

Report of the Board of Directors and Audited financial statements

Maxima Microfinance Plc

31 December 2021

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MAXIMA
Microfinance

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MAXIMA Microfinance Plc.

Report of the Board of Directors

The Board of Directors submits its report together with the audited financial statements of Maxima Microfinance Plc ("the Company") as at 31 December 2021 and for the year then ended.

The Company

Maxima Microfinance Plc, originally known as Maxima organisation for Household Economic Development, was incorporated in Cambodia and registered with the Ministry of Commerce on 27 July 2005 under registration number 00005996 (previously Co.7897E/2005). On 10 August 2005, the Company obtained license no. 013 from the National Bank of Cambodia ("NBC") to provide micro-finance services to the economically active poor population of Cambodia. On 22 February 2012, the NBC granted a permanent license no. M.F 013 to the Company who also amended its name to Maxima Mikroheranhvatho Plc. On 22 July 2015, the NBC approved the amendment of the new name of the Company as Maxima Microfinance Plc.

The registered office of the Company is located at House No. 21AB, Street 271, Sangkat Phsar Doeum Thkov, Khan Chamkamorn, Phnom Penh, Kingdom of Cambodia. The Company's provincial branches are located in Kandal, Kampong Speu, Kampong Chhnang, and Takeo provinces.

As at 31 December 2021, the Company had 232 employees (2020: 190 employees).

Principal activities

The Company is principally engaged in the provision of micro-finance services. Those services comprise granting credit for poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

There have been no significant changes in the nature of these principal activities during the financial year.

Results and dividends

The results of the Company's operations for the year ended 31 December 2021 and the state of its affairs as at that date are set out in the accompanying financial statements.

The Board of Directors did not declare and pay dividends in respect of the Company's net profit for the year ended 31 December 2021 (2020: nil).

Board of Directors

The members of the Board of Directors of the Company during the year and to the date of this report are as follows:

Name	Position	Date of appointment
Mr. An Bunhak	Chairman	8 March 2000
Mr. Chet Chanprasoeur	Member	In December 2000 (resigned on 22 July 2021)
Mr. Taejun Shin	Member	30 March 2015
Mr. Sanjay Gandhi	Member	30 March 2015
Mr. Ao Veng	Independent board member	10 October 2013 (resigned on 22 July 2021)
Mr. Yean Rithy	Independent board member	10 April 2012 (resigned on 22 July 2021)
Ms. Prachi Gandhi	Member	19 April 2019 (resigned on 22 July 2021)
Mr. Pa Ponnak Rithy	Member	19 April 2019
Mr. Christophe Forsinetti	Independent board member	22 July 2021
Ms. Ewa Janikowska	Independent board member	22 July 2021

Management team

The management team of the Company during the year and to the date of this report are as follows:

Name	Position	Date of appointment
Mr. Pa Ponnak Rithy	Chief Executive Officer	8 March 2000 (retired on 15 January 2022)
Mr. Tomohiro Isozaki	Chief Executive Officer	9 March 2022
Ms. Sreng Sivechheng	Chief Finance Officer	8 March 2000
Mr. Nhean Virak	Chief Operation Officer	1 July 2021
Ms. Melissa Garcia	Chief Digital Operations and Marketing Officer	1 November 2021
Mr. Ngory Sorn	Senior Head of Credit Department	27 April 2015
Mr. Khean Darith	Senior Head of IT Department	1 December 2009
Ms. Wong Somaly	Head of Internal Audit Department	22 January 2018 (resigned on 30 December 2021)
Ms. Chea Sreymom	Acting Head of Internal Audit Department	1 April 2022
Ms. Touch Pisey	Head of Finance Department	4 June 2018
Mr. Eduardo Boyose Jr.	Head of Corporate Planning and SPM Department	1 November 2021
Mr. Khiev Sengdy	Head of Marketing Department	5 June 2006 (resigned on 31 December 2021)
Ms. Sim Soupheakna	Head of Human Resource Department	1 October 2015 (resigned on 31 October 2021)
Ms. Lay Sineath	Head of Administrative and Human Resource Department	1 December 2001
Mr. Sok Kosal	Head of CVA Department	1 November 2010
Mr. Sovann Chanda	Head of Risk and Compliance Department	2 September 2019
Mr. Yang Ra	Head of Branch Operation Department	25 November 2008

Directors' interests

The Directors who held office at the end of financial year and their interests in the shares of the Company are as follows:

		31 December 2021 and 2020
	Holding %	Number of shares of USD10 each
Mr. An Bunhak	19.63%	100,000

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the objective of enabling directors of the Company to acquire benefits by means of the acquisition of shares in the Company.

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 other than as disclosed in the financial statements.

Auditors

The Company's financial statements as at 31 December 2021 and for the year then ended were audited by the accounting firm of Grant Thornton (Cambodia) Limited.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended. In preparing these financial statements, the directors are required to:

- i. adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs"), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently,
- ii. comply with the disclosure requirements of the CIFRS for SMEs and guidelines of the National Bank of Cambodia or, if there has been any departure from such requirements in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements,
- iii. maintain adequate accounting records and an effective system of internal controls,
- iv. 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
- v. effectively control and direct the Company in all material decisions affecting its operations and performance, and ensure that such have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs and guidelines of the National Bank of Cambodia.

On behalf of the Board of Directors and Management:


An Bunhak
Chairman



Phnom Penh, Kingdom of Cambodia
13 April 2022

**Grant Thornton**

Independent auditor's report

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To the Shareholders of
Maxima Microfinance Plc.

Opinion

We have audited the financial statements of Maxima Microfinance Plc ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Maxima Microfinance Plc as at 31 December 2021, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs") and guidelines of 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with ethical requirements that are relevant to our audit of financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors but does not include the financial statements and our auditor's report thereon, which we have obtained prior to the date of this auditor's report, and the annual report which is expected to be made available to us after that date.

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

Certified Public Accountants and Auditors

A member of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to those matters in accordance with the requirements of CISA 720 (revised).

Responsibilities of the Management for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.



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- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management 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.

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors



Ronald C. Almera

Ronald C. Almera

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

13 April 2022

Statement of financial position

	Note	31 December 2021		31 December 2020	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Assets					
Cash on hand	5	26,435	107,696	15,322	61,977
Balance with the NBC	6	1,315,617	5,359,824	2,879,968	11,649,471
Balances with other banks	7	3,356,982	13,676,345	852,959	3,450,219
Loans to customers - net	9	21,506,535	87,617,624	20,762,831	83,985,651
Equity investment	10	10,000	40,740	10,000	40,450
Other assets	11	106,929	435,629	106,071	429,057
Property and equipment	12	110,569	450,458	64,849	262,314
Intangible assets	13	15,726	64,068	24,306	98,318
Deferred tax assets -net	28.3	109,751	447,126	62,764	253,880
Total assets		26,558,544	108,199,510	24,779,070	100,231,337
Equity and liabilities					
Equity					
Share capital	14	5,095,290	20,569,686	5,095,290	20,569,686
Share premium	15	1,538,174	6,209,608	1,538,174	6,209,608
Retained earnings		2,487,234	10,070,000	2,222,222	8,991,033
Regulatory reserves	16	33,497	130,247	183,182	740,064
Revenue reserves		133,424	538,428	133,424	538,428
Cumulative translation reserves		-	319,793	-	53,103
Total equity		9,287,619	37,837,762	9,172,292	37,101,922
Liabilities					
Amounts due to shareholder	17	10,000,000	40,740,000	10,000,000	40,450,000
Borrowings	18	6,628,170	27,003,165	5,027,572	20,336,529
Employee benefits obligation	19	40,180	163,693	49,400	199,823
Other liabilities	20	565,885	2,305,415	428,288	1,732,423
Current income tax liability	28.2	36,690	149,475	101,518	410,640
Total liabilities		17,270,925	70,361,748	15,606,778	63,129,415
Total equity and liabilities		26,558,544	108,199,510	24,779,070	100,231,337

Statement of comprehensive income

	Note	For the year ended 31 December 2021		For the year ended 31 December 2020	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Interest income	21	3,808,122	15,491,440	3,914,430	15,959,131
Interest expense	22	(1,057,901)	(4,303,541)	(1,278,053)	(5,210,622)
Net interest income		2,750,221	11,187,899	2,636,377	10,748,509
Fees and commission income	23.1	35,234	143,332	18,784	76,582
Fees and commission expense	23.2	(11,676)	(47,498)	(73,467)	(299,525)
Net fee and commission income		23,558	95,834	(54,683)	(222,943)
Other income	24	168,325	684,746	151,185	616,381
Operating income		2,942,104	11,968,479	2,732,879	11,141,947
Personnel expenses	25	(1,783,866)	(7,256,767)	(1,307,444)	(5,330,449)
Operating expenses	26	(569,584)	(2,317,068)	(598,499)	(2,440,080)
Depreciation and amortization	12 and 13	(57,192)	(232,657)	(50,086)	(204,200)
Provision on doubtful accounts					
Banks	27	-	-	(6,424)	(26,190)
Loans	27	(387,629)	(1,576,875)	(100,308)	(408,956)
Profit before income tax		143,833	585,112	670,118	2,732,072
Income tax expense	28.1	(28,506)	(115,962)	(153,263)	(624,853)
Net profit for the year		115,327	469,150	516,855	2,107,219
Other comprehensive income/(loss) -					
Currency translation differences		-	266,690	-	(276,202)
Total comprehensive income for the year		115,327	735,840	516,855	1,831,017

Statement of changes in equity

	Share capital		Share premium		Retained earnings		Regulatory reserves		Revenue reserves		Cumulative translation reserves	Total equity	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)		(Note 3.2)		(Note 3.2)		(Note 3.2)		(Note 3.2)	(Note 3.2)	
Balance at 1 January 2021	5,095,290	20,569,686	1,538,174	6,209,608	2,222,222	8,991,033	183,182	740,064	133,424	538,428	53,103	9,172,292	37,101,922
Net profit for the year	-	-	-	-	115,327	469,150	-	-	-	-	-	115,327	469,150
Transfer from regulatory reserves	-	-	-	-	149,685	609,817	(149,685)	(609,817)	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-	266,690	-	266,690
Balance as at 31 December 2021	5,095,290	20,569,686	1,538,174	6,209,608	2,487,234	10,070,000	33,497	130,247	133,424	538,428	319,793	9,287,619	37,837,762

	Share capital		Share premium		Retained earnings		Regulatory reserves		Revenue reserves		Currency translation reserves	Total equity	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
	(Note 3.2)		(Note 3.2)		(Note 3.2)		(Note 3.2)		(Note 3.2)		(Note 3.2)	(Note 3.2)	
Balance at 1 January 2020	5,095,290	20,569,686	1,538,174	6,209,608	1,702,488	6,872,168	186,061	751,710	133,424	538,428	329,305	8,655,437	35,270,905
Net profit for the year	-	-	-	-	516,855	2,107,219	-	-	-	-	-	516,855	2,107,219
Transfer from regulatory reserves	-	-	-	-	2,879	11,646	(2,879)	(11,646)	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-	(276,202)	-	(276,202)
					2,222,22								
Balance as at 31 December 2020	5,095,290	20,569,686	1,538,174	6,209,608	2	8,991,033	183,182	740,064	133,424	538,428	53,103	9,172,292	37,101,922

Statement of cash flows

	Note	For the year ended 31 December 2021		For the year ended 31 December 2020	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Operating activities					
Profit before income tax		143,833	585,112	670,118	2,732,072
Adjustments for:					
Net interest income		(2,750,221)	(11,187,899)	(2,636,377)	(10,748,509)
Provision on doubtful accounts	27	387,629	1,576,875	106,732	435,146
Depreciation of property and equipment	12	48,612	197,754	41,482	169,122
Amortization of intangible assets	13	8,580	34,903	8,604	35,078
Loss on write-off of deposit in registered stock share of Consorcio Estimos S.C.		-	-	6,553	26,717
Decrease in employee benefits obligation		(9,220)	(37,507)	(3,099)	(12,635)
Operating loss before changes in operating assets and liabilities		(2,170,787)	(8,830,762)	(1,805,987)	(7,363,009)
Changes in operating assets and liabilities					
Net changes in:					
Loans to customers - gross		(1,119,689)	(4,554,895)	371,309	1,513,827
Other assets		6,584	26,784	9,430	38,446
Other liabilities		70,732	287,738	(81,684)	(333,026)
Cash flows used in operating activities		(3,213,160)	(13,071,135)	(1,506,932)	(6,143,762)
Interest received		3,789,036	15,413,798	3,869,802	15,777,183
Interest paid		(998,760)	(4,062,956)	(1,228,343)	(5,007,954)
Income tax paid	28.2	(140,321)	(570,826)	(159,552)	(650,496)
Net cash (used in)/from operating activities		(563,205)	(2,291,119)	974,975	3,974,971
Investing activity					
Acquisitions of property and equipment	12	(94,332)	(383,743)	(13,224)	(53,914)
Financing activities					
Drawdown of borrowings		2,750,000	11,187,000	13,000,000	53,001,000
Repayments of borrowings		(1,141,678)	(4,644,346)	(12,639,195)	(51,529,998)
Net cash from financing activities		1,608,322	6,542,654	360,805	1,471,002
Net change in cash and cash equivalents		950,785	3,867,792	1,322,556	5,392,059
Cash and cash equivalents as at 1 January		3,493,484	14,131,143	2,170,928	8,846,532
Currency translation differences		-	107,017	-	(107,448)
Cash and cash equivalents as at 31 December	8	4,444,269	18,105,952	3,493,484	14,131,143

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1 General information

Maxima Microfinance Plc, originally known as Maxima organisation for Household Economic Development, was incorporated in Cambodia and registered with the Ministry of Commerce on 27 July 2005 under registration number 00005996 (previously Co.7897E/2005). On 10 August 2005, the Company obtained license no. 013 from the National Bank of Cambodia (“NBC”) to provide micro-finance services to the economically active poor population of Cambodia. On 22 February 2012, the NBC granted permanent license no. M.F 013 to the Company who also changed to its name to Maxima Mikroheranhvatho Plc. On 22 July 2015, the NBC approved the amendment of the new name of the Company as Maxima Microfinance Plc.

The Company is principally engaged in the provision of micro-finance services. Those services comprise granting credit for poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

The Company’s registered office is located at House No. 21AB, Street 271, Sangkat Phsar Doeum Thkov, Khan Chamkamorn, Phnom Penh. The Company’s provincial branches are located in Kandal, Kampong Speu, Kampong Chhnang and Takeo provinces.

2 Statement of compliance with CIFRS for SMEs

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

The National Accounting Council, now the Accounting and Auditing Regulator of Cambodia, as mandated by Prakas (Circular) No. 068-MEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance of Cambodia on the adoption of Cambodian Financial Reporting Standards, has adopted CIFRS for SMEs issued by the International Accounting Standards Board (“IASB”) without modifications. The standards are referred to as CIFRS for SMEs.

3 Summary of significant accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These accounting policies have been used throughout all periods presented in these financial statements, unless otherwise stated.

3.2 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in USD, Management has determined the USD to be the Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies, other than USD, are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the statement of comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the requirement pursuant to the Law on Accounting and Auditing dated 11 April 2016 and have been made using the prescribed official exchange rate based on the following applicable exchange rate per USD1 as announced by the announced by the National Bank of Cambodia.

	2021	2020
Average rate*	4,068*	4,077
Closing rate	4,074	4,045

*The average amounts were determined by using the NBC's daily rates.

Such translation amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate of exchange.

3.3 Basis of aggregation

The financial statements include the financial statements of the head office and its fourteen branches after the elimination of significant inter-branch balances and transactions.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current and savings deposits and time deposits with original maturity of up to 3 months where the Company has full ability to withdraw for general purpose whenever needed.

3.5 Balances with the National Bank of Cambodia and banks

Balances with the National Bank of Cambodia and other banks are stated at cost.

3.6 Statutory deposit

Statutory deposit is stated at cost and represents mandatory reserve deposits and cash maintained with the NBC in compliance with the Law on Banking and Financial Institutions and are not available to finance the Company's day-to-day operations. Hence, it is not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.7 Loans to customers

Loans to customers are recognized initially at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less provision for impairment.

Loans are written off to the statement of comprehensive income when the loans are provisioned in full and remain unpaid after maturity date or when the certainty of being uncollectable is proven. Loans written off are taken out of the outstanding loan portfolio and deducted from the allowance for bad and doubtful loans.

Recoveries of loans previously written off are recorded as other operating income in the statement of comprehensive income. Reversal of previous allowance is presented in allowance expense in the statement of comprehensive income.

3.8 Other assets

Other assets are carried at cost. An estimate is made for doubtful receivables based on a review of outstanding amounts at the reporting date.

3.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in an assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Depreciation of property and equipment is charged to the statement of comprehensive income on a straight-line method, over the useful lives of the individual assets as follows:

	Estimated useful life
Leasehold improvements	2 to 10 years
Office equipment	4 years
Computer and IT equipment	4 years
Furniture and fixtures	4 years
Motor vehicles	4 years

The residual value, useful lives and depreciation methods of assets are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

The carrying amount of an asset is written-down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Fully depreciated items of property and equipment are retained in the financial statements until it is disposed of or written off.

3.10 Intangible assets

Intangible assets consist of computer software license and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Acquired computer software license is capitalised on the basis of the cost incurred to acquire the specific software and bring it into use. Intangible assets are amortised on a straight-line method over 5 years. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

3.11 Borrowings

Borrowings are recognised initially at the transaction price and subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method.

3.12 Other liabilities

Other liabilities are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

3.13 Employee benefit obligation

Past seniority payment

Prakas No. 443, issued on 21 September 2018 by the Minister of Labour and Vocational Training ("MoLVT"), requires the Company to pay past seniority indemnity to employees with undetermined duration contract. All employees who have been working before 1 January 2021 and continue to work are entitled to a payment of fifteen days of their average wages of each year of service, totalling but not exceeding six months, and shall be paid every year starting 2021 as follows.

- 7.5 days shall be made in June; and
- 7.5 days shall be made in December of each year.

The past seniority indemnity is recognised in full during the year 2018 and future seniority indemnity (amounting to 15 days per annum) to employees are recognised during the employees' periods of service.

On 22 March 2021, MoLVT issued Directive no.042/19 on the Back Pay of Seniority Payment before 2021 for the Enterprise and Institution aside from the Textile, Garment and Footwear sectors, postponing the payment of past seniority indemnity until December 2021 and changing the payment of their average wages of each year of service from 15 days to 6 days as follows:

- 3 days shall be made in June; and
- 3 days shall be made in December of each year.

For employees with determined duration contract, they are entitled to the severance pay at least 5% of their wages paid during the length of the contract.

Employee are not entitled to the remaining past seniority payment upon resignation.

Short-term employee benefits

Wages, salaries, National Social Security Fund contributions, paid annual leave, paid sick leave, bonuses, severance pay and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short term accumulating compensated absences such as paid annual leave are recognized as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absence occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Company.

Bonuses are recognized as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

3.14 Equity, reserves, dividend payments and retained earnings

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on issuance of share capital.

Based on the Memorandum and Articles of Association, the Company shall transfer 5% of its net profit, if any, to revenue reserves. The transfer to this revenue reserves shall cease when the reserve fund is equal to 10% of the Company's registered capital.

Dividends declared and approved by the Company's shareholders before the end of reporting date are recognised as a liability and accounted for as a deduction from the retained earnings in the financial statements. Dividends declared and approved by the Company's shareholders after the reporting date are not recognised as a liability but disclosed as the subsequent events in the notes to the financial statements.

Retained earnings includes all current and prior period retained profits includes all current and prior period retained profits and losses.

Regulatory provision

Credit classification and provisioning for financial institutions in accordance with Prakas No. 7-017-344, dated 1 December 2017 as issued by the NBC provides guidance on credit classification and regulatory provisioning for financial institutions in Cambodia, as summarised below:

Classification	Number of days past due	Provision
Long term loans (more than one year)		
Standard	0 – 29 days	1%
Special mention	30 – 89 days	3%
Substandard	90 – 179 days	20%
Doubtful	180 – 359 days	50%
Loss	Over 359 days	100%
Short term loans (less than one year)		
Normal	0 – 14 days	1%
Special mention	15 – 30 days	3%
Substandard	31 – 60 days	20%
Doubtful	61 – 90 days	50%
Loss	Over 90 days	100%

Article 73 of Prakas on Credit Risk Grading and Impairment Provisioning requires banks to compare the provision calculated in accordance with CIFRSs and Prakas No 7-017-344 and, accordingly:

1. In case the regulatory provision calculated in accordance with the said Prakas is lower than the calculation in accordance with CIFRS for SMEs, the bank shall record the provision calculated in accordance with CIFRS for SMEs.
2. In case the regulatory provision calculated in accordance with the said Prakas is higher than the calculation in accordance with CIFRS for SMEs, the bank shall record the provision calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings or accumulated loss account into regulatory reserve in the equity section of the statement of financial position.

Reversal of regulatory reserves

When the impairment loss allowance calculated in accordance with regulatory provision is subsequently less than that calculated under the CIFRS for SMEs, the regulatory reserve is reversed at the amount that does not exceed the amount that would have been determined had no regulatory reserve been recognised in prior years.

Restructured financial assets

In accordance with Circular No. B7.021.2314 on Classification and Provisioning Requirements on Restructured Loans dated 28 December 2021 issued by the NBC, the Company is required to reassess the classification of restructured loan, which are outstanding as at 31 December 2021, and provide provision as follows:

- Restructured loan that is “viable” shall be deemed as “performing” and shall be classified as “Special Mention” with 3% provisioning, regardless of the number of restructuring.
- Restructured loan that needs “more restructuring” should be deemed as “non-performing” and shall be classified as “Substandard” for loans under the first restructuring with 20% provisioning, and “Doubtful” for loans under the second restructuring with 50% provisioning.
- Restructured loan that is “non-viable” shall be deemed as “non-performing” and shall be classified as “Loss” with 100% provisioning.

Meanwhile, loans restructured starting from 1 January 2022 shall benefit on the forbearance period until end of June 2022, wherein these loans should not be subjected to the above requirement. However, none of the restructured loan applications since March 2020 can benefit from this forbearance period.

Additionally, the Company should continually submit its quarterly report on restructured loans' review, customer repayment capacity, classification, and provisioning based on this new Circular with the following reporting deadline:

- by the end of January 2022, based on the financial data as at 31 December 2021 for the third reporting;
- by the end of April 2022, based on the financial data as at March 2022 for the fourth reporting; and
- by the end of July 2022, based on the financial data as at June 2022 for the fifth reporting.

On 18 January 2022, a workshop between all banks and financial institutions ("BFIs") under the Association of Banks in Cambodia and NBC was held to assist BFIs in their application of the Circular and to discuss other related practical issues. In this workshop, NBC granted BFIs to perform reassessment of loan classification and determining the resulting impact in provisions on outstanding restructured loans as at 31 December 2021, starting from January 2022.

Following this workshop, the NBC informed BFIs through letter No. B7.022.167 dated 20 January 2022, the deferment of quarterly report submission to 10 February 2022, the change in financial data to be used to January 2022 and the clarification on the template of the report.

The Company has implemented and applied the new provisioning on its restructured loan portfolio in accordance with the latest guidance as described in the preceding paragraph.

3.15 Interest income and expense

Interest income is recognised on an accrual basis. Interest expense is recognised on accrual basis using the effective interest method.

Interest income and expense presented in the statement of comprehensive income include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

3.16 Loan processing fee income

Loan processing fee income are recognised as income over the term of the loan to customer.

Unamortised loan fees are recognized as "unearned income" and is offset to loans to customers as part of "discount".

3.17 Operating expenses

Operating expenses are recognised in the statement of comprehensive income in the period in which they are incurred.

3.18 Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3.19 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax liabilities and/or assets comprise those obligations to or claims from fiscal authorities relating to current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases that are expected to increase or reduce taxable profit in the future and on unused tax losses and unused tax credits.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization provided that they are enacted or substantively enacted at the reporting date, taking into consideration all possible outcomes of a review by the tax authorities.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted as necessary to reflect the current assessment of future taxable profit.

3.20 Related parties

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged. For the purpose of these financial statements, the following are considered as a related party:

- a. A person or a close member of that person's family is related to the Company if that person:
 - i. Has control or joint control over the Company;
 - ii. Has significant influence over the Company; or
 - iii. Is a member of the key management personnel of the ultimate holding company of the Company, or the Company
- b. An entity is related to the Company if any of the following conditions applies:
 - i. The entity and the Company are members of the same group.
 - ii. One entity is an associate or joint venture of the other entity.
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Company.
 - vi. The entity is controlled or jointly-controlled by a person identified in a. above.
 - vii. A person identified in a. (i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3.21 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.22 Financial instruments

Financial assets

Loans to customers, cash and cash equivalents, equity investment and other assets

These financial assets are recognised initially at the transaction price.

Subsequently they are measured at amortised cost using the effective interest method, less provision for impairment.

Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognised in profit or loss.

Financial liabilities

The Company's financial liabilities include amount due to shareholder, borrowings and other liabilities. Financial liabilities are recognised initially at transaction price. After initial recognition, they are measured at amortised cost using the effective interest method. Other liabilities are on normal credit terms and do not bear interest.

4 Material judgments and estimation uncertainty

Information about material judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

4.1 Estimates and assumptions

Useful life of depreciable assets

The Company reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets.

Impairment

In assessing impairment, the Company estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Taxes

Taxes are calculated on the basis of current interpretation of the tax regulations. However, these regulations are subject to periodic variation and the ultimate determination of tax expenses will be made following assessment by the General Department of Taxation.

4.2 Material judgments

The directors are not aware of any critical judgments in relation to the amounts in the financial statements.

5 Cash on hand

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
US Dollars	11,643	47,434	10,460	42,311
Khmer Riels	14,792	60,262	4,862	19,666
	26,435	107,696	15,322	61,977

6 Balance with the NBC

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Statutory deposits (*)	254,765	1,037,913	254,765	1,030,524
Current account	1,060,852	4,321,911	2,625,203	10,618,947
	1,315,617	5,359,824	2,879,968	11,649,471

(*) In compliance with Prakas No. B7-06-209 dated on 13 September 2006 on the licensing of Micro-Finance Institution, the Company is required to maintain a statutory capital deposit with the NBC at 5% of the Company's registered share capital. This deposit is refundable when the Company voluntarily liquidates and has no deposit liabilities. This statutory deposit earns interest at the rate of 0.04% per annum (2020: 0.06%).

7 Balances with other banks

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Current accounts	256,144	1,043,531	21,412	86,612
Saving accounts	1,093,523	4,455,013	831,547	3,363,607
Time deposits	2,007,315	8,177,801	-	-
	3,356,982	13,676,345	852,959	3,450,219

8 Cash and cash equivalents

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Cash on hand	26,435	107,696	15,322	61,977
Balance with the NBC - Current account	1,060,852	4,321,911	2,625,203	10,618,947
Balances with other banks	3,356,982	13,676,345	852,959	3,450,219
	4,444,269	18,105,952	3,493,484	14,131,143

9 Loans to customers - net

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Loans to customers				
Individual loans	21,639,678	88,160,048	20,595,419	83,308,469
Group loans	352,664	1,436,753	402,230	1,627,021
Loans to customer - gross	21,992,342	89,596,801	20,997,649	84,935,490
Discount	(51,318)	(209,070)	(62,962)	(254,681)
Loans to customer at amortized cost	21,941,024	89,387,731	20,934,687	84,680,809
Allowance for bad and doubtful accounts				
Specific	(249,030)	(1,014,548)	(28,015)	(113,321)
General	(185,459)	(755,559)	(143,841)	(581,837)
Total	(434,489)	(1,770,107)	(171,856)	(695,158)
Loans to customers – net	21,506,535	87,617,624	20,762,831	83,985,651

Loans to customers - gross are analysed as follows:

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
(a) By maturity:				
Within 1 month	70,569	287,498	468	1,893
>1 to 3 months	134,456	547,774	2,347	9,494
>3 to 12 months	1,530,540	6,235,420	601,736	2,434,022
More than 12 months	20,256,777	82,526,109	20,393,098	82,490,081
	21,992,342	89,596,801	20,997,649	84,935,490
(b) By currency:				
US dollars	19,324,648	78,728,616	18,414,487	74,486,600
Khmer riels	2,667,694	10,868,185	2,583,162	10,448,890
	21,992,342	89,596,801	20,997,649	84,935,490

On 1 December 2016, the NBC issued Prakas no. B7-016-334 on Provision of Credit in National Currency of Banking and Finance Institution, which required all institutions to have loans in national currency ("KHR") at least 10% of the total loan portfolio. The Company has fully implemented and complied with this requirement by 31 December 2021.

	31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
(c) By economic sectors:				
Construction	8,078,969	32,913,720	7,622,265	30,832,062
Agriculture	4,213,813	17,167,074	3,887,001	15,722,919
Trade and commerce	3,331,686	13,573,289	3,503,758	14,172,701
Services	1,501,525	6,117,213	1,500,904	6,071,157
Transportation	1,486,982	6,057,965	1,801,713	7,287,929
Household/family	475,835	1,938,552	401,514	1,624,124
Staff loans	120,483	490,848	112,006	453,064
Others	2,783,049	11,338,140	2,168,488	8,771,534
	21,992,342	89,596,801	20,997,649	84,935,490
(d) By residency status:				
Residents	21,992,342	89,596,801	20,997,649	84,935,490
(e) By relationship:				
Staff loans	120,483	490,848	112,006	453,064
Non-related parties	21,871,859	89,105,953	20,885,643	84,482,426
	21,992,342	89,596,801	20,997,649	84,935,490
(f) By location:				
Branches	21,992,342	89,596,801	20,997,649	84,935,490
(g) By performance:				
Standard loans				
Secured	20,123,310	81,982,365	19,918,661	80,570,984
Unsecured	915,037	3,727,861	401,711	1,624,921
Special Mentioned loans				
Secured	599,342	2,441,719	458,888	1,856,202
Unsecured	19,463	79,292	3,261	13,191
Sub-standard loans				
Secured	90,265	367,740	47,418	191,806
Unsecured	23,332	95,055	926	3,746
Doubtful loans				
Secured	119,392	486,403	93,410	377,843
Unsecured	10,591	43,148	617	2,496
Loss loans				
Secured	57,508	234,288	68,261	276,116
Unsecured	34,102	138,930	4,496	18,185
	21,992,342	89,596,801	20,997,649	84,935,490
Secured loans are collateralized by hard and soft title deed. Soft title deed is not issued by cadastral department but is verified by the village chiefs where the property is located. Unsecured loans represent the uncollateralized loans.				
(h) By interest rate (per annum):				
Group loan	15.60% - 18%		18%	
Individual loan	14.40% - 18%		15.60% - 18%	
Staff loan	15.60%		15.60%	
Small-Medium Entities	13.32% - 18%		15.84% - 22.80%	

On 13 March 2017, the NBC issued Prakas no. B7-017-109 on Interest Rate Ceiling on Loans, requiring microfinance deposit-taking institutions, microfinance institutions and rural credit operators to set the interest rate not exceeding 18% per annum, effective from 1 April 2017 for all new loans, restructured loans and refinancing loans. Interest rates which are higher than statutory interest rate ceiling limits as of 31 December 2020 represent interest rates of loans disbursed prior to the effective date of the new regulation on 1 April 2017. For 31 December 2021, there are no outstanding loan with interest rate higher than 18%.

The movements in allowance for bad and doubtful loans are as follows:

	USD	2021 KHR'000 (Note 3.2)	USD	2020 KHR'000 (Note 3.2)
Balance as at 1 January	171,856	695,158	127,188	518,291
Provision on loans during the year	387,629	1,576,875	100,308	408,956
Write-off during the year	(124,996)	(508,484)	(55,640)	(226,844)
Currency translation difference	-	6,558	-	(5,245)
Balance as at 31 December	434,489	1,770,107	171,856	695,158

10 Equity investment

This represents the cost of an equity investment in Credit Bureau Holding (Cambodia) Ltd ("CBH") through the Cambodia Microfinance Association. CBH is one of shareholders of Credit Bureau (Cambodia) Co., Ltd which is a company operating as the leading provider of information, analytical tools and credit reporting services in the Kingdom of Cambodia.

11 Other assets

	31 December 2021 USD	31 December 2021 KHR'000 (Note 3.2)	31 December 2020 USD	31 December 2020 KHR'000 (Note 3.2)
Other receivables	61,018	248,587	53,423	216,096
Prepaid rent	45,911	187,042	52,648	212,961
	106,929	435,629	106,071	429,057

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12 Property and equipment

	Leasehold improvements USD	Office equipment USD	Computer and IT equipment USD	Furniture and fixtures USD	Motor vehicles USD	USD	Total KHR'000 (Note 3.2)
Gross carrying amount							
Balance as at 1 January 2021	34,176	45,758	77,622	26,127	92,832	276,515	1,118,503
Additions	1,942	574	88,107	3,709	-	94,332	383,743
Currency translation differences	-	-	-	-	-	-	8,585
Balance as at 31 December 2021	36,118	46,332	165,729	29,836	92,832	370,847	1,510,831
Accumulated depreciation							
Balance as at 1 January 2021	24,143	32,905	53,827	22,859	77,932	211,666	856,189
Charge during the year	5,469	6,453	22,458	2,383	11,849	48,612	197,754
Currency translation differences	-	-	-	-	-	-	6,430
Balance as at 31 December 2021	29,612	39,358	76,285	25,242	89,781	260,278	1,060,373
Carrying amount as at 31 December 2021	6,506	6,974	89,444	4,594	3,051	110,569	450,458
Gross carrying amount							
Balance as at 1 January 2020	33,273	44,638	66,908	25,640	92,832	263,291	1,072,911
Additions	903	1,120	10,714	487	-	13,224	53,914
Currency translation differences	-	-	-	-	-	-	(8,322)
Balance as at 31 December 2020	34,176	45,758	77,622	26,127	92,832	276,515	1,118,503
Accumulated depreciation							
Balance as at 1 January 2020	18,237	25,549	40,828	20,065	65,505	170,184	693,500
Charge during the year	5,906	7,356	12,999	2,794	12,427	41,482	169,122
Currency translation differences	-	-	-	-	-	-	(6,433)
Balance as at 31 December 2020	24,143	32,905	53,827	22,859	77,932	211,666	856,189
Carrying amount as at 31 December 2020	10,033	12,853	23,795	3,268	14,900	64,849	262,314

13 Intangible assets

	USD	2021 KHR'000 (Note 3.2)	USD	2020 KHR'000 (Note 3.2)
Computer software				
Gross carrying amount				
Balance as at 1 January	42,900	173,530	42,900	174,817
Currency translation differences	-	1,245	-	(1,287)
Balance as at 31 December	42,900	174,775	42,900	173,530
Accumulated amortisation				
Balance as at 1 January	18,594	75,212	9,990	40,709
Charge during the year	8,580	34,903	8,604	35,078
Currency translation differences	-	592	-	(575)
Balance as at 31 December	27,174	110,707	18,594	75,212
Carrying amount as at 31 December	15,726	64,068	24,306	98,318

14 Share capital

The Company has a registered capital of USD5,095,290 divided into 509,529 shares with a par value of USD10 per share. The ordinary shares have been fully issued and paid up.

The details of shareholding are as follows:

	% of Ownership	Number of shares	31 December 2021 and 2020	
			Amount in USD	Amount in KHR'000 (Note 3.2)
Gojo & Company, Inc.	61.63%	314,029	3,140,290	12,677,351
Mr. An Bunhak	19.63%	100,000	1,000,000	4,037,000
Ms. Sreng Sivechheng	8.44%	43,000	430,000	1,735,910
Ms. Sarun Vithourat	8.24%	42,000	420,000	1,695,540
Mr. Chet Chanprasoeur	1.08%	5,500	55,000	222,035
Mr. Pa Ponnak Rithy	0.86%	4,385	43,850	177,022
Mr. Pa Ponnak Rithy (staff representative)	0.12%	615	6,150	24,828
	100%	509,529	5,095,290	20,569,686

15 Share premium

	Number of shares	31 December 2021 and 2020	
		Amount in USD	Amount in KHR'000 (Note 3.2)
3 September 2012 (a)	51,500	121,025	488,578
17 October 2014 (b)	176,000	574,992	2,321,242
16 December 2016 (c)	202,029	842,157	3,399,788
	429,529	1,538,174	6,209,608

- (a) On 3 September 2012, the Board of Directors decided to increase the number of the Company's shares from 80,000 shares to 131,500 shares by issuing 51,500 new shares at USD12.35 for each share. The excess of USD2.35 per share over the USD10 par value was recognised as share premium. The increase was approved by the NBC on 23 November 2012.

- (b) On 17 October 2014, the Board of Directors resolved to increase the number of shares from 131,500 shares to 307,500 shares through issuance of an additional 176,000 shares at USD13.267 each. The excess of USD3.267 per share over par value was recognised as share premium. The increase was approved by the NBC on 30 March 2015.
- (c) On 16 December 2016, the Board of Directors resolved to increase the number of share capital from 307,500 shares to 509,529 shares through issuance of an additional 202,029 shares, of which 159,029 shares were at USD14.16 each and 42,761 shares at USD14.20 each. The excess of USD4.16 and USD4.20 per share, respectively, over par value was recognised as share premium. The increase was approved by the NBC on 23 December 2016.

16 Regulatory reserves

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Regulatory reserves on:				
Loans to customers	-	-	174,652	705,698
Balances with other banks	33,497	130,247	8,530	34,366
	33,497	130,247	183,182	740,064

In accordance with Prakas No. 7-017-344 Article 73 (b), in case when the regulatory provision is higher than the amounts calculated in accordance with CIFRS for SMEs, the Company shall transfer the difference from retained earnings into regulatory reserves. Such regulatory reserves shall be reversed back to retained earnings when the regulatory provision is subsequently less than that calculated under CIFRS for SMEs.

For balances with other banks, the regulatory provision as at 31 December 2021 amounted to USD33,497 (31 December 2020: USD8,530) but no amount is recognized in accordance with CIFRS for SMEs. Accordingly, the Company has an accumulated transfer from retained earnings to regulatory reserves amounting to USD33,497 as at 31 December 2021 (31 December 2020: USD8,530).

For loans to customer, the regulatory provision as at 31 December 2021 amounted to USD408,269 (31 December 2020: USD346,508). This amount was lower (31 December 2020: higher) as compared to the allowance for bad and doubtful accounts determined under CIFRS for SMEs. As such, the accumulated transfer from retained earnings to regulatory reserves amounting to USD174,652 as at 31 December 2020 was reversed back to retained earnings as at 31 December 2021.

17 Amounts due to shareholder

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
<i>Borrowings from shareholder</i>				
Gojo & Company, Inc.	10,000,000	40,740,000	10,000,000	40,450,000

The borrowings from shareholder are unsecured, have annual interest rate between 5.7%-6% (2020:4.98%-6.21%) and repayable between 1 to 3 years.

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
(a) By maturity:				
Within 1 month	-	-	5,000,000	20,225,000
>1 to 3 months	-	-	-	-
>3 to 12 months	1,000,000	4,074,000	4,000,000	16,180,000
1 to 5 years	9,000,000	36,666,000	1,000,000	4,045,000
	10,000,000	40,740,000	10,000,000	40,450,000

18 Borrowings

	31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
WLB Asset II Pte. Ltd.	2,500,000	10,185,000	2,500,000	10,112,500
WaterCredit Investment Fund 3, LP	1,500,000	6,111,000	1,500,000	6,067,500
Netherlands Development Finance Company	1,500,000	6,111,000	-	-
Oikocredit, EDCS U.A	1,022,727	4,166,590	-	-
Vattanac Bank	163,639	666,665	494,438	2,000,002
Phnom Penh Commercial Bank	-	-	346,106	1,399,999
Chaillese Finance Co, Ltd.	-	-	237,500	960,688
	6,686,366	27,240,255	5,078,044	20,540,689
Premium/(discount)	(58,196)	(237,090)	(50,472)	(204,160)
	6,628,170	27,003,165	5,027,572	20,336,529

Borrowing-gross are analysed as follows:

	31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
a) By maturity				
Within 1 month	-	-	-	-
>1 to 3 months	-	-	346,106	1,399,999
>3 to 12 months	163,639	666,665	402,313	1,627,356
1 to 5 years	6,522,727	26,573,590	4,329,625	17,513,334
	6,686,366	27,240,255	5,078,044	20,540,689
b) By currency				
US dollars	6,522,727	26,573,590	4,237,500	17,140,688
Khmer riels	163,639	666,665	840,544	3,400,001
	6,686,366	27,240,255	5,078,044	20,540,689
c) By interest rate				
US Dollars		6.66% - 8.72%		4.98% - 9%
Khmer Riels		8.50% - 9%		8.5% - 9%

19 Employee benefits obligation

This amount represents the seniority indemnity obligation by the Company in accordance with the Prakas on Seniority Payment issued by the Ministry of Labour and Vocational Training on 21 September 2018.

20 Other liabilities

	31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Accrued expenses	200,014	814,857	109,338	442,272
Interest payable	165,608	674,687	98,743	399,415
Customer prepayments	165,032	672,340	186,566	754,659
Salary and withholding tax payable	31,460	128,168	30,238	122,313
Others	3,771	15,363	3,403	13,764
	565,885	2,305,415	428,288	1,732,423

21 Interest income

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Loans to customers	3,800,680	15,461,166	3,913,707	15,956,184
Deposits and placements with banks	7,442	30,274	723	2,947
	3,808,122	15,491,440	3,914,430	15,959,131

22 Interest expense

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Amounts due to shareholders	556,178	2,262,532	518,568	2,114,201
Borrowings	501,723	2,041,009	759,485	3,096,421
	1,057,901	4,303,541	1,278,053	5,210,622

23 Fees and commission

23.1 Fees and commission income

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Loan collection fees	23,441	95,358	7,432	30,300
Commission fee on CBC	11,793	47,974	11,352	46,282
	35,234	143,332	18,784	76,582

23.2 Fees and commission expense

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Borrowing processing fees	11,676	47,497	17,450	71,144
Loss on extinguishment of debt	-	-	56,017	22,838
	11,676	47,497	73,467	93,982

24 Other income

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Gain on foreign exchange differences	75,617	307,610	49,060	200,018
Finance charges	74,167	301,711	66,979	273,073
Dividends income	7,765	31,588	11,587	47,240
Grants income	-	-	18,002	73,394
Others	10,776	43,837	5,557	22,656
	168,325	684,746	151,185	616,381

25 Personnel expenses

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Salaries and bonuses	1,597,250	6,497,613	1,209,429	4,930,842
Seniority benefits	81,436	331,282	59,915	244,273
Provident benefits	42,858	174,346	-	-
Insurance	30,121	122,532	16,876	68,803
Employee training	12,591	51,220	8,079	32,938
Staff material and incidental travel	11,046	44,935	12,988	52,952
Others	8,564	34,839	157	641
	1,783,866	7,256,767	1,307,444	5,330,449

26 Operating expenses

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Rent	226,218	920,255	200,113	815,861
Loss on foreign exchange differences	84,353	343,148	29,157	118,873
Professional fees	35,040	142,543	161,102	656,813
Communication	21,776	88,585	12,332	50,278
Repairs and maintenance	15,284	62,175	11,743	47,876
Membership	14,384	58,514	21,061	85,866
Stationery and supplies	13,381	54,434	9,756	39,775
Utilities	11,975	48,714	11,597	47,281
License fees	9,901	40,277	19,497	79,489
Business meals and entertainment	9,505	38,666	4,050	16,512
Withholding tax	9,157	37,251	33,495	136,559
Marketing and advertising	8,088	32,902	8,085	32,963
Bank charges	7,972	32,430	17,543	71,523
Security	6,635	26,991	6,244	25,457
Motor vehicle operating expense	2,302	9,365	2,955	12,048
Loss on write-off of deposits	-	-	6,553	26,717
Others	93,613	380,818	43,216	176,189
	569,584	2,317,068	598,499	2,440,080

27 Provision on doubtful accounts

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Loans	387,629	1,576,875	100,308	408,956
Banks	-	-	6,424	26,190
	387,629	1,576,875	106,732	435,146

28 Taxation

28.1 Income tax expense

The Company has an obligation to pay tax on income at rate of 20% of the taxable profit or a minimum tax, whichever is higher. The minimum tax is an annual tax with a liability equal to 1% of gross revenue and is due regardless.

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Current income tax expense	75,493	307,105	181,463	739,825
Deferred income tax	(46,987)	(191,143)	(28,200)	(114,972)
	28,506	115,962	153,263	624,853

The reconciliation between accounting profit before income tax and estimated taxable income are shown below:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Minimum tax at 1%	40,117	163,196	42,765	174,354
Profit before income tax	143,833	585,112	670,118	2,732,072
Income tax using statutory rate at 20%	28,767	117,022	134,024	546,416
Add reconciling items:				
Non-deductible expenses	1,251	5,091	21,929	89,405
Unrecognised deferred tax in previous year recognised this year	(1,512)	(6,151)	(43,016)	(175,376)
Effect of under provision in prior year	-	-	40,326	164,408
Estimated income tax expense	28,506	115,962	153,263	624,853

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, the amounts reported to the financial statements may change at a later date upon final determination by the tax authorities.

28.2 Income tax payable

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Balance as at 1 January	101,518	410,640	79,607	324,399
Current income tax expense	75,493	307,105	181,463	739,825
Income tax paid	(140,321)	(570,826)	(159,552)	(650,496)
Currency translation differences	-	2,556	-	(3,088)
Balance as at 31 December	36,690	149,475	101,518	410,640

28.3 Deferred tax assets –net

The following are the composition of deferred tax assets/(liabilities) recognized by the Company:

	Beginning balance	Recognized in profit or loss	Closing balance	
			USD	KHR'000 (Note 3.2)
31 December 2021				
Property, plant and equipment and intangible assets	(2,591)	(2,264)	(4,855)	(19,779)
Allowance for bad and doubtful accounts	-	-	-	-
Banks	1,705	(1,705)	-	-
Loans	8,484	42,549	51,033	207,908
Prepaid employee benefits	(1,377)	815	(562)	(2,290)
Borrowings	(1,123)	289	(834)	(3,398)
Employee benefits obligation	9,881	2,705	12,586	51,275
Deferred income	51,765	(1,129)	50,636	206,292
Unrealized foreign exchange (gains)/losses	(3,980)	5,727	1,747	7,118
Deferred tax assets - net	62,764	46,987	109,751	447,126

	Beginning balance	Recognized in profit or loss	Closing balance	
			USD	KHR'000 (Note 3.2)
31 December 2020				
Property, plant and equipment and intangible assets	(5,431)	2,840	(2,591)	(10,481)
Allowance for bad and doubtful accounts	-	-	-	-
Banks	1,443	262	1,705	6,897
Loans	12,516	(4,032)	8,484	34,318
Prepaid employee benefits	(1,026)	(351)	(1,377)	(5,570)
Borrowings	(369)	(754)	(1,123)	(4,543)
Employee benefits obligation	10,500	(619)	9,881	39,969
Deferred income	63,915	(12,150)	51,765	209,389
Unrealized foreign exchange gains	(3,967)	(13)	(3,980)	(16,099)
Unrecognized deferred tax assets	(43,017)	43,017	-	-
Deferred tax assets - net	34,564	28,200	62,764	253,880

28.4 Taxation contingencies

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is subject to interpretation. Oftentimes, different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are also subject to reviews and investigation by a number of authorities that are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, substantially greater than in other countries. Management believes that tax liabilities have been adequately provided for based on its interpretation of current tax legislation. However, relevant authorities may have differing interpretations and the effects could be significant since the incorporation date of the Company.

29 Commitments

The Company has lease commitments for the lease of its head office and branches as follows:

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Within one year	40,106	163,151	95,267	388,402
Between two to five years	18,889	76,840	76,595	312,276
	58,995	239,991	171,862	700,678

30 Related party transactions and balances

The following balances are outstanding with the shareholder:

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Gojo & Company, Inc.				
Receivable	3,250	13,241	-	-
Borrowings	10,000,000	40,740,000	10,000,000	40,450,000
Interest payable	131,661	536,387	89,737	362,986
Accrued professional fees	41,072	167,327	-	-

The Company entered into various short-term and long-term loan agreements during 2021 and 2020 with Gojo & Company, Inc. The borrowings bear interest ranging from 5.7%-6% (2020: 4.98%-6.21%) per annum, are unsecured, with maturity dates ranging from one year to three years, and to be paid at the maturity date.

During the year, the following transactions with related parties are recorded:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Interest expense				
Gojo & Company, Inc.	556,178	2,262,532	517,808	2,111,103
Professional fees expense				
Gojo & Company, Inc.	8,492	34,545	148,695	606,230
Proceeds from borrowings from shareholders				
Gojo & Company, Inc.	-	-	9,000,000	36,693,000
Repayments of borrowings to shareholders				
Gojo & Company, Inc.			5,910,025	24,095,172
Mr. Pa Ponnak Rithy	-	-	10,000	40,770

31 Transactions with key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management includes the Board of Directors and key management team (senior management and head of each departments). Key management personnel remuneration includes the following:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Salaries and benefits:				
Board of Directors, senior management and head of each departments	521,426	2,121,161	426,281	1,737,948

32 Financial assets and financial liabilities

	31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Financial assets measured at amortised cost less impairment				
Cash on hand	26,435	107,696	15,322	61,977
Balances with the NBC	1,315,617	5,359,824	2,879,968	11,649,471
Balances with other banks	3,356,982	13,676,345	852,959	3,450,219
Loan to customers	21,506,535	87,617,624	20,762,831	83,985,651
Equity investment	10,000	40,740	10,000	40,450
Other assets*	3,252	13,249	1,750	7,079
	26,218,821	106,815,478	24,522,830	99,194,847

* Excludes prepayment and deposit

	31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)
Financial liabilities measured at amortised cost				
Amounts due to shareholder	10,000,000	40,740,000	10,000,000	40,450,000
Borrowing	6,628,170	27,003,165	5,027,572	20,336,529
Other liabilities **	369,390	1,504,894	211,483	855,448
	16,997,560	69,248,059	15,239,055	61,641,977

** Excludes taxes payable to tax authorities

33 Financial risk management

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

33.1 Credit risk

Credit risk is the potential loss of revenue and principal losses in the form of specific provisions as a result of defaults by the borrowers or counterparties through its lending and investing activities.

The primary exposure to credit risk arises through its loans to customer and balances with other banks. 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, credit approval process and procedures implemented to mitigate credit risks and to ensure compliance with the NBC guidelines.

The Company applies guidelines for selecting a bank partners for its credit and liquidity risk management.

i. Credit risk measurement

The Company assesses the probability of default of individual counterparties by focusing on borrowers' forecasted profit and cash flows. The credit committee are responsible for approving loans to customers.

ii. Risk limit control and mitigation policies

The Company manages limits and controls the concentration of credit risk whenever it is identified.

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans to individual customers. Loans are also provided to those small business borrowers that are deemed profitable.

The Board of Directors and Management believe that the Company's maximum exposure to credit risk is limited to the carrying amount of loans less provisions for doubtful loans, and balances with other banks.

iii. Impairment and provisioning policies

The Company is required to follow the mandatory credit classification and provision in accordance with Prakas no. B7-017-344 and Circular no. B7-018-001 on Credit Risk Grading and Impairment Provisioning.

iv. Exposure to credit risk with regard to loans to customers:

	31 December 2021		31 December 2020	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Loans to customers-gross				
Neither past due nor impaired	20,948,493	85,344,161	20,432,098	82,647,836
Past due but not impaired	376,950	1,535,694	310,420	1,255,649
Individually impaired	181,092	737,769	20,313	82,166
	21,506,535	87,617,624	20,762,831	83,985,651

- Neither past due nor impaired

Loans not past due is not considered impaired, unless other information is available to indicate the contrary.

- Past due but not impaired

Loans less than 31 days past due and 90 days past due form short-term loans and long-term loans, respectively are not considered impaired, unless other information is available to indicate the contrary.

- Impaired loans to customers

In accordance with Prakas no. B7-017-344 dated on 1 December 2017 on the classification and provisioning for loan losses and Circular no. B7-018-001 dated on 16 February 2018 on the Implementation of Prakas on Credit Risk Grading and Impairment Provisioning, loans and advances more than 30 days and 89 days past due for short-term loans and long-term loans, respectively are considered impaired and a minimum level of specific provision for impairment is made depending on the classification concerned, unless other information is available to indicate the contrary.

In compliance with the guidelines issued by the NBC, a minimum level of specific provision and general provision is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty.

Restructuring activities include extended payment arrangement, modification and deferral of payment. Following restructuring, the loan is still kept in its current classification.

According to the new Prakas issued by NBC no. B7-017-344 on Credit Risk Grading and Impairment Provisioning in Article 81, once the loan is restructured it remains in the same category regardless of satisfactory performance after restructuring. The classification is not improved unless there are no arrears in repayment of principal and interest within 6 instalment periods and within a period of not less than 6 months.

- Individually impaired
Individually impaired loans to customers are loans to customers for which the Company determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans to customers.

33.2 Operational risk

The operational risk 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 the management and oversight provided by the Board of Directors.

The operational risk management entail the establishment of clear organisational 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 annually to address the operational risks of its micro-finance business.

33.3 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. The Company is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company has maintained a minimum foreign currency, hence, it has limited exposure to foreign currency exchange risk.

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i. Foreign currency exchange risk

The aggregate amounts of financial assets and financial liabilities, by currency denomination, are as follows:

	31 December 2021		
	USD	KHR	Total USD
	(in USD equivalent)		
Financial assets			
Cash on hand	11,643	14,792	26,435
Balance with the NBC	1,314,309	1,308	1,315,617
Balances with other banks	2,967,374	389,608	3,356,982
Loans to customers-net	18,898,650	2,607,885	21,506,535
Equity investment	10,000	-	10,000
Other assets	3,247	5	3,252
Total financial assets	23,205,223	3,013,598	26,218,821
Financial liabilities			
Amounts due to shareholders	10,000,000	-	10,000,000
Borrowings	6,465,291	162,879	6,628,170
Other liabilities	369,310	80	369,390
Total financial liabilities	16,834,601	162,959	16,997,560
Net financial asset position	6,370,622	2,850,639	9,221,261
Equivalent in KHR'000 (Note 3.2)	25,953,916	11,613,503	37,567,419

	31 December 2020		
	USD	KHR	Total USD
	(in USD equivalent)		
Financial assets			
Cash on hand	10,460	4,862	15,322
Balance with the NBC	2,879,181	787	2,879,968
Balances with other banks	641,034	211,925	852,959
Loans to customers-net	18,217,500	2,545,331	20,762,831
Equity investment	10,000	-	10,000
Other assets	1,750	-	1,750
Total financial assets	21,759,925	2,762,905	24,522,830
Financial liabilities			
Amounts due to shareholder	10,000,000	-	10,000,000
Borrowings	4,183,666	843,906	5,027,572
Other liabilities	208,919	2,564	211,483
Total financial liabilities	14,392,585	846,470	15,239,055
Net financial asset position	7,367,340	1,916,435	9,283,775
Equivalent in KHR'000 (Note 3.2)	29,800,890	7,751,980	37,552,870

ii. Interest rate risk

Interest rate risk refer to the volatility in net interest income as a result to changes in the level of interest rate and shifts in the composition of the assets and liabilities. The exposure to interest rate risk relate primarily to its loans, bank deposits and borrowings.

Since the interest rates are fixed and are not subject to change with the market rates, the Company does not use derivative financial instruments to hedge such risk.

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	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total	Interest rate
	USD	USD	USD	USD	USD	USD	USD	
As at 31 December 2021								
Financial assets								
Cash on hand	-	-	-	-	-	26,435	26,435	
Balance with the NBC	-	-	-	-	254,765	1,060,852	1,315,617	0.04%
Balances with other banks	3,100,838	-	-	-	-	256,144	3,356,982	
Loans to customers-net	65,681	129,728	1,513,339	18,323,130	1,474,657	-	21,506,535	12.32% to 18%
Equity investment	-	-	-	-	-	10,000	10,000	
Other assets	-	-	-	-	-	3,252	3,252	
Total financial assets	3,166,519	129,728	1,513,339	18,323,130	1,729,422	1,356,683	26,218,821	
Financial liabilities								
Amounts due to shareholder	-	-	1,000,000	9,000,000	-	-	10,000,000	5.70% to 6%
Borrowings	-	-	162,879	6,465,291	-	-	6,628,170	6.66% to 9%
Other liabilities	-	-	-	-	-	369,390	369,390	
Total financial liabilities	-	-	1,162,879	15,465,291	-	369,390	16,997,560	
Interest re-pricing gap	3,160,519	129,728	350,460	2,857,834	1,729,422	987,293	9,221,261	
Equivalent in KHR'000 (Note 3.2)	12,900,398	528,512	1,427,774	11,642,836	7,045,665	4,022,234	37,567,419	

	Up to 1 month USD	1 to 3 months USD	3 to 12 months USD	1 to 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD	Interest rate
As at 31 December 2020								
Financial assets								
Cash on hand	-	-	-	-	-	15,322	15,322	
Balance with the NBC	-	-	-	-	254,765	2,625,203	2,879,968	0.06%
Balances with other banks	831,547	-	-	-	-	21,412	852,959	
Loans to customers-net	22,322	77,090	1,325,452	18,165,347	1,172,620	-	20,762,831	15.60% to 22.80%
Equity investment	-	-	-	-	-	10,000	10,000	
Other assets	-	-	-	-	-	1,750	1,750	
Total financial assets	853,869	77,090	1,325,452	18,165,347	1,427,385	2,673,687	24,522,830	
Financial liabilities								
Amounts due to shareholder	5,000,000	-	4,000,000	1,000,000	-	-	10,000,000	4.98% to 6.21%
Borrowings	-	345,719	401,817	4,280,036	-	-	5,027,572	4.98% to 9%
Other liabilities	-	-	-	-	-	211,483	211,483	
Total financial liabilities	5,000,000	345,719	4,401,817	5,280,036	-	211,483	15,239,055	
Interest re-pricing gap	(4,146,131)	(268,629)	(3,076,365)	12,885,311	1,427,385	2,462,204	9,283,775	
Equivalent in KHR'000 (Note 3.2)	(16,771,100)	(1,086,604)	(12,443,896)	52,121,083	5,773,772	9,959,615	37,552,870	

33.4 Liquidity risk

Liquidity 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 is monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as at when they fall due.

The following table provides an analysis of the financial assets and liabilities of the Company into relevant maturity groupings, including instalment due.

	Up to 1 month USD	1 to 3 months USD	3 to 12 months USD	1 to 5 years USD	Over 5 years USD	No fixed term USD	Total USD
As at 31 December 2021							
Financial assets							
Cash on hand	26,435	-	-	-	-	-	26,435
Balance with the NBC	1,060,852	-	-	-	-	254,765	1,315,617
Balances with other banks	3,356,982	-	-	-	-	-	3,356,982
Loans to customers-net	1,174,490	2,078,667	7,973,093	16,973,929	176,337	-	28,376,516
Equity investment	-	-	-	-	-	10,000	10,000
Other assets	3,252	-	-	-	-	-	3,252
Total financial assets	5,622,011	2,078,667	7,973,093	16,973,929	176,337	264,765	33,088,802
Financial liabilities							
Amounts due to shareholder	22,038	9,699	1,375,740	9,249,551	-	-	10,657,028
Borrowings	19,395	794,760	1,984,616	4,788,562	-	-	7,587,333
Other liabilities	236,163	11,106	99,373	22,748	-	-	369,390
Total financial liabilities	277,596	815,565	3,459,729	14,060,861	-	-	18,613,751
Liquidity gap	5,344,415	1,263,102	4,513,364	2,913,068	176,337	264,765	14,475,051
Equivalent in KHR'000 (Note 3.2)	21,773,148	5,145,878	18,387,445	11,867,839	718,397	1,078,653	58,971,360

	Up to 1 month USD	1 to 3 months USD	3 to 12 months USD	1 to 5 years USD	Over 5 years USD	No fixed term USD	Total USD
As at 31 December 2020							
Financial assets							
Cash on hand	15,322	-	-	-	-	-	15,322
Balance with the NBC	2,625,203	-	-	-	-	254,765	2,879,968
Balances with other banks	852,959	-	-	-	-	-	852,959
Loans to customers-net	1,037,439	1,976,643	7,880,921	15,904,387	181,836	-	26,981,226
Equity investment						10,000	10,000
Other assets	1,750	-	-	-	-	-	1,750
Total financial assets	4,532,673	1,976,643	7,880,921	15,904,387	181,836	264,765	30,741,225
Financial liabilities							
Amounts due to shareholder	5,000,000	54,817	4,089,938	1,026,137	-	-	10,170,892
Borrowings	28,238	569,219	685,026	4,751,521	-	-	6,034,004
Other liabilities	106,217	9,005	80,179	16,082	-	-	211,483
Total financial liabilities	5,134,455	633,041	4,855,143	5,793,740	-	-	16,416,379
Liquidity gap	(601,782)	1,343,602	3,025,778	10,110,647	181,836	264,765	14,324,846
Equivalent in KHR'000 (Note 3.2)	(2,434,208)	5,434,870	12,239,272	40,897,567	735,527	1,070,974	57,944,002

33.5 Capital management

a. Regulatory capital

The Company's lead regulator, the NBC, sets and monitors capital requirements for the Company as a whole.

The Company's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also recognised. The Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

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

b. Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

34 Events after the reporting date

No other significant events occurred after the end of the reporting period and the date of authorisation of the financial statements, which would require adjustments or disclosures to be made in the financial statements.

35 Authorisation of financial statements

The financial statements as at 31 December 2021 and for the year then ended were approved for issue by the Board of Directors on 13 April 2022.