

Angkor Mikroheranhvatho (Kampuchea) Co., Ltd



2012
ANNUAL
REPORT

Finance
at your **doorstep**

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AMK Staff Workshop in Phnom Penh - October 2012

AMK BACKGROUND

VISION : AMK's long-term vision is of a Cambodian society where citizens have equal and sufficient economic and social opportunities to improve their standards of living & where they can contribute productively towards the overall development of the country.

MISSION : AMK's mission is to help large numbers of poor people to improve their livelihood options through the delivery of appropriate and viable microfinance services.

The origins of Angkor Mikroheranhvatho (Kampuchea) Co. Ltd (AMK) trace back to Concern Worldwide's microcredit interventions in the 1990s. As operations grew, in 2002 Concern decided to create a separate microfinance company which became known as AMK. By 2003, AMK was functioning independently of Concern and subsequently received its license from the National Bank of Cambodia in 2004.

By 2005, AMK made its first operating profit, had its first external borrowing approved, and created a social performance management mechanism. In the following years, AMK experienced rapid growth in its core credit business, extending its branch network to every province in the country.

In 2010, AMK began a strategic transformation, turning from a rural credit-only business into a broader provider of microfinance services. This strategy was driven by a desire to provide a broader array of financial services to Cambodia's underserved poor population and thereby assist these people to improve their livelihood options.

The granting of AMK's Microfinance Deposit Institution (MDI) license in 2010 represented a key milestone in this journey. It allowed AMK to implement several new products and channels. Savings products were rolled out to all branches by mid 2011, and a domestic money transfer product was launched in July 2011. Both of these services were expanded to all 113 AMK branch and sub-branch outlets during 2012. AMK also piloted an agent-based mobile banking solution during 2011 and 2012. This new delivery channel will be rolled out to additional provinces in 2013.

Throughout its history, AMK's commitment to social performance has been absolute. AMK has developed a comprehensive social performance management framework, which ensures that the organization stays focused on its mission to assist large numbers of poor people. Currently, AMK's 1,187 staff serve over 312,989 clients in 10,116 villages across Cambodia. This outreach represents 72% of all villages and approximately 10% of all households in the country.



AMK at Koh Pich National Career Fair - November 2012

GUIDING PRINCIPLES

- AMK provides microfinance services to poor people in Cambodia that are grounded in sound financial discipline at all levels;
- AMK is committed to openness and transparency in all areas of management and operations;
- AMK is committed to developing processes and services and to adopting behaviors and standards that ensure optimum social performance, including client protection;
- AMK is a learning organization where appropriate exchange and sharing of information contributes to staff development, training, and improvements in policies and systems.

CODE OF PRACTICE FOR CLIENT PROTECTION

Inclusion: AMK will maximize the inclusion of the poor and other marginalized populations with AMK’s products and services.

Avoidance of Over-Indebtedness: AMK will limit client exposure to their capacity to repay and will seek to avoid client over-indebtedness.

Transparent Pricing: AMK will provide its clients with complete information on its product features, costs, and obligations and will ensure transparency in all product and transaction pricing.

Ethical Staff Behavior: AMK will ensure ethical and respectful behavior of staff towards clients.

Freedom of Choice: AMK will facilitate and promote freedom of choice to its clients.

Appropriate Collection Practices: AMK’s debt collection practices will be reasonable and collaborative and never abusive or coercive.

Mechanisms for Redress of Grievances: AMK will provide clients with appropriate and accessible mechanisms for complaint and problem resolution.

Privacy of Client Data: The privacy of client data will be respected unless disclosure is required by law.

This Code is enshrined in AMK’s operating policies and procedures and is monitored through AMK’s internal audit and social performance management functions.

CHAIRMAN'S REPORT



TANMAY CHETAN
CHAIRMAN, AMK BOARD OF DIRECTORS

2012 saw AMK continue to make significant progress in its strategy to expand its range of financial services and to transition into a full-scale financial services provider to low-income families in Cambodia.

The lending business remained stable, and AMK maintained its leadership in the market with 291,859 active credit clients at year-end. Demand for new products, such as the credit line and seasonal loan products, has been strong, resulting in a steady increase in their share of the lending portfolio. AMK maintained its reach among low-income families and extended its presence to 72% of the country's villages. A number of sub-branch offices were upgraded to full-service branches, expanding AMK's physical office network further, from 98 to 113 outlets. These strategies provided further impetus to the money transfer and deposit businesses, both of which showed promising uptake during the year.

A seamless transition in the leadership of AMK took place in July, largely due to careful planning and the efforts of both the outgoing CEO Pete Power and the incoming CEO Kea Borann. Both Pete and Borann have been key players in the development of AMK for a number of years, and their deep understanding of the organization ensured a smooth and forward-looking transition in the leadership of the institution. On behalf of the Board and the shareholders, I thank Pete for his dynamic leadership of AMK in the last two years and look forward to Borann's vision in taking AMK forward.

AMK's Research Department carried out a detailed change study during the year to evaluate the effects of AMK's services on client households over a period of time. While causality is impossible to ascertain or prove in our business, this study was an important step in AMK's own understanding of the possible effects of its financial services. The change study reviewed sample clients' household data from 2006-2012 through a time-series analysis of existing clients as well as former clients and non-clients. The results were largely positive and an endorsement of the institution's strategies in reaching the lower end of the rural market.

AMK's financial performance remained robust during 2012, with healthy profits, an impeccable lending portfolio, improved operating efficiency, and stable organic growth.

AMK is well poised to take important strides during 2013. Management is making considerable efforts to deepen AMK's relevance through the provision of micro-insurance, possibly in partnership with a mainstream insurance provider. At the same time, the company is also engaged in discussions with potential new shareholders who will bring further expertise and capital and help strengthen our operations.

As AMK enters its tenth year of operations, it continues to play a sustained and meaningful role in both the financial and the rural development infrastructure of Cambodia. As always we thank our shareholders, the regulators, management, and staff, and most importantly, the clients of AMK for making the last year a successful one.

AMK's vision of a Cambodia which is full of economic opportunities for all seems as realistic as ever. And we look forward to continuing our progress towards this vision.

CHIEF EXECUTIVE OFFICER'S REPORT

After working at AMK for eight years, I became CEO in July 2012, taking over a very strong organization from outgoing CEO Pete Power. I am happy to report that AMK has continued to grow and innovate throughout the year. Commitment to our mission "to help large numbers of poor people to improve their livelihood options through the delivery of appropriate and viable microfinance services" remains sacrosanct, and we continue to make impressive progress towards this goal.

AMK finished 2012 with a total of 312,989 clients. 45% of new group loan clients were below Cambodia's rural poverty level, testament to AMK's commitment to outreach. AMK's three business lines - credit, savings, and money transfer - all experienced impressive growth during the year.

AMK updated its change study during 2012 by revisiting a sample of clients and non-clients first interviewed in 2006. A time series analysis of their livelihood and income levels indicated positive change in AMK client livelihood and income levels which appeared to improve at a slightly faster rate than non-clients.

During 2012, AMK finished the conversion of all 89 sub-branches to fully functioning, client-facing offices, thereby enabling AMK to offer a better range of financial services to its clients from convenient locations. By December 31, 2012, AMK had 113 offices spanning every province in Cambodia. AMK continued to expand its geographic outreach and now serves 10,116 villages (72% of all villages in Cambodia).

Credit operations remained strong with a number of new or amended products introduced during the year. This included nationwide rollout of a seasonal credit line loan and expansion of the easy/urban loan product to other urban centers beyond Phnom Penh.

With a nationwide branch network in place, AMK invested heavily during 2012 in marketing and promoting its savings and money transfer businesses with impressive results. The number of savers tripled and total deposit balance nearly doubled.

AMK's net profit for the year was USD 2.89 million, which represents Return on Equity (ROE) of 18.65%. Other key ratios/numbers are outlined below:

- Loan portfolio increased by 29.9% to USD 61.3 million.
- Loan portfolio quality is high with PAR 30 at 0.12%.
- The number of savers increased by 235% to 29,910.
- The value of deposits from the public doubled, increasing from USD 4.1 million to USD 8.2 million.
- The money transfer business grew from 1,676 to 78,660 transactions.
- The value of money transferred grew from USD 0.4 million to USD 29.4 million.

Additionally, as a Learning Organization, AMK hosted a knowledge sharing conference in Q3 2012 to encourage



KEA BORANN
CHIEF EXECUTIVE OFFICER

increased dialogue and cooperation among three micro-finance investments supported by Agora Microfinance and to highlight the Agora network. The conference also paved the way for AMK to export greater microfinance expertise worldwide.

2013 offers yet another set of challenges and opportunities for AMK. AMK will continue to grow its credit operations organically by expanding to new villages in Cambodia. AMK will also open new and upgrade existing offices to improve the branding and visibility of its savings and money transfer products. Additionally, AMK will begin to pilot micro-insurance in partnership with a commercial insurance company during 2013.

I wish to express my thanks to our former CEO, Mr. Pete Power, for his great contribution to AMK. I would also like to thank our Chairperson, Mr. Tanmay Chetan, and all the board and committee members for their leadership, support, and guidance throughout the year. Lastly, I would like to thank AMK staff for their hard work, diligence, and commitment to AMK's clients during the year.

PERFORMANCE HIGHLIGHTS

	DEC-09	DEC-10	DEC-11	DEC-12
OPERATIONAL HIGHLIGHTS				
Number of Branches	22	22	22	24
Number of Sub Branches	43	56	76	89
Number of Villages	6,253	8,032	9,152	10,116
Coverage of Total Villages in Cambodia	45%	57%	65%	72%
Number of Staff	766	844	973	1,187
Client Officers Over Total Staff	57%	57%	52%	50%
Number of Clients	218,256	251,636	280,195	312,989
Number of Active Borrowers (Exc. Staff)	217,477	250,930	275,251	291,859
Group Loan Borrowers	88%	93%	93%	91%
Individual Loan Borrowers	12%	7%	7%	9%
Loan Portfolio (USD, exc. staff loans)	\$24,795,880	\$31,329,857	\$47,248,599	\$ 61,367,475
Group Loans	76%	85%	83%	77%
Individual Loans	24%	15%	17%	23%
Active borrowers/Avg. Client Officer	525	522	559	522
Loan outstanding/Avg. Client Officer (USD)	\$59,871	\$65,124	\$95,884	\$109,811
Number of Voluntary Savers	1,770	2,781	8,924	29,910
Number of Voluntary Savers who also Borrowers	991	2,346	3,980	8,780
Voluntary Savings Balance (USD)	\$19,342	\$1,142,409	\$4,182,370	\$ 8,220,322
Number of Money Transfer Transactions	-	-	1,700	78,655
Value of Money Transfer (USD)	-	-	\$ 428,681	\$ 29,259,691
FINANCIAL HIGHLIGHTS				
Net Profit (after tax, USD)	\$448,172	\$935,239	\$1,766,935	\$2,886,998
Operational Self Sufficiency (OSS)	107.1%	113.1%	118.5%	121.4%
Return on Assets (RoA)	1.4%	2.3%	3.1%	3.9%
Adjusted RoA (Less B2B)	1.5%	2.7%	3.9%	4.5%
Return on Equity (RoE)	4.3%	7.6%	13.9%	19.0%
Portfolio Yield	35.2%	35.3%	35.2%	35.7%
Operating Cost Ratio	22.3%	21.5%	19.3%	18.9%
Average Cost of Funds	10.7%	10.6%	10.1%	10.4%
Leverage Ratio (Debt to Equity)	2.0	2.1	2.8	3.2
PAR 30 Days	2.86%	1.57%	0.10%	0.12%
Write-off Ratio	0.40%	1.14%	1.37%	0.39%
SOCIAL HIGHLIGHTS				
LOAN				
Average Loan Size / GNI (Disbursed Loans)	22.1%	21.7%	26.0%	30.6%
Percent of Loans ≤USD 300	90.8%	94.3%	94.0%	90.1%
Average Outstanding Loan Per Borrower (USD)	\$ 114	\$ 125	\$ 172	\$ 210
Group Borrowers	\$ 99	\$ 115	\$ 153	\$ 178
Individual Borrowers	\$ 220	\$ 245	\$ 397	\$ 526
Average Loan Disbursed (USD)	155	165	213	260
Group Borrowers	123	141	187	217
Individual Borrowers	359	427	571	703

VOLUNTARY SAVINGS

Average Savings Balance / GNI	1.6%	54.1%	57.2%	32.3%
Percent of Savers with Balance ≤USD 300	99.8%	95.6%	92.5%	94.5%
Average Savings Per Saver (USD)	\$ 11	\$ 411	\$ 469	\$ 275

MONEY TRANSFER

Number of Money Transfer ≤USD 300	-	-	1,335	50,249
Average Transfer Balance/GNI	-	-	30.8%	43.8%

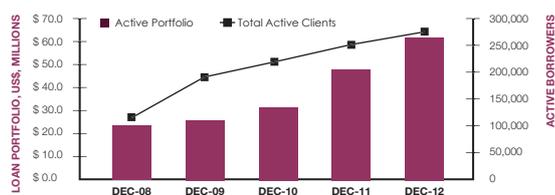
OTHER SOCIAL

Women Borrowers as Percent of Total	84.9%	86.0%	87.5%	87.3%
Rural Borrowers as Percent of Total*	93.0%	92.0%	94.0%	91.0%
Drop-out Rate **	35%	31%	26%	27%
Adjusted Drop-Out Rate (minus resters)**	19%	15%	16%	17%
Depth of Outreach: New Clients (<1 year) Below Poverty Line				
% of New Group Clients Below National Food Poverty Line(est.)	56%	49%	55%	45%
New Group Clients Below National Food Poverty Line (est.)	42,870	50,214	45,374	24,944

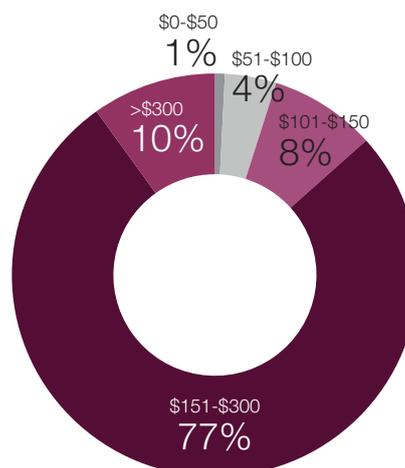
* Calculated based on village classification as rural, urban, or peri-urban by the 2008 Census

** % of resters is based on exit surveys (2009, 2010, and 2011) and revisited client survey (2012)

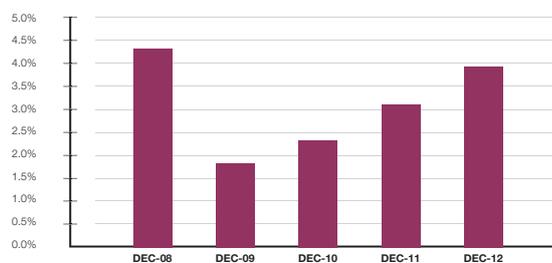
LOAN PORTFOLIO AND ACTIVE BORROWERS



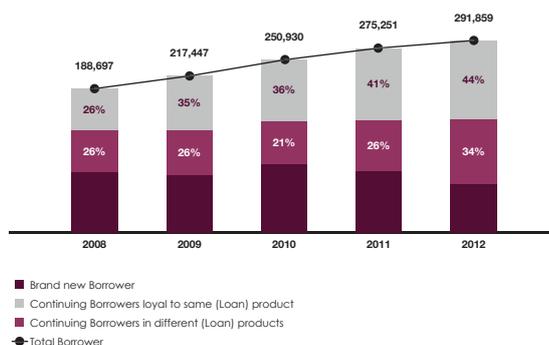
LOANS BY SIZE LOANS OUTSTANDING DEC-12



RETURN ON AVERAGE TOTAL ASSETS (YTD)

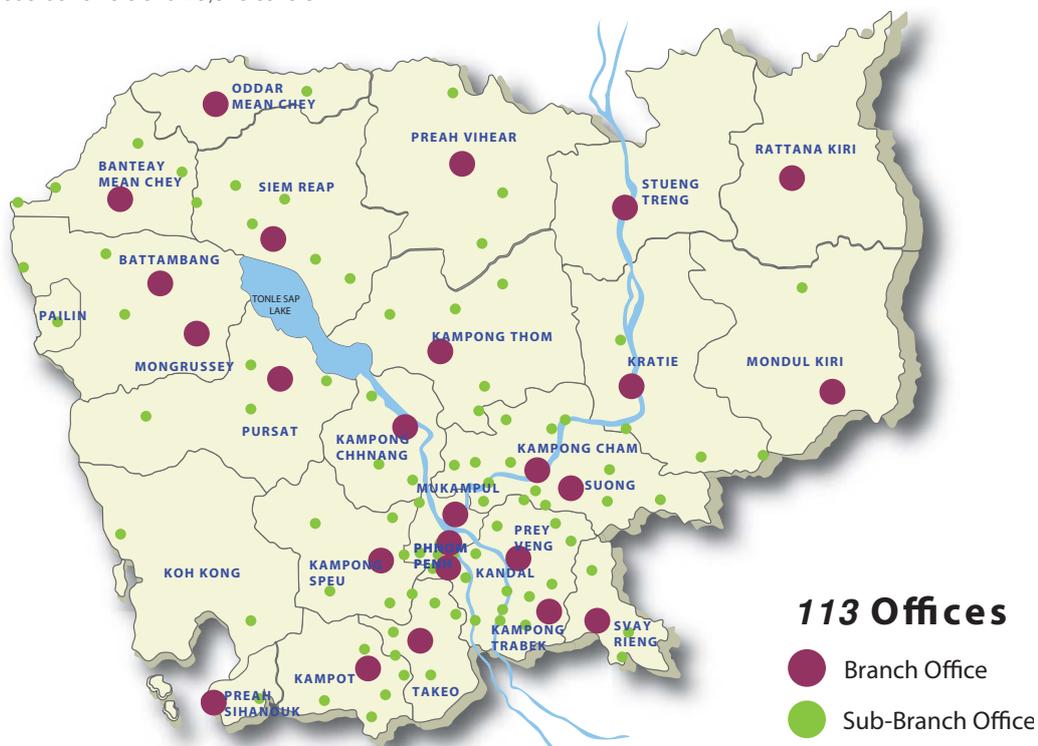


BORROWER TREND



OPERATIONAL COVERAGE

AMK reaches 99% of all districts in Cambodia and 96% of all communes. With operations in 10,116 villages, AMK now reaches 72% of the total villages in the country. AMK is one of Cambodia's leading MFIs in terms of outreach, with a total of 291,859 borrowers and 29,910 savers.



PROVINCE	DISTRICTS	COMMUNES	VILLAGES	BORROWERS*	VOLUNTARY SAVERS*
Banteay Meanchey	9	65	509	11,245	983
Battambang/Pailin	16	104	652	16,742	1,952
Kampong Cham	15	148	1,094	31,804	2,259
Kampong Chhnang	7	59	403	10,724	940
Kampong Speu	8	87	928	23,278	1,450
Kampong Thom	8	77	598	18,297	696
Kampot/Kep	10	96	440	12,680	1,329
Kandal	12	146	713	28,364	2,380
Koh Kong	6	21	83	1,951	142
Kratie	7	50	249	13,683	1,198
Mondulkiri	6	19	67	2,195	432
OtdarMeanchey	6	30	229	9,320	580
Phnom Penh	9	85	408	5,164	2,544
Preah Sihanouk	5	29	120	7,499	476
PreahVihear	8	47	176	5,347	695
Prey Veng	13	113	763	23,441	3,242
Pursat	6	47	375	11,616	1,051
Ratankiri	9	43	163	3,384	751
Siem Reap	11	94	679	16,421	1,749
Stung Treng	4	26	76	3,149	691
Svay Rieng	7	80	603	17,164	862
Takeo	10	94	788	18,391	3,508
TOTAL	192 (99%)	1,560 (96%)	10,116 (72%)	291,859	29,910



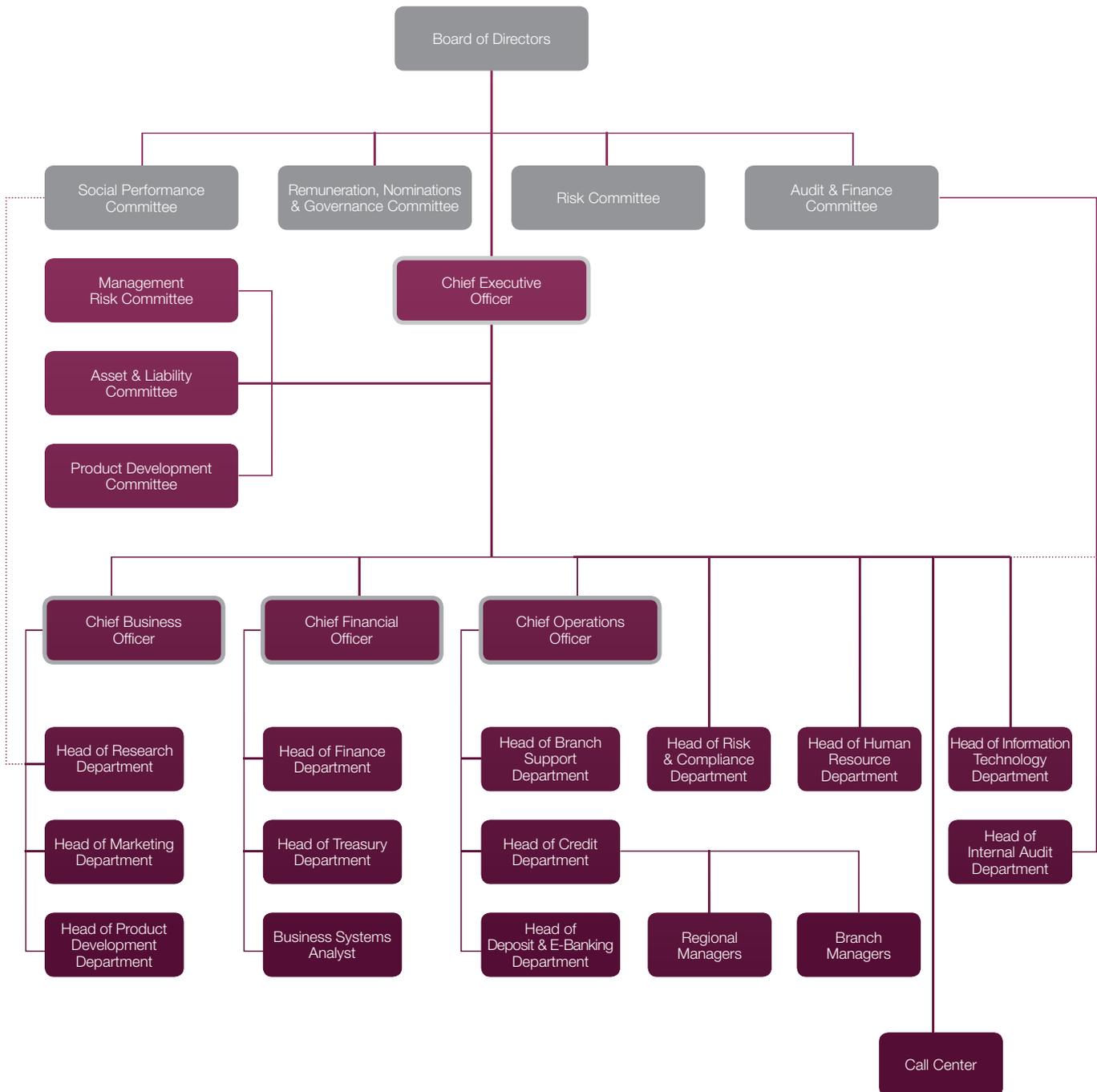
OWNERSHIP AND GOVERNANCE

As of the end of 2012, AMK's shareholders were Concern Worldwide (Ireland), Concern Worldwide UK, and the AMK Staff Association (AMK-SA). At the time of going to print (in early 2013), two new shareholders had been approved by the National Bank of Cambodia (NBC), namely Rural Impulse Fund II and Agora Microfinance N.V. AMK's shareholders appoint the Board of Directors, which is responsible for overall governance and strategic guidance of the institution. The nine-member Board (excluding the CEO) has broad expertise in areas such as finance, audit, law, and development, as well as extensive experience in microfinance, commercial, and investment banking.

The Board of Directors appoints the Chief Executive Officer (CEO) who works with an executive committee. The executive committee consists of the CEO, Chief Financial Officer (CFO), Chief Operations Officer (COO), and Chief Business Officer (CBO). This team in turn oversees the broader management team. The management team consists of the following department heads: Credit, Deposit & E-Banking, Branch Support, Finance, Treasury, Human Resource, Information Technology, Internal Audit, Marketing, Research, Risk & Compliance, and Product Development. Credit includes five regional managers responsible for managing the credit performance of four to five branches each.

The Board of Directors has the following standing committees: (1) Audit and Finance Committee, (2) Risk Committee, (3) Remuneration, Nominations, and Corporate Governance Committee, and (4) Social Performance Committee. The first three committees perform traditional corporate governance functions. The Social Performance Committee advises the Board on AMK's performance in terms of poverty outreach, product suitability, client protection, and overall social responsibility.

MANAGEMENT STRUCTURE



BOARD OF DIRECTORS AND ADVISORY COMMITTEES



TANMAY CHETAN

Director, Board Chairman,
Chairperson of Remuneration,
Nominations & Governance
Committee

Tanmay is a Co-founder of the Agora Group & Managing Partner at Agora Microfinance Partners LLP. He has over 15 years of microfinance experience in areas such as credit ratings, consulting & implementation. From 2003 to 2007, he served as the first CEO of AMK. Tanmay holds a Master's in Public Administration from the Harvard Kennedy School and an MBA from the Indian Institute of Forest Management.



HOWARD DALZELL

Director, Chairperson of Social
Performance Committee

Before his retirement from Concern Worldwide's Senior Management Team in 2008, Howard served in various positions in Concern, including as Overseas Director and Policy Director. His first involvement in microfinance was in the 1970s in India, where he was based for 17 years. He has over 40 years' practical experience in development and humanitarian assistance and wide ranging knowledge of social policy and impact-related assessment. Howard holds a Bachelor's degree in Agriculture and a Master's in Animal Nutrition.



MARCUS FEDDER

Director, Chairperson of Risk
Committee, Member of Audit and
Finance Committee

Marcus is a banker with over two decades of experience of investment and development banking and was a Managing Partner at Agora Microfinance Partners LLP from 2009 to 2012. Prior to that, he was Vice Chair and Head of Europe & Asia-Pacific of The Toronto Dominion Bank and Treasurer of the European Bank for Reconstruction and Development. He also worked for the World Bank, the Canadian Imperial Bank of Commerce and Deutsche Bank. Marcus holds a PhD in Politics from Berlin & post graduate degrees in International Relations from LSE & Cambridge.



ADRIAN GRAHAM

Director, Chairperson of Audit &
Finance Committee, Member of
Risk Committee

Adrian Graham, raised in Bulawayo, Zimbabwe, brings 19 years of finance experience to the AMK board. He began his career with PricewaterhouseCoopers in audit and advisory services. He has worked in the NGO sector for the last 8 years as the Financial Controller before becoming the Finance Director of Concern Worldwide. Adrian is currently the Chief Financial Officer of UNICEF Australia.



KEA BORANN

Director and Current CEO

Borann was appointed CEO of AMK in July 2012. Borann joined AMK as its Finance Manager in 2004 and has held various leadership roles throughout the development of the organization. Before joining AMK, Borann worked for another MFI as the Finance Director. Borann holds a BBA in Finance and Accounting. He received ACCA (Association of Chartered Certified Accountants) accreditation and was accepted as an ACCA member in 2008.



PETE POWER
Director

Pete was CEO of AMK from 2010 to 2012. Pete also has served as managing director of Claritee Group, a US-based software company, and COO of Prosperity Initiative, a Vietnam-based NGO focused on private sector enterprise development. Pete spent much of his early career working as a management consultant for Arthur Andersen in the US, Ireland and China. Pete holds a Bachelor's of Science in International Relations & Philosophy from the University of Scranton, an MA in European Integration from the University of Limerick, and an MBA from Tulane University.



REBECCA MCKENZIE
Director, Member of Remuneration,
Nominations, & Governance
Committee

Rebecca is a Co-Founder of the Agora Group and Director of Operations at Agora Microfinance Partners LLP. She is a capital markets expert and was previously responsible for investor relations at DEPFA Bank plc. Prior to DEPFA Bank, she worked in capital markets sales at UBS, CreditSuisse, and Paribas. Rebecca holds a Bachelor of Arts from Scripps College.



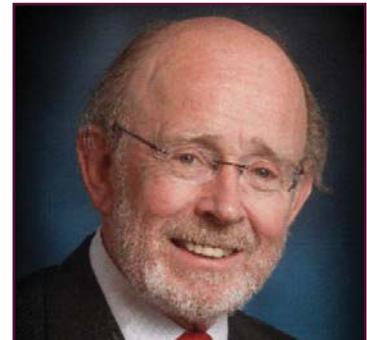
IRINA IGNATIEVA
Director, Member of Social
Performance Committee

Irina is Concern Worldwide's Microfinance Advisor. She has over 15 years of experience as a microfinance consultant and trainer and holds an EMBA from Stockholm School of Economics and an MA from St. Petersburg University.



TIP JANVIBOL
Director

Tip is a managing partner at Tip & Partners law firm. He is a member of the Cambodian Bar Association and has served on the Governing Bar Council in Cambodia. Tip has also served as a legal consultant on numerous projects for organizations including the United Nations, The World Bank, and the Asian Development Bank.



TOM O'HIGGINS
Director

Tom is a former partner at Pricewaterhouse Coopers (PwC) and an expert in human resources, audit committees and corporate governance. He is a member of the board and a former chairman of Concern Worldwide, and a member of the Irish Human Rights Commission.



FRANCES SINHA
Member of Social Performance
Committee

Frances Sinha is co-founder of the development consultancy EDA Rural Systems and the specialist rating agency M-CRIL. A graduate from Oxford University and the London School of Economics, UK, she has lived in India for over 25 years. Her experience has included social performance management and training with the Imp-Act consortium and with EDA, as well as social performance assessments and ratings with M-CRIL and social performance reporting with country networks, the MIX, and the Social Performance Task Force. Currently she is lead consultant to the Microcredit Summit Campaign for developing a Pro-Poor Seal of Excellence in microfinance.



JANARDHAN RAO
Member of Social Performance
Committee

Janardhan Rao (Janu) is the Country Director for Concern Cambodia. Janu has worked in the NGO sector in rural development for the past 24 years. He completed his Master's in Social Work in India in 1987, after which he worked in rural India with several indigenous NGOs for 8 years. During these years, Janu gained experience as a trainer in Participatory Rural Appraisal, implementation of integrated watershed and community development programs, and organization of community-based Self-Help groups.



OLGA TORRES
Member of Social Performance
Committee

Olga is the Head of Research at Agora Microfinance Partners LLP, currently working full-time at Agora Microfinance Zambia. She has over 12 years of experience in microfinance as a manager, consultant, and researcher. From 2003 to 2009, Olga was a manager and advisor at AMK, where she led the work on analyzing client-level data and linking results to decision-making. Olga holds a PhD in Applied Economics from Universidad Complutense and a Master's of International Affairs from Columbia University.



HELEN I'ANSON
Member of Audit & Finance
Committee

Helen is the current Country Director for Save the Children in Albania after spending the past 15 years in the development sector in Asia and Africa. She has worked for leading International NGOs such as Concern Worldwide and Save the Children, including 3 years based in Phnom Penh. Helen is a UK qualified Chartered Accountant, has worked in public practice in the UK as an auditor, and has worked in the commercial sector in Europe.

MANAGEMENT TEAM



KEA BORANN

Chief Executive Officer

Borann was appointed CEO of AMK in July 2012. Borann joined AMK as its Finance Manager in 2004 and has held various leadership roles throughout the development of the organization. Before joining AMK, Borann worked for another MFI as the Finance Director.

Borann holds a BBA in Finance and Accounting. He received ACCA (Association of Chartered Certified Accountants) accreditation and was accepted as an ACCA member in 2008.

Contact e-mail : kea.borann@amkcambodia.com



CHHEANG TAING

Chief Financial Officer

Taing joined AMK in February 2012. He has eight years of banking experience in various position including Management Accounting Staff Assistant Manager of Management Accounting, Manager of Budgeting & Control, and Deputy Head of Finance Division.

Taing holds BBA in Accounting and Finance from National University of Management, MBA in Finance from Pannasastra University of Cambodia, and is now studying the ACCA program under Ministry of Economy and Finance Scholarship at CamEd Business School.

Contact e-mail : chheang.taing@amkcambodia.com



PREM CHANDRABOTH

Head of Information Technology Department

Chandraboth joined AMK in February 2004 as an Information Technology Officer working to develop research applications. He was promoted to Senior Technology Engineer in 2007 and then became the Head of Technology Development in 2008. In January 2011, Chandraboth was promoted to Head of Information Technology.

Chandraboth holds a BA in MIS, BA in English Education, and a Masters degree in Information Technology from Sikkim Manipal University in India.

Contact e-mail : chandraboth.prem@amkcambodia.com



LONG CHANTHA

Head of Treasury Department

Chantha first joined AMK as a Senior Inspections Officer in September 2005 and was promoted to the position of Inspections Manager in January 2007. She subsequently moved to the Treasury Department in October 2008.

Before joining AMK, Chantha worked for the National Bank of Cambodia in the Bank Supervision Department for three years.

Chantha holds Bachelor's Degree in Accounting from the National University of Management and is studying the ACCA program.

Contact e-mail : Chantha.long@amkcambodia.com



HEAK THAVUTH

Head of Internal Audit Department

Thavuth joined AMK as an Internal Audit Officer in August 2006 and was promoted to Inspections Team Leader in 2008 and Head of Internal Audit Department in January 2012.

Thavuth holds a Bachelor's Degree in Finance and Accounting from NUM and a Master's degree in Accounting from the Vanda Institute.

Contact e-mail : thavuth.heak@amkcambodia.com



ROEUNG VIRINY

Head of Finance Department

Viriny joined AMK as Accountant and Administrator in February 2003. She was promoted to Accounting Manager in July 2008 and then to Head of Finance in January 2010. Previously, she was an accountant for a private company.

Viriny holds a BBA in Finance and Banking and is pursuing the ACCA program.

Contact e-mail : viriny.roeung@amkcambodia.com



PEAING PISAK

Head of Human Resource Department

Pisak joined AMK as Training Manager in September 2011 and was promoted to Head of the Training Department in March 2012. In January 2013, she became the Head of the Human Resources Department. Previously, Pisak worked as a capacity building advisor for an INGO in Cambodia, a general trainer at another MFI, and a senior officer at Interquess Enterprises.

Pisak has been a trainer/facilitator for micro credit training, rights-based approach to development (RBA) training, gender mainstreaming, leadership, management development program, small business, and TOT.

Pisak holds a Bachelor's Degree in Marketing in 2002 and Master's Degree in Management from National University of Management (NUM).

Contact e-mail : pisak.peaing@amkcambodia.com



CHHUN CHAKRYA

Head of Risk & Compliance Department

Chakrya joined AMK as Head of Risk and Compliance in March 2013.

Before joining AMK, Chakrya worked as an assistant audit manager for an international audit firm for more than 8 years and gained wide experience in the auditing field of different industries.

Chakrya holds a Bachelor's Degree in Accounting from the National University of Management, Bachelor's Degree in Sociology from the Royal University of Phnom Penh, and Master's Degree of Public Policy from the KDI School of Public Policy and Management, Seoul, South Korea.

She is also a qualified graduate student of Certified Accounting Technician ("CAT"), and currently pursuing the ACCA (Association of Chartered Certified Accountants) program.

Contact e-mail : chakrya.chhun@amkcambodia.com



MAM CHOERN

Chief Operations Officer

Choern joined AMK its Operations Manager in January 2004. Previously, he worked for another MFI as Internal Auditor, Branch Manager, and Assistant Operations Manager.

Choern holds a BS in Khmer literature from Royal University of Phnom Penh and a BBA in Finance and Banking from the National University of Management.

Contact e-mail : mam.choern@amkcambodia.com



HUOT SOKHA

Chief Business Officer

Sokha joined AMK as its Chief Business Officer in May 2012. He has more than 15 years of experience in international trade, microfinance and banking industry as Sales Manager, Marketing & Communications Manager, Business Relationship Manager and Head of Marketing & Product Development respectively. Sokha also worked as a consultant and researcher for some projects on microfinance product development and savings mobilization in Cambodian rural areas for the Asian Development Bank and a microfinance project managed by GRET/CEDAC.

Sokha earned a Bachelor's Degree in Management and Marketing at MVU University in 1997 and received an MBA at Charters Stuart University in Australia in 2004. He also did a post-graduate study on Finance Development Program at NAROPA University, USA.

Contact e-mail : sokha.huot@amkcambodia.com



SUON PISEY

Head of Credit Department

Pisey joined AMK in November 2009 as Regional Manager. He has ten years of experience in the microfinance sector. Before joining AMK, he held various positions at other MFIs including Credit Agent, Teller, District Manager, Senior Auditor, and Branch Manager. He has attended several training courses related to microfinance. Pisey was promoted to Head of Credit Department in March 2012.

Pisey holds Bachelor's and Master's degrees in General Management from Build Bright University in Phnom Penh.

Contact e-mail : pisey.suon@amkcambodia.com



NANG KINAL

Head of Marketing Department

Kinal joined AMK in November 2008. He previously worked for a range of private companies for eight years as Lecturer, Operations Director, Marketing Manager, Project Manager, and General Manager.

Kinal holds a Bachelor's Degree in Public Law from Royal University of Law and Economics and an MBA in Management from Phnom Penh International University.

Contact e-mail : kinal.nang@amkcambodia.com



KHY PECHMALY

Head Deposit/E-Banking Department

Pechmaly joined AMK as Head of Deposit & E-Banking in January 2013. Previously, Pechmaly worked for Maersk Cambodia and Straits Int'l Cambodia as Customer Service Executive, and from 2008 until 2012 she worked for another international company with in various positions, including Senior Customer Service Administration, Operation Finance Support Team Leader, Specialist Project Executive, Corporate Payments Supervisor and Corporate Payroll Manager.

Pechmaly holds a Bachelor's Degree in Finance and Banking at National University of Management.

Contact e-mail : pechmaly.khy@amkcambodia.com



PUM SOPHY

Head of Research Department

Sophy has worked at AMK for about 8 years. She first joined AMK as a Training, Research, and Marketing Officer and held various positions before becoming Head of Research Department in January 2012. Within her current role, Sophy is responsible for ensuring the standard quality of market and social research in order to implement and fulfill AMK's requirement.

Sophy holds a Bachelor's Degree in Agriculture Science from Royal University of Agriculture, Cambodia and a Master's Degree in Rural Development Management from Khon Kean University, Thailand.

Contact e-mail : sophy.pum@amkcambodia.com



SOK RATANA

Head of Branch Support Department

Ratana has worked for AMK for over six years in various positions, including Client Officer, Senior Client Officer, Area Manager, Acting Branch Manager, and Branch Manager. In January 2010, Ratana was promoted to Regional Manager, and in March 2012, Ratana was promoted to Head of Branch Support.

Ratana holds a BBA in Accounting from National University of Management and a Master's Degree in Finance and Banking at Build Bright University in Phnom Penh.

Contact e-mail : ratana.sok@amkcambodia.com



Teller and AMK Client in Phnom Penh - April 2013

AMK'S CLIENTS

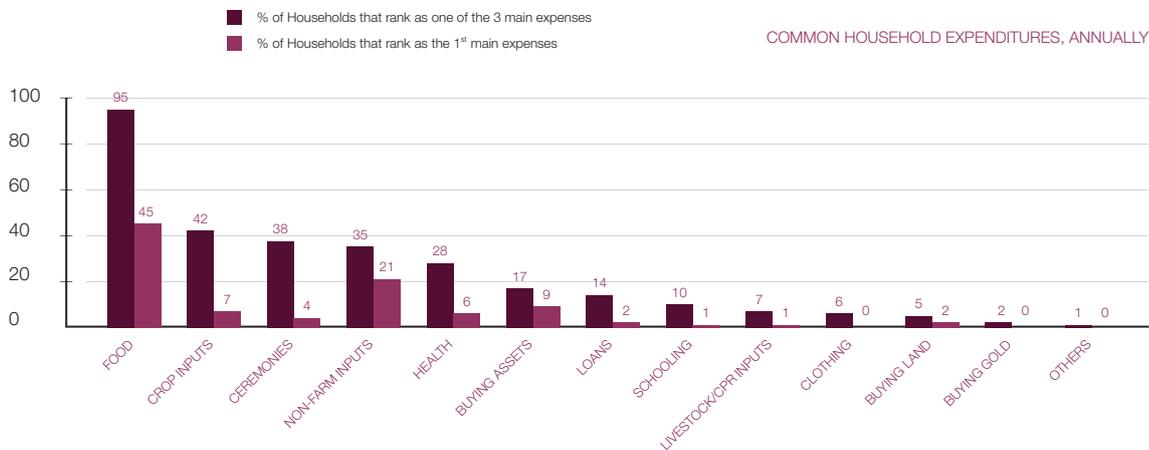
At the end of 2012, AMK had 312,989 active clients, most of whom are poor or near poor according to Cambodia's national rural food poverty line measurement. AMK's Research Department conducts detailed client profile surveys on an annual basis. 2012 research indicates that:

- 87% of AMK's existing clients are female.
- 70% of clients are literate.
- 89% of AMK households own at least some cultivable land with an average land area of 1.8 Ha. 40% own just one plot of land.
- 56% of AMK households are self-sufficient in rice.
- 52% of AMK clients own assets valued over USD 500.
- 45% of AMK's group loan clients live below the rural food poverty line.

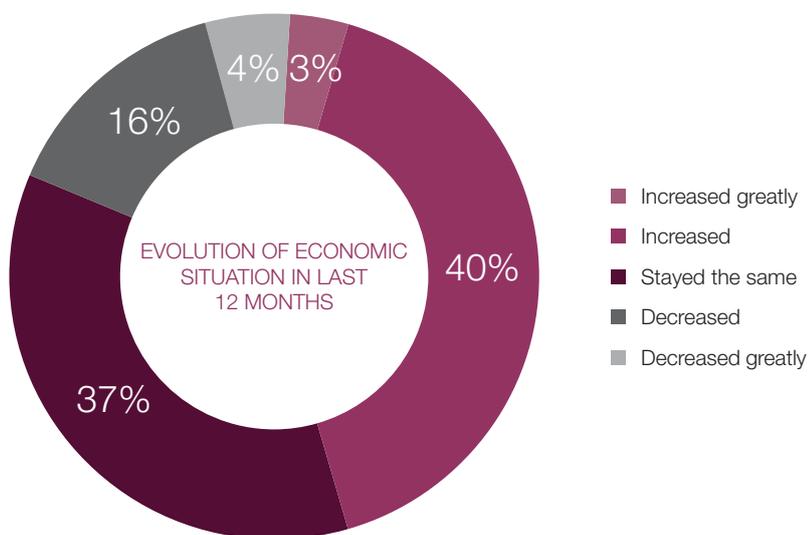
Although typically poor, most AMK client households have three or more sources of income and rely on a diverse array of income generating activities.

- 87% of households participate in farming activities.
- 91% participate in non-farm activities (typically shop-keeping or petty trading, etc.).
- 77% have other inflows, which include remittances, sales, rentals, and income from loans.

According to client rankings, the most significant expenditures include food (45%), non-farm inputs (21%), purchase of assets (9%), and crop inputs (7%). Health, ceremonies, land purchase, and loan payments were also frequently mentioned by households, but comparatively they represent only a small share of households' yearly outflows.



Most clients reported an improvement in their economic situation over the last twelve months (43%), while 20% reported a worsening situation, and 37% stayed the same.



During 2012, AMK undertook a detailed time-series assessment of impact/change in client lives during their relationship with AMK. In order to create a baseline, AMK interviewed a sample of 416 clients in 2006 and 2007 who were re-interviewed in 2012. The study focuses on income, expenditure, assets, education, etc. AMK measured changes since the previous interview and attempted to determine how much of this change could be attributed to access to financial services. While attributing impact to any particular MFI's intervention is a very complex proposition, AMK believes it to be a necessary part of its client-informed approach.

The analysis found that active clients' improvements during the five year period exceeded those of the comparison group of non-clients, with a greater frequency of wellbeing improvement and a lower frequency of decline during the survey period.



AMK Representatives Providing Donation to Kuntha Bopha Hospital in Phnom Penh - October 2012

SOCIAL PERFORMANCE MANAGEMENT FRAMEWORK

AMK is a socially motivated organization committed to its mission of helping large numbers of poor people to improve their livelihood options through the delivery of appropriate and viable microfinance services. It has a double bottom line, balancing both financial and social returns. While financial management systems and tools are well established in the microfinance sector, AMK is a pioneer in the area of Social Performance Management (SPM). AMK's commitment to SPM is enshrined throughout the organization, both at management/staff and board/governance levels.

AMK's social performance leadership has been widely recognized throughout the microfinance sector. In 2011, AMK received the Fondazione Giordano Dell'Amore Microfinance International Best Practices Award for its innovative social performance management framework, as well as the platinum level MIX Social Performance Reporting and Management award and C5 Microfinance Summit Global Microfinance Highest Customer Orientation Achievement Award.

MANAGEMENT LEVEL

AMK's Research Department leads and monitors the implementation of SPM within AMK. The department conducts social and market research to understand the issues facing AMK's clients and staff. Research works in cooperation with various other departments within AMK in order to ensure that effective social performance standards and controls are in place and are being successfully executed.

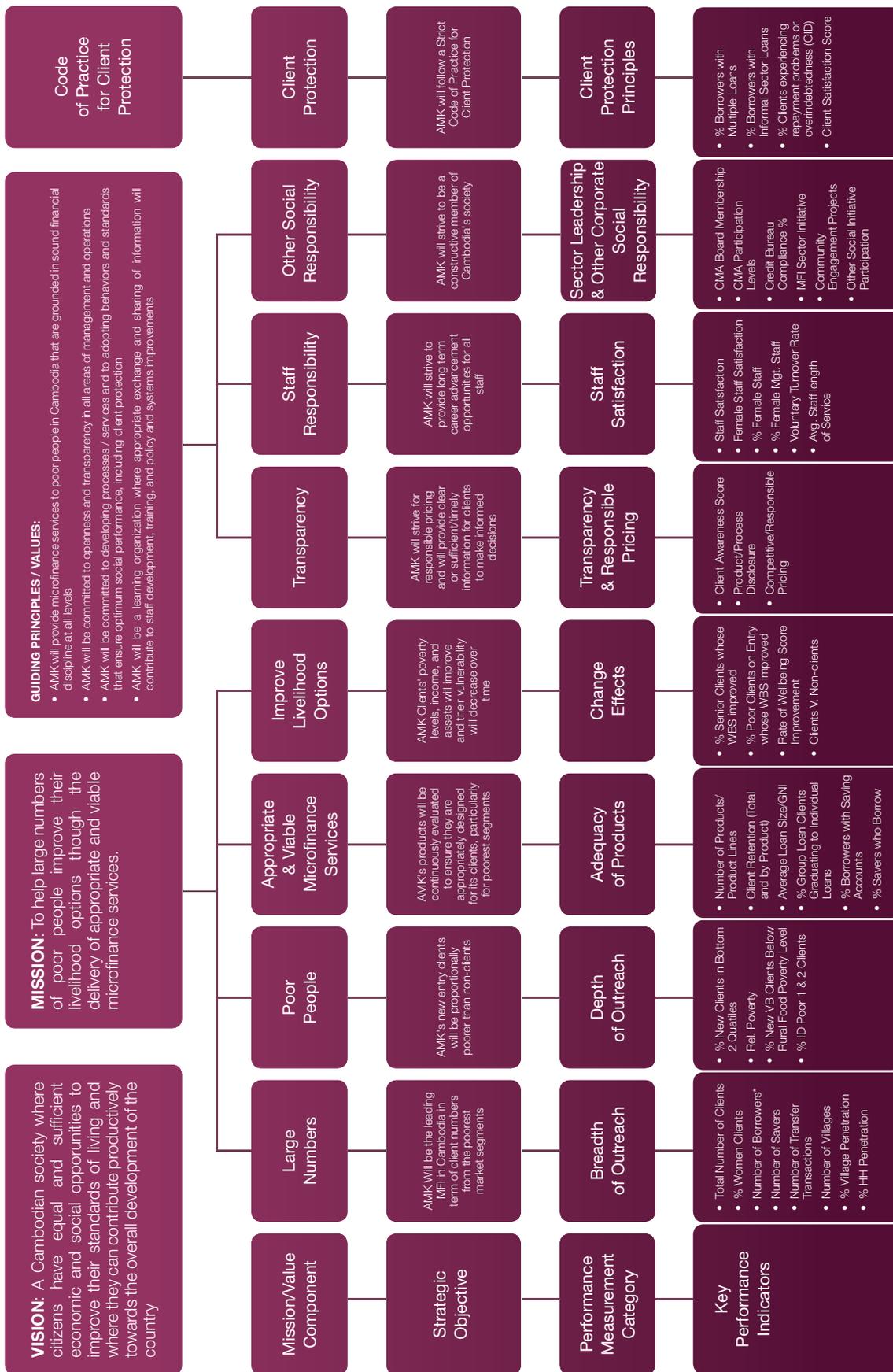
BOARD LEVEL

Research results are reported to management and to AMK's Social Performance Committee (SPC). The SPC then advises the Board of Directors on the results and discusses implications for business strategy. The purpose of doing this is to give the Board a balanced view of AMK's overall institutional performance so that governance decisions are appropriately aligned with the institution's dual social and financial objectives.

SOCIAL PERFORMANCE MANAGEMENT WITHIN AMK

In order to make SPM a driving force, AMK has developed a SPM Framework that translates AMK's mission into strategic objectives and formulates key performance measures for each objective. The SPM Framework is outlined below.

AMK MISSION/STRATEGY ARTICULATION MAP





Credit Officer Facilitating a Promotional Meeting in Kandal Province - May 2012

KEY SOCIAL PERFORMANCE FINDINGS

In 2012, AMK's Research Department conducted several surveys to produce critical reports on depth of outreach, client satisfaction, multiple lending, and other relevant social performance indicators. Key findings are outlined below:

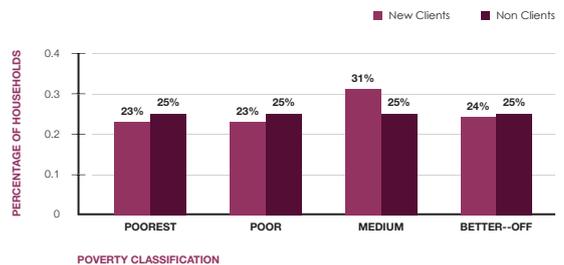
OUTREACH

AMK's new entry clients are on average poorer than non-clients. In 2012, 45% of new AMK group clients surveyed were below the Rural Food Poverty Level (daily food expenditure of KHR 2,587), while 33% of non-clients were below the same poverty line.

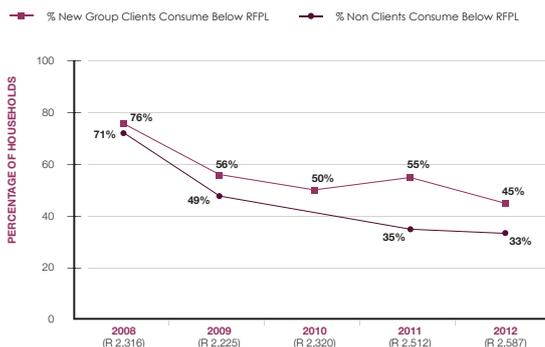
Notably, non-clients (control group) are sampled each year from districts and provinces in which AMK operated that same year. During AMK's earlier years of operation, non-client poverty rates showed higher percentages on account of AMK operating in poorer provinces. Once AMK's reach became national, non-client statistics started to broadly reflect the overall poverty dynamic in the country.

While the absolute poverty level is interesting from an external comparison perspective, AMK relies primarily on a New Client Relative Poverty Measurement to ensure that it continues to target the poor. Each household is assigned a Wellbeing Score, with higher scores indicating greater household prosperity. All non-client households are then divided into four equal quartiles, and these quartiles are compared with the AMK new entry clients' Wellbeing Scores. Overall, new AMK clients and non-clients have relatively similar poverty profiles.

AMK QUARTILE ANALYSIS: POVERTY OUTREACH 2012



ABSOLUTE POVERTY (CONSUMPTION BELOW RFPL)



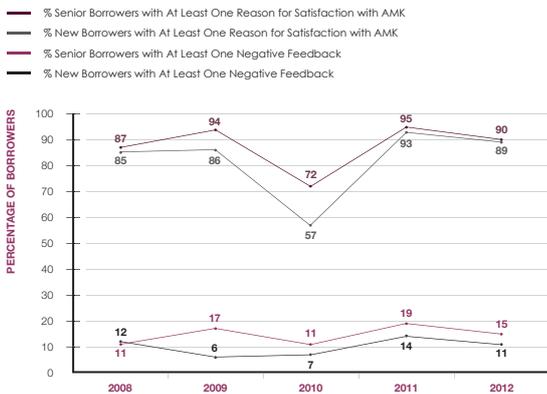
ADEQUACY OF PRODUCTS

In line with its strategic transformation into a broad provider of financial services, AMK continued expanding its product offerings in 2012. As this transformation has unfolded, management has relied on social and market research to help drive its decision-making in identifying, designing, and monitoring new product offerings to satisfy market demand and to further AMK's social mission.

Both new and existing clients are generally satisfied with AMK. Approximately 90% of clients mentioned at least one positive thing about their experience with AMK. Easy access to loan products, “finance at doorstep”, and attractive product features were the top reasons for client satisfaction.

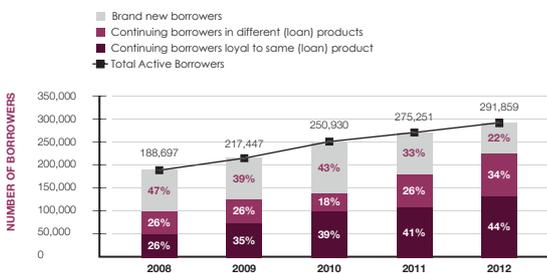
In comparison, 11% of new and 15% of existing clients provided at least one potential improvement to AMK’s products or service. Such insights play an important role in informing AMK’s strategy to enhance its existing offerings.

BORROWER SATISFACTION



In conjunction with this feedback, AMK undertook a number of studies in 2012 exploring client perceptions of existing AMK offerings such as mobile banking, savings, and money transfers, as well as attitudes to potential new products. High client satisfaction and improved product diversification appear to have had a knock-on effect on client loyalty, as 78% of active borrowers are repeat customers with AMK.

BORROWERS TREND

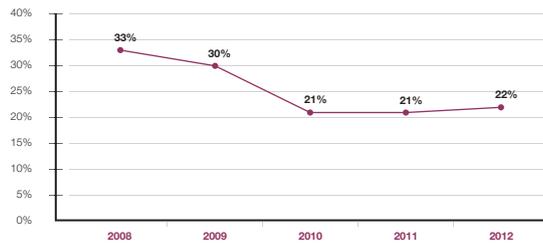


TRANSPARENCY AND CLIENT PROTECTION

There are three hotlines for clients to report their grievances relating to AMK’s service, products, and other issues. AMK received 2,517 calls in 2012. While the aim of these hotlines is to provide a medium through which complaints can be addressed, the majority of calls received in 2012 were for loan, savings, or money transfer inquiries and other routine administration issues (98%).

Additionally, Research findings indicate that clients with multiple loans have a much higher likelihood of repayment difficulty than those with a single loan from AMK (18% vs. 3%). Bearing client protection in mind, AMK closely screens all clients to avoid over-indebtedness and to ensure high quality of its loan portfolio. Since May 2012, Credit Bureau checks of loan applications have been fully integrated into AMK’s loan assessment process. As a result, AMK has greater insights to existing levels of client debt and client credit histories. According to adjusted Credit Bureau findings, 19% of AMK clients have one or more additional loans from formal sources. Research findings indicate that among AMK’s total clients, 6% are leveraging additional loans from informal sources (i.e. relatives, money lenders, etc.).

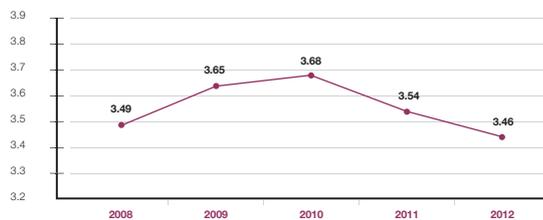
MULTIPLE LOANS RATE



STAFF SATISFACTION

Overall, AMK staff are satisfied with their working conditions with an average score of 3.5 out of a maximum 5.0. Staff are most satisfied with company strategy and their working environment. The voluntary turnover rate dropped slightly from 12% in 2011 to 11% in 2012, while the average length of service for existing staff has continued to grow.

OVERALL STAFF SATISFACTION SCORE



PERIODIC RESEARCH

The 2012 Change Study revisited 416 households interviewed between 2006 and 2008 to measure changes to income, expenditures, assets, and education for both clients and non-clients. Research findings indicate that clients’ improvements during this five year period exceeded those of the comparison group of non-clients. Furthermore, non-clients were more likely to experience a decline in their household wellbeing than clients.

PRODUCTS, SERVICES, AND WORKING METHODOLOGY

AMK's products have been designed to serve its clients' financial needs as their lifestyles and income sources change over time. Currently, AMK offers a range of Group Loans, Individual Loans, Deposit, and Domestic Money Transfer products and services customized for the specific needs of its clients.

To ensure AMK remains customer responsive and competitive, the organization regularly reviews and updates its product and service offerings.

GROUP LOAN PRODUCTS

AMK offers three Village Bank (VB) loan products that utilize the solidarity group lending methodology. The methodology begins with potential clients self-selecting themselves into solidarity groups of three to six members. These solidarity groups are then organized into Village Banks that consist of four to twelve groups (or twenty to sixty clients). A Village Bank President (VBP), the management representative of the VB, is elected through secret ballot by all VB members and is paid an incentive based on the VB's performance. VBPs are responsible for helping Client Officers organize collection and repayment meetings, advising Client Officers of potential non-payment situations, following-up with delinquent clients, solving membership related problems, and ensuring that all clients have been enrolled according to group and VB formation criteria.

The typical AMK customer joins as a Village Bank client and accesses small amounts of credit through AMK's Group Guaranteed loan products. Depending on their income stream, clients can choose between VB Installment, VB End of Term, and VB Credit Line products:

- The VB End of Term product is designed for clients with seasonal cash flows, as it allows for the principal to be repaid at the end of the loan term.
- The VB Installment option targets clients with regular cash flows, as interest and principal payments are due monthly.
- The VB Credit Line product offers clients the unique opportunity to borrow additional funds and pay back outstanding balances at any point over the life of their loan, providing increased flexibility for the client.

AMK's Group Guaranteed loan options are detailed in the chart below.

PRODUCT DESCRIPTION	END OF TERM VILLAGE BANK	INSTALLMENT VILLAGE BANK	CREDIT LINE VILLAGE BANK	GROUP EASY LOAN
Target Clients	Group members with seasonal (lumpy) cash flow	Group members with regular cash flow	Group members who have completed one cycle	Low income city dwellers
Maximum Loan Size	1st cycle: KHR 800,000 or THB 8,000 2nd cycle: KHR 1,000,000 or THB 10,000	KHR 1,500,000 or THB 15,000	2nd cycle: KHR 1,000,000 or THB 10,000	KHR 400,000
Maximum Term	12 months	12 months	24 months	12 months
Interest Rate (Monthly)	2.8% - 3%	2.6% - 2.8%	2.8% - 3%	2.5% - 3%
Repayment Condition	Interest payments due monthly Principal payment due at end of term	Interest and principal payments due monthly	Monthly interest payments due on outstanding loan Principal payment due on or before the end of term	Interest payments due monthly Principal payment due at end of term
Other Fees	Up-front fee: 0.5% of loan amount			

In order to be part of a group, the potential client must fulfill the following conditions:

- Be willing to be part of a solidarity group and offer a moral guarantee for other members;
- Have at least one economic activity in the household;
- Cannot have more than one existing (outstanding) loans from other microfinance institutions, programs, banks, or moneylenders; and
- Groups cannot have two or more members from the same family or household.

INDIVIDUAL LOAN PRODUCTS

Clients who wish to borrow larger amounts of capital to support their business can take advantage of a variety of individual loan products including Business Expansion Loan, Seasonal Loan, and Seasonal Credit Line products. Since the amounts and associated risks are higher, these loans require collateral and guarantors.

- The Business Expansion loan is designed for entrepreneurs who are looking to expand their existing business.
- The Seasonal loan targets existing customers who need additional capital to invest in vegetable/crop production, animal raising, agri-machinery and equipment, or other key business inputs.
- The Seasonal Credit Line targets individuals in need of revolving funds for agricultural purposes.

The specific details of these Individual loan products are outlined below.

PRODUCT DESCRIPTION	BUSINESS EXPANSION LOAN	SEASONAL LOAN	CREDIT LINE SEASONAL LOAN	EASY LOAN
Target Clients	Individuals with small businesses	Individuals who are smallholder farmers	Individuals who are smallholder farmers	Low income city dwellers
Maximum Loan Size	<ul style="list-style-type: none"> • KHR 8,000,000 or • THB 80,000 or • USD 2,000 	<ul style="list-style-type: none"> • KHR 6,000,000 or • THB 60,000 or • USD 1,500 	<ul style="list-style-type: none"> • KHR 4,000,000 or • THB 40,000 or • USD 1,000 	<ul style="list-style-type: none"> • KHR 1,000,000 or • THB 10,000 or • USD 250
Maximum Term	18 months	18 months	12 months	12 months
Interest Rate (Monthly)	2.2% - 3%	2.3% - 3%	2.4% - 3%	2.3% - 3%
Repayment Condition	Interest and principal payments due monthly	Interest repaid monthly. 100% of principal loan amount repaid at end of cycle or any time during the cycle		Interest and principal payments due monthly
Other Fees	Up-front fee: 0.5% of loan amount			

In order to receive an individual loan (except Easy loan), the potential client needs to fulfill the following conditions:

- Have one personal guarantor and collateral;
- Cannot have existing (outstanding) loans from other microfinance institutions, programs, banks, or moneylenders; and
- Have at least one economic activity in their household.

EMERGENCY LOAN PRODUCT

The Emergency loan is designed for both Group Guaranteed and Individual loan clients in good standing to assist them in the unfortunate event that an emergency arises.

The specific details of this Emergency loan product are outlined below:

PRODUCT DESCRIPTION	EMERGENCY LOAN
Target Clients	Individual or group clients in good standing who have completed at least 6 months with AMK
Maximum Loan Size	KHR 400,000 or THB 4,000
Disbursement Timeline	4 working hours from time of request
Maximum Term	10 months
Interest Rate (Monthly)	2.5%
Repayment Condition	Monthly interest payments due on outstanding loan. Principal payment due on or before the end of term.

In order to receive an emergency loan, the client needs to fulfill the following conditions:

- Must be an active AMK client who has completed at least six months with AMK; and
- Have one personal guarantor.

Emergency Loans can be made available in the event of a death in a client's family, an accident, or acute sickness.

DEPOSIT PRODUCTS

AMK has created a family of flexible deposit products to meet the savings needs of its customers. AMK offers five distinct deposit products. These include the General Savings Account, Easy Saving Account, Fixed Deposit Account, Future Account, and Mobile Savings Account.

- **General Savings Account (GS):** GS offers credit clients the convenience of making voluntary savings transactions at monthly village meetings and collection visits.

A very small initial deposit of KHR 1,000, USD 1, or THB 10 is required to open an account. The annual interest rate is 5%, 4%, and 4% per annum for KHR, USD, and THB respectively.

- **Easy Saving Account (ES):** ES provides savers the convenience and flexibility of deposit and withdrawal for day to day transactions.

A very small initial deposit of KHR 1,000, USD 1, or THB 10 is required to open an account, and the annual interest rate is 5%, 4%, and 4% per annum for KHR, USD, and THB respectively.

- **Fixed Deposit (FD):** FD is designed for customers who wish to deposit for a specific period of time in order to gain a higher interest rate. The longer the deposit term, the higher the interest rate. Customers can choose to withdraw their interest monthly or wait to receive their interest at the end of the deposit term.

A small deposit of KHR 100,000, USD 25, or THB 1,000 for Fixed Deposit (End of term Interest Withdrawal) and KHR 400,000, USD 100, or THB 4,000 for Fixed Deposit (Monthly Interest Withdrawal) is required to open the initial account, and customers can select any of flexible tenures of 1 month, 3 months, 6 months, 9 months, 12 months, 18 months, 24 months, and 36 months for the deposit.

The annual interest rate is between 4.25% and 12% depending on the deposit term, frequency of interest withdrawal, and currency.

- **Future Account (FA):** FA is a contractual savings account designed for customers who wish to make regular/recurring deposits over a period of time. Most FA customers use the product to save for a specific purpose in the future such as education, health, retirement, buying a house, buying equipment, etc.

A small deposit of KHR 20,000, USD 5, or THB 200 is required to open the initial account, and customers can choose a contract duration of 3 to 36 months.

The annual interest rate is between 4.25% and 10% depending on the deposit term and the deposit currency.

- **Mobile Savings Account (MS):** In order to provide a large number of poor customers access to sustainable financial solutions, AMK has introduced a village-based savings agent network. Agents use a mobile phone equipped with a mobile application in local Khmer language to access AMK's banking system. By using the menu-driven application, the agent can navigate the application interface easily to conduct deposit, withdrawal, and money transfer transactions for AMK customers.

MONEY TRANSFER

AMK launched a nationwide money transfer service in 2011 in order to facilitate money transfers between all AMK branches or sub-branches.

With simply processed documents, customers can easily transfer money to family members, relatives, business partners, and other beneficiaries. The transfer fee per transaction ranges between USD 1, USD 2, or 0.10% of the transfer amount depending on the transferred amount and the deposit currency.



Credit Officer Visiting Client in Kampong Speu Province - August 2012

CAMBODIAN COMPETITIVE LANDSCAPE

2012 was a good year for the Cambodian MFI sector. The sector saw positive growth across all lines of business, with particularly strong growth in savings:

- Numbers of borrowers increased by 14% to 1,316,185.
- Loan Portfolio increased by 37% to over USD 892 million.
- Number of savers increased by 168% to 753,113.
- Deposit balances increased 143% to nearly USD 280 million.

AMK remained committed to the poorest segments of society, with the lowest average loan sizes and the largest number of clients among the larger national MFIs in Cambodia. Sector growth trends for the last five years are outlined below.

CAMBODIA MICROFINANCE SECTOR PERFORMANCE

YEAR	NUMBER OF BORROWERS	LOAN OUTSTANDING (MILLION USD)	AVERAGE LOAN SIZE (USD)	NUMBER OF DEPOSITORS	DEPOSITS (MILLION USD)	AVERAGE DEPOSIT SIZE (USD)
2008	825,238	277.06	335.73	108,266	4.91	45.35
2009	878,559	299.30	340.67	126,099	9.70	76.96
2010	992,452	425.92	429.16	190,023	40.89	215.20
2011	1,151,340	644.64	559.91	280,538	114.61	408.52
2012	1,349,349	892.49	661.42	753,113	279.63	371.30

* Source – CMA Microfinance, Network Information Exchange (NIX), December 31, 2012.



RISK MANAGEMENT

A strong risk culture is an essential element to AMK's continued sustainability and success. As a result, AMK takes a proactive approach to increasing risk awareness and managing risk across the organization. AMK follows the three lines of defense approach to risk management, with Operations, Risk, and Internal Audit contributing to the overall management of risk.

AMK promotes risk awareness and visibility among its staff at all levels of the company. Training programs are continuously held by the Risk Department to educate employees on how to identify risks, promote methods to improve controls, and remain compliant with both internal and external policies and regulations. The Board of Directors also has a standing Risk Committee to provide guidance on related issues and to ensure that AMK's risk appetite is appropriate to deliver both financial and social returns.

As risk is addressed across the company, a four step process is utilized by AMK in which risks are identified, assessed, and managed and then monitored and controlled. In the identification stage, AMK's Risk Department facilitates discussions with branch managers and department heads to determine potential issues relating to people, processes, systems, and external factors. After risks are identified, they are assessed through the use of tools such as AMK's Risk Register. This register is used to log each identified risk with regard to its likelihood of occurring and its potential consequences. Based on these factors, risks are assigned a rating with regard to their perceived potential impact on AMK. This then allows AMK to manage and prioritize risks based on their severity and to develop action plans accordingly. AMK then continues to monitor and control each item to ensure the identified steps have been taken to mitigate each risk appropriately. Through this systematic approach, management is able to stay abreast of outstanding and new risks faced by the company and make informed strategic decisions.

AMK currently has Portfolio Exposure Limits in place at several levels with a goal of limiting AMK exposure by sector, sub-sector (for agriculture), product, loan modality (group vs. individual) and repayment modality (Installment, End of Term, or Credit Line).

In 2012, AMK fully integrated routine Credit Bureau checks into its loan assessment process which has provided unique insights into client debt levels and enabled higher protection against over-indebtedness. Based on credit check results, AMK has amended the cross finance policy to allow one additional loan for group clients. AMK has also begun to implement credit scoring. This process can help AMK analyze how its clients have behaved in the past in order to make more reliable loan application decisions, devise more effective collection strategies, better target marketing efforts, and improve client retention.

Additionally, AMK's Risk Department runs a series of stress tests once a year to monitor its internal controls and likely responses to potential major shocks. By anticipating problems in advance, AMK can prepare adequate and effective responses.

As AMK continues to grow, it will remain focused on ensuring all risks to the company are identified and appropriately addressed in a manner consistent with promoting the dual social and financial objectives of the company.

REPORT OF THE BOARD DIRECTORS

The Board of Directors have pleasure in submitting their report together with the audited financial statements of Angkor Mikroheranhvatho (Kampuchea) Co., Ltd (“the Company” or “AMK”) for the year ended 31 December 2012.

PRINCIPAL ACTIVITY

The principal activity of Angkor Mikroheranhvatho (Kampuchea) Co., Ltd is to provide micro-finance services to the poor population of Cambodia through its head office in Phnom Penh and its various branch offices in Phnom Penh and provinces in the Kingdom of Cambodia.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31 December 2012 were as follows:

	KHR'000
Profit before income tax	14,282,347
Income tax expense	(2,748,789)
Net profit for the year	11,533,558

SHARE CAPITAL

During the year the Company issued share capital to AMK – SA of 12,085 shares for KHR302,125 thousand with a premium of KHR31,478 thousand. The National Bank of Cambodia approved the increase in January 2013.

On 3 December 2012, one of the existing shareholders, Concern Worldwide (Dublin) resolved to sell a portion of its shareholding to Rural Impulse Fund II (RIF II) and Agora Microfinance N.V. Refer to Note 17 to the financial statements for details.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS

Before the financial statements of the Company were prepared, the Board of Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of bad loans and the making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

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

CURRENT ASSETS

Before the financial statements of the Company were prepared, the Board of Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company had been written down to an amount which they might be expected to realise.

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

VALUATION METHODS

At the date of this report, the Board of Directors is not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company as misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person;
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the Board of Directors is not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, which would render any amount stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

The results of the operations of the Company for the financial year were not, in the opinion of the Board of Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Board of Directors, to affect substantially the results of the operations of the Company for the current financial year in which this report is made.

EVENTS SINCE THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date that requires disclosure or adjustment other than those already disclosed in the financial statements.

THE BOARD OF DIRECTORS

The members of the Board of Directors during the year and at the date of this report are:

- Mr. Tanmay Chetan, Chairman
- Mr. Peter Power, Director
- Mr. Howard Dalzell, Director
- Mr. Tip Janvibol, Director
- Ms. Rebecca McKenzie, Director
- Mr. Marcus Fedder, Director
- Ms. Irina Ignatieva, Director
- Mr. Adrian Graham, Director
- Mr. Kea Borann, Director (Ex-Officio, appointed in July 2012)
- Mr. Tom O'Higgins, Director (Appointed in July 2012)
- Ms. Frances Sinha, Director (Retired in July 2012)

DIRECTORS' INTERESTS

No members held any interest in the equity of the Company.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2012, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating the preparation and presentation of the financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) 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 operations in the foreseeable future; and
- (v) control and direct effectively the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

On behalf of the Board of Directors

Mr. TANMAY CHETAN

Chairman

Date: 29 March, 2013

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS ANGKOR MIKROHERANHVATHO (KAMPUCHEA) CO., LTD

We have audited the accompanying financial statements of Angkor Mikroheranhvatho (Kampuchea) Co., Ltd (“the Company” or “AMK”), which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 32 to 61.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements, 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.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Angkor Mikroheranhvatho (Kampuchea) Co., Ltd as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements.

OTHER MATTER

The financial statements of the Company as at and for the year ended 31 December 2011 were audited by another auditor who expressed an unqualified opinion on those statements on 21 March 2012.

For KPMG Cambodia Ltd



CRAIG MCDONALD

Audit Partner

Phnom Penh, Kingdom of Cambodia

Date: 29 March 2013

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Note	2012		2011	
		KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
ASSETS					
Cash on hand	5	8,194,253	2,051,127	1,520,404	376,431
Deposits with National Bank of Cambodia	6	6,692,144	1,675,130	4,855,343	1,202,115
Deposits & placements with other banks	7	59,613,892	14,922,126	66,125,545	16,371,762
Loans to customers	8	246,279,816	61,647,013	190,088,822	47,063,338
Other assets	9	7,296,911	1,826,511	6,666,740	1,650,592
Property and equipment	10	4,870,623	1,219,180	4,350,945	1,077,233
Intangible assets	11	2,154,254	539,238	1,856,576	459,662
Deferred tax assets	12	969,232	242,611	793,469	196,452
TOTAL ASSETS		336,071,125	84,122,936	276,257,844	68,397,585
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	13	34,416,534	8,614,902	18,534,102	4,588,785
Provision for income tax	12	2,386,208	597,299	1,856,417	459,623
Other liabilities	14	10,707,145	2,680,137	8,114,240	2,008,973
Borrowings	15	216,320,809	54,147,887	188,511,908	46,672,916
Provision for staff pension funds	16	4,143,372	1,037,140	3,011,281	745,551
Total liabilities		267,974,068	67,077,365	220,027,948	54,475,848
SHAREHOLDERS' EQUITY					
Share capital	17	34,579,200	8,655,620	34,579,200	8,561,327
Share premium		95,506	23,906	95,506	23,646
Advance capital contribution	17	333,603	83,505	-	-
Reserves	18	5,928,121	1,483,885	3,304,338	818,108
Retained earnings		27,160,627	6,798,655	18,250,852	4,518,656
Total shareholders' equity		68,097,057	17,045,571	56,229,896	13,921,737
TOTAL LIABILITIES AND EQUITY		336,071,125	84,122,936	276,257,844	68,397,585

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012		2011	
		KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Interest income	19	80,063,162	20,040,842	56,730,010	14,045,558
Interest expense	20	(22,110,037)	(5,534,427)	(16,386,436)	(4,057,053)
Net interest income		57,953,125	14,506,415	40,343,574	9,988,505
Fee and commission expenses	21	(4,799,215)	(1,201,305)	(3,060,560)	(757,752)
Other income	22	2,272,590	568,859	1,483,046	367,181
Other operating expenses	23	(40,337,816)	(10,097,075)	(28,218,520)	(6,986,511)
Provision for bad and doubtful loans	8	(812,344)	(203,340)	(1,889,013)	(467,693)
Operating income		14,276,340	3,573,554	8,658,527	2,143,730
Grant income	24	6,007	1,504	517,290	128,074
Profit before income tax		14,282,347	3,575,058	9,175,817	2,271,804
Income tax expense	12	(2,748,789)	(688,057)	(1,991,459)	(493,057)
Net profit for the year		11,533,558	2,887,001	7,184,358	1,778,747



AMK Client in Kandal - May 2012

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	SHARE CAPITAL KHR'000	SHARE PREMIUM KHR'000	ADVANCE CAPITAL CONTRIBUTION KHR'000	RESERVES KHR'000	RETAINED EARNINGS KHR'000	TOTAL KHR'000
Balance as at 1 January 2011	34,069,250	-	-	1,550,618	12,820,214	48,440,082
Shares issued during the year	509,950	95,506	-	-	-	605,456
Transfers to reserves	-	-	-	1,753,720	(1,753,720)	-
Net profit for the year	-	-	-	-	7,184,358	7,184,358
Balance as at 31 December 2011	34,579,200	95,506	-	3,304,338	18,250,852	56,229,896
Advance capital contribution	-	-	333,603	-	-	333,603
Transfers to reserves	-	-	-	2,623,783	(2,623,783)	-
Net profit for the year	-	-	-	-	11,533,558	11,533,558
Balance as at 31 December 2012	34,579,200	95,506	333,603	5,928,121	27,160,627	68,097,057
(US\$ equivalents - Note 4)	8,655,620	23,906	83,505	1,483,885	6,798,655	17,045,571



AMK Client in Kadal - May 2012

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012		2011	
		KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash used in operating activities	25	(16,921,526)	(4,235,676)	(64,690,675)	(16,016,506)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment		(1,966,615)	(492,269)	(1,852,329)	(458,611)
Purchase of intangible assets		(959,774)	(240,244)	(20,879)	(5,169)
Proceeds from disposals of property and equipment		127,483	31,911	50,271	12,446
Net cash used in investing activities		(2,798,906)	(700,602)	(1,822,937)	(451,334)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		99,077,252	24,800,313	101,239,334	25,065,445
Repayments of borrowings		(70,684,846)	(17,693,328)	(33,944,061)	(8,404,076)
Proceeds from advance capital contribution		333,603	83,505	605,456	149,902
Net cash generated from financing activities		28,726,009	7,190,490	67,900,729	16,811,271
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,005,577	2,254,212	1,387,117	343,431
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		20,504,848	5,132,628	19,117,731	4,733,283
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	29,510,425	7,386,840	20,504,848	5,076,714

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

2. BASIS OF PREPARATION

A. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia (“NBC”) relating to the preparation and presentation of financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 29 March 2013.

B. BASIS OF MEASUREMENT

The financial statements of the Company have been prepared on the historical cost basis.

C. FUNCTIONAL AND PRESENTATION CURRENCY

The Company transacts its business and maintains its accounting records in three currencies, Khmer Riel (“KHR”), United States Dollars (“US\$”) and Thai Baht (“THB”). Management have determined the KHR to be the Company’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in currencies other than KHR are translated into KHR at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than KHR at the reporting date are translated into KHR at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the income statement.

D. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A. FINANCIAL INSTRUMENTS

The Company’s financial assets and liabilities include cash and cash equivalents, originated loans and receivables, deposits, other receivables, borrowings and payables. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

B. BASIS OF AGGREGATION

The Company’s financial statements comprise the financial statements of the head office and its branches. All inter-branch balances and transactions have been eliminated.

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

D. DEPOSITS AND PLACEMENT WITH BANKS

Deposits and placements with banks are stated at cost.

E. LOANS TO CUSTOMERS

Loans to customers are stated in the balance sheet at the amount of principal outstanding less any amounts written off and specific and general provisions.

The adequacy of the provision for bad and doubtful loans is evaluated monthly by management. Factors considered in evaluating the adequacy of the provision include the size of the portfolio, previous loss experience, current economic conditions and their effect on clients, the financial situation of clients and the performance of loans in relation to contract terms.

F. PROVISION FOR BAD AND DOUBTFUL LOANS

In compliance with the NBC Guidelines, a specific provision for bad and doubtful loans is made on loans that are identified as non-performing, as follows:

CLASSIFICATION	NUMBER OF DAYS PAST DUE	PROVISION
SHORT TERM LOANS (LESS THAN ONE YEAR)		
Sub-standard	30 days or more	10%
Doubtful	60 days or more	30%
Loss	90 days or more	100%
LONG TERM LOANS (MORE THAN ONE YEAR)		
Sub-standard	30 days or more	10%
Doubtful	180 days or more	30%
Loss	360 days or more	100%

An additional general provision for bad and doubtful loans is set at the rate of 1% of all outstanding performing loans excluding staff loans.

The provision will be calculated as a percentage of the loan amount outstanding at the time the loan is classified, excluding accrued interest. The provision is recorded in the Company's accounts and charged to the income statement for the month during which the corresponding loan has been classified below standard.

Loans are written off to the income statement when the loans remain unpaid one year after maturity date or when customer dies. Loans written off are removed from the outstanding loan portfolio and from the provision for bad and doubtful loans.

Recoveries on loans previously written off and reversal of previous provisions are disclosed as a deduction from the bad debts and doubtful accounts expense in the income statement.

G. OTHER ASSETS

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

H. PROPERTY AND EQUIPMENT

- Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.
- Depreciation of property and equipment is charged to the income statement on a straight line basis over the estimated useful lives of the individual assets as follows:

Motor vehicles	8 years
Motorcycles	5 years
Computer and office equipment	3 to 4 years
- Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.
- Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in the income statement on the date of retirement or disposal.
- Fully depreciated items of property and equipment are retained in the financial statements until disposed of or written off.

I. INTANGIBLE ASSETS

Intangible assets consist of computer software licenses and related costs and are stated at cost less accumulated amortisation and accumulated impairment losses; if any. Acquired computer software 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 five years.

J. IMPAIRMENT

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimate future cash flows of that asset. This does not apply to loans to customers which has a separate accounting policy stated in Note 3(f).

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

K. DEPOSITS FROM CUSTOMERS

Deposits from customers are stated at placement value.

L. BORROWINGS

Borrowings are stated at the amount of the principal outstanding. Fees paid on the establishment of borrowing facilities are capitalised and amortised over the year of the borrowings using the straight-line method.

M. PROVISIONS

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

N. PROVISIONS FOR STAFF PENSION FUNDS

The Company provides its employees with benefits under the staff pension fund policy. Employees who complete three months of service with the Company have to participate in the staff pension fund scheme. The fund is sourced from the following:

- Employees contribute 3% of their monthly salary, and the Company contributes 6%. The Company's contribution is charged to the income statement.
- The Company contributes interest on the cumulative balance of the staff pension fund computed at 7% per annum. This interest is charged to the income statement.

The staff pension fund will be paid to employees (who have contributed to the fund) upon their retirement, resignation or termination of employment. The employee's contribution and interest are paid in full accordingly.

Those who have been terminated due to serious misconduct are only entitled to his/her contribution plus interest, regardless of how long they have been employed by the Company.

O. INCOME AND EXPENSE RECOGNITION

Interest income on loans is recognised on an accruals basis. Where a loan becomes non-performing, the recording of interest as income is suspended until it is realised on a cash basis. Interest on loans is calculated using the declining balance method on monthly balances of the principal amount outstanding.

Loan administrative fee income is recognised as income when the loan is disbursed to customers. The loan fee income is calculated using the principal and fee rate.

Expenses are recognised on an accrual basis.

P. GRANTS

Grants received from third parties to subsidise the Company's operating expenses are released to the income statement on a systematic and rational basis, matching the related costs which they are intended to compensate.

Grants received from third parties for the purchase of property and equipment are amortised to the income statement on a systematic and rational basis over the useful life of the assets. The unamortised grants are shown as deferred grant income.

Q. OPERATING LEASES

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease commitments are not recognised as liabilities until the obligation to pay becomes due.

R. INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised as a component of shareholders' equity, in which case it is also disclosed as a component of shareholders' equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available to permit the realisation of the asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

S. RELATED PARTIES

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Under the Law on Banking and Financial Institutions, related parties include individuals who hold directly or indirectly a minimum of 10% of the capital of the Company or voting rights therefore, or who participates in the administration, direction, management or the design and implementation of the internal controls of the Company.

4. TRANSLATION OF KHMER RIEL INTO UNITED STATES DOLLARS

The financial statements are stated in Khmer Riel ("KHR"). The translations of Khmer Riel amount into United States Dollars are included solely for presentation purposes and have been made using the prescribed official exchange rate as of 31 December 2012 of US\$1: KHR3,995 (31 December 2011 of US\$1: KHR4,039) published by the NBC. These convenience translations are should not be construed as representations that the Khmer Riel amounts have been, could have been, or could in the future be, converted into United States Dollars at this or any other rate of exchange.

5. CASH ON HAND

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Head office	27,064	6,774	14,121	3,496
Branches	8,167,189	2,044,353	1,506,283	372,935
	8,194,253	2,051,127	1,520,404	376,431

The above amounts are analysed as follows:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
BY CURRENCY				
Khmer Riel	5,609,475	1,404,124	749,630	185,598
US Dollars	2,441,012	611,017	746,658	184,862
Thai Baht	143,766	35,986	24,116	5,971
	8,194,253	2,051,127	1,520,404	376,431

6. DEPOSITS WITH NATIONAL BANK OF CAMBODIA

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
STATUTORY DEPOSITS				
Capital guarantee deposit	3,457,920	865,562	3,406,925	843,507
Reserve requirement	2,780,000	695,870	1,335,000	330,527
	6,237,920	1,561,432	4,741,925	1,174,034
Thai Baht	454,224	113,698	113,418	28,081
	6,692,144	1,675,130	4,855,343	1,202,115

CAPITAL GUARANTEE DEPOSIT

The statutory deposits are maintained with the NBC in compliance with Prakas No. B7-00-006 on the Licensing of Micro-Finance Institutions, the amounts of which are determined at 10% of the Company's registered share capital. The statutory deposit on registered share capital is refundable when the Company voluntarily liquidates and has no deposit liabilities.

The statutory deposit on registered capital placed with NBC earns interest at the rate of 3.00% per annum.

RESERVE REQUIREMENT

The reserve requirement represents the minimum reserve requirement which is calculated at 8% of the total deposits from customers as required by Prakas No. B7-07-163 on Licensing of Micro-finance Deposit Taking Institutions. The statutory deposit on customers' deposits fluctuates depending on the level of the customers' deposits.

The statutory deposit relating to customers' deposits does not earn interest.

7. DEPOSITS AND PLACEMENTS WITH OTHER BANKS

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Current accounts	894,639	223,940	1,182,982	292,890
Savings accounts	13,970,253	3,496,934	13,647,263	3,378,872
Fixed deposits (*)	44,749,000	11,201,252	51,295,300	12,700,000
	59,613,892	14,922,126	66,125,545	16,371,762

(*) Fixed deposits consist of deposits with Foreign Trade Bank of Cambodia ("FTB") amounting to KHR39 billion to secure back-to-back loans entered into in order to hedge currency exposure. (Note 15)

The above amounts are analysed as follows:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
BY MATURITY				
Within 1 month	20,862,392	5,222,126	14,830,245	3,671,762
2 to 3 months	-	-	8,078,000	2,000,000
More than 3 months	38,751,500	9,700,000	43,217,300	10,700,000
	59,613,892	14,922,126	66,125,545	16,371,762
BY CURRENCY				
US Dollars	44,235,837	11,072,800	57,170,281	14,154,564
Khmer Riel	14,873,999	3,723,154	8,585,901	2,125,749
Thai Baht	504,056	126,172	369,363	91,449
	59,613,892	14,922,126	66,125,545	16,371,762
BY INTEREST RATE (PER ANNUM)				
Fixed deposits		1.00% - 5.00%		1.65% - 5.00%
Savings accounts		0.25% - 0.75%		0.25% - 0.75%

8. LOANS TO CUSTOMERS

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
VILLAGE BANK LOANS				
End of term	76,381,279	19,119,219	79,086,486	19,580,710
Credit line	78,577,194	19,668,885	49,046,752	12,143,291
Instalment	34,135,174	8,544,474	29,447,568	7,290,807
INDIVIDUAL LOANS				
Instalment	22,554,211	5,645,610	20,281,808	5,021,492
End of term	26,518,298	6,637,872	12,407,225	3,071,856
Seasonal credit line	6,996,905	1,751,415	567,255	140,444
Staff loans	3,734,065	934,685	1,921,454	475,725
	248,897,126	62,302,160	192,758,548	47,724,325
PROVISION FOR BAD AND DOUBTFUL LOANS				
Specific	(165,679)	(41,472)	(152,167)	(37,674)
General	(2,451,631)	(613,675)	(2,517,559)	(623,313)
	(2,617,310)	(655,147)	(2,669,726)	(660,987)
	246,279,816	61,647,013	190,088,822	47,063,338

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

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
At beginning of year	2,669,726	668,267	2,944,403	728,993
Provision for the year	812,344	203,340	1,889,013	467,693
Reversals	(541,091)	(135,442)	-	-
Written off during the year	(323,669)	(81,018)	(2,166,096)	(536,295)
Currency revaluation	-	-	2,406	596
At end of year	2,617,310	655,147	2,669,726	660,987

The loans to customers are analysed as follows:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
BY MATURITY				
Less than 1 month	16,046,843	4,016,732	6,181,324	1,530,410
1 to 3 months	41,023,720	10,268,766	21,769,875	5,389,917
3 to 12 months	157,401,340	39,399,585	128,360,224	31,780,199
More than 1 year	34,425,223	8,617,077	36,447,125	9,023,799
	248,897,126	62,302,160	192,758,548	47,724,325
BY CURRENCY				
Khmer Riel	220,199,567	55,118,790	175,327,427	43,408,623
US Dollars	16,383,041	4,100,886	8,341,452	2,065,227
Thai Baht	12,314,518	3,082,484	9,089,669	2,250,475
	248,897,126	62,302,160	192,758,548	47,724,325
BY ECONOMIC SECTOR				
Agriculture	172,737,916	43,238,527	129,843,937	32,147,546
Trade and commerce	41,467,959	10,379,965	31,328,864	7,756,589
Household/family	15,881,393	3,975,317	17,309,275	4,285,535
Services	10,166,902	2,544,907	11,241,201	2,783,164
Construction	2,882,541	721,537	975,902	241,620
Transportation	868,120	217,302	367,764	91,053
Other categories	4,892,295	1,224,605	1,691,605	418,818
	248,897,126	62,302,160	192,758,548	47,724,325

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
BY RESIDENCY STATUS				
Residents	248,897,126	62,302,160	192,758,548	47,724,325
BY RELATIONSHIP				
External customers	245,163,061	61,367,475	190,837,094	47,248,600
Staff loans	3,734,065	934,685	1,921,454	475,725
	248,897,126	62,302,160	192,758,548	47,724,325
BY LOCATION				
Head office	989,569	247,702	191,395	47,387
Branches	247,907,557	62,054,458	192,567,153	47,676,938
	248,897,126	62,302,160	192,758,548	47,724,325
BY PERFORMANCE				
STANDARD LOANS				
Secured	57,802,598	14,468,735	32,746,325	8,107,533
Unsecured	190,802,205	47,760,252	159,825,351	39,570,525
SUB-STANDARD LOANS				
Secured	55,513	13,896	11,540	2,857
Unsecured	40,124	10,044	10,863	2,690
DOUBTFUL LOANS				
Secured	41,023	10,269	4,015	994
Unsecured	16,842	4,215	16,893	4,182
LOANS LOSS				
Secured	50,371	12,609	76,955	19,053
Unsecured	88,450	22,140	66,606	16,491
	248,897,126	62,302,160	192,758,548	47,724,325

	2012	2011
BY INTEREST RATE (PER ANNUM)		
External customers	26.40% - 36.00%	27.60% - 36.00%
Staff loans	2.00% - 12.00%	2.00% - 12.00%

9. OTHER ASSETS

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Interest receivable	5,159,459	1,291,479	4,699,426	1,163,512
Prepayments	1,906,474	477,215	1,666,957	412,715
Others	230,978	57,817	300,357	74,365
	7,296,911	1,826,511	6,666,740	1,650,592

10. PROPERTY AND EQUIPMENT

	MOTOR VEHICLES KHR'000	MOTORCYCLES KHR'000	COMPUTER & OFFICE EQUIPMENT KHR'000	TOTAL KHR'000	TOTAL US\$ (NOTE 4)
COST					
At 1 January 2012	2,196,192	4,076,322	3,638,107	9,910,621	2,480,756
Additions	400,455	903,664	662,496	1,966,615	492,269
Disposals	-	(220,031)	(84,339)	(304,370)	(76,188)
At 31 December 2012	2,596,647	4,759,955	4,216,264	11,572,866	2,896,837
LESS: ACCUMULATED DEPRECIATION					
At 1 January 2012	1,180,203	2,284,738	2,094,735	5,559,676	1,391,658
Depreciation for the year	117,855	510,543	770,512	1,398,910	350,165
Disposals	(59,882)	(115,545)	(80,916)	(256,343)	(64,166)
At 31 December 2012	1,238,176	2,679,736	2,784,331	6,702,243	1,677,657
CARRYING AMOUNTS					
At 31 December 2012	1,358,471	2,080,219	1,431,933	4,870,623	1,219,180
At 31 December 2011	1,015,989	1,791,584	1,543,372	4,350,945	1,077,233

11. INTANGIBLE ASSETS

	COMPUTER SOFTWARE	
	KHR'000	US\$
COST		
At 1 January 2012	3,081,079	771,234
Additions	959,774	240,244
At 31 December 2012	4,040,853	1,011,478
LESS: ACCUMULATED AMORTISATION		
At 1 January 2012	1,224,503	306,509
Amortisation for the year	662,096	165,731
At 31 December 2012	1,886,599	472,240
CARRYING AMOUNTS		
At 31 December 2012	2,154,254	539,238
At 31 December 2011	1,856,576	459,662

12. INCOME TAX

A. DEFERRED TAX, NET

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Deferred tax assets	1,442,445	361,063	1,196,016	296,117
Deferred tax liabilities	(473,213)	(118,452)	(402,547)	(99,665)
	969,232	242,611	793,469	196,452

The movement of net deferred tax assets is as follows:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
At beginning of year	628,047	157,208	500,854	124,004
Credited to income statement	490,326	122,735	503,512	124,663
At end of year	969,232	242,611	793,469	196,452

Deferred tax assets/(liabilities) are attributable to the following:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Provision for retirement benefits	628,047	157,208	500,854	124,004
General provision	490,326	122,735	503,512	124,663
Khmer New Year & Pchum Ben bonuses	220,998	55,319	169,444	41,952
Unrealised exchange losses	44,744	11,200	22,206	5,498
Management incentives	58,330	14,601	-	-
Depreciation and amortisation	(473,213)	(118,452)	(402,547)	(99,665)
	969,232	242,611	793,469	196,452

B. PROVISION FOR INCOME TAX

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
At beginning of year	1,856,417	464,685	430,862	106,676
Income tax expense	2,924,552	732,053	2,542,741	629,547
Income tax paid	(2,394,761)	(599,439)	(1,117,186)	(276,600)
At end of the year	2,386,208	597,299	1,856,417	459,623

In accordance with Cambodian law, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, whichever is higher.

C. INCOME TAX EXPENSE

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Current income tax	2,924,552	732,053	2,542,741	629,547
Deferred tax	(175,763)	(43,996)	(551,282)	(136,490)
	2,748,789	688,057	1,991,459	493,057

The reconciliation of income tax computed at the statutory tax rate of 20% to the income tax expense shown in the income statement is as follows:

	2012			2011		
	US\$	KHR'000 (Note 4)	%	US\$	KHR'000 (Note 4)	%
Profit before income tax	14,282,347	3,575,058		9,175,817	2,271,804	
Income tax using statutory rate at 20%	2,856,469	715,011	20	1,835,163	454,361	20
Non-deductible expenses	176,347	44,142	1	156,296	38,696	2
Over provision in prior year	(284,027)	(71,096)	(2)	-	-	-
Income tax expense	2,748,789	688,057	19	1,991,459	493,057	22

The calculation of taxable income is subject to the review and approval of the tax authorities.

13. DEPOSITS FROM CUSTOMERS

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Term deposits	25,796,721	6,457,252	13,315,634	3,296,765
Savings accounts	7,043,465	1,763,070	3,576,959	885,605
Staff savings accounts	1,575,975	394,487	1,639,935	406,025
Loan-linked savings accounts	373	93	1,574	390
	34,416,534	8,614,902	18,534,102	4,588,785



AMK Customer in Takeo - August 2012

Saving accounts comprise of general savings and easy savings accounts. The general savings are voluntary savings for the Company's borrowers and bear interest at rates of 3% per annum for deposits in Khmer Riel and 1.5% per annum for deposits in US Dollars and Thai Baht. The easy savings are available for the public in multiple currencies. The easy savings bear interest at rates of 5% per annum for deposits in Khmer Riel and 4% per annum for deposits in US Dollars and Thai Baht.

Staff savings bear interest at the rate of 5% per annum.

The above amounts are analysed as follows:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
A. BY MATURITY				
Less than 1 month	10,292,070	2,576,238	7,902,279	1,956,494
1 to 3 months	6,646,193	1,663,628	2,478,480	613,637
3 to 12 months	14,056,487	3,518,519	5,978,452	1,480,181
More than 12 months	3,421,784	856,517	2,174,891	538,473
	34,416,534	8,614,902	18,534,102	4,588,785
B. BY CURRENCY				
US Dollars	18,175,371	4,549,530	10,916,601	2,702,798
Khmer Riel	15,955,368	3,993,834	7,407,792	1,834,066
Thai Baht	285,795	71,538	209,709	51,921
	34,416,534	8,614,902	18,534,102	4,588,785

14. OTHER LIABILITIES

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Accrued interest payable	6,243,457	1,562,818	4,117,195	1,019,360
Accrued loss on forward exchange rate	1,201,685	300,797	-	-
Staff bonus payable	1,104,989	276,593	847,220	209,760
Staff incentive	669,214	167,513	801,008	198,319
Other tax payables	369,241	92,426	250,555	62,034
Other accruals and payables	1,118,559	279,990	2,098,262	519,500
	10,707,145	2,680,137	8,114,240	2,008,973

15. BORROWINGS

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Foreign Trade Bank of Cambodia (*)	42,400,000	10,613,267	53,200,000	13,171,577
ICO (**)	74,965,236	18,764,765	50,106,279	12,405,615
Hivos-Triodos Fonds	18,000,000	4,505,632	18,000,000	4,456,549
Oikocredit	20,330,000	5,088,861	15,060,000	3,728,646
Respons Ability	11,375,052	2,847,322	4,039,000	1,000,000
DWM Asset Management	8,128,000	2,034,543	-	-
BlueOrchard	7,990,000	2,000,000	2,159,000	534,538
Symbiotics SA Information	6,089,275	1,524,224	5,938,710	1,470,342
Agora Microfinance N.V	1,405,345	351,776	12,154,000	3,009,161
MARUHAN Japan Bank Plc	3,196,444	800,111	8,076,218	1,999,559
Grameen Credit Agricole Microfinance Foundation	5,000,000	1,251,564	-	-
Oxfam Novib	4,423,194	1,107,183	4,423,194	1,095,121
Rural Impulse Fund	4,267,259	1,068,150	4,407,412	1,091,214
VDK-Spaarbank n.v	3,995,000	1,000,000	4,039,000	1,000,000
Micro Credit Enterprise	3,995,000	1,000,000	4,039,000	1,000,000
Clann Credo	761,004	190,489	1,728,288	427,900
KIVA Microfunds	-	-	1,141,807	282,694
	216,320,809	54,147,887	188,511,908	46,672,916

(*) Borrowings from Foreign Trade Bank of Cambodia ("FTB") consist of KHR39 billion (Note 7) in back-to-back loans entered into in order to hedge currency exposure. The remaining amount is debt secured by a letter of credit from Deutsche Bank Trust Company Americas.

(**) Instituto de Credito Oficial of the Kingdom of Spain ("ICO")



AMK Customer in Kampong Speu - August 2012

The above amounts are unsecured (except borrowings from FTB) and are analysed as follows:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
A. BY CURRENCY				
US Dollars	88,910,184	22,255,365	77,422,327	19,168,687
Khmer Riel	115,764,539	28,977,357	102,837,194	25,461,053
Thai Baht	11,646,086	2,915,165	8,252,387	2,043,176
	216,320,809	54,147,887	188,511,908	46,672,916

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
B. BY MATURITY				
Less than 1 month	10,106,802	2,529,863	2,360,950	584,538
1 to 3 months	24,168,880	6,049,783	14,999,814	3,713,744
3 to 12 months	34,124,937	8,541,912	29,654,947	7,342,151
1 to 5 years	80,045,433	20,036,404	94,974,206	23,514,287
Over 5 years	67,874,757	16,989,925	46,521,991	11,518,196
	216,320,809	54,147,887	188,511,908	46,672,916

	2012	2011
	C. BY INTEREST RATE (PER ANNUM, INCLUDING WITHHOLDING TAX)	
Khmer Riel	10.00% - 14.53%	10.00% - 14.30%
US Dollars	5.50% - 9.07%	0% - 10.47%
Thai Baht	10.47% - 11.63%	11.05% - 12.21%



AMK Customer in Takeo - August 2012

16. PROVISION FOR STAFF PENSION FUNDS

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
At beginning of year	3,011,281	753,763	2,039,305	504,903
Addition				
Employer contributions at 6%	907,173	227,077	749,642	185,601
Employee contributions at 3%	453,584	113,538	367,618	91,017
Interest earned	225,390	56,418	160,750	39,800
Payments made during the year	(385,006)	(96,372)	(259,372)	(64,217)
Reversal	(33,298)	(8,335)	(40,588)	(10,049)
Currency translation	(35,752)	(8,949)	(6,074)	(1,504)
A end of year	4,143,372	1,037,140	3,011,281	745,551

17. SHARE CAPITAL AND ADVANCE CAPITAL CONTRIBUTION

The Company's registered and fully paid up share capital is 1,383,168 shares (2011: 1,383,168 shares) at KHR25,000 per share. The details of shareholding are as follows:

	2012			2011		
	KHR'000	US\$ (Note 4)	%	KHR'000	US\$ (Note 4)	%
Concern Worldwide (Dublin)	34,066,750	8,527,347	98.52	34,066,750	8,434,452	98.52
AMK – SA	509,950	127,648	1.47	509,950	126,256	1.47
Concern Worldwide (UK)	2,500	625	0.01	2,500	619	0.01
	34,579,200	8,655,620	100	34,579,200	8,561,327	100



AMK Client in Kandal - May 2012

During the year the Company issued additional share capital to AMK-SA of 12,085 shares for KHR302,125 thousand with a premium of KHR31,478 thousand. This increase was approved by the National Bank of Cambodia in January 2013 but pending approval from the Ministry of Commerce as at the date of this report. Accordingly, the amount of KHR333,603 thousand was recorded as advance capital contribution.

On 3 December 2012, one of the existing shareholders, Concern Worldwide (Dublin) resolved to sell a portion of its shareholding to Rural Impulse Fund II (RIF II) and Agora Microfinance N.V. After this transfer, the new shareholding of the Company is as follows:

	NUMBER OF SHARES	AMOUNT KHR'000	% OF SHAREHOLDING
Concern Worldwide (Dublin)	741,628	18,540,700	53.153
Concern Worldwide (UK)	100	2,500	0.007
AMK – SA	32,483	812,075	2.328
Rural Impulse Fund II (RIF II)	345,792	8,644,800	24.784
Agora Microfinance N.V.	275,250	6,881,250	19.728
	1,395,253	34,881,325	100

The Company obtained approval from the National Bank of Cambodia on 28 January 2013 and is in the process of updating the Memorandum and Articles of Incorporation with the Ministry of Commerce.

18. RESERVES

Under the loan agreement with ICO, the Company is required to transfer every year a reserve amount of 3.5% of the loan outstanding with ICO from net profit each year into a capital strengthening reserve account. ICO has no entitlement to this reserve.

19. INTEREST INCOME

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Loans to customers	77,839,975	19,484,349	54,392,551	13,466,836
Placements with banks	2,223,187	556,493	2,337,459	578,722
	80,063,162	20,040,842	56,730,010	14,045,558

20. INTEREST EXPENSE

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Borrowings	20,263,345	5,072,176	15,579,623	3,857,297
Deposits from customers	1,846,692	462,251	806,813	199,756
	22,110,037	5,534,427	16,386,436	4,057,053

21. FEE AND COMMISSION EXPENSES

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Fees on borrowings and swap	1,613,258	403,819	2,066,966	511,752
Village bank president and mobile banking agents incentive	3,185,957	797,486	993,594	246,000
	<u>4,799,215</u>	<u>1,201,305</u>	<u>3,060,560</u>	<u>757,752</u>

22. OTHER INCOME

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Loan fees	1,523,105	381,253	1,237,296	306,337
Remittance fees	399,984	100,121	7,816	1,935
Bad debts recovered	117,961	29,527	108,926	26,968
Gains on disposals of property & equipment	79,456	19,889	13,703	3,393
Other income	152,084	38,069	115,305	28,548
	<u>2,272,590</u>	<u>568,859</u>	<u>1,483,046</u>	<u>367,181</u>

23. OTHER OPERATING EXPENSES

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Staff costs	23,976,158	6,001,542	18,782,062	4,650,176
Transportation costs	2,756,290	689,935	1,912,687	473,555
Office supplies and equipment	2,995,319	749,767	1,725,012	427,089
Depreciation and amortisation	2,061,006	515,896	1,821,241	450,914
Office rentals	1,843,422	461,432	1,308,774	324,034
Professional services	2,303,355	576,560	936,943	231,974
Communications	613,062	153,457	454,222	112,459
Utilities	587,852	147,147	407,726	100,947
Other expenses	1,775,946	444,542	827,443	204,863
	<u>38,912,410</u>	<u>9,740,278</u>	<u>28,176,110</u>	<u>6,976,011</u>
Losses on foreign exchange, net (*)	1,425,406	356,797	42,410	10,500
	<u>40,337,816</u>	<u>10,097,075</u>	<u>28,218,520</u>	<u>6,986,511</u>

* This include losses on foreign exchange amounting to KHR1,400 million incurred on the initial recognition of forward exchange contracts in accordance with NBC's Circular No. 07-012-001 dated 19 January 2012 on "Accounting for Currency Swap or Forward Contract".

24. GRANT INCOME

Grant income in 2011 represented the grant received from the International Labour Office (“ILO”) for the data collection on work and/or services in connection with the microfinance for decent work action research performed by AMK in the head office and two other provinces of Kampong Cham and Kampong Thom. In 2012, the Company received remaining grant of KHR6,007 thousand.

25. NET CASH FLOWS FROM OPERATING ACTIVITIES

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Profit before income tax	14,282,347	3,575,058	9,175,817	2,271,804
ADJUSTMENTS FOR				
Depreciation and amortisation	2,061,006	515,896	1,821,241	450,914
Gain on disposals of property and equipment	(79,456)	(19,889)	(13,703)	(3,393)
Provision for bad and doubtful loans	812,344	203,340	1,889,013	467,693
Unrealised exchange gains	(583,505)	(146,059)	-	-
	16,492,736	4,128,346	12,872,368	3,187,018
CHANGES IN				
Statutory deposits	(1,495,995)	(374,467)	(895,000)	(221,589)
Deposits and placement with other banks	8,502,575	2,128,304	(24,168,200)	(5,983,708)
Loans to customers	(57,003,338)	(14,268,671)	(66,379,002)	(16,434,514)
Other assets	(630,171)	(157,740)	(2,795,382)	(692,097)
Deposits from customers	15,882,432	3,975,577	12,752,371	3,157,309
Other liabilities	2,592,905	649,037	4,067,380	1,007,027
Provident fund obligations	1,132,091	283,377	971,976	240,648
Cash used in operations	(14,526,765)	(3,636,237)	(63,573,489)	(15,739,906)
Income tax paid	(2,394,761)	(599,439)	(1,117,186)	(276,600)
Net cash used in operating activities	(16,921,526)	(4,235,676)	(64,690,675)	(16,016,506)

26. CASH AND CASH EQUIVALENTS

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Cash on hand	8,194,253	2,051,127	1,520,404	376,431
Deposits with NBC	454,224	113,698	113,418	28,081
Deposits and placements with other banks	20,862,392	5,222,126	22,908,245	5,671,762
Bank overdraft	(444)	(111)	(4,037,219)	(999,560)
	29,510,425	7,386,840	20,504,848	5,076,714

27. FINANCIAL RISK MANAGEMENT

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

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

The Company holds collateral against loans to customers in the form of mortgage interests over property and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as doubtful.

(i) Credit risk measurement

The Company assesses the probability of default of individual counterparties by focusing on borrowers' forecast profit and cash flow. The credit committee is 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 customers, which is common practice. The Company also accepts personal guarantee for the village bank loans. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types secured for loans to customers are:

- Mortgages over residential properties (land, building and other properties); and
- Charges over business assets such as land and buildings.

(iii) Impairment and provisioning policies

The Company is required to follow the mandatory credit classification and provisioning in accordance with Prakas B7-02-186 dated 13 September 2002 on loan classification and provisioning. Refer to Note 3(f) for detail.

(iv) Exposure to credit risk

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Loans to customers neither past due nor impaired	247,992,273	62,075,663	192,392,868	47,633,788
Loans to customers past due but not impaired	612,530	153,324	178,808	44,269
Loans to customers individually impaired	292,323	73,173	186,872	46,268
	<u>248,897,126</u>	<u>62,302,160</u>	<u>192,758,548</u>	<u>47,724,325</u>

Impaired loans and advances

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.

In compliance with NBC Guidelines, an allowance for doubtful loans to customers is made for loans to customers with payment overdue more than 30 days. A minimum level of specific allowance for impairment is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty. Refer to separate accounting policy stated in Note 3(e) and 3(f).

Past due but not impaired loans and advances

Past due but not impaired loans to customers are those for which contractual interest or principal payments are past due less than 30 days, unless other information is available to indicate otherwise.

B. OPERATIONAL RISK

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

The operational risk management 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 continually to address the operational risks of its micro-finance business.

C. MARKET RISK

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

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

(i) Foreign currency exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US\$ and THB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company has maintained a minimum foreign currency exposure ratio in accordance with guidelines issued by National Bank of Cambodia.

Concentration of currency risk

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

AS AT 31 DECEMBER 2012	KHR	KHR'000 EQUIVALENT US\$	THB	TOTAL KHR'000
FINANCIAL ASSETS				
Cash on hand	5,609,475	2,441,012	143,766	8,194,253
Deposits with National Bank of Cambodia	6,686,417	5,727	-	6,692,144
Deposits and placements with other banks	14,873,999	44,235,837	504,056	59,613,892
Loans to customers	217,864,077	16,235,196	12,180,543	246,279,816
Other assets	3,664,498	1,539,354	186,585	5,390,437
	248,698,466	64,457,126	13,014,950	326,170,542
FINANCIAL LIABILITIES				
Deposits from customers	15,955,368	18,175,371	285,795	34,416,534
Other liabilities	6,056,365	3,946,963	334,576	10,337,904
Borrowings	115,764,539	88,910,184	11,646,086	216,320,809
Total liabilities	137,776,272	111,032,518	12,266,457	261,075,247
Net financial asset/ (liabilities)position	110,922,194	(46,575,392)	748,493	65,095,295
AS AT 31 DECEMBER 2011				
Financial assets	65,169,306	10,141,550	192,421,562	267,732,418
Financial liabilities	90,569,539	8,676,181	115,663,975	214,909,695
Net financial asset position	(25,400,233)	1,465,369	76,757,587	52,822,723

(ii) Interest rate risk

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

Since the majority of financial assets are short-term and the interest rates are subject to change with the market rates, the company does not use derivative financial instruments to hedge such risk.

AS AT 31 DECEMBER 2012	UP TO	1 - 3	3 - 12	1 - 5	OVER 5	NON-INTEREST	TOTAL	WEIGHTED
	1 MONTH KHR'000	MONTHS KHR'000	MONTHS KHR'000	YEARS KHR'000	YEARS KHR'000	SENSITIVE KHR'000	KHR'000	AVERAGE INTEREST %
FINANCIAL ASSETS								
Cash on hand	-	-	-	-	-	8,194,253	8,194,253	-
Deposit with National Bank of Cambodia	-	-	3,457,920	-	-	3,234,224	6,692,144	3.00
Deposits and placements with banks	19,967,753	-	38,751,500	-	-	894,639	59,613,892	3.37
Loans to customers	15,878,100	40,592,329	155,746,166	33,418,352	644,869	-	246,279,816	34.40
Other assets	-	-	-	-	-	5,390,437	5,390,437	-
	35,845,853	40,592,329	197,955,586	33,418,352	644,869	17,713,553	326,170,542	
FINANCIAL LIABILITIES								
Deposits from customers	10,292,070	6,646,193	14,056,487	3,421,784	-	-	34,416,534	7.06
Borrowings	10,106,802	24,168,880	34,124,937	80,045,433	67,874,757	-	216,320,809	9.72
Other liabilities	-	-	-	-	-	10,337,904	10,337,904	-
	20,398,872	30,815,073	48,181,424	83,467,217	67,874,757	10,337,904	261,075,247	
Maturity gap	15,446,981	9,777,256	149,774,162	(50,048,865)	(67,229,888)	7,375,649	65,095,295	

	UP TO 1 MONTH KHR'000	1 - 3 MONTHS KHR'000	3 - 12 MONTHS KHR'000	1 - 5 YEARS KHR'000	OVER 5 YEARS KHR'000	NON-INTEREST SENSITIVE KHR'000	TOTAL KHR'000	WEIGHTED AVERAGE INTEREST %
AS AT 31 DECEMBER 2011								
FINANCIAL ASSETS								
Cash on hand	-	-	-	-	-	1,520,404	1,520,404	-
Deposit with National Bank of Cambodia	-	-	-	-	3,406,925	1,448,418	4,855,343	3.00
Deposits and placements with banks	13,647,263	8,078,000	4,039,000	39,178,300	-	1,182,982	66,125,545	3.46
Loans to customers	6,181,324	21,769,875	128,360,224	36,447,125	-	(2,669,726)	190,088,822	34.73
Other assets	-	-	-	-	-	5,142,304	5,142,304	-
	19,828,587	29,847,875	132,399,224	75,625,425	3,406,925	6,624,382	267,732,418	
FINANCIAL LIABILITIES								
Deposits from customers	7,902,279	2,478,480	5,978,452	2,174,891	-	-	18,534,102	6.95
Borrowings	2,360,950	14,309,827	29,203,126	94,974,206	46,521,991	1,141,808	188,511,908	9.49
Other liabilities	-	-	-	-	-	7,863,685	7,863,685	-
	10,263,229	16,788,307	35,181,578	97,149,097	46,521,991	9,005,493	214,909,695	
Maturity gap	9,565,358	13,059,568	97,217,646	(21,523,672)	(43,115,066)	(2,381,111)	52,822,723	

D. 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 and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	UP TO 1 MONTH KHR'000	1 – 3 MONTHS KHR'000	3 – 12 MONTHS KHR'000	1 – 5 YEARS KHR'000	OVER 5 YEARS KHR'000	TOTAL KHR'000
AS AT 31 DECEMBER 2012						
Deposits from customers	10,588,620	6,968,851	14,115,013	3,539,411	-	35,211,895
Borrowings	12,662,052	24,277,332	35,187,078	80,045,433	67,874,757	220,046,652
Other liabilities	10,337,904	-	-	-	-	10,337,904
	33,588,576	31,246,183	49,302,091	83,584,844	67,874,757	265,596,451
AS AT 31 DECEMBER 2011						
Deposits from customers	7,978,294	2,576,744	6,490,332	2,457,963	-	19,503,333
Borrowings	4,722,650	17,680,234	39,111,061	116,503,527	55,278,624	233,296,096
Other liabilities	3,746,490	-	-	-	-	3,746,490
	16,447,434	20,256,978	45,601,393	118,961,490	55,278,624	256,545,919

E. CAPITAL MANAGEMENT

(i) Regulatory capital

The Company's lead regulator, the National Bank of Cambodia ("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 and the Company recognised 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 and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.



AMK Promotional Team Detailed the Customer in Phnom Penh - January 2013

The table below summaries the composition of regulatory capital:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
TIER 1 CAPITAL				
Share capital	34,579,200	8,655,620	34,579,200	8,561,327
Share premium	95,506	23,906	95,506	23,646
Advance capital contribution	333,603	83,505	-	-
Reserves	5,928,121	1,483,885	3,304,338	818,108
Retained earnings	27,160,627	6,798,655	18,250,852	4,518,656
	68,097,057	17,045,571	56,229,896	13,921,737
Less: loan to related parties	(497,779)	(124,601)	(73,760)	(18,262)
Total regulatory capital	67,599,278	16,920,970	56,156,136	13,903,475

(ii) 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.

28. COMMITMENTS AND CONTINGENCIES

A. LEASE COMMITMENTS

These operating leases mainly relate to office and car park rental contracts which are renewable upon mutual agreement. Where the Company is the lessee, the future minimum lease payments under non-cancellable operating leases are as follow:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Within one year	139,287	34,865	198,989	49,267
Two to five years	64,807	16,222	27,825	6,889
	204,094	51,087	226,814	56,156

B. LOAN COMMITMENTS

The date of the contractual amounts of the Company's off-balance sheet that it commits to extend the credit to customers are summarised below:

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Unused portion of credit line	15,307,669	3,831,707	9,134,362	2,261,540

c. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

29. RELATED PARTIES TRANSACTIONS AND BALANCES

A. RELATED-PARTY BALANCES

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Loans to key management personnel	497,779	124,601	73,760	18,262
Deposits from directors and key management personnel	481,641	120,561	2,238,601	554,246

B. RELATED PARTY TRANSACTIONS

	2012		2011	
	KHR'000	US\$ (Note 4)	KHR'000	US\$ (Note 4)
Interest income from loans to key management personnel	47,862	11,980	70,906	17,555
Board of Director expenses	127,623	31,946	82,797	20,499
Key management remuneration and other short- term benefits	1,102,842	276,055	1,625,725	402,507

30. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Company's financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values.

31. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year presentation.

	2011	
	AS RECLASSIFIED KHR'000	AS PREVIOUSLY STATED KHR'000
INCOME STATEMENT		
Other income	1,483,046	1,440,636
Other operating expenses	(28,218,520)	(28,176,110)



ព្រះរាជាណាចក្រកម្ពុជា
KINGDOM OF CAMBODIA
 ជាតិ សាសនា ព្រះមហាក្សត្រ
 Nation Religion King



ធនាគារជាតិ នៃ កម្ពុជា
 National Bank of Cambodia
 នេនេ : ៥.២៣ ០៨
 N° : M.F 07

អាជ្ញាប័ណ្ណប្រតិបត្តិកម្មប្រើសេវាមីក្រូហិរញ្ញវត្ថុ
LICENSE TO CONDUCT MICRO FINANCE BUSINESS

ធនាគារជាតិនៃកម្ពុជា

អនុញ្ញាតដោយ ក្រុមហ៊ុន អង្គការមីក្រូហិរញ្ញវត្ថុ (កម្ពុជា) ខុនសេនីមី ដែលមាន
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 គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ ក្រុមហ៊ុន អង្គការមីក្រូហិរញ្ញវត្ថុ (កម្ពុជា) ខុនសេនីមី
 ត្រូវគោរពយ៉ាងម៉ឺងម៉ាត់តាមច្បាប់ស្តីពី គ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុ និង ប្រកាស
 បទបញ្ជា សារាចរណែនាំ ព្រមទាំងលក្ខខណ្ឌទាំងឡាយរបស់ធនាគារជាតិ
 នៃកម្ពុជា ។ ៧/៤

THE NATIONAL BANK OF CAMBODIA

allows Angkor Mikroheranhvatho (Kampuchea) Co., Ltd. with head office
 at No. 442, Steel 193, Sangkat Toul Svayprey I, Khan Chamkarmon, Phnom
 Penh to conduct business as Micro Finance Institution.

The Micro Finance Institution Angkor Mikroheranhvatho (Kampuchea)
 Co., Ltd. shall abide by the Law on Banking and Financial
 Institutions and any prakas, regulations, circulars, and conditions
 prescribed by the National Bank of Cambodia.

Phnom Penh, July 26, 2009

Governor
 Signed and sealed.

ភ្នំពេញ ថ្ងៃទី ២៦ ខែ កក្កដា ឆ្នាំ២០០៩
 អគ្គនាយក

ហ៊ុន សែន

- អាជ្ញាប័ណ្ណនេះ មានប្រសិទ្ធភាពចាប់ពីថ្ងៃចុះហត្ថលេខានេះតទៅ
- អាជ្ញាប័ណ្ណនេះ ត្រូវប្រកាសជាសាធារណៈត្រង់ពេលវេលា

- This license is valid from the signing date.
- This license shall be displayed in public at all times.



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 Nation Religion King



ធនាគារជាតិ នៃ កម្ពុជា
 National Bank of Cambodia
 នេនេ : ៥.២៣ ០៨.០១
 N° : M.F 07-01

អាជ្ញាប័ណ្ណប្រតិបត្តិកម្មទទួលប្រាក់បញ្ញើ
LICENSE TO CONDUCT DEPOSIT TAKING BUSINESS

ធនាគារជាតិនៃកម្ពុជា

អនុញ្ញាតឱ្យគ្រឹះស្ថាន អង្គការមីក្រូហិរញ្ញវត្ថុ (កម្ពុជា) ខុនសេនីមី ដែលមាន
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 ខណ្ឌចំការមន រាជធានីភ្នំពេញ ដើម្បីប្រកបអាជីវកម្មទទួលប្រាក់បញ្ញើ។
 គ្រឹះស្ថាន អង្គការមីក្រូហិរញ្ញវត្ថុ (កម្ពុជា) ខុនសេនីមី ត្រូវគោរពយ៉ាងម៉ឺងម៉ាត់តាម
 ច្បាប់ស្តីពីគ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុ និង ប្រកាស បទបញ្ជា សារាចរណែនាំ
 ព្រមទាំងលក្ខខណ្ឌទាំងឡាយរបស់ធនាគារជាតិនៃកម្ពុជា ។ ៧/៤

THE NATIONAL BANK OF CAMBODIA

allows Angkor Mikroheranhvatho (Kampuchea) Co., Ltd. with head office
 at No. 442, Street193, Sangkat Tuol Svayprey I, Khan Chamkarmon, Phnom
 Penh to conduct deposit taking business.

Angkor Mikroheranhvatho (Kampuchea) Co., Ltd. shall abide by the
 Law on Banking and Financial Institutions and any prakas,
 regulations, circulars, and conditions prescribed by the National
 Bank of Cambodia.

Phnom Penh, January 29, 2010

Governor
 Signed and sealed.

ភ្នំពេញ ថ្ងៃទី ២៩ ខែ មករា ឆ្នាំ២០១០
 អគ្គនាយក

ហ៊ុន សែន

- អាជ្ញាប័ណ្ណនេះ មានប្រសិទ្ធភាពចាប់ពីថ្ងៃចុះហត្ថលេខានេះតទៅ
- អាជ្ញាប័ណ្ណនេះ ត្រូវប្រកាសជាសាធារណៈត្រង់ពេលវេលា

- This license is valid from the signing date.
- This license shall be displayed in public at all times.

Front cover photo: Credit Officer Visiting AMK's Customer in Kampong Speu - August 2012

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