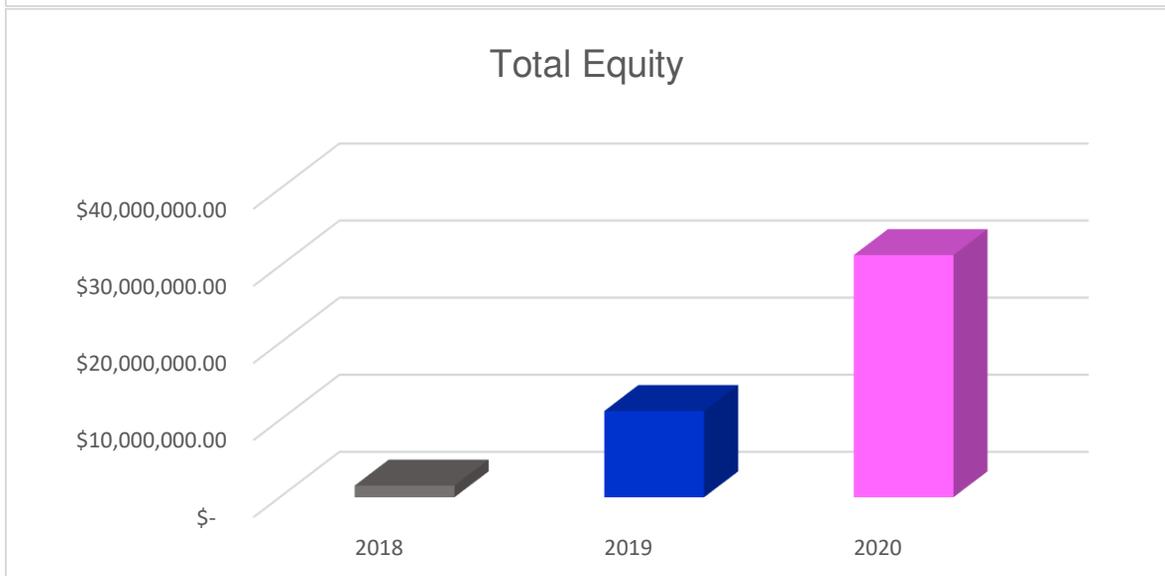
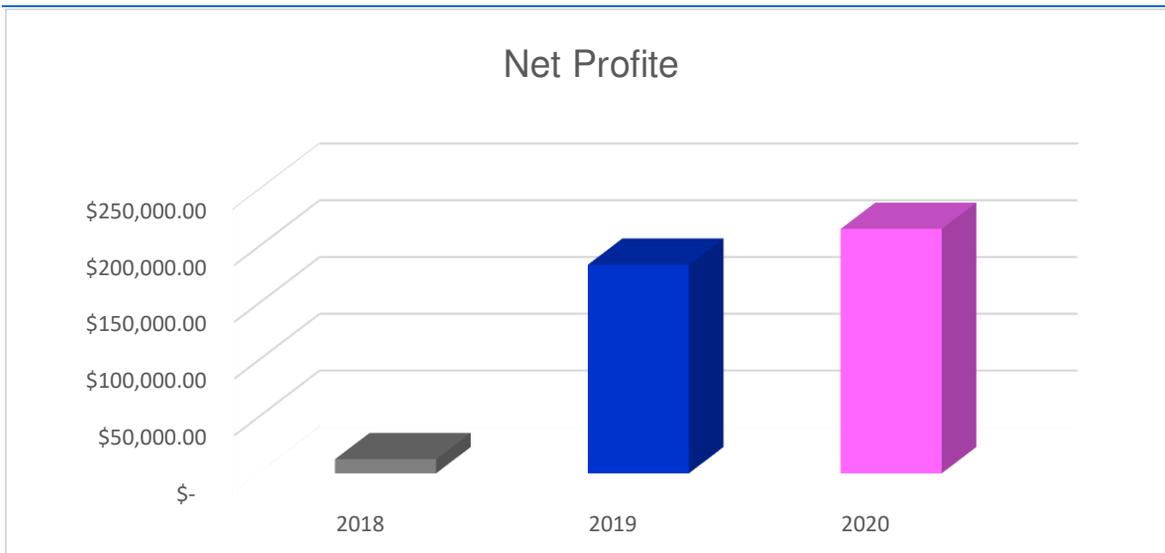
On behalf of the shareholders and the Board of Directors, I would like to recognize the achievements in 2020 which come from the strong support from all stakeholders including customers, government officers, especially the National Bank of Cambodia and Cambodia Microfinance Association. In this regard, I would like to extend my profound thanks to all of you. Finally, I would also express my heartfelt gratitude to the management and staff for great effort and hard work for CMK PLC.

In 2021, with our new strategy and new perspective in the future, we commit to our customers and shareholders that we will dedicate all our efforts to achieve our goal and reaffirm our position in Financial sector in Cambodia.

  
Ms. Liu Dan  
Chairperson



# Key Financial Performance Indicators



# Corporate Profile

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For over 14 years, CMK has been building as the most trusted financial Institution in Cambodia, amassing a base of more than 8,000 loyal clients from across all sectors of society and all corners of the country as Rural Credit Operation Institution.

On 20 July 2018, CMK obtained its license from NBC to operate as a microfinance institution. Under this license, the Company is authorized to grant credit to all people in the Kingdom of Cambodia in order to keep pace with a rapidly developing economy, society, and investment landscape. We boast a strong and diverse management team with years of experience working together and the tools to lead us all toward a bright future.

## CMK's Vision/Mission

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### Vision



Our vision is to become one of the most important key players in Cambodian financial sector. We try to fulfill NBC's requirement to become a commercial bank

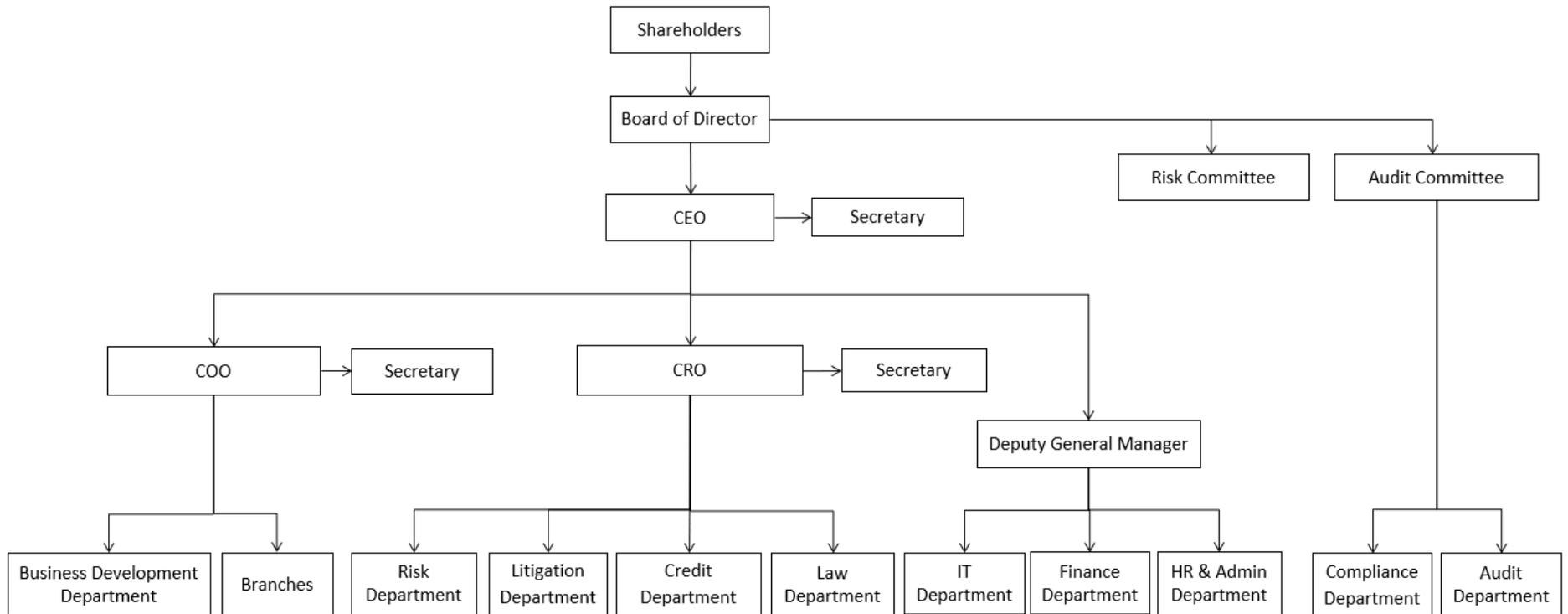
### Mission



CMK's mission is to provide to our loyal customers the diversity of services and products which respond to their need. Our main goal is to accompany our customers to their success and prosperity.

# Organization Chart

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# Board of Director

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## Board of Director's Profile

### **Mrs. LIU DAN (The Chairperson of the Board of Director)**



**Mrs. Liu Dan** joined CMK PLC as The Board of Director in April 2018. With the senior management background about 20years, she has a lot of experiences in financial and accounting in China and United Stated. Since she started to work in finance and account field in 2000, she has gained an in-depth knowledge and extensive experience of the financial work. Through the various positions in the management level in financial institutions and consulting firms, she is also gained solid practical knowledge such as strategy, governance,

operations, business development, policy & law, tax, organization, internal control, and risk management.

She previously served with HYZ Consulting Inc in United Stated, and before joining CMK PLC, she was the Chief Financial Officer (CFO). She was responsible for company financial strategy, investment management, analysis on company operation data, planning budget and controlling on financial & accounting management team.

She holds bachelor's degree of accounting from Zhong Nan University of Economics and Law. She also achieved Certified Public Accountants in Australia (CPA), Certified Internal Auditor (CIA), Chinese Institute of Certified Public Accountants (CICA).

### **Mr. LIN LIANGMING (Member of The Board of Directors)**



**Mr. Lin Liangming**, born in 1978, Chinese Citizen, is the member of the Board of Directors of CMK PLC. Mr. LIN holds the bachelor's degree of Business Management in Renmin University of China. He has 11 years' experience of business management as A Deputy General Manager, 3 years' experience of management consulting for enterprise, construction project management consulting and marketing planning as A chairman. Currently, Mr. LIN works at HYZ Consulting Inc as the General Manager for The Oversea Development Corporation who responsible for oversea assets investment, including financial,

mineral, and real estate, etc.

**Mr. WANG XUEQIANG (Member of The Board of Directors)**



**Mr. Wang Xueqiang**, born in 1968, Chinese Citizen, is the member of the Board of Directors and CEO of CMK PLC. He has experience in finance and accountant over 29 years with financial and accountant institutions. He has been in various positions across the organizations, including his previous position as the Chief Risk Officer (CRO) at Team rise Group, in charge of reorganization and project construction and organized a special restructuring of the company's internal shareholding structure and project cooperation negotiation and agreement. Not only that but Mr. WANG is also proficiency in application of corporate accounting standards, tax laws and regulations and related company law, contract law, strong learning capability and rigorous work attitude.

**Mr. ZHANG YONG (Member of The Board of Directors and CEO)**



**Mr. Zhang Yong**, born in 1966, Chinese Citizen, is the member of the Board of Directors and CEO of CMK PLC. He holds the master's degree of Business Administration in the University of Wales. He has rich experience in company management and execution of long-term strategies. He has been the CEO of Teamrise Group since 2010 and he helped the company successfully acquire and hold many enterprises in the fields of visual signs, rail transit construction operation and maintenance equipment, educational robots and unmanned aerial vehicles, medical care and health industry, biological engineering, landscaping, and environmental governance.

**Ms. MIN YING (Member of The Board of Directors)**



**Ms. Min Ying**, born in 1988, Chinese Citizen, is the member of the Board of Directors of CMK PLC. She holds the bachelor's degree of Foreign Business English in Hubei University in China. After her bachelor's degree in China, she has joined Teamrise group since 2015 as Financial Manager of Overseas Division and had responsibility in Planning Budget and supervise all financial activities in company. Beside her financial field she is also in charge for coordinating and build connection with divers' authority local and internal. With her perseverance and commitment, she gains trust from shareholder and she was appointed by WHZ (Singapore) Holding PTE, as company's representative, participating in important company's decisions.

## Responsibilities of the Board of Directors in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2020, and its financial performance and its cash flows for the year ended. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently.
- (ii) comply with Cambodian Accounting Standards and the guidelines of 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.
- (iii) oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls.
- (iv) assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- (v) control and direct effectively the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

## Policy and Practice Guideline

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### Selection of Director

The company is managed by a Board of Directors which composed by 5 members. Each member of Board of Director is appointed by shareholders through a shareholder's resolution. Each of initial Directors and each director appointed holds a position for 2 years and might be renewal in accordance with shareholder resolution. The shareholders may remove any director by a shareholder's resolution representing 60% of the affirmative vote in the company, at any time with or without cause. If a vacancy occurs on the board of Directors prior to the expiration of the term of a director, the shareholder will elect another director to fill the vacancy of the remainder of the departed director.

The Chairperson is elected by a Board of Directors' resolution. The Chairperson shall preside all meeting of BOD and shall have power and duty to call for a meeting and to take initiative and give advice in respect of company's policies.

## Board of Director meeting

The board of director shall meet at least once every three months for the dispatch and may adjourn or otherwise regulate their meeting as they deem fit. The BOD may hold additional meeting request by the chairperson of the BOD.

## Internal control

The Board of director operates to different level of committees, each responsible for directing representing, and supervising top management of the company, to ensure the company fulfills its corporate objectives to the benefit of all shareholders.

### RISK COMMITTEE:

CMK PLC risk committee is at board level and is composed of one director from the board member and other management team who each has experience in banking and credit operation.

This committee supports the board by evaluating and making decisions regarding the internal control and risk management framework.

The committee organize a meeting at least once every 3 months lead by the President. The risk committee oversees the key risk exposures in all proposed business strategies. It advises the board on the company's risk tolerance, taking into consideration the current and prospective macroeconomic and financial environment in order to propose idea regarding the development of the company.

The composition of the risk committee is as follows:

- |                     |           |
|---------------------|-----------|
| - Mr. Lin Liangming | President |
| - Ms. Liu Dan       | member    |
| - Ms. Min Ying      | member    |

### AUDIT COMMITTEE:

This committee play an important role in providing oversight and monitoring the integrity of the company's accounting and financial reporting processes, financial statement, and system of internal controls regarding compliance.

This oversight mechanism also serves to provide confidence in the integrity of the company practices.

The audit committee performs its role by conducting internal audits, with an eye on the scope of both internal and external audits to avoid overlaps.

The composition of the Audit Committee is as follows:

- |                     |           |
|---------------------|-----------|
| - Ms. Liu Dan       | President |
| - Mr. Lin Liangming | member    |
| - Ms. Min Ying      | member    |

## Financial risk management policies

The guidelines and policies adopted by the Company to manage the risks that arise in the conduct of their business activities are as follows:



## Credit Risk

**C**redit risk is the financial loss to the Company if a borrower or counterparty fails to meet its contractual obligations and arises principally from the loans to customers.

The primary exposure to credit risk arises through its loans and advance to customers. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. The lending activities are guided by the Company's credit policy to ensure that the overall objectives in the area of lending are achieved, i.e., that the loans portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes and procedures implemented to ensure compliance with NBC Guidelines.

The Company holds collateral against loans to customers in the form of mortgage interests over the (landed) property and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of lending, and generally are not updated unless there is any event affecting the areas and /or the status of the property.

- (i) Credit risk measurement
- (ii) Risk limit control and mitigation policies
- (iii) Impairment and provisioning policies
- (iv) Exposure to credit risk

## Operational Risk

The operational risk losses which would result from inadequate or failed internal processes, people and systems or from external factors is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the management.

The operational risk management entails the establishment of clear organizational structure, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation. These are reviewed continually to address the operational risks of its micro-finance business.

## Market Risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits.

### *(i) Foreign currency exchange risk*

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

The Company operates in the Kingdom of Cambodia and transacts in US\$ and KHR and is exposed to currency risks, primarily with respect to KHR.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency.

### *(ii) Interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate is the risk that the value of a financial instrument will fluctuate because of changes and may reduce losses if unexpected movements arise. The management of the Company at this stage does not have a policy to set limits on

the level of mismatch of interest rate re-pricing that may be undertaken; however, management regular monitors the mismatch.

Interest rate risk arise from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company is exposed to interest rate risk as a result of mismatches of interest rate re-pricing of assets and liabilities through risk management strategies.

The Company has no financial assets and liabilities with floating interest rates. Statutory deposit and balance with other banks and financial institutions have fixed interest rates for the respective period of the deposit and placement. Loans to customers and deposits from customers have fixed interest rates based on outstanding balance over the agreed terms.

## Liquidity Risk

**L**iquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the management of the Company closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans to customers are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.



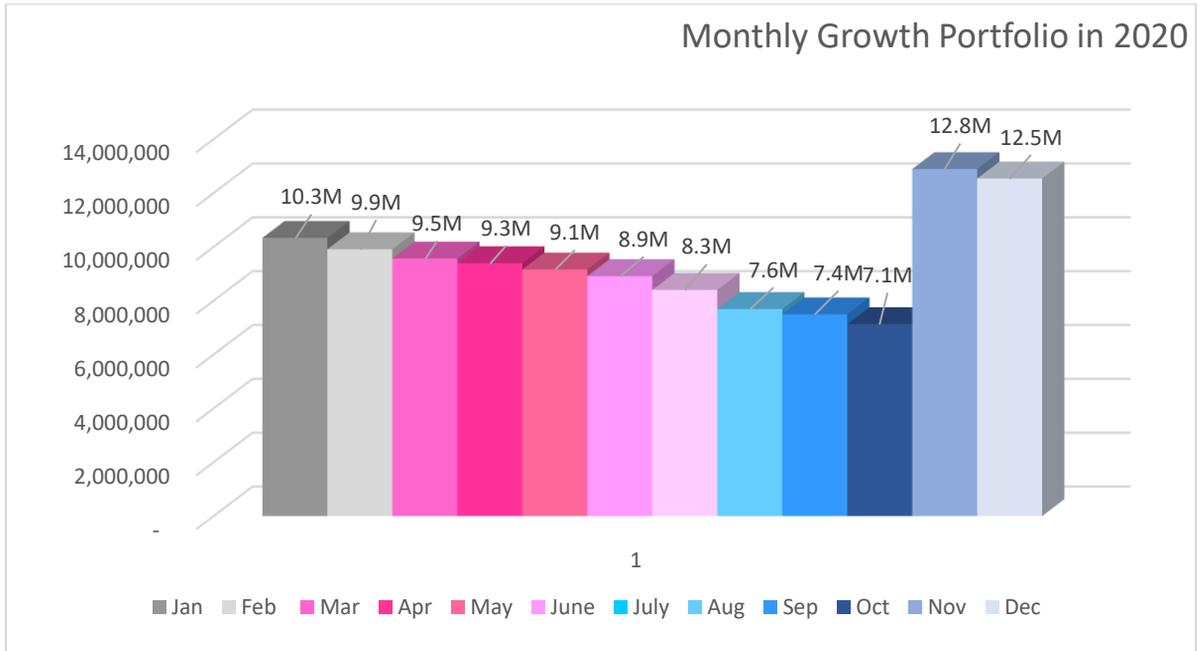
## BUSINESS PERFORMANCE 2020



# Business Performance

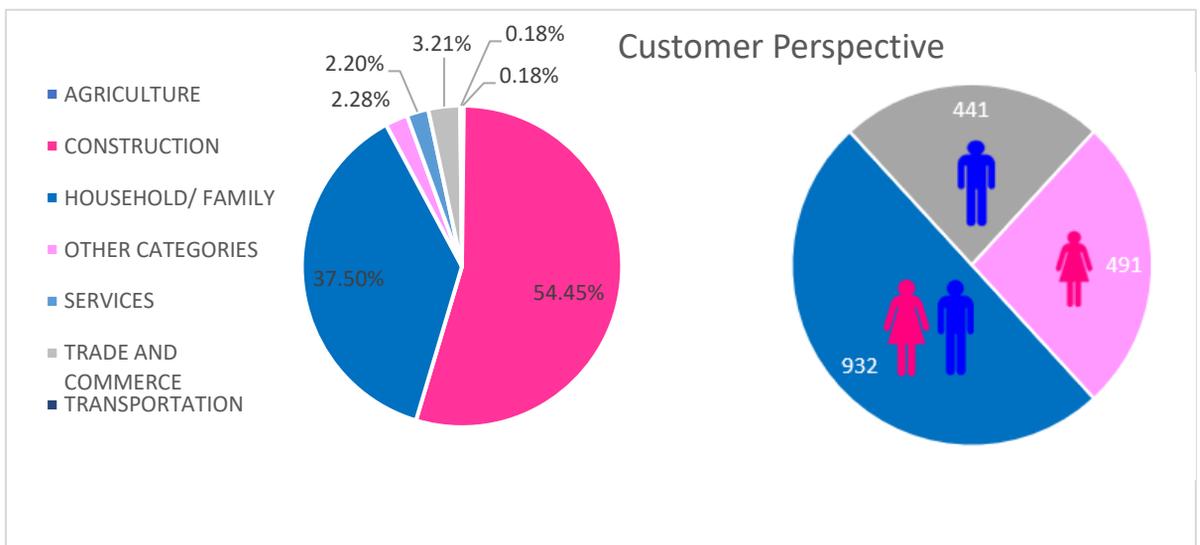
Loan can be provided to our loyalty customers both in Riel and Dollar currencies. As of December 2020, over **54%** of loan portfolio has disbursed to construction needs.

## Loan Portfolio



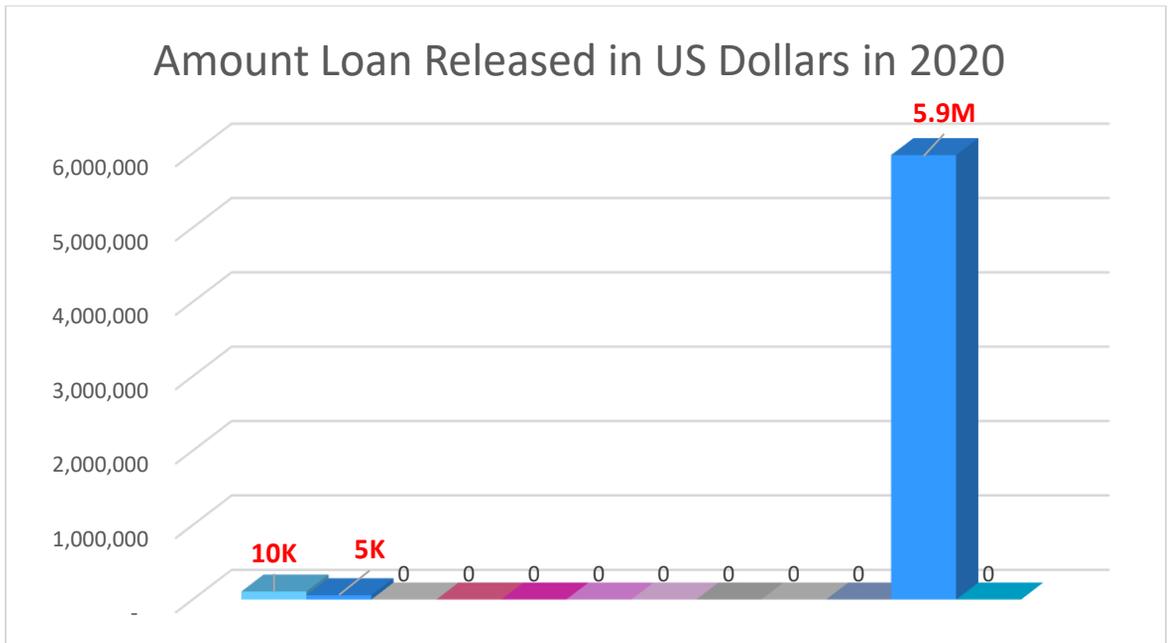
We serve Cambodian families in major cities and provinces with branches in Phnom Penh, Siem Reap and Preah Sihanouk.

**CMK**, we are willing to enhance the capacity to reach our target of effectively providing the best financial service to the small till large enterprise as well as the Cambodian families.

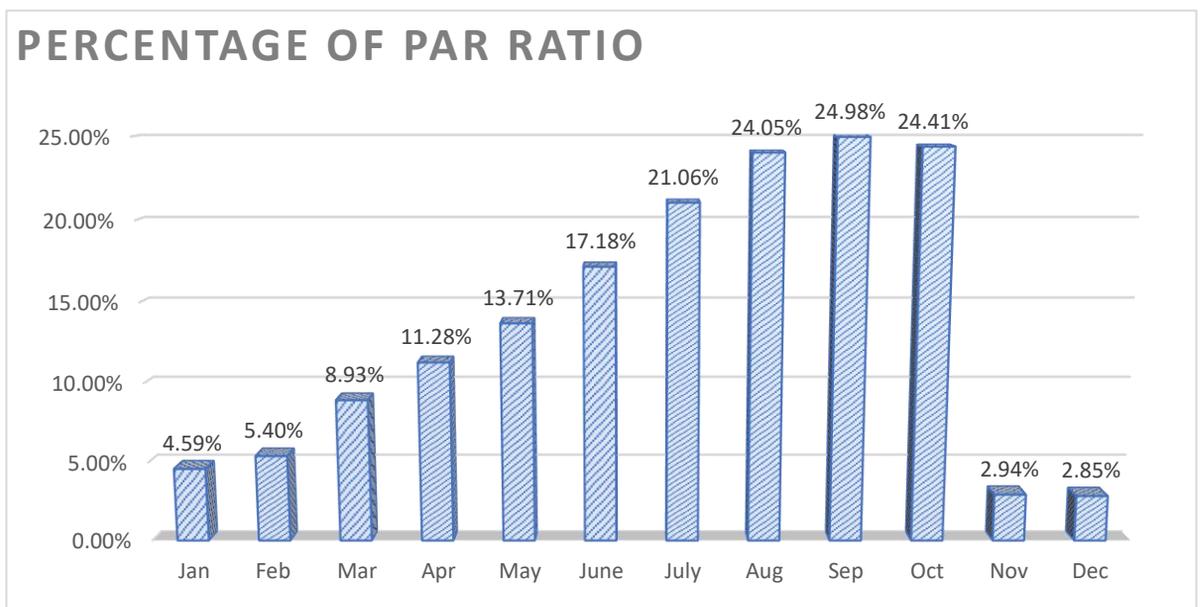


## Loan Disbursement in 2020

With the international outbreak of COVID-19, many of our loan customers' repayment capacity were seriously affected. To reduce the credit risk, top management has been slowed down the loan disbursement for high-risk customers and inclined the credit resources to medium and large entrepreneurs with better risk-resistance capacity. This strategy was to optimize the loan portfolios.



## Loan Portfolio at Risk in 2020



# CMK Products and Services

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## Business Loan

We provide loans in both riel and dollars for business purposes ranging from start-ups to corporate expansions, in fields from agriculture to IT. Our Business Loans are a popular way for **small- and medium-scale entrepreneurs to gain access to the capital** they need. Client can apply for a loan of any amount (under certain conditions) by using the amortization balance method with flexible repayment.

### Advantages:

- Choose between riel and dollars.
- A competitive interest rate calculated based on amortizing balance method.
- Borrow and repay loan at the nearest CMK branch.
- Make a repayment from any CMK branch in Cambodia.
- **Flexible loan duration and repayment plans** to fit your business requirements.

## Debt Consolidation Loan

At CMK, we can **combine all your credits into one single figure**, easing the burden on your budget and increasing your purchasing power. Clients can get a free consultation from our specialist to find a good solution their need at any branch and any time. DCC Loans are required to be approved by Credit Committee by evaluating the capacity of repayment of borrower to avoid or switch another debt situation.

## Housing Loan

CMK also sees real estate as a promising industry in Cambodia. To mitigate a huge increasing demanding property purchasing market, we designed this type of product, not only to meet the mass demand but also to help those valued customers.

In addition, to show the market a solid determination to engage with commercial banking business, CMK managed to lower the interest rate for most of its products down to an annual 12%. The move makes it one of the most competitive pricing strategies among all operating MFIs in Cambodia.

# Company Representation

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To improve our customer service and to respond immediately to their need, CMK has its Head Office located in the middle of Phnom Penh city and its 4 Branches located in the potential area such as Boeung Keng kang, Preah Ang Doung, Siem Reap city and Sihanouk ville.

We have 73 staff with high commitment accompany by a strong and diverse management team with years of experience.



## Phnom Penh branches:

### CMK Head Office (HO)

No. 171-173, Street 110, Commune 3,  
Sangkat Wat Phnom,  
Khan Daun Penh,  
Tel: 023 221 971 / 077 400 331  
Email: [info@cmk.com.kh](mailto:info@cmk.com.kh)

### CMK Preah Ang Doung (PAD)

No. 171-173, Street 110, Commune 3,  
Village, Sangkat Wath Phnom,  
Khan Daun Penh,  
Tel: 023 724 226 / 077 400 315  
Email: [pad@cmk.com.kh](mailto:pad@cmk.com.kh)

### CMK Boeung Keng Kang (BKK)

No. 198, Street Pasteur (St. 51) corner St. 370,  
Sangkat Boeung Keng Kang I,  
Khan Chamkarmorn,  
Tel: 023 727 624 / 077 400 327  
Email: [bkk@cmk.com.kh](mailto:bkk@cmk.com.kh)

## Province branches:

### CMK Sihanoukville (SHV)

Metapheap Road (Street O1),  
Village 1, Metapheap Commune,  
Sihanouk city, Sihanouk Province  
Tel: 099 444 031 / 034 21 06 20  
Email: [shv@cmk.com.kh](mailto:shv@cmk.com.kh)

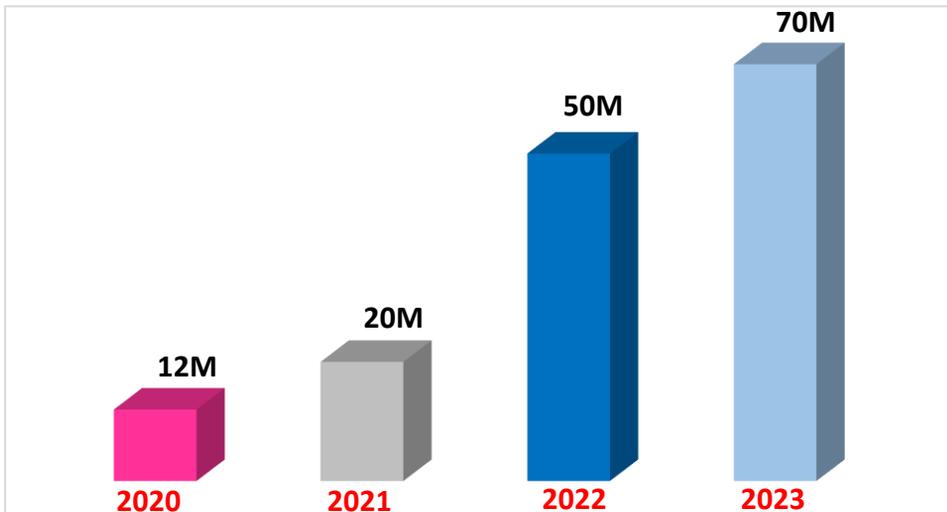
### CMK Siem Reap (Wat Bo) (SRP)

No. 564, Street Tep Vong, Mondul 1  
Svay Dangkum Commune,  
Siem Reap City, Siem Reap Province  
Tel: 063 764 207 / 077 400 324  
Email: [srp@cmk.com.kh](mailto:srp@cmk.com.kh)

# Business Plan for the 3 Following Years

To achieve our great ambitus of transforming our current business activities to the better step in the near upcoming, CMK top management has decided to speed up the gear and implement new strategy to develop CMK’s business with the new rapidly. Those including changing new target customer from low-medium to medium-high income, designing more innovative product to welcome our fresh loyalty customers in 2021.

## Loan Portfolio Development plan in 2021, 2022, 2023



## Core Banking System

At CMK, we have invested on the new well-known core banking system called “FLEXCUBE” to modernize our current system and to improve our internal process for the better in term of “Customer Service Providing”, On the other hand, is to be ready in escalating our new scope of business.



# Director's Declaration on Financial Report

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## Report of the Board of Directors

The Directors (“the Board of Directors”) are pleased to submit their report together with the audited financial statements of CMK Plc. (“the Company”) as at and for the year ended 31 December 2020.

## Principal Activities

The principal activities of the Company are to provide loans and other financial services to local customers through its head office in Phnom Penh and its various provincial offices in the Kingdom of Cambodia. There were no changes in the nature of the principal activities during the year.

## Financial Performance and Dividends

The financial performance for the year ended 31 December 2020 are set out in the statement of comprehensive income on page 7 of audit report. There were no dividends declared or paid during the financial year.

## Statutory Capital

During the year, the Company's paid-up capital was increased to USD 11,000,000 at par value of USD 100 per share (31 December 2019: USD 1,500,000). The capital increase was approved by the National Bank of Cambodia (NBC) on 31 December 2020. On 05 March 2021, the Company obtained the approval from MOC to amend the Company's Memorandum and Articles of Association to reflect the above changes.

## Reserves and Provisions

There were no material movements to or from provisions during the financial year other than those disclosed in the financial statements.

## Bad and Doubtful Loans

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and making of provisions for doubtful loans and satisfied themselves that all known bad loans had been written off and that adequate provisions had been made in the financial statements.

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

### Assets

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

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

### Contingent and Other Liabilities

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

- Any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- Any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations and as disclosed in the financial statements.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they fall due.

### Changes of Circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, which would render any amount stated in the financial statements misleading in any material respect.

### Items of an Unusual Nature

The financial performance of the Company for the financial year were not, in the opinion of the directors, materially 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 financial performance of the Company for the current financial year in which this report is made.

## Directors' Interests

The directors who held office at the end of the financial year have no direct financial interest in the Company.

## Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object 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 corporate body.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company with the directors or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than as disclosed in the financial statements.

## Responsibilities of the Directors in Respect of the Financial Statements

The Directors is responsible to ensure that the financial statements are properly drawn up 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 year then ended. In preparing those financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently.
- comply with the disclosure requirements of the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs"), or if there have been any departures in the interests of true and fair presentation, these have been appropriately disclosed, explained, and quantified in the financial statements.
- oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls.
- assess the Company's ability to continue as a going concern and prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.
- The Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

## Statement by Directors

We, the undersigned, being the Directors of CMK Plc., do hereby state that in our opinion:

- the financial performance of the Company for the year ended 31 December 2020 have not been materially affected by any item, transaction and event of any material and unusual nature nor has any such item, transaction and event occurred in the interval between the end of the year and the date of this report other than as disclosed in the financial statements, and
- the accompanying financial statements of the Company have been drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020, and of financial performance and cash flows for the year ended on that date, in compliance with CIFRS for SMEs.

Signed on behalf of the Board of Directors:


Ms. Liu Dan  
Chairperson

# Independent Audit Report

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## Opinion

We have audited the financial statements of CMK Plc. (the “Company”), which comprise the statement of financial position as at 31 December 2020 and the related statements of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 its cash flows for the year then ended, in accordance with CIFRS for SMEs.

## Basis for Opinion

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

## Other information

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of Directors as set out on pages 1 to 3 but does not include the financial statements and our auditors’ report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and those charged with governance for the financial statements.

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with CIFRS for SMEs, and for such internal control as management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditors' responsibilities for the audit of financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



# Financial Statement

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	31 Dec 2020		31 Dec 2019	
		USD	KHR'000	USD	KHR'000
<b>ASSETS</b>					
Cash and cash equivalents	4	21,721,610	87,863,912	4,656,948	18,977,063
Placements with banks	5	254,487	1,029,400	278,258	1,133,901
Statutory deposits	6	173,053	699,999	171,779	700,000
Loans to customers, net	7	12,212,345	49,398,936	10,296,839	41,959,619
Other assets	8	180,923	731,834	170,618	695,268
Property and equipment	9	245,168	991,705	434,801	1,771,814
Intangible assets	10	456,993	1,848,537	509,723	2,077,121
Deferred tax asset	23 (c)	-	-	55,491	226,126
<b>TOTAL ASSETS</b>		<b>35,244,579</b>	<b>142,564,323</b>	<b>16,574,457</b>	<b>67,540,912</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from customers	11	3,146,716	12,728,466	4,897,150	19,955,886
Borrowings	12	509,054	2,059,123	231,165	941,997
Other liabilities	13	114,902	464,780	163,829	667,603
Employee benefits	14	60,668	245,402	45,115	183,844
Current income tax liability	23 (b)	-	-	41,062	167,328
Deferred tax liability, net	23 (c)	1,824	7,378	-	-
<b>TOTAL LIABILITIES</b>		<b>3,833,164</b>	<b>15,505,149</b>	<b>5,378,321</b>	<b>21,916,658</b>
<b>EQUITY</b>					
Share capital	15	11,000,000	44,495,000	1,500,000	6,000,000
Other capital	16	20,000,000	80,900,000	9,500,000	38,572,500
Regulatory reserves	17	174,516	705,917	-	-
Retained earnings		236,899	960,969	196,136	794,656
Currency translation difference		-	(2,712)	-	257,098
<b>TOTALEQUITY</b>		<b>31,411,415</b>	<b>127,059,174</b>	<b>11,196,136</b>	<b>45,624,254</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>35,244,579</b>	<b>142,564,323</b>	<b>16,574,457</b>	<b>67,540,912</b>

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31 Dec 2020		31 Dec 2019	
		USD	KHR'000	USD	KHR'000
Interest income	18	1,683,870	6,870,190	2,215,756	8,978,243
Interest expense	19	(228,751)	(933,304)	(240,176)	(973,193)
<b>Net interest income</b>		<b>1,455,119</b>	<b>5,936,886</b>	<b>1,975,580</b>	<b>8,005,050</b>
Fee and commission income, net	20	215,171	877,897	231,522	938,127
Other income		34,462	140,605	18,187	73,694
<b>Total operating income</b>		<b>1,704,752</b>	<b>6,955,388</b>	<b>2,225,289</b>	<b>9,016,871</b>
Allowances for impairment losses	7	(171,668)	(700,405)	(238,623)	(966,900)
Personnel expenses	21	(711,930)	(2,904,674)	(862,253)	(3,493,849)
Depreciation and amortization	9 & 10	(212,445)	(866,776)	(207,816)	(842,070)
Other operating expenses	22	(359,638)	(1,467,323)	(707,626)	(2,867,301)
<b>Total operating expenses</b>		<b>(1,455,681)</b>	<b>(5,939,178)</b>	<b>(2,016,318)</b>	<b>(8,170,120)</b>
<b>Profit before income tax</b>		<b>249,071</b>	<b>1,016,210</b>	<b>208,971</b>	<b>846,751</b>
Income tax expense	23	(33,792)	(137,871)	(25,261)	(102,358)
<b>Net profit for the year</b>		<b>215,279</b>	<b>878,339</b>	<b>183,710</b>	<b>744,393</b>
Currency translation differences		-	(259,810)	-	230,433
<b>Net comprehensive income</b>		<b>215,279</b>	<b>618,529</b>	<b>183,710</b>	<b>974,826</b>

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2020

	Contributed capital		Other capital		Regulatory reserve		Accumulated losses/retained earnings		Currency translation		Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000
As at 1 January 2020	1,500,000	6,000,000	9,500,000	38,572,500	-	-	196,136	794,656	-	257,098	11,196,136	45,624,254
Transfer from borrowings to other capital	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from other capital to share capital	9,500,000	38,760,000	(9,500,000)	(38,760,000)	-	-	-	-	-	-	-	-
Issuance of other capital	-	-	20,000,000	81,600,000	-	-	-	-	-	-	20,000,000	81,600,000
Transfer to/(from) regulatory reverses from retained earnings	-	-	-	-	174,516	712,025	(174,516)	(712,025)	-	-	-	-
	<b>9,500,000</b>	<b>38,760,000</b>	<b>10,500,000</b>	<b>42,840,000</b>	<b>174,516</b>	<b>712,025</b>	<b>(174,516)</b>	<b>(712,025)</b>			<b>20,000,000</b>	<b>81,600,000</b>
<b>Total comprehensive income</b>												
Net profit for the year	-	-	-	-	-	-	215,279	878,338	-	-	215,279	878,338
Exchange translation difference	-	(265,000)	-	(512,500)	-	(6,108)	-	-	-	(259,810)	-	(1,043,418)
<b>As at 31 December 2020</b>	<b>11,000,000</b>	<b>44,495,000</b>	<b>20,000,000</b>	<b>80,900,000</b>	<b>174,516</b>	<b>705,917</b>	<b>236,899</b>	<b>960,969</b>	<b>-</b>	<b>(2,712)</b>	<b>31,411,415</b>	<b>127,059,174</b>
As at 1 January 2019	1,500,000	6,000,000	-	-	41,171	165,425	(28,745)	(115,162)	-	26,665	1,512,426	6,076,928
Transfer from borrowings to other capital	-	-	7,000,000	28,455,000	-	-	-	-	-	-	7,000,000	28,455,000
Transfer from other capital to share capital	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of other capital	-	-	2,500,000	10,117,500	-	-	-	-	-	-	2,500,000	10,117,500
Transfer to/(from) regulatory reverses from retained earnings	-	-	-	-	(41,171)	(165,425)	41,171	165,425	-	-	-	-
	-	-	9,500,000	38,572,500	(41,171)	(165,425)	41,171	165,425	-	-	9,500,000	38,572,500

**Total comprehensive income**

Net profit for the year	-	-	-	-	-	-	183,710	744,393	-	-	183,710	744,393
Exchange translation difference	-	-	-	-	-	-	-	-	-	230,433	-	230,433
<b>As at 31 December 2019</b>	<b><u>1,500,000</u></b>	<b><u>6,000,000</u></b>	<b><u>9,500,000</u></b>	<b><u>38,572,500</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>196,136</u></b>	<b><u>794,656</u></b>	<b><u>-</u></b>	<b><u>257,098</u></b>	<b><u>11,196,136</u></b>	<b><u>45,624,254</u></b>

## STATEMENT OF CASH FLOW

### FOR THE YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020		31 Dec 2019	
	USD	KHR'000	USD	KHR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net profit for the year	215,279	878,339	183,710	744,393
<i>Adjustments for:</i>				
Net interest income	(1,455,119)	(5,936,886)	(1,975,580)	(8,005,050)
Allowances for impairment losses	171,668	700,405	238,623	966,900
Depreciation and amortization	212,445	866,776	207,816	842,070
(Reversal)/Provision of employee benefits	15,553	63,456	(7,136)	(28,915)
Gain on disposal of property and equipment	(396)	(1,616)	(405)	(1,641)
Loss on written off of property and equipment	-	-	16,124	65,334
Income tax expense	33,792	137,871	25,261	102,358
<b>Operating loss before working capital changes</b>	<b>(806,778)</b>	<b>(3,291,655)</b>	<b>(1,311,587)</b>	<b>(5,314,551)</b>
<i>Changes in working capital:</i>				
Loans to customers	(1,939,126)	(7,911,634)	2,810,906	11,389,791
Other assets	(10,305)	(42,044)	33,857	137,189
Deposits from customers	(1,767,257)	(7,210,409)	(5,073,998)	(20,559,840)
Other liabilities	(48,927)	(199,622)	30,630	124,113
Cash used in operations	(4,572,393)	(18,655,364)	(3,510,192)	(14,223,298)
Interest received	1,541,278	6,288,414	2,236,196	9,061,066
Interest paid	(391,070)	(1,595,566)	(152,870)	(619,429)
Income tax paid	(17,539)	(71,559)	(36,804)	(149,130)
Employee benefits paid	-	-	(22,276)	(90,262)
<b>Net cash used in operating activities</b>	<b>(3,439,724)</b>	<b>(14,034,075)</b>	<b>(1,485,946)</b>	<b>(6,021,053)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Placements with banks	18,315	74,725	1,884,437	7,635,739
Statutory deposit	(1,274)	(5,198)	(96,779)	(392,149)
Acquisition of property and equipment	(287)	(1,171)	(194,309)	(787,340)
Acquisition of intangible assets	-	-	(279,277)	(1,131,630)
Proceeds from sale of property and equipment	2,752	11,228	405	1,641
Compensation paid by shareholder against loss on disposal	27,849	113,624	-	-
<b>Net cash generated from investing activities</b>	<b>47,355</b>	<b>193,208</b>	<b>1,314,477</b>	<b>5,326,261</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	457,031	1,864,686	47,000	190,444
Share capital issued	20,000,000	81,600,000	-	-
Other capital issued	-	-	2,500,000	10,130,000
<b>Net cash generated from financing activities</b>	<b>20,457,031</b>	<b>83,464,686</b>	<b>2,547,000</b>	<b>10,320,444</b>

<b>Net changes in cash and cash equivalents</b>	<b>17,064,662</b>	<b>69,623,819</b>	<b>2,375,531</b>	<b>9,625,652</b>
Cash and cash equivalents at beginning of year	4,656,948	18,977,063	2,281,417	9,166,734
Currency translation difference		(736,970)		184,677
<b>Cash and cash equivalents at end of year (Note 4)</b>	<b>21,721,610</b>	<b>87,863,912</b>	<b>4,656,948</b>	<b>18,977,063</b>

