



MICROFINANCE AMATAK CAPITAL PLC.

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AMATAK CAPITAL PLC.

2021
Annual Report

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Background

The word ‘Amatak’ is derived from the Khmer language meaning long lasting or limitless which inspired the use of the infinity symbol in the company’s logo. Furthermore, Amatak Capital Plc is a combination of Khmer and English which embodies the management culture of the institution. The Institution is founded by two Cambodian brothers Mr. Than Thapanha and Mr. Than Thapheatra, who believe they can make a difference and contribute to Cambodia’s social development and the alleviation of poverty. Being born and raised in the Cambodian culture alongside being educated in the Australian school system allows them to adapt and implement knowledge and effective practices from the West to the local market.



Amatak Capital Plc was incorporated in the Kingdom of Cambodia as a public limited company on 01st July 2012 under the Ministry of Commerce registration number 2677 KH/2012, dated 09th October 2012. The MFI obtained its license from the regulator (National Bank of Cambodia) to carry out microfinance related services on the 14th of January 2013. The initial registered capital during the early stage of the incorporation stood at \$500,000. However, due to the strong demand for Amatak Capital’s service, the shareholders were happy to inject another \$1,000,000 into the registered capital which brought the total equity to \$1,500,000 at the end of the 2013.

The registered head office of the MFI is located at No. 502 C&D Monivong Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia. This is where company began its first operations, providing loans throughout Phnom Penh city to individuals, households, and micro to medium enterprises.

Vision

To make financial services more accessible and help create growth opportunities for all Cambodian. Ultimately, we want to be known as a great company to bank with and work in.



Mission

To deliver the best banking experience with simplified financial products through excellence in customer service.

Message from Chairman:

In 2021, we saw an above average growth in Cambodia's economy compared to the previous year. This year the country's GDP growth came in around 3% which was a lot better than last year's number of just -3.1%. At the beginning of the year there was a slight restriction for loan disbursement as many financial institutions were fearful of the covid-19 community spread. However, due to the assistance from NBC who had relaxed many requirements which have provided financial institutions with enough liquidity in order to continue providing loan to customers. During the covid-19 community spread which caused the city to be lockdown in April, the financial industry has put forth many interventions to assist those who were directly affected including those who were in quarantine or lost their lives due to covid. To support the customer who were affected by the situation, the financial industry began offering loan re-structure since May 2020. Furthermore, the microfinance sector was able to restructure loan for 36,000 borrowers amounting to 1.734 billion dollars at the end of 2021. Due to the proactive approach from NBC and early introduction of loan restructure policy, the financial industry was able to avoid serious disaster from the spread of covid-19.



In 2021, even though we witnessed the economy struggled as a whole, the financial industry continued to play a vital role in supporting the economy growth. The industry indicators showed that the whole industry grew by about 21.1% with loan portfolio hovering around 45.7 billion dollars at the end of the year. Total deposits increased by 15.4% to the amount of 38.5 billion dollars. For microfinance sector, loan portfolio grew by 30% to the amount of 7.8 billion dollars and deposit for the sector stood around 4.14 billion dollars which is a 9% increase from the previous year. The non-performing loan (NPL) fell slightly to the rate of 1.7% compared to 1.8% at the end of 2020.

One positive thing to come out from this pandemic is that, it has propelled the financial industry to rapidly adopt digitization without any hesitation. We were forced to urgently find a more efficient way of working and living with Covid-19. We moved away from the traditional method to a new online approach which has allowed us to conduct large meeting without having to leave home. As of 2021, Cambodia has 54 commercial banks, 10 specialized banks and 79 microfinance institutions which include 5 MDIs.

Lastly, I would like to thank our Board of Directors, general manager and staff for their contribution to this year's work. I would also like to thank our regulator (NBC) and other stakeholders like CMA for their understanding and assistance. We look forward to next year and hopefully the Covid 19 pandemic will be a thing of the past.

Yours Truly,

A handwritten signature in blue ink, appearing to read 'Than Thapheatra', written over a light blue circular stamp.

Than Thapheatra

Message from CEO:

In 2021 the whole world faced a critical challenge as Covid-19 continues to spread rapid into the community. Many countries including Cambodia had to implement a strict lockdown in order to control the spread of the virus. During this period many businesses struggle to stay afloat as consumers are not able to venture outside. For the financial sector, we were able to partially operate as the sector is considered as one of the essential services. Due to the quick response from NBC with relevant policy like loan re-structure, the financial industry was able to avoid any serious disaster. Likewise, our staff worked tirelessly to meet with customer and offer any help they can.



The financial results for the year end are as follow: Loan outstanding came in at \$3,551,562 with 1,656 borrowers. The loan outstanding for personal and motorcycle loans came in just over \$536,941 compared to previous year of \$590,018. In 2021 loan outstanding for personal and motorcycle loan represents 15% of the entire portfolio. Another new product that has strong momentum and is popular among the clients is the vehicle registration card loan (VRC loan) which has accumulated loan outstanding of \$602,516 compared to last year's amount of just \$557,532. In 2021 loan quality, which is measured by portfolio at risk for more than 30 days came in just over 4.6% and solvency ratio of 62.64%. Overall, Amatak Capital made \$8,727 profit after taxes and loan written off came in just over \$10,059. Due to the deteriorating of loan quality and increase in provision expense, this year's profit has suffered a major setback.

One positive note in 2021, our institution has decided to open another branch in Toul Kork area to further expand our operation. Furthermore, our goal is to increase our total loan outstanding to 5.5million dollars by the end of next year. With NPL hovering at record high of 4.6%, a strong emphasis will be placed on bringing the rate back to a respectable rate of 3%. The pandemic has made us realized the importance of technology in the day-to-day operation, we must therefore strengthen our online digital footprints in all area so that we could effectively compete and thrive in the current environment.

Finally, I would like to thank our Board of Directors for their tireless support throughout the year. Our staff whose have conducted themselves with professionalism and showed a great deal of loyalty to the company. I hope that all of our staff can continue to strengthen their works in order to achieve our targets for the coming year.

Yours Sincerely,

A handwritten signature in blue ink, appearing to be "Than Thapanha".

Than Thapanha

Performance Highlights 2021

Net Profit

\$8,727

In 2021, Amatak Capital Plc was able to generate a net profit of more than \$8,700. This figure represents almost a ninety percent decrease from the previous year.

Return On assets

0.24%

Every \$100 of assets generated a return of \$0.24. This figure measures how effective the company is in utilizing its assets.

Return on equity

0.39%

For every \$100 of equity, Amatak generated a return of \$0.39 for its shareholders. This figure is expected to improve as the country recovers from Covid.

Disbursed Clients

1,656

In 2021 over sixteen hundred families have benefited from loans provided by Amatak Capital Plc.

Leverage

0.64

The company's debt reached 0.64 times of its total equity. This number is within a very healthy range.

Loan Portfolio

\$ 3,551,563

The total loan portfolio came in at just over 3.55 million which is about a 2.2% decrease from previous year and the result is a reflection of the effect of Covid-19.

Portfolio at risk

4.56%

Loans overdue by more than 30 days made up 4.56% of the gross loan portfolio in 2021. The figure is very high and we hope to bring this figure down to an acceptable range.

Write Off

\$10,059.03

In 2021 Amatak Capital had loan write off amounting to \$10,059.03

Total Assets

\$3,706,587

Total assets for the year ending 2021 came in just over 3.7 million dollars. This figure is 4.5% lower than last year.



ព្រះរាជាណាចក្រកម្ពុជា
KINGDOM OF CAMBODIA
ជាតិ សាសនា ព្រះមហាក្សត្រ
Nation Religion King



ធនាគារជាតិ នៃ កម្ពុជា
National Bank of Cambodia
លេខ : ម.ហ ៣៨
N° : M.F 38

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LICENSE TO CONDUCT MICROFINANCE BUSINESS

ធនាគារជាតិនៃកម្ពុជា

THE NATIONAL BANK OF CAMBODIA

អនុញ្ញាតឱ្យ គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ អមតៈ ខាងតំបន់ គីរីវងស៊ី
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ជាគ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ។

allows MICROFINANCE AMATAK CAPITAL Plc with head office at
N° 502C-502D, Preah Monivong Blvd, Sangkat Tonle Basac, Khan
Chamkarmon, Phnom Penh to conduct business as Microfinance
Institution.

គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ អមតៈ ខាងតំបន់ គីរីវងស៊ី ត្រូវគោរពយ៉ាងម៉ឺងម៉ាត់
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MICROFINANCE AMATAK CAPITAL Plc shall abide by the Law on
Banking and Financial Institutions and any prakas, regulations, circulars,
and conditions prescribed by the National Bank of Cambodia.

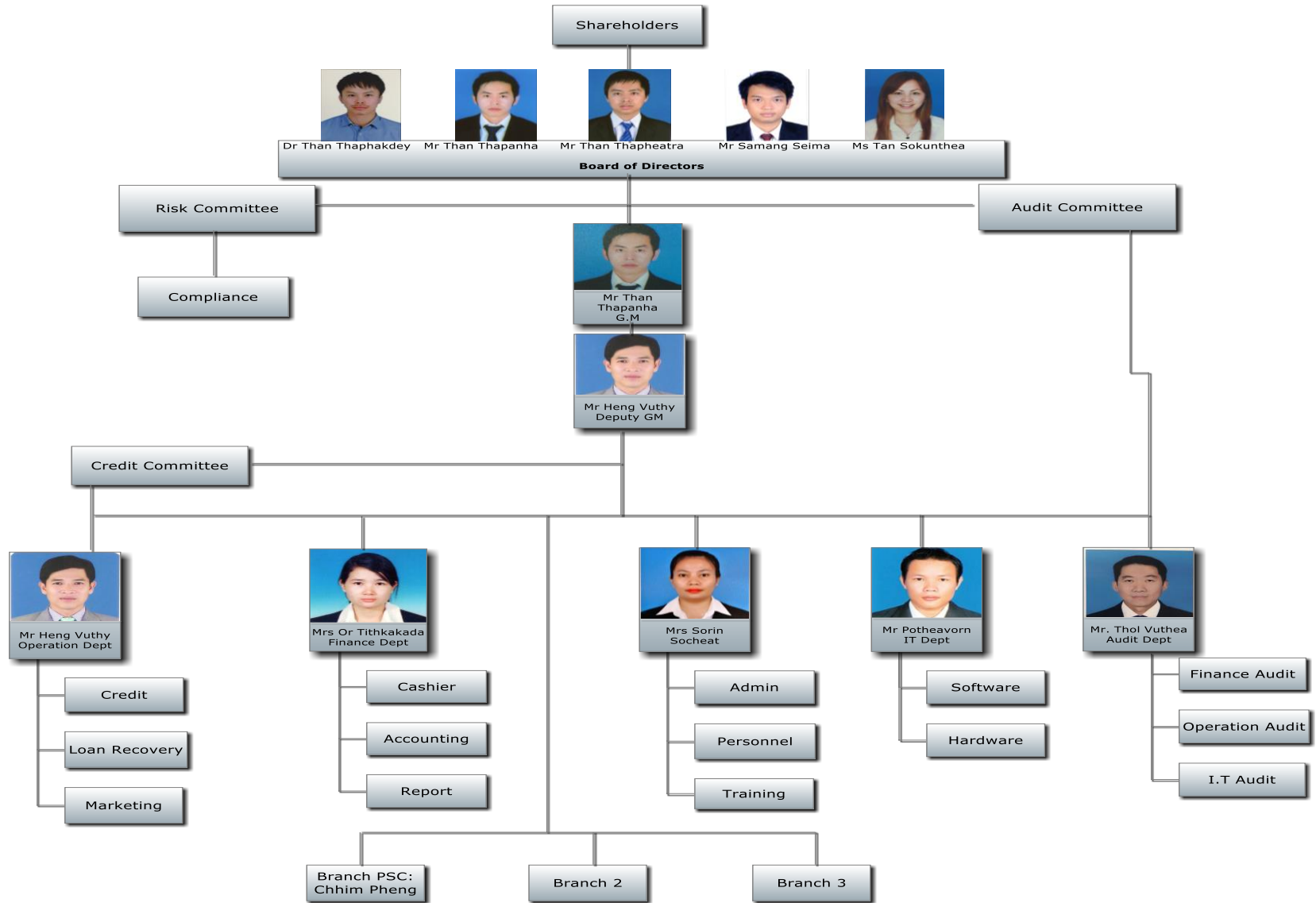
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នាយកធនាគារ
ហ៊ុន ម៉ាណែត

Phnom Penh, January 14, 2013
Governor
Signed and sealed.

- អាជ្ញាប័ណ្ណនេះ មានប្រសិទ្ធភាពចាប់ពីថ្ងៃចុះហត្ថលេខានេះតទៅ
- អាជ្ញាប័ណ្ណនេះ ត្រូវបង្ហាញសាធារណៈជនទូទាំងពេលវេលា

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

Amatak Capital Organizational Chart

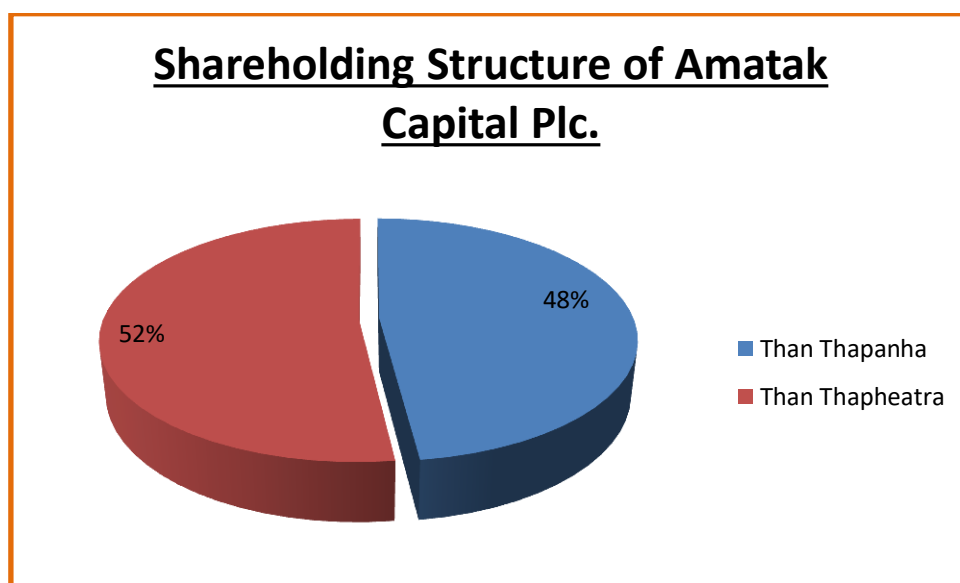


Company Shareholders

Amatak Capital Plc has two main shareholders who both co-founded the company.

- **Mr Than Thapanha** is a shareholder and co-founder of the company. He has various business backgrounds in both the international and local markets. Refer to board of directors for biography.
- **Mr Than Thapheatra** is the largest shareholder and also the co-founder of the company. He has a very strong academic background in the area of finance. Refer to board of directors for an in-depth profile.

Name	Capital Investment (USD)	Percentage
Than Thapanha	720,000	48%
Than Thapheatra	780,000	52%
Total	1,500,000	100%



Board of directors

Mr. Than Thapheatra

Chairman

Mr. Than Thapheatra is the co-founder and Chairman of the Board. Born in Cambodia and educated in Australia, Mr. Than Thapheatra completed Bachelor degrees in Commerce and Information Systems. With a passion in finance, he went on to complete his Master of Finance (by research). In 2008, he graduated with honors from the University of Melbourne. After returning to Cambodia, Mr. Than Thapheatra's thirst for knowledge in finance led him to a more hands-on experience in the field of microfinance. In mid-2009, Mr. Than Thapheatra entered an internship program with a local MFI. Thereafter, it became clear to him that the establishment of his own MFI was the means to realizing his passion meanwhile making a real difference in people's lives. With the support of his family, in particular his older brother (Mr. Than Thapanha), Amatak Capital Plc was born.



Mr. Than Thapanha

Director/General Manager

Mr. Than Thapanha is the other co-founder and Managing Director of Amatak. Mr. Than Thapanha was also born in Cambodia but received his education in Australia. He completed his bachelor degrees in Engineering and Commerce (majoring in Economics). While studying for his Master of International Trade at Monash University, Mr. Than Thapanha was involved in several start-up businesses which included the successful operation of a Cafe and Juice Bar at the University of RMIT. His experience in dealing with university committees as well as his appreciation for good customer service is invaluable to Amatak and its team. Following the completion of his Master's degree, in 2009 Mr. Than Thapanha returned to Cambodia. Although he was unsure of this career path, he joined the team at Maybank which allowed him to build an invaluable network in the banking and financing sector. After leaving Maybank, Mr. Than Thapanha worked for the Australian Embassy as a visa auditing officer for about 3 years. His experience in these working environments further reinforced his core values of loyalty, integrity and good business ethics. At Amatak, Mr. Than Thapanha not only leads by example, he also offers support and guidance in encouraging best practices.



Mr. Samnang Seima
Independent director

Mr. Samnang Seima is an independent director. He was born in Phnom Penh but was educated abroad throughout his life. He grew up in Singapore and diligently went on to complete his Bachelor degree in Business Administration at the University of Portsmouth, England. After returning to Cambodia he ventured into many successful businesses and held many post in various company BOD. He has many years of experience in the agriculture industry notably in the area of cotton farming where he was the managing director for Seladamex Co., Ltd. Mr. Seima continued to have a present in the business arena where he invested in area of tourism, property, agriculture and technology. His experience and connection in the business stage will no doubt be beneficial for Amatak Capital for many years to come.



Ms. Tan Sokunthea
Member BOD

Ms. Tan Sokunthea is a member board of director at Amatak. Ms. Sokunthea was educated in Melbourne, Australia. She earned a Bachelor Degree in Banking and Finance from Monash University. While in Australia, Ms. Tan Sokunthea was part of the team at a local bank, the Bank of Queensland. Her return to Cambodia in 2011 led her to join the team at the newly established ANZ Royal till present day where she is a manager in corporate and commercial sales.



Mr. Phakdey Than
Member BOD

Mr. Phakdey is a member of board director at Amatak Capital. Prior to joining Amatak in 2016, he worked as a consultant for the company where he was instrumental in setting up meeting with many potential investors. He was born in Cambodia but received his extensive education in Australia where he received his Doctor of Philosophy in the area of Organizational Behavior and Management from the prestigious University of Melbourne, Australia. Mr. Phakdey is involved with many projects where he is active consultant providing useful information for both local and international firms seeking a business opportunity and partnership in Cambodia. Mr. Phakdey's particularly strong academic background and his reach in the international business network will serve Amatak well in the near future.



Mr. Heng Vuthy
Department of Operation

Mr. Heng Vuthy joined Amatak Capital Plc at the end of 2014 holding the position of Operation Manager. Mr. Vuthy has vast experience in microfinance industry; his career began in 2003 where he worked as Credit Officer for Aceda bank for more than 5 five years. He later on moved to Green Central Microfinance and in 2008 became a Credit Manager. His work ethic and leadership quality propelled him in a new spotlight where he was promoted to operation department. Wanting to challenge himself he moved to Amatak and he was instrumental in restructuring and changing the culture of the credit department.



Mrs. OrTithkakada
Department of Finance

Mrs. Or Tithkakada was born and raised in Phnom Penh city, Cambodia. Her journey into the financial industry was not planned as her previous goal was to work in the field of Tourism. This is evident when she completed her degree in the area of tourism at the National University of Management. She began her career by working for AMRET Microfinance in 2007 as a Teller. Her knowledge in the area of finance became broader and in 2011 she was recruited by Green Central MFI to become the company's chief accountant. Mrs. Or Tithkakada joined Amatak in early 2013 where she made tremendous contributions to both our finance and accounting departments.



Mr. Thol Vuthea
Department Of Audit

Mr. Thol Vuthea was born in the province of Kompong Cham where he spends most of his schooling years. In 2009 He obtained his Bachelor Degree in the field of Agriculture Economic and Rural Development at Kompong Cham National School of Development. Mr. Vuthea began his career in 2008 with Hattha Kaksekar as a Credit Officer. His curiosity of knowledge saw him moving to the Internal Audit Department of Hattha Kaksekar where he served as Auditor for 2 years. In 2017, he further advanced his career by becoming an audit supervisor in Ly Hour MFI. There he was given responsibility of leading a team of auditors to conduct audit for all the branches. In 2018, Mr. Thol Vuthea decided to join Amatak where he was given the responsibility of overseeing the whole audit department.



Mr. Sun Potthiavorn

Department of I.T

Mr. Potthiavorn was born in Kompong Thom province, he attended university in Royal University of Puthisastra where he received his degree in Bachelor of Computer Science majoring in Programming and Database. Then he received Master Degree of Information & Technology in 2019. In 2011, while he was still in school he found time working for a Korean company called SIP who specialized in core banking systems. The experience gained from working in such environment served him well for what was to come. In 2013 he joined Prime MFI as an I.T officer where he was given the responsibility of managing the core banking system. From April of 2015 he moved to Amatak Capital Plc as I.T officer where and he was given the same responsibility. His hard work and patient saw him taking on more responsibility and by the mid of 2017 he was overseeing all activities within the I.T department.



Mrs. Sorin Socheat

Department of H.R

Mrs. Sorin Socheat was born in Prey Veng Province. She received a high diploma of accounting from CIDH (Cambodian Institute for Development and Human Rights) and a bachelor degree from Pannasastra University of Cambodia majoring in Finance & Banking. She has many years of experience in the field of Finance, HR and Administration in a variety of sectors. She worked with two non-government organizations: Working for Weapon Reduction and Child Rights Foundation for more than 13 years. Mrs Socheat last position was as a Finance & Admin Manager. Later that year, she was offered a job by the Westline Education Group as an HR & Operation Coordinator which stayed on for more than one year. She joined Krawma Company (leading recruitment website Bongtheom) where she worked as H.R and Admin officer for nearly two years. Wanting to explore the financial industry Mrs. Sorin Socheat joined Amatak Capital Plc in late 2019 holding the position of HR & Admin Manager. Mrs Socheat's philosophy is to create a happy & healthy workplace in order to attract and retain strong talents. With this strategy she has hoped that staff can be encouraged to work hard and with unyielding commitment to promote our institution.



Products and Clientele



Products and Services

At the commencement of 2013, Amatak piloted 4 new loan products and by 2016 two new products were added to the list. In 2017 another new innovative product called VRC (Vehicle Registration Card Loan) was further added to the list. These products included the Personal Loan, Motorcycle Loan, Tuk Tuk Loan, VRC Loan, Micro Business Loan, Small Business Loan, and Medium Business Loan. Based on the positive responses, Amatak has officially made all the above products available to its customers in both USD and KHR.

Loan Types

The Personal Loan

At the present, personal loans are offered to clients who are dwelling in Phnom Penh and employed in the private sector. We have termed these individuals as corporate employees. The purpose of this loan is to provide an alternative/additional source of financing to purchase household goods (e.g., a refrigerator) that are essential in everyday living. Under this loan segment Amatak does not require collateral(s) given that the arrangement is based on the borrowers' level of steady income. Table 1 provides an example of personal loan conditions and interest rate.

The Motorcycle Loan

Similar to personal loans, motorcycle loans are offered to clients who are dwelling in Phnom Penh and employed in the private sector. The purpose of this loan is to provide another channel for the consumer who would like to purchase a motorcycle but are not able to come up with the full amount. This is a non-collateralized loan and the maximum term for this type of loan is less than 24 months. Table 1 summarizes all the details for the motorcycle loan.

The Tuk Tuk Loan

The Tuk Tuk Loan is created for families who already have some income but would like to own a Tuk Tuk in order to generate additional income. This product is a non-collateralized loan and the maximum term for this type of loan is set to less than 24 months. Table 1 summarizes all the details for the Tuk Tuk loan.

The VRC Loan

The VRC Loan was created for customers who already own a vehicle and may want to use the vehicles registration as collateral to finance other activities. This loan product allow customer to access short term liquidity needs. The amount is higher than the person loan which can be as large as \$5,000.

Car Loan

As Cambodia's economy continues to develop and living standard has improved, more and more families are choosing to buy a car for the very first time. Amatak would like to provide another finance option for those families with a very simple car loan product. The Car loan has a maximum amount limit of \$20,000 and the term loan of 60 months.

The Micro Business Loan

The Micro Business Loans are specifically offered to clients in Segment 3 who represent about 80% of the population. As delineated, the majority of people within this group work in labor intensive activities such as agriculture and farming. To be eligible for a micro loan collateral(s) (can be soft or hard title deeds) is required and customers must be at least 18 years of age. In this loan segment, interest rate is set at no more than 18% per annum. Table 1 shows the summary of the micro loan essential conditions.

The Small Business Loan

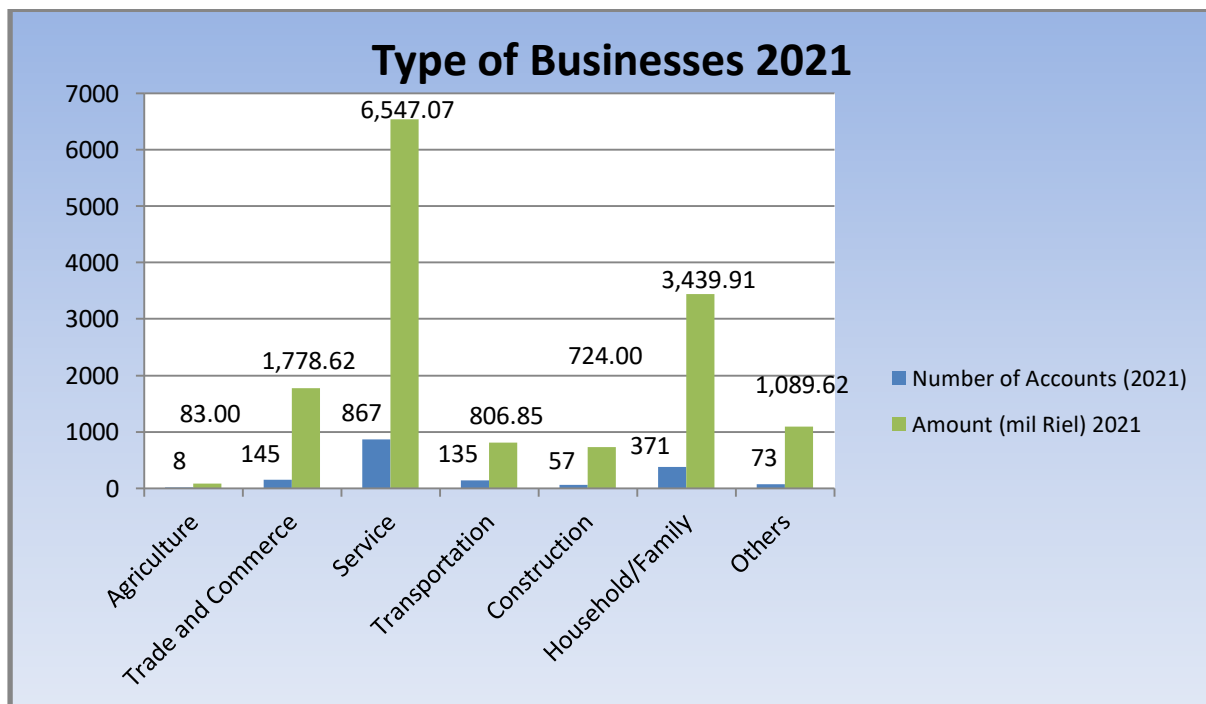
Small business loans are tailored towards small businesses and self-employed individuals or households. The type of businesses may include street vendors, vegetable and meat sellers, retail store owners, and grocery distributors. A Small Business Loan is capped at \$10,000 (USD) and must also be secured with collateral. Once again, customers must be at the age of 18 or above and have evidence of income that can support the loan repayments.

The Medium Business Loan

Similarly, loans that are classified as medium size are also offered to clients for business or personal needs. The Medium Business Loan, however, target operators that require more working capital in order to expand and grow their business or for home improvement purposes. The support that is provided to businesses and individuals is an important means to help Amatak establish a good network in the community and establish its image as a reputable MFI. Medium business loans need to be collateralized with hard title deeds or, at the minimum, soft title deeds that are authorized at the district level.

TABLE 1 – Key Features Amatak Capital Loan Products

Loan Types	Term (month)	Interest Rate p.a	Loan Limit USD / (Equivalent in KHR)	Land/house collateral
Personal Loan	Up to 12 months	1.5%	100-1,000	No
Motorcycle Loan	Up to 24 months	1.5%	100-2,000	No
Tuk Tuk Loan	Up to 24 months	1.5%	100-2,000	No
VRC Loan	Up to 24 months	1.5%	100-5,000	No
Car Loan	Up to 60 months	1.3%	1000-20000	No
Micro Business Loan	Up to 30 months	1.5%	100-3,000	Yes
Small Business Loan	Up to 54 months	1.4%	3,001-10,000	Yes
Medium Business Loan	Up to 72 months	1.2%	10,001-70,000	Yes



In 2021, loans under the service sector contributed the largest amount to the total portfolio of loan outstanding, amounting roughly to 6,547 million riels. The number of loans for this particular segment is about 867 accounts which suggests that the average loan size for this segment is just over 7.55 million riels. Contrarily, the loan size for trade and commerce tends to be bigger. The total loan outstanding for this loan segment is about 1,778 million riels which made up of 145 accounts. Hence, the average loan size is about 12.3 million riels which indicates that businesses tend to engage in our small to medium size loans. The household category has a total loan outstanding of just over 3,439 million riels and is made up of 371 accounts. Loans for agriculture and construction made up the rest of the total portfolio. Amatak only has 3 offices in Phnom Penh and due to this geographic location, our new products such as: personal loan, motorcycle loan and VRC loan are very popular among the general public.

Operational Highlights

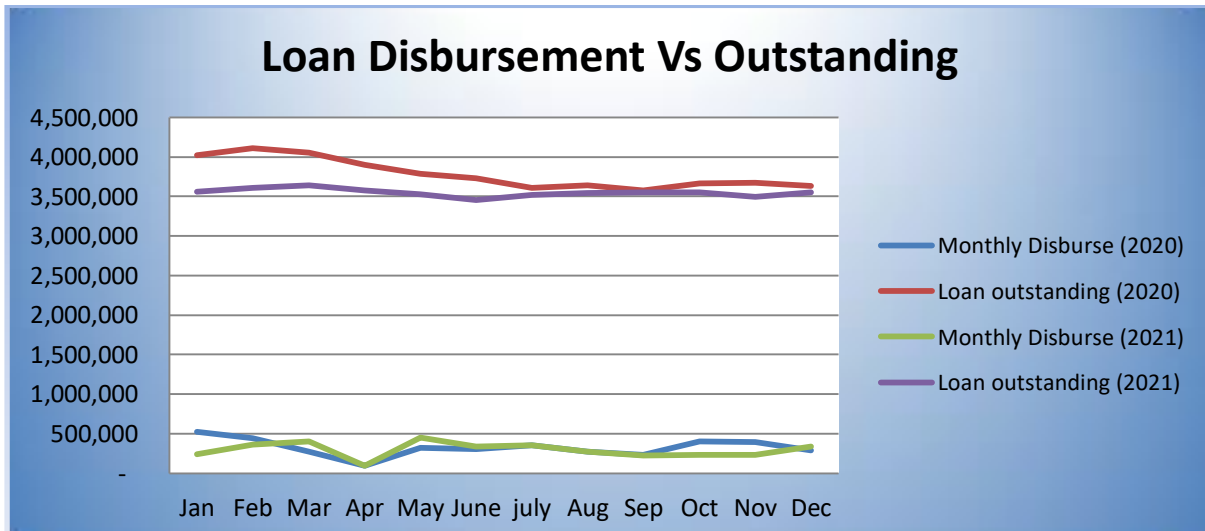
	2019(IFRS SME)	2020(IFRS SME)	2021(IFRS SME)	%Changes
Operational Area				
Number of Villages	325	405	405	0.00%
Number of Communes	32	103	148	43.69%
Number of Districts	2	2	3	50.00%
Number of Branches	2	2	3	50.00%
Loan Portfolio				
Gross loan Portfolio	3,927,627.00	3,632,430.39	3,551,563.00	-2.23%
Number of Loan	1,929	1717.00	1656.00	-3.55%
Average Loan Portfolio	2,036.09	2,115.57	2,144.66	1.38%
Woman Borrowers	936	895	755	-15.64%
Loan Portfolio per Credit Officer	196,381.35	151,351.26	142,062.52	-6.14%
Number of Loans per Credit Officer	96.45	71.54	66.24	-7.41%
Number of Credit Officer	20	24	25	4.17%
Loan Disbursement				
Amount Of Loan Disbursed	4,701,837.00	3,898,130.07	3,532,585.13	-9.38%
Number of Loan Disbursed	2,212	1,785	1,687	-5.49%
Average Loan Disbursed	2,125.60	2,183.83	2,094.00	-4.11%
Portfolio At Risk				
Amount of Par >30 days	61,413.00	100,723.00	162,029.16	60.87%
PAR 30 days	1.56%	2.77%	4.56%	64.70%
Loan Writen off				
Value of Witten off	10,878.57	15,150.82	10,059.03	-33.61%
Written off Ratio	0.28%	0.42%	0.28%	

Operation

In 2021, Amatak Capital operates from 3 branches which are located in Phnom Penh city. Through our resilient field staff, we were able to provide financial services covering almost the entire city. We were able to reach out to more than 405 villages in 148 districts. We provided loans to 1,656 households with the total amount of outstanding loans being just over 3.55 million dollars. The percentage of woman borrowers for Amatak stood at 755 accounts representing a 15.6% decrease from previous year. This figure is slightly below what management has hoped for. Amatak wishes to have women borrowers making up at least 50% of the total number of accounts borrowed. The average loan Portfolio came in at just over \$2,144 which was within Amatak's target. However, in 2021, the number of loan disbursement decreased by 5.45%. Likewise, the total amount disbursed also fell by 9.38% amounting to just under 3.53 million dollars. The disappointing result is very much due to the

Covid-19 community spread and the strict lockdown earlier in the year. The event has caused business confidence to fall which led to a more cautious business environment.

Disbursement



In 2021, loan outstanding remained steady between 3.5million to 3.6million dollars throughout the year. The declining trend from previous year carried over to the new year, on top of the that in March and April loan disbursement came to a screeching halt as Covid-19 continues to spread in the community and the lockdown was implemented city wide. Due to the uncertainty in the business environment resulting from the Covid-19 scare, demand for loans continue to shrink up until the middle of the year. In the final quarter, business sentiment had improved somewhat compared to the earlier quarter and the company was able to salvage the loan outstanding by stabilizing it around 3.55 million dollars. The graph above suggested that disbursement trend is very similar between the 2 years. In 2020, loan disbursement was interrupted at the beginning of the year as Covid-19 began spreading in Europe and America. By April 2021 the virus was spreading in the community for the first time in Cambodia causing a mass panic. However, as the vaccination rate among the population increased, business sentiment also returned. As witnessed in the graph above the loan disbursement saw an improvement after the middle of the year.

Portfolio at Risk



Portfolio at risk for 2021 came in just over 4.5%, which is extremely high compared to the industry average figure below 2%. This figure represents a very large increase from previous period. This year, due to the Covid-19 community spread and the lockdown in April, many businesses were affected. Even with the aggressive loan re-structure many businesses and families still have difficulties making the repayments on time.

Managements have set a goal for next year, by working closely with our customers we hope to bring this figure down below 3%. This year the amount of loan provision stood at just over \$160,000 which represents a 60% increase from previous year and the company had some loan write-off amounting to \$10,059. We strongly hope that as the vaccination rate continues to increase, business confident can also return to normal.

Financial Highlights

The finance department is in charge of producing financial reports in compliance with regulations set by the National Bank of Cambodia, taxation laws and International Accounting Standard IFRS for SME.

Items	2019 (IFRS SME)	2020 (IFRS SME)	2021 (IFRS SME)	%Changes
Total Assets	4,171,165.00	3,881,440.00	3,706,587.00	-4.50%
Net Loan Portfolio	3,866,214.00	3,570,427.00	3,422,730.00	-4.14%
Total Liabilities	2,007,214.00	1,634,531.00	1,450,951.00	-11.23%
Total Equity	2,163,416.00	2,246,909.00	2,255,636.00	0.39%
Total Income	870,862.00	836,403.00	761,268.00	-8.98%
Operation Cost	691,847.00	752,910.00	752,541.00	-0.05%
Profit After Tax	179,015.00	83,493.00	8,727.00	-89.55%
Return On Average Assets	4.29%	2.15%	0.24%	-89.05%
Return On Average Equity	8.27%	3.72%	0.39%	-89.59%
Equity to Total Assets	51.87%	57.89%	60.85%	5.12%
Debt to Total Assets	48.12%	42.11%	39.15%	-7.04%

Profitability

For 2021, Amatak Capital Plc profitability decreased by almost 90% compared to last year and the number fell to \$8,727. The two main factors which contributed to the profitability decline are; total income fell by about 9% as a result of loan outstanding stagnation. The deterioration of loan quality contributed to the increase in loan provision expense which was 60% higher than last year. Likewise, we saw a worsening in ROA and ROE. Both figures fell to 0.24% and 0.39% respectively. In the near future Amatak needs to operate much more efficiently to ensure that profitability can return to pre-covid level.

Assets, Liabilities and equity

The company's total asset for 2021 came in just over 3.7 million dollars, which is slightly lower than previous year's figure. Liability for the current year decreased by about 11.23% from last year as the company used excess cash to repay its debt balance. On the contrary, total equity grew by about 0.39% from previous year reaching an amount of just over 2.26 million dollars, the increase is due to the accumulated retain earnings from the previous years and the company did not pay out any dividends. Amatak Capital Plc's operation is primarily financed by both equity and raising debt, with debt making up about 0.64 times the level of equity. This figure suggests that solvency ratio remains healthy at 62.64%. Relatively, the

company level of debt remains low and therefore it has the capacity to engage more debt in the future to help fuel its growth.

Borrowings

Amatak Capital financed its operation through long-term borrowing from its shareholders. The interest rate was negotiated at a range between 8%-8.8% per annum which is in line with market rate. This will allow the MFI to be more competitive in regards to the interest rate it can provide to customers.

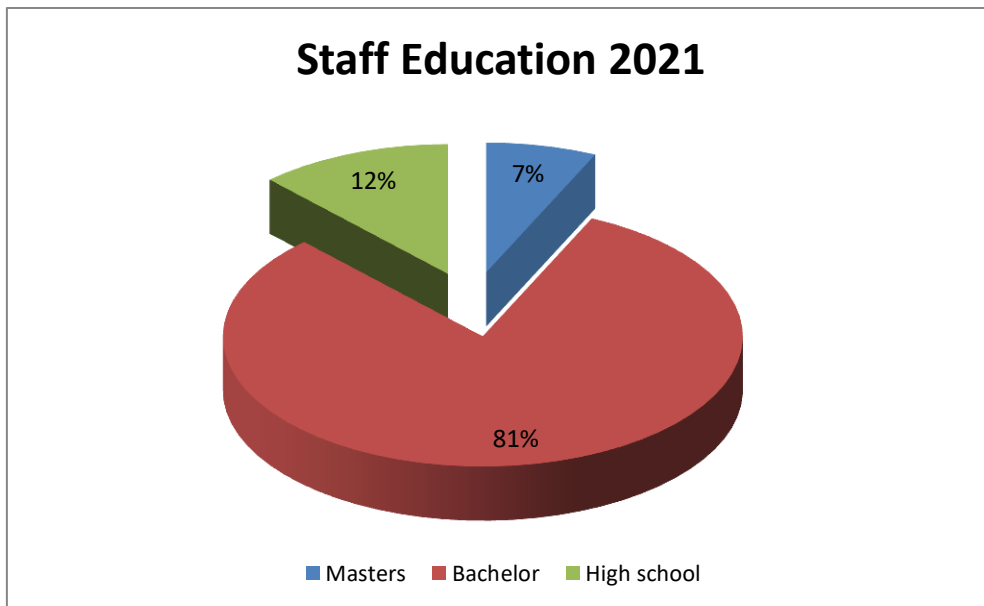
In 2021, as an original term loan from Phillip bank came to an end, Amatak was able to renew its existing loan to the original amount of three hundred fifty thousand dollars with same interest rate of 8.5% p.a.

Lenders	Amount approved (USD)	Balance (Owing)	Interest rate
Phillip Bank	\$ 350,000.00	\$ 326,369.54	8.5%
Phillip Bank(OD)	\$ 200,000.00	\$ 79,355.60	8.8%
Phillip Bank(KHR)_OD	\$ 100,000.00	\$ 19,259.45	8.8%
Phillip Bank(KHR)	\$ 200,000.00	\$ 102,731.35	8.5%
HRB Bank	\$ 300,000.00	\$ 226,763.02	8.0%
HRB Bank(OD)	\$ 100,000.00	\$ 64,499.13	8.25%
Than Thapheatra	\$ 100,000.00	\$ 100,000.00	8.0%
Than Thapheatra	\$ 100,000.00	\$ 100,000.00	8.0%
Than Thapheatra	\$ 150,000.00	\$ 150,000.00	8.0%
Than Thapheatra	\$ 150,000.00	\$ 150,000.00	8.0%
Total	\$ 1,750,000.00	\$ 1,318,978.09	

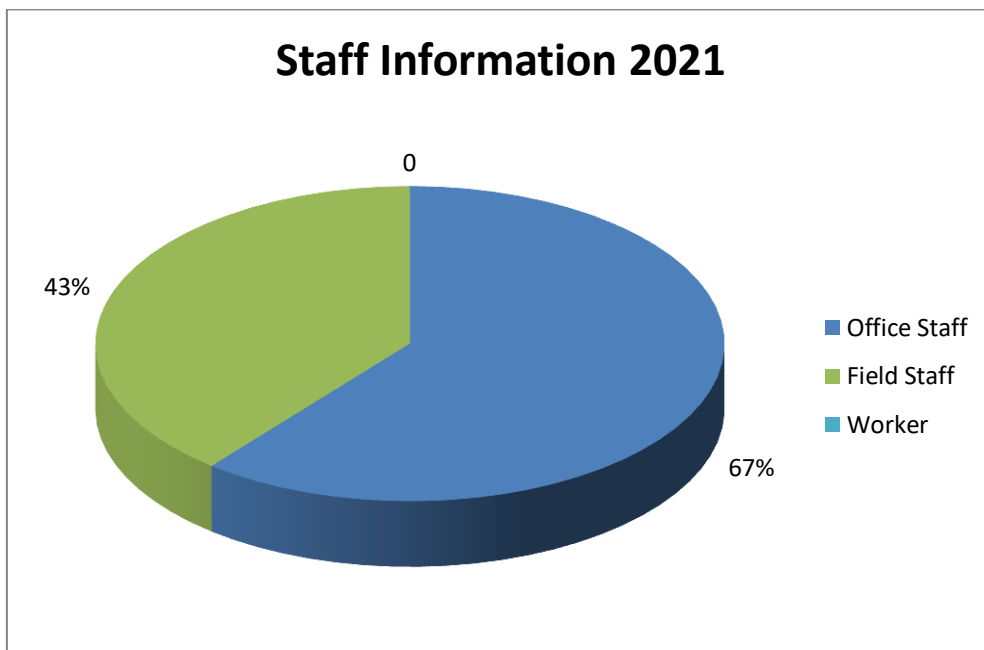
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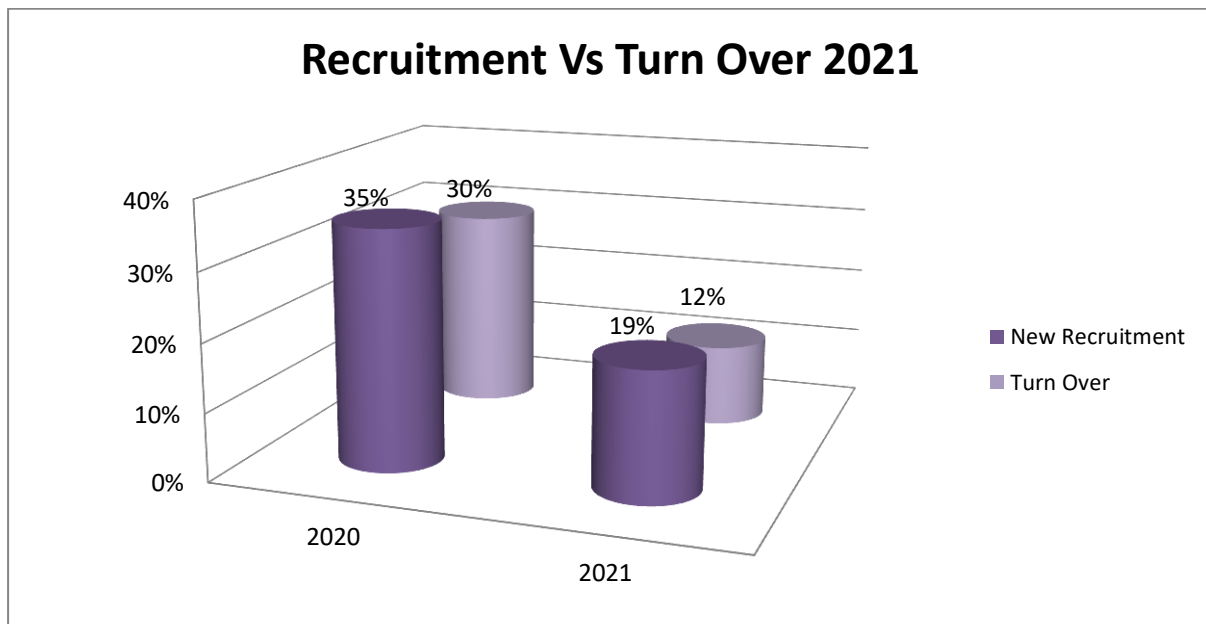
Staff Capacity



In 2021, Amatak Capital employed 58 staff in total, 43 of which are male employees and the rest are female. Overall, 67% of our staff is office staff and the other 43% is field staff. In terms of education, employees holding a bachelor's degree makeup 81% of our overall number while a postgraduate degree (Master) came in at 7%. The minimum level of education in our institution is a high school certificate.



In 2021, the number of staff turnover stood at just over 12%. This result for staff turnover is a lot lower than previous year as many institutions were unsure about the near future of the business environment and all recruitments were temporarily halted. However, field staff like credit officers is still extremely difficult to recruit regardless of the business environment. At the same time, the number of new recruits equate to 19% of our overall employees. In 2021, our institutional goal for H.R department and beyond is to help prepare fill all vacant positions for a new branch as it is expected to be opened by the end of 2021.



Extracts From the 2021 audited Financial Statements

Report of the Board of Directors

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

The Company

Microfinance Amatak Capital Plc was incorporated in Cambodia under registration no. 2677 KH/2012 dated 9 October 2012 issued by the Ministry of Commerce ("MOC"). On 14 January 2013, The Company obtained a license from the National Bank of Cambodia ("NBC") to conduct business as a microfinance institution. On 31 May 2016, the Company completed its re-registration and obtained its new registration no. 00004990 from the MOC.

The Company is principally engaged in all aspects of micro-finance business and the provision of related financial services in Cambodia.

The Company's vision is to make financial services more accessible and help to create growth opportunities for all Cambodians. Ultimately, the Company want to be known as a great company to bank with and work in.

The registered office of the Company is at No. 502 C&D, Monivong Boulevard, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia.

As at 31 December 2021, the Company had 54 employees (31 December 2020: 51 employees).

Results of operations

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

The Board of Directors does not recommend the payment of any dividends in respect of the year ended 31 December 2021.

Board of Directors

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

Name	Position	Date of appointment
Mr. Than Thapheatra	Chairman	9 October 2012
Mr. Than Thapanha	Vice chairman	9 October 2012
Ms. Tan Sokunthea	Member	9 October 2012
Mr. Samnang Seima	Member	23 May 2016
Mr. Than Thaphakdey	Member	23 May 2016

Auditor

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

Directors' benefits

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

Since the end of the previous financial year, no members of the Board of Directors of the Company have 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 Board of 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 a director is a member, or with a Company in which the director has substantial financial interest other than as disclosed in the financial statements.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and 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 in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs") and guidelines of the NBC, which are supported by reasonable and prudent judgements and estimates, and then apply them consistently;
- ii. comply with the disclosure requirements of the CIFRS for SMEs or, if there has been any departure from such requirements in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- iii. maintain adequate accounting records and an effective system of internal controls;
- iv. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and,
- v. effectively control and direct the Company in all material decisions affecting its operations and performance, and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

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

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

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs and guidelines of the NBC.

On behalf of the Board of Directors:



Mr. Than Thapheatra
Chairman

Phnom Penh, Kingdom of Cambodia
18 April 2022



Grant Thornton

Independent auditor's report

Grant Thornton (Cambodia) Limited
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Sangkat Wat Phnom
Khan Daun Penh
Phnom Penh
Kingdom of Cambodia

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To the Shareholders of Microfinance Amatak Capital Plc

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”) and guidelines of the National Bank of Cambodia.

Basis for opinion

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

Other information

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

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

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

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

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS for SMEs and guidelines of the National Bank of Cambodia, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors

Ronald C. Almera

Ronald C. Almera

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

18 April 2022

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Statement of financial position

	Note	31 December 2021		31 December 2020	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Assets					
Cash on hand	5	27,499	112,031	47,934	193,893
Deposits and placements with the National Bank of Cambodia	6	78,152	318,391	78,119	315,991
Deposits and placements with banks	7	130,004	529,636	144,901	586,125
Loans to customers	8	3,422,730	13,944,202	3,570,427	14,442,377
Other assets	9	19,512	79,492	15,370	62,172
Property and equipment	10	4,029	16,414	6,435	26,030
Intangible asset		-	-	151	611
Deferred tax assets	12(c)	24,661	100,469	18,103	73,227
Total assets		3,706,587	15,100,635	3,881,440	15,700,426
Liabilities and equity					
Liabilities					
Overdraft	11	163,114	664,526	273,208	1,105,126
Current income tax liabilities	12(d)	3,266	13,306	5,367	21,710
Other liabilities	13	117,695	479,489	77,294	312,654
Provision for employee benefits	14	11,012	44,863	11,012	44,544
Borrowings	15	1,155,864	4,708,990	1,267,650	5,127,644
Total liabilities		1,450,951	5,911,174	1,634,531	6,611,678
Equity					
Share capital	16	1,500,000	6,000,000	1,500,000	6,000,000
Regulatory reserve	17	-	-	11,898	48,127
Retained earnings		755,636	3,079,277	735,011	2,995,375
Cumulative translation difference		-	110,184	-	45,246
Total equity		2,255,636	9,189,461	2,246,909	9,088,748
Total liabilities and equity		3,706,587	15,100,635	3,881,440	15,700,426

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

Statement of profit or loss and other comprehensive income

	Note	For the year ended 31 December 2021		For the year ended 31 December 2020	
		USD	KHR'000	USD	KHR'000
		(Note 3.2)		(Note 3.2)	
Interest income	18	561,426	2,283,881	611,893	2,494,688
Interest expense	19	(116,263)	(472,958)	(146,880)	(598,830)
Net interest income		445,163	1,810,923	465,013	1,895,858
Provision for bad and doubtful loans	8	(70,837)	(288,165)	(39,310)	(160,267)
Movement in regulatory allowance		151	614	(456)	(1,859)
Other operating income	20	199,842	812,957	224,510	915,327
Personnel expenses	21	(406,296)	(1,652,812)	(374,998)	(1,528,867)
Depreciation and amortisation		(2,997)	(12,192)	(8,185)	(33,370)
General and administrative expenses	22	(152,445)	(620,146)	(165,737)	(675,710)
Profit before income tax		12,581	51,179	100,837	411,112
Income tax expense	12(a)	(3,854)	(15,678)	(17,344)	(70,711)
Net profit for the year		8,727	35,501	83,493	340,401
Other comprehensive income/(loss) -					
Currency translation differences		-	64,938	-	(67,254)
Total comprehensive income for the year		8,727	100,439	83,493	273,147

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

Statement of changes in equity

	Note	Share capital		Regulatory reserve		Retained earnings		Cumulative translation difference	Total	
		USD	KHR'000	USD	KHR'000	USD	KHR'000		USD	KHR'000
Balance at 1 January 2021		1,500,000	6,000,000	11,898	48,127	735,011	2,995,375	45,246	2,246,909	9,088,748
Net profit for the year		-	-	-	-	8,727	35,501	-	8,727	35,501
Change in regulatory reserve	17	-	-	(11,898)	(48,401)	11,898	48,401	-	-	-
Translation difference		-	-	-	274	-	-	64,938	-	65,212
Balance at 31 December 2021		1,500,000	6,000,000	-	-	755,636	3,079,277	110,184	2,255,636	9,189,461
Balance at 1 January 2020		1,500,000	6,000,000	30,608	124,728	632,808	2,578,693	112,500	2,163,416	8,815,921
Net profit for the year		-	-	-	-	83,493	340,401	-	83,493	340,401
Change in regulatory reserve	17	-	-	(18,710)	(76,281)	18,710	76,281	-	-	-
Translation difference		-	-	-	(320)	-	-	(67,254)	-	(67,574)
Balance at 31 December 2020		1,500,000	6,000,000	11,898	48,127	735,011	2,995,375	45,246	2,246,909	9,088,748

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

Statement of cash flows

	Note	For the year ended 31 December 2021		For the year ended 31 December 2020	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Operating activities					
Profit before tax		12,581	51,179	100,837	411,112
Adjustments for:					
Depreciation and amortisation		2,997	12,192	8,185	33,370
Bad debts written-off	22	10,059	40,920	15,125	61,665
Movement in regulatory allowance		(151)	(614)	456	1,859
Provision for bad and doubtful loans	8	70,837	288,165	39,310	160,267
Operating profit before working capital changes		96,323	391,842	163,913	668,273
Changes in working capital					
Net changes in:					
Loans to customers		66,801	271,746	241,352	983,992
Other assets		(4,142)	(16,850)	36,303	148,007
Overdraft		(110,094)	(447,863)	20,701	84,398
Other liabilities		40,401	164,351	7,681	31,315
Cash generated from operations		89,289	363,227	469,950	1,915,985
Income tax paid		(12,513)	(50,903)	(47,068)	(191,896)
Net cash from operating activities		76,776	312,324	422,882	1,724,089
Investing activity					
Acquisitions of property and equipment	10	(440)	(1,790)	(5,556)	(22,652)
Financing activities					
Cash proceeds from borrowings		350,000	1,423,800	450,000	1,834,650
Repayment of borrowings		(461,786)	(1,878,545)	(823,247)	(3,356,378)
Net cash used in financing activities		(111,786)	(454,745)	(373,247)	(1,521,728)
Net change in cash and cash equivalents		(35,450)	(144,211)	44,079	179,709
Cash and cash equivalents, beginning of year		197,418	798,555	153,339	624,857
Currency translation difference		-	5,514	-	(6,011)
Cash and cash equivalents, end of year		161,968	659,858	197,418	798,555

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



BRANCH LOCATION

MONIVONG BRANCH

502 C&D, Monivong Blvd, Sangkat Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia

Tel: (855) 96-499-69-73 | (855) 99-337-377

Email: info@amatak.com.kh

POSENCHEY BRANCH

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TUOL KOUK BRANCH

No.A168, Samdach Penn Nouth St. (289), Phum Phum8, Sangkat Boeung Kak 1, Khan Tuol Kouk, Phnom Penh.

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Annual Report