

Annual Report 2018

BNKC (Cambodia) MFI Plc.



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Boulevard, Sangkat Tonle Bassac
Khan Chamcarmon, Phnom Penh, Cambodia
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CORPORATE INFORMATION



BNKC (Cambodia) Microfinance Institution Plc. is a financial industry, provides type of loans to Cambodian throughout operation's areas nationwide.

BNKC (Cambodia) Microfinance Institution Plc. started as KBSC (Cambodia) Microfinance Institution Plc., a Public Limited Company. BNKC officially received license from National Bank of Cambodia on May 07, 2015. BNK Financial Group of South Korea is a parent company of BNKC (Cambodia) Microfinance Institution Plc. It has a paid-up capital of 10 Million USD and 100% shareholder of BNK Financial Group.

Purposely; BNKC provides the best financial services to Cambodian, and to contribute to Cambodia's economic development. Additionally, BNKC points to support young potential people to join in our future career for better growth.



VISION, MISSION AND STRATEGIC GOALS

Vision

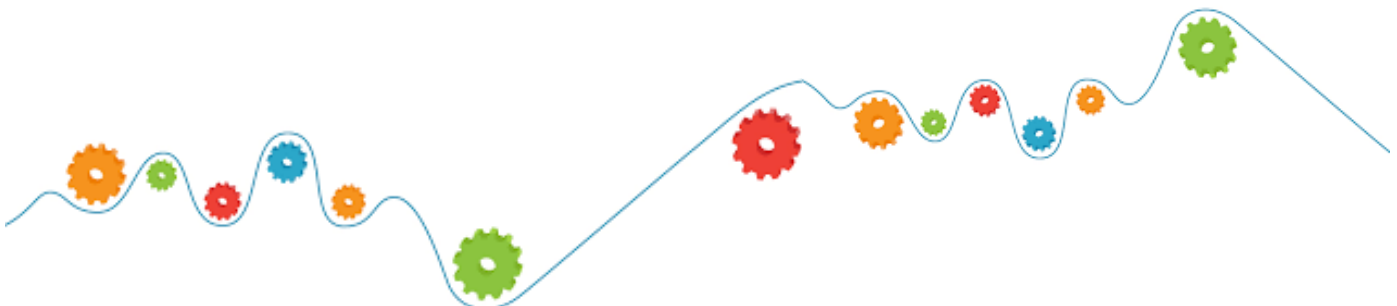
BNKC's vision is to provide the best financial services to Cambodian with sustainable growth.

Mission

BNKC's mission is to perfect a strong financial group that combines size and profitability.

Strategic Goal 2018

- Increase integrity and profitability
- Develop specialized production and expand market areas
- Improve quality of asset through strengthening risk management



CEO'S MESSAGE



*“To the world with
community, to the better
future with customers”*

Dear valued customers! On behalf of BNKC (Cambodia) Microfinance Institution Plc., I would like to deeply thank you to all the 2205 customers who love, support and believe in our loan services for more than 3 years.

I am LEE Daekwang, Chief Executive Officer of BNKC (Cambodia) Microfinance Institution Plc., I put all of my best effort physically and mentally to fulfill the customers' needs based on my professional experience in credit operation for several years.

Over the past years of operation, our institution tries our best to correct the tragedy that happen to the customers; we promise to speed-up our service for better, provide the stability of economy and to help the customer in difficult situation.

My dream and all level of employees; we hope our institution will be developed, grow in every field, especially



in human resources and credit services. In order to achieve this dream; we set the clear strategy, cleverness of leadership skill, adjust the organizational structure and improve our internal training and external training to our employees.

Meanwhile in the development of human resources and credit services, our institution tries our best to follow the principle and procedure which align to Prakas of National Bank of Cambodia; and ministries or other relevant institutions in order to guarantee that there is transparency, correctness, neutralism and sustainability for the upcoming future.

Taking everything into account, I sincerely hope that our customers still believe in our institution as well as to support in the future for successful. I wish our valued customers and our employees for happiness, healthy, successful in everything you wish for.

Thank you!



LEE Dae Kwang



AREA OF OPERATIONS



Because of the well performance over the year of 2018, our institution grows smoothly and rapidly. Comparing to the previous year, BNKC (Cambodia) Microfinance Plc. is keep moving forward in every field from year to year.

The operation result of December 31, 2018 the **client balance 2,205** amount of **outstanding balance 13.3 Million USD** that operated **943 villages, 283 communes**, and **32 districts** within Phnom Penh City, Kandal Province, Kampong Speu Province and Takeo Province.

Currently, BNKC has 4 branches; such as: Head Office, Angk Snuol Branch, Chbar Mon Branch and Tram Kak Branch. Each of the branch has the impressive result from month to month.

Head Office

B-Ray Tower, Preah Nordon Blvd.,
Sangkat Tonle Bassac, Khan Chamcarmon,
Phnom Penh
Tel: (855) 23 213 900
Website: www.bnkcmfi.com

Angk Snuol Branch

Chong Bangkuol Village, Beikchan Commune,
Angk Snuol District, Kandal Province
Tel: (855) 23 729 711

Chbar Mon Branch


Boreiy Kamakor Village, Sangkat Rokar Thom,
Krong Chbarmon, Kampong Speu Province
Tel: (855) 25 210 229

Tram Kak Branch

Prey Rumdeng Village, Angk Ta Saom Commune
Tram Kak District, Takeo Province
Tel: (855) 32 215 215



PRODUCT AND SERVICE HIGHLIGHTS



General Business Loan: It is an individual or group loan which provides to Cambodian who needs to use for starting and expanding their business in order to earn more the income. This loan size is up to USD 50,000 or equivalent Khmer Riel and loan term is up to 72 months.

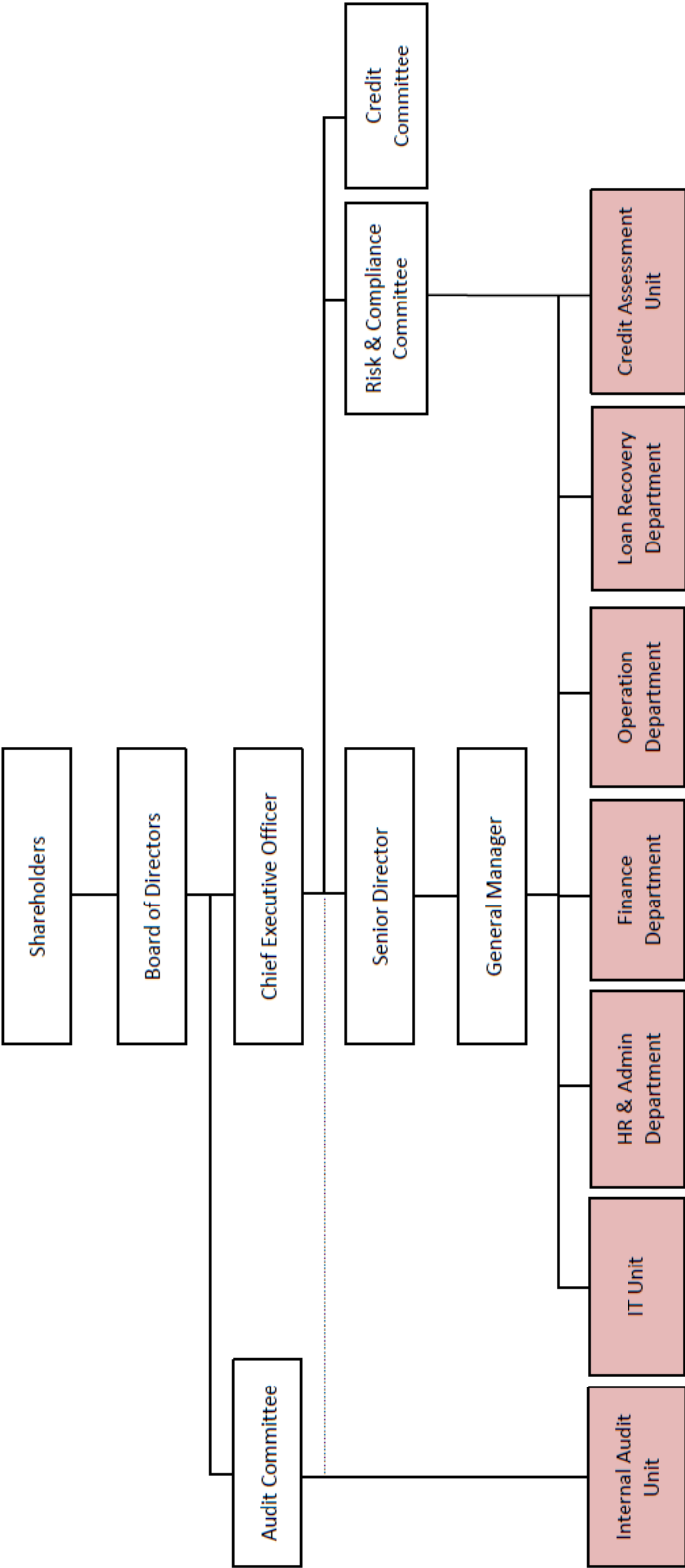
Seasonal Loan: It is an individual or group loan which provides to farmer who needs to use for expanding their agriculture business in order to earn more income. This loan size is up to USD 10,000 or equivalent Khmer Riel and loan term is up to 24 months.

Personal Loan: It is an individual loan which provides to Cambodian who needs to buy materials for family or personal using. This loan size is up to USD 15,000 or equivalent Khmer Riel and loan term is up to 60 months



ORGANIZATIONAL STRUCTURE

As December 2018



SHAREHOLDERS

“We, BNK CAPITAL put our clients’ values first and make our best effort to become a top financial company leading loan-specializing financial companies in the future.”

BNK Capital Co., Ltd is the former BS Capital Co., Ltd. which changed its name to BNK Capital Co., Ltd. in March 2015. BNK Capital Co., Ltd. was founded in 2010 based in Busan, South Korea. BNK Capital Co., Ltd. is a subsidiary of BNK Financial Group Inc.

BNK Capital Co., Ltd operates as a specialized loan company in South Korea, which primarily focuses on providing support for low and middle income households. The company provides personal loans, lease financing, installment financing, corporate loans, factoring, discounted bill, auto loan services, house loans etc.

BOARD OF DIRECTOR



Mr. LEE Doo Ho
Chairman of the Board



Mr. RUY Hui Seok
Member of the Board



Mr. LEE Dae Kwang
Member of the Board



MANAGEMENT TEAM



Mr. LEE Dae Kwang
Chief Executive Officer

He first started his career at Daewoo Company in 1998. Along around 11 years at this company, he worked in different aspects such as: Motor Sales and Finance. From 2009 to 2013, he moved into Aju Capital as a Team Manager. Because of his outstanding and professional performance, the company appointed him from Anyang Branch to Bucheon Branch, to ensure the well operation in each area.

He joined BNK Capital in South Korea as a Branch Manager since 2009 till 2017. During years at BNK Capital in South Korea, he has achieved success there. His potential and expert in financial industry, BNK Capital appointed him as Chief Executive Officer of BNKC (Cambodia) Microfinance Institution Plc. based in Cambodia in July, 2018. His multi skills bring BNKC successful till the present time. He had experienced in financial industry around 20 years.

For his educational background, he obtained Bachelor's Degree at Sejong Cyber University, in the field of Business Administration.



Mr. JEONG Jeong Yeop
Senior Director

Before joining BNKC (Cambodia) Microfinance Institution Plc., he started his career in a position of Sales Team Officer at Busan Solomon Saving Bank from 2007 to 2009. He was promoted at the same financial industry as Project Financing Team Supervisor from 2009 to 2010.

In late 2010, he joined BNK Capital in South Korea as General Management Team Officer. From that period onward till early 2018, he held several positions such as: Supervisor of Strategic Planning Team, Manager of Strategic Planning Team and Manager of HR & Admin Team. Because of his skillful and many years in banking sector, BNK Capital appointed him as Senior Director of BNKC (Cambodia) Microfinance Institution Plc. based in Cambodia in March 2018. To sum up his career in financial industry, he had experienced in around 12 years.

He pursued his Bachelor's Degree at Dong-A University, in the field of Business Administration.





Ms. HOY Sophea
General Manager

Before joining BNKC in April 2015, she was a General Secretary at CMA for 9 years and an Information Documentation Officer of Action on Disability and Development for 4 years and Agriculture Officer for Home Gardening and Nutrition of Chamroen Chiet Khmer/Helen Keller International Organization for 3 years.

She had experience in managing the CMA's operation and promoting the financial and non-financial services in public. Besides, she used to manage and develop many projects at ADD and CCK/HKI.

She obtained Bachelor's Degree and Master's Degree in General Management at National University of Management in 2005 and 2008. She also attended the vocational training abroad such as: Microfinance Management Concentration in Italy, Microfinance: Building Inclusive Financial Sectors and Support for Legal and Regulatory Frameworks in Australia, TOT on Social Performance Management in Vietnam, and Industrial Relationship and HR Management in Japan.



Mr. LEAV Dara
Finance Manager

Before joining BNKC in May 2015, he was a Finance Director for over 1 year in Teuk Saat 1001 Organization and over 14 years in Seilanithih as various positions (Branch Accountant, Product Development Officer, Marketing Manager, Head of Finance Department, and Head of Internal Audit Department).

He had experienced in accounting, research and product development, marketing, finance, and internal auditor in microfinance sector.

He obtained Master's Degree in field of Finance and Accounting from Build Bright University in 2007, and a Bachelor's Degree field of International Business Management at Royal University of Phnom Penh in 2002. He also attended the vocational training in local and international training courses, such as financial analysis, risk management, customer services and social performance.





Mr. PA Ponnak Kiry
Operation Manager

He joined BNKC on October 2015. For employment history, he used to be a Loan Manager in Micro Finance Institution for 2-year and Human Resource Supervisor in SOMA Group, Co.,Ltd for 3-year and a Human Resource Manager in Micro Finance Institution for 4-years. He also has experience teaching at university for 4-year as well.

He has experience in loan management, operational planning, developing credit policy and procedure, marketing research and product development as well. For human resource management, he has experience in man power planning, recruitment, job description development, set up performance management system and welfare program, identify training needs assessment, and develop and implement HR Policy and Procedure etc.

He obtained Master's Degree in field of Finance and Accounting from Build Bright University in 2006, and Bachelor's degree in field of Business Management from National Institute of Management in 2003. Beside these, he also obtained the vocational training skill on Risk Management, Strategic Planning Management, etc.



Mr. SOUNG Savuth
Loan Recovery Manager

Before joining BNKC on April, 2015, he was a Senior Credit Officer of Acleda Bank Plc. for over 6 years, and was a Mathematic and Physic teacher of state and private school, as well as a lecturer of English and Writing Skills at universities over 8 years.

He had experienced in identifying risks for operational areas, marketing research, setting operation strategic plans, handling problems solving with overdue clients, loan assessment, collateral evaluation, writing loan proposal, defending loan proposal, training loan policy, loan and collateral evaluation to new staff on their practicum.

He obtained Master's Degree in Educational Administration and Leadership from Royal University of Phnom Penh in 2011 and Bachelor Degree of English for Communication from Western University in 2007. Additionally, he obtained the two years course on pedagogy at Regional Pedagogy Center, Prey Veng province in 2000 and he also attended other short courses such as: human right, life skills, land law, etc.





Mr. UN Rattanak
HR/Admin Supervisor

Before joining BNKC in June 2016, he was an Administration and Finance Manager & Project Assistant Manager for 3 years at Innovia Development Cam Co.,Ltd from 2012 to 2015. He also was a School Director of ICMS Mission Society NGO which based in Thailand for a year, from 2009 to 2010.

He graduated his Master Degree in Business Management at Build Bright University on March 2015. In 2012, he had pursued his 2 Bachelor Degrees in Inter-Cultural Studies and English Language & Literature from KOSIN University, Busan City, Republic of Korea. Beside this, he also attended types of vocational training skills such as: Leadership Skill, Administration & Office Management, Cambodia Labour Law and Compliance etc.



Mr. SOR Tola
Credit Assessment Supervisor

He joined BNKC in October 2015 as Translator & Administrative Officer and holding various positions such as Translator & HR Officer, Senior Credit Assessment Officer and in 2018 February he was promoted to Credit Assessment supervisor.

He has more than 10 years of experience as Translator with multiple skills and more than 3 years as Credit Assessment.

He obtained a bachelor's degree of Hotel & Tourism Management at NUM in 2007 and studied 3 years at RUPP in field of bachelor degree of Science and Mathematics.





Mr. SIM Narann
Head of Internal Audit

Before joining BNKC in April 2015, He had worked as Internal Auditor for 3 years in Amret Microfinance and also worked as credit officer and customer service officer for 3 years in the company. He has had experiences in credit and auditing in microfinance more than 6 years.

Currently, he has been pursuing ACCA & CAT (Association of Chartered Certified Accountants & Certified Accounting Technician) at FTMS Global Academy and completed FA1, FA2, MA1, F1, F2, F3 and F8. He obtained Bachelor Degree in accounting and finance from Human Resources University in 2008. He also studied Law on Taxation at National Tax School and successfully passed examination of Tax Agent from General Tax Department. Moreover, He completed General English from Pannasastra University of Cambodia.

During working in Amret, he had attended other training courses such as “Problem Solving and Decision Making Skill, Critical Thinking and Critical Audit Sampling and Finding.



Mr. AN Sokkhak
IT Supervisor

Before joining BNKC in April 2015, he was a Database Administrator of Green Central Micro Finance Ltd., for 2 years, a Database Administrator and Software Developer of GEOLINK Group Co., Ltd. for 2 Years, an IT Coordinator of IEL International School for 1 year, an IT Teacher (VB.net and Management Information System) of ITech International for a half year.

He obtained a bachelor’s degree in field of Computer Science and Engineering from Royal University of Phnom Penh in 2009. He also attended the vocation training skill on C-Programming, C++, Java Programming (OOP, Servlets, JSP), C#, PHP, MySQL, ASP.net, Java/VB Script, CSS, VB.net, SQL Server and Database Management System.



EMPLOYEE DEVELOPMENT

BNKC (Cambodia) Microfinance Institution Plc. always care about staff performance, so for the staff employee development or staff capacity building is crucial for daily growth.

HR/Admin Department



Training Topic	# Trainee	Date	Duration	Composition Participants	Trainer
<ul style="list-style-type: none"> • Background about BNKC (Cambodia) Microfinance Institution Plc. • HR Policies • Staff benefits 	8	15-Jan-2018	1 day	New employees from each branch	HR/Admin team
	6	05-Feb-2018	1 day	New employees from each branch	
	6	19-Feb-2018	1 day	New employees from each branch	
	9	24-Apr-2018	1 day	New employees from each branch	
	1	01-Aug-2018	1 day	New teller from TRK branch	
	7	16-Oct-2018	1 day	New teller from TRK branch	HR/Admin Supervisor
	1	16-Oct-2018	1 day	New branch manager from ODG branch	
	5	12-Nov-2018	1 day	New employees from each branch	HR/Admin team
	9	03-Dec-2018	1 day	New employees from each branch	
Refreshment Management Team	15	03-Feb-2018	0.5 day	Management levels Branch managers	HR/Admin Supervisor
Whistleblowing Policy	13	27-Dec-2018	0.5 day	All Head Office employees	

Operation Department




Training Topic	# Trainee	Date	Duration	Composition Participants	Trainer
<ul style="list-style-type: none"> • Credit Risk Guideline • Information Collection • Loan Evaluation • Collateral Evaluation • Fill GL • IL Form • Loan Contract • Hypothec • Keep collateral • Staff Motivation • CO Function 	8	15 to 18-Jan-2018	4 days	New employees from each branch	Senior Support Branch
	6	05 to 08-Feb-2018	4 days		
	6	19 to 22-Feb-2018	4 days		
	9	24 to 27-Apr-2018	4 days		
	5	12 to 17-Nov-2018	5.5 days		
<ul style="list-style-type: none"> • Credit operation manual • Loan evaluation • Collateral evaluation • Loan discipline • Credit risk • Comment CEO 	12	14 to 15-Sep-2018	1.5 days	Employees at HO Branch	Operation Manager
	11			Employees at TRK Branch	
	10	27 to 28-Sep-2018	1.5 days	Employees at ASN Branch	Senior Support Branch
	2			Employees at CBM Branch	Operation Manager
	7	04 to 05-Oct-2018	1.5 days	Employees at HO Branch	Senior Support Branch
	7	16 to 22-Oct-2018	6 days		
	10	16-Oct to 14-Nov-2018	18 days	Branch Manager of ODG Branch	Senior Support Branch Operation Manager ASN Branch Manager



New business plan for clients	79	26 to 28-Nov-2018	3 days	All employees at ASN branch, CBM branch & TRK branch	Senior Support Branch
The responsibilities in new business plan loan and to solve the debt	62	27-Dec-2018	0.5 day	All employees at ODG branch, TRK branch, CBM branch & ASN branch	

Finance Department



Training Topic	# Trainee	Date	Duration	Composition Participants	Trainer
<ul style="list-style-type: none"> • MBWIN System • The guideline of disbursement to customer • The guideline of repayment from customer • Customer satisfaction guideline • Counterfeit money 	1	16 to 22-Oct-2018	11.5 days	New teller from TRK branch	Finance Manager Chief Teller
	1	23-Aug to 07-Sep-2018	13 days		
	1	12-Nov to 07-Dec-2018	18 days	New teller from ODG branch	
	2	03-Dec to 11-Dec-2018	14.5 days		
<ul style="list-style-type: none"> • Posting batch and check GL report in MBWIN • Prepare voucher such as PV, RV, cash and bank record • Prepare end of month document such as bank reconcile, bank summary, passbook scan, calculate motor rental for CO 	1	28-Aug to 01-Sep-2018	4.5 days	New accountant from TRK branch	



Loan Recovery Department

Training Topic	# Trainee	Date	Duration	Composition Participants	Trainer
Legal process for Loan Recovery	74	21-Sep-2018	1 day	All employees from CBM branch and ASN branch	Loan Recovery Manager
<ul style="list-style-type: none"> • Anti-fraud guideline • Loan recovery guideline 	7	21-Oct-2018	1 day	CO from each branch	
	5	12 to 17-Nov-2018	5.5 days		



Credit Assessment Unit

Training Topic	# Trainee	Date	Duration	Composition Participants	Trainer
<ul style="list-style-type: none"> • Assess loan and processing loan • Credit assessment guideline 	1	03 to 24-Aug-2018	16.5 days	New Credit Assessment Officer from TRK branch	Credit Assessment Supervisor



Information Technology Unit

Training Topic	# Trainee	Date	Duration	Composition Participants	Trainer
<ul style="list-style-type: none"> • Computer maintenance • IT security 	9	12-Dec-2018	0.5 day	CO, Accountants and Tellers from each branch	IT Supervisor



External Training/Workshop

#	Participants	Position	Topic	Date	Duration	Organizer
1	Mr. LEAV Dara	Finance Manager	Prakas on Credit Risk Grading & Impairment Provision	15-Aug-2018	1 day	NBC CMA Deloitte
2	Mr. SOUNG Savuth	Loan Recovery Manager				
3	Mr. SIM Narann	Head of Internal Audit				
4	Ms. HOY Sophea	General Manager	Statistic Collection	17-Aug-2018	1 day	NBC NIS
5	Ms. HOY Sophea	General Manager	CEO Club Management	31-Aug-2018	0.5 day	CMA
6	Mr. UN Rattanak	HR/Admin Supervisor	HR Club Meeting	31-Aug-2018	0.5 day	CMA
7	Mrs. PIN Sam Oun	Senior HR/Admin Officer				
8	Mr. SES Pich Rithy	Credit Assessment Officer	CMA Property Evaluation	07 to 08-Sep-2018	2 days	CMA
9	Mr. UN Rattanak	HR/Admin Supervisor	Career Fair	20-Sep-2018	0.5 day	MOLVT
10	Ms. SOM Anita	HR/Admin Officer				
11	Ms. HOY Sophea	General Manager	Asia Network Submit and Mekong Inclusive Growth Thailand	01 to 03-Oct-2018	9 days	ADA BWTP
12	Mr. UN Rattanak	HR/Admin Supervisor	"We are BNK"	08 to 12-Oct-2018	5 days	BNK Capital
13	Mr. SIM Narann	Head of Internal Audit				
14	Mr. YIM Sokha	Branch Manager				



15	Mr. MOUL Saran	Specialist Credit Officer				
16	Mrs. PIN Sam Oun	Senior HR/Admin Officer	Settlement of sovereign pay	12-Oct-2018	0.5 day	CMA MOL
17	Ms. HOY Sophea	General Manager	CMA's Board Meeting	19-Oct-2018	0.5 day	CMA
18	Mr. LEAV Dara	Finance Manager	IFRS9	20-Oct-2018	1 day	CMA
19	Ms. HOY Sophea	General Manager	CEO Breakfast Meeting	02-Nov-2018	0.5 day	MoE NBC ABC
20	Ms. HOY Sophea	General Manager	Education & SDF Committee	13-Nov-2018	0.5 day	CMA
21	Ms. HOY Sophea	General Manager	Cambodia Sustainable Finance	05-Dec-2018	0.5 day	ABC CMA
22	Mr. LEAV Dara	Finance Manager	Dissemination Implementation of Accounting Standards for Banks & FIs	12-Dec-2018	0.5 day	NAC NBC
23	Ms. HOY Sophea	General Manager	Annual Microfinance Conference "AMC"	14-Dec-2018	1 day	CMA
24	Mr. UN Rattanak	HR/Admin Supervisor				
25	Mr. LEAV Dara	Finance Manager	Broadening Sources of Cambodia's Growth	21-Dec-2018	0.5 day	NBC
26	Ms. HAY Mouthny Kimhour	Credit Assessment Officer	Clients Protect Principles	25 to 27-Dec- 2018	3 days	CMA
27	Mr. NHEM Dara	Credit Assessment Officer				



EXPOSURE VISIT

Each year, BNKC (Cambodia) Microfinance Plc. never takes the exposure visit for granted to send the outstanding employees from every department and from branches to visit South Korea. The purpose of exposure visit is mainly focusing on training methodology as it enables the BNK from different countries to interact with and learn from one another.



From 08 to 12 October 2018, there are four employees attend the exposure visit in South Korea. Two of them are from Operation Department, another from HR & Admin Department and the last one is from Internal Audit Unit. Four of them are represented as BNK from Cambodia, they visit BNK Financial Group and BNK Capital which located at Busan in South Korea.



CORPORATE SOCIAL RESPONSIBILITY

On November 2018, BNKC (Cambodia) Microfinance Institution Plc. and the 100% shareholder “BNK Financial Group” have donated playground equipment, educated supplies, computers, clothes and other things to students of Tropeang Chhouk Primary School, Joyful School and poor people around the area. BNK will always support our society and make everyone happy.



During Pchum Ben Festival, BNKC (Camodia) Microfinance Institution Plc. always gathers all levels of employees to go to pagoda. These are the activities on Pchum Ben Festival 2018.



INDEPENDENT AUDITOR'S REPORT

To: **The Shareholder of BNKC (Cambodia) Microfinance Institution Plc.**

Opinion

We have audited the financial statements of BNKC (Cambodia) Microfinance Institution Plc. ("the Company"), which comprise the balance sheet as at 31 December 2018, and the income statement, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards ("CASs") and relevant regulations and guidelines issued by the National Bank of Cambodia ("NBC").

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 sub-decree on the Code of Ethics for Professional Accountants and Auditors promulgated by the Royal Government of 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

The other information obtained at the date of the auditor's report comprises the Report of the Board of Directors as set out in pages 1 to 4. Management is responsible for the other information.

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 the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with CASs and relevant regulations and guidelines issued by 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.



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 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 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.
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

29 April 2019



BALANCE SHEET

as at 31 December 2018

	Notes	2018		2017	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
ASSETS					
Cash on hand	3	33,154	133,213	19,798	79,925
Balances with the National Bank of Cambodia ("NBC")	4	752,891	3,025,116	501,713	2,025,415
Balances with other banks	5	969,250	3,894,447	2,111,614	8,524,586
Loans and advances to customers	6	11,745,139	47,191,969	5,846,893	23,603,907
Other assets	7	142,966	574,437	97,743	394,589
Property and equipment	8	393,299	1,580,275	308,671	1,246,105
Software	9	5,787	23,252	6,682	26,975
TOTAL ASSETS		14,042,486	56,422,709	8,893,114	35,901,502
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Income tax payable	10	2,450	9,844	995	4,017
Other liabilities	11	98,562	396,022	62,204	251,118
Total liabilities		101,012	405,866	63,199	255,135
Shareholder's equity					
Share capital	12	15,000,000	60,270,000	10,000,000	40,370,000
Accumulated losses		(1,058,526)	(4,253,157)	(1,170,085)	(4,723,633)
Total shareholder's equity		13,941,474	56,016,843	8,829,915	35,646,367
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		14,042,486	56,422,709	8,893,114	35,901,502



INCOME STATEMENT

for the year ended 31 December 2018

	<i>Notes</i>	<i>2018</i>		<i>2017</i>	
		<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1)</i>	<i>US\$</i>	<i>KHR'000 equivalent (Note 2.1)</i>
Interest income	13	1,436,112	5,770,298	817,608	3,300,683
Other income	14	296,524	1,191,433	81,336	328,353
Operating expenses	15	(1,516,277)	(6,092,401)	(1,191,448)	(4,809,875)
Allowance for impairment losses on balances with other banks and loans and advances to customers	6	(87,184)	(350,305)	(32,723)	(132,103)
Profit (loss) before income tax		129,175	519,025	(325,227)	(1,312,942)
Income tax expense	10	(17,616)	(70,781)	(8,996)	(36,317)
Net profit (loss) for the year		111,559	448,244	(334,223)	(1,349,259)



STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	Notes	2018		2017	
		US\$	KHR'000 equivalent (Note 2.1)	US\$	KHR'000 equivalent (Note 2.1)
Operating activities					
Profit (loss) before income tax		129,177	519,033	(325,227)	(1,312,942)
<i>Adjustments for:</i>					
Depreciation and amortization		118,159	474,763	102,454	413,609
Allowance for impairment losses on loans and advances to customers		77,403	311,005	-	-
Allowance for impairment losses on balances with other banks		9,790	39,336	-	-
<i>Movements in operating assets and liabilities:</i>					
Balance with the NBC	4	(250,000)	(1,004,500)	-	-
Loans and advances to customers	6	(5,975,649)	(23,588,062)	(3,009,443)	(12,149,121)
Other assets	7	(45,223)	(179,848)	(10,277)	(41,489)
Other liabilities	11	36,356	(144,904)	26,172	105,656
		(5,899,987)	(23,573,177)	(3,216,321)	(12,984,287)
Income tax paid	10	(16,161)	(64,935)	(8,485)	(34,254)
Net cash used in operating activities		(5,916,148)	(23,638,112)	(3,224,806)	(13,018,541)
Investing activities					
Acquisition of property and equipment	8	(199,692)	(802,362)	(55,785)	(225,204)
Acquisition of software		(2,200)	(8,840)	(1,650)	(6,661)
Net cash used in investing activities		(201,892)	(811,202)	(57,435)	(231,865)
Financing activities					
Repayment of borrowing		-	-	-	-
Capital injection		5,000,000	20,090,000	-	-
Net cash generated from financing activities		5,000,000	20,090,000	-	-
Net decrease in cash and cash equivalents		(1,118,040)	(4,359,314)	(3,282,241)	(13,250,406)
Cash and cash equivalents at beginning of year		2,133,125	8,611,426	5,415,366	21,861,832
Foreign exchange difference		-	(173,500)	-	-
Cash and cash equivalents at end of year	3	1,015,085	4,078,612	2,133,125	8,611,426

