

ANNUAL REPORT 2020



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CONTENT

1

CORPORATE PROFILE

- FUNAN History
- Vision, Mission and Core Values
- Corporate Governance
- Risk Management & Compliance
- Code of Conduct

2

LEADERSHIP

- Organizational Structure
- Chairman's Message
- Chief Executive Officer's Message
- Board of Directors
- Executive Management

3

AUDITED FINANCIAL STATEMENTS

- Report of the Board of Directors
- Report of the independent auditors
- Statement of financial position
- Statement of comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

4

CORPORATE SOCIAL RESPONSIBILITY

- Corporate Social Responsibility
- COVID19 Vaccination for FUNAN's management and staffs
- Staff activities and welfares

5

TOP PERFORMANCE AND BRANCH NETWORK

- Top Branches & Staff Perfomance
- Branch Network and Contact



CORPORATE PROFILE

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- Corporate Governance
- Risk Management & Compliance
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2011

As an NGO named
Cambodian Association
Development (CAD)

2015

Transformed to
Microfinance Institution

2017

100% of shares acquired by
Cambodia Post Bank Plc.

2020

- Adapting the digital platform of doing the Business
- Rebranding(change cooperate color)
- 51 Branch, 547 employees and total loan portfolio reaches to USD56.8M.



License as Non-Government Organization (NGO)

Established in July 2011 as an NGO named Cambodian Association Development (CAD) legally registered with Ministry of Interior to provide the quality micro-loan to the poor for developing their community. By the end of 2014, CAD had 49 branches, 821 staffs, more than 30,000 clients with loan outstanding around USD4 Million.



Transforming to Microfinance Institution

In August 11, 2015 Cambodian Association Development (CAD) received the microfinance license from National Bank of Cambodia (NBC) named FUNAN Microfinance Plc; and legally registered with other government authorities such as Ministry of Commerce in June 2015 and General Department of Taxation in July 2015. All assets and liabilities of the CAD had been transferred and received official approval by the National Bank of Cambodia in August 11, 2015. In 2016, FUNAN Microfinance Plc had 49 branches, 733 employees, more than 30,311 clients and loan outstanding around USD 10 Million.

On 30th November 2016, Cambodia Post Bank Plc. entered into a sale and purchase agreement (SPA) with the Company's shareholders to acquire 100% shares of the Company.



The year of 2017/ Business Transformation

The change of shareholders was approved by the National Bank of Cambodia (NBC) on 4th April 2017 and approved by the Ministry of Commerce on 11 April 2017. In May 12, 2017, FUNAN organized an official shares transfer event attended from new and existing shareholders, authorities, staff and management, other national and international distinguished guests. FUNAN Microfinance Plc. has been transformed and defined new target market segment complementing to the segment of its parent company, the Cambodia Post Bank Plc.

To reduce loan collection at field by Credit Officer while almost 100% of loans were conducted at field, In June 2017, FUNAN entered into agreement with WING, the biggest Payment Service Processor (PSP) in Cambodia, to enlarge loan repayment channels and started transforming clients to pay at officer counters and WING agents nearby them. Then, in December 2017, FUNAN joined another cooperation with Darapay (PSP) on loan repayment.

The year of 2018/ Growth and Franchises Development

In June 2018, we started to implement the loan disbursement through Darapay (PSP) in the branchless operational areas then rolled out to all coverage areas as the choice for customer. In 2018, FUNAN expanded two Branchless areas. In July 2018, FUNAN signed business cooperation with Sovannaphum Life Assurance for Group Credit Life Protection. And others business cooperation with Darapay, Cambodia Post Bank Plc., and the local shops as merchants for the loan referrals.

By this year, FUNAN was having 51 branches, 2 branchless areas (Business hubs), 646 employees, 19,856 clients, and the loan outstanding was increased to USD47 Million.

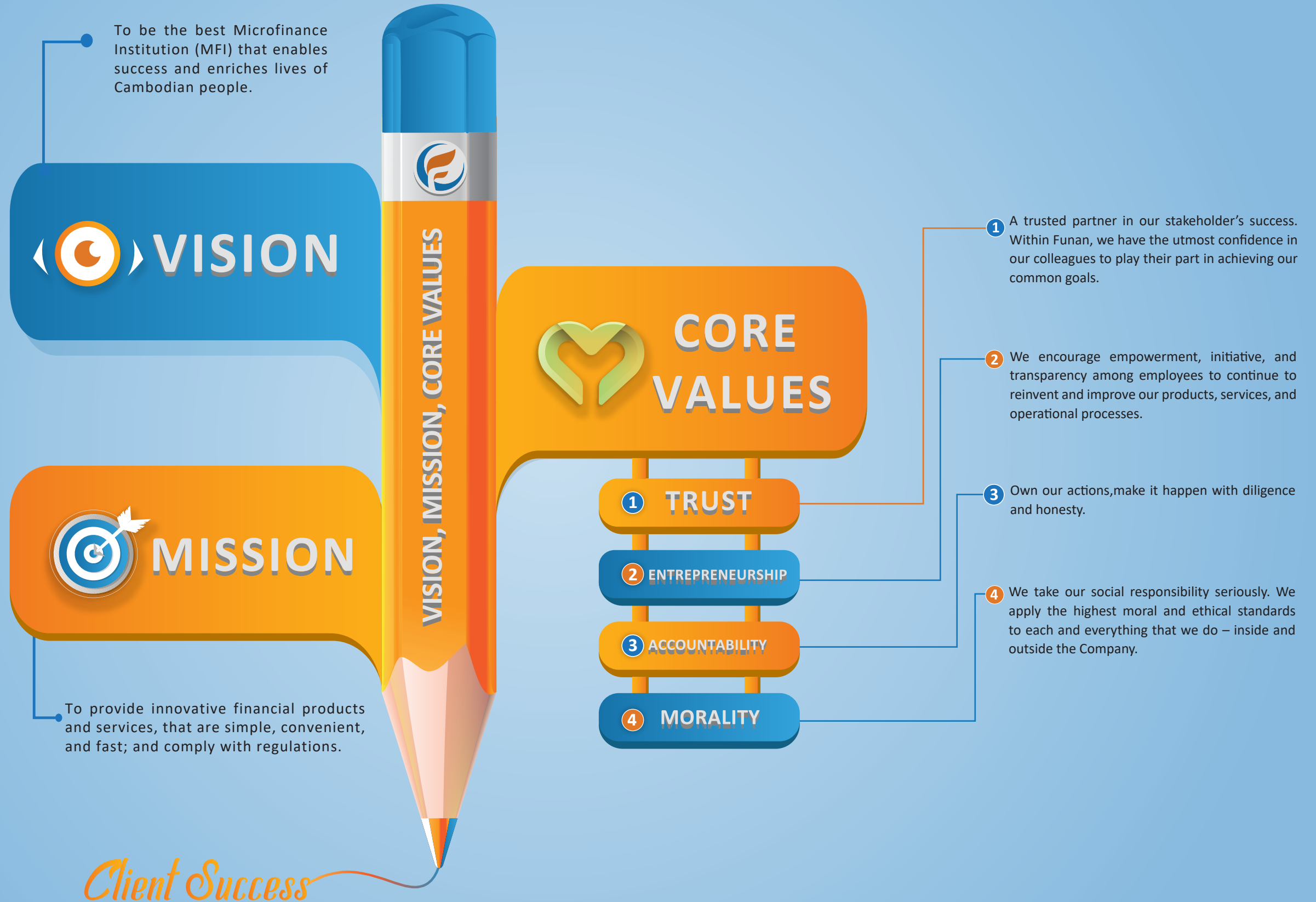


The year of 2020/ Adapting the digital platform as new way of business

In 2020, the new way of interaction and living with social distancing as global pandemic outbreak, the COVID19, pushing people to get more experiences in using digital platform for their daily life. In 2020, FUNAN has been developing the Loan Origination System (LoS) and commit to roll out very soon by 2021. It is kind of loan digitized process.

Within the year, FUNAN changed the cooperate color in line with parent company branding .

By this year, FUNAN is having 51 branches, 5 branchless areas (Business hubs), 547 employees, and total loan portfolio is USD56.8 Million.



Funan Microfinance PLC creates a corporate governance to provide greater confidence to all stakeholders including partners, investors, suppliers, creditors, customers and compliance with the regulations stated in B7-08-211 Prakas of governance in Banks and Microfinance Institutions. In addition, good Corporate Governance ensures sustainable business operations, managing and addressing key business risks on time.

The established Corporate Governance Structure comprising the following parties, provides a comprehensive framework to (i) independent internal auditor who reports to the Chairman of the Audit Committee and not to the management (ii) independent external auditor who is appointed by the board and gotten approval from National Bank of Cambodia (NBC), the central bank, on this appointment; and this party submits direct report to the board (iii) Risk Management function is reporting directly to Risk Oversight Committee of Board level (iv) management committees which are responsible for various day to day running aspects of the Institution (v) various codes of conduct, whistle blower policies that are in place. (vi) Board / committees have oversight and approve important aspects such as yearly budget for expenses and manpower, audit plan, credit risk policies etc. with the execution of these policies and plans being the responsibility of the management.

The role of the Board is defined by taking into account prevailing international best practices while ensuring compliance with local legal and regulatory framework. The current corporate governance structure includes the Board of Directors (BOD) and under BOD we have professional board committees and executive committees.

BOARD COMMITTEES

Further the Company believes that an active, well-informed and Independent Board is necessary to ensure the highest standards of Corporate Governance. Funan's Board of Directors is appointed by National Bank of Cambodia consist of five members, two independents Board members. The Board is responsible for overall compliance with the corporate governance and oversees the performance of the company and ensures shareholders protection and maximization of their long term values. There is also an active participation of Independent Directors in the Company.

In order to focus on the critical functions of the company,

the Board may constituted such Committees as and when required to ensure smooth functioning of the Company.

The Board has constituted three Committees namely:

1. **Audit Committee**
2. **Risk Oversight Committee**
3. **Remuneration and Nomination Committee**

1. Audit Committee

This committee is constituted to ensure safe and sound corporate governance and it is vested with necessary powers as defined in its Charter to achieve its objectives. The powers and terms of reference of the Audit Committee are comprehensive and comply with the requirements as set out by Article 131 of the Law of Commercial Enterprise, as well as Article 8 of the National Bank of Cambodia's Prakas B7-08-211 on Governance in Bank and Financial Institutions. The Chairperson of this committee is a Non-Executive Independent Director who also answers all queries from shareholders at Annual General Meeting.

Members:

The AC consist of not less than 3 members.

The Chairman of the AC is a non-executive, independent Director of the Bank. All the members of the AC are independent of the management of the Company.

- | | |
|---------------------------|----------|
| ● Mr. Giang Sovann | Chairman |
| ● Mr. Teo Meng Poh Philip | Member |
| ● Mr. Toch Chaochek | Member |

Meeting:

The AC meets as frequently as required, but no less than 4 times a year.

2. Risk Oversight Committee (ROC)

This committee includes three members decided by the Board. It is chaired by a person with expertise in finance and banking risk management. The committee undertakes key duties as decided by the Board of Directors and documented in its Terms of Reference, and any such duties delegated to it. The committee is also responsible for monitoring the implementation of risk management policies as defined by the Board. It also plays a key role in giving professional advice to the risk function of the Institution with best international practice.

Members:

The Board appoints the ROC Chairperson and the term of office is for three years from the date of appointment. The ROC can be composed of non-executive directors and experts who are not directors of the Company of whom are considered by the board to be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment.

Members:

- | | |
|---------------------------|----------|
| ● Mr. Teo Meng Poh Philip | Chairman |
| ● Mr. Giang Sovann | Member |
| ● Mr. Toch Chaochek | Member |

Meeting:

Meetings are held as and when deemed appropriate, but at least four times a year. The Chairperson of the ROC may convene additional meetings if deemed necessary.

3. Remuneration and Nomination

Committee (RNC)

This committee is constituted by the Board to meet requirements of Governance to deliver best practice for the company. The Chairperson of this committee is an Independent Director. The committee is responsible for implementing a very good remuneration policy to be consistent with the long-term objectives and corporate values of the company. It also recommends some procedures to select and replace board members and independent individuals who will potentially become committee members. The committee approves the nomination of senior management.

The Committee is appointed by the Board and consists of not less than 3 members and a Secretary of the Committee. The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created by such removal.

Members:

- | | |
|---------------------------|----------|
| ● Mr. Neo Poh Kiat | Chairman |
| ● Mr. Teo Meng Poh Philip | Member |
| ● Mr. Toch Chaochek | Member |

Meeting:

Meetings shall be held as and when appropriate, but at least twice a year. The Chairperson of the Committee may

convene additional meetings if deemed necessary.

MANAGEMENT COMMITTEES

Eight Management Committees will assist the Chief Executive Officer (CEO) in focusing on specific matters, monitoring and tracking an overall company's operation performance and also fulfil their roles and responsibilities delegated by the Board Committee and CEO, report to the CEO on decisions and actions taken, monitor the Company's performance, and make any necessary recommendations on general matters arise in daily business operations.

1. **Executive Committee (EXCO)**
 2. **Assets and Liabilities Committee (ALCO)**
 3. **Credit Committee (CC)**
 4. **Procurement Committee (PROCO)**
 5. **Human Resource Committee (HRC)**
 6. **Operational Risk Management Committee (ORMC)**
 7. **Customer Complaint Handling Committee (CCHC)**
 8. **Business Development Committee (BDC)**
- #### 1. Executive Committee (EXCO)

This committee includes seven members will be permanently invited to every EXCO meeting. This committee is chaired by Chief Executive Officer. The purpose of the Executive Committee is to support the Chief Executive Officer (CEO), in monitoring and tracking an overall company's operations performance and to report progress of day-to-day work activities from each business unit to CEO and as well as giving advice and approval on general matters arise in daily business operations.

Members:

The EXCO member shall comprise all one-level down from CEO (CEO's direct reports), including:

1. **Chief Executive Officer (CEO)**
2. **Chief Business Officer (CBO)**
3. **Head of Risk Management (HRM)**
4. **Head of Internal Audit (HIA)**
5. **Head of Finance (HOF)**
6. **Head of IT (HIT)**
7. **Head of Human Resources & Admin (HHA)**
8. **Head of Operations (AHOO)**
9. **Head of Compliance Unit (HOC)**

Meeting:

Meetings shall be held as and when appropriate, but at least once a week. The Chairperson of the Committee may convene additional meetings if deemed necessary.

2. Assets and Liabilities Committee (ALCO)

The purpose of the Committee is to monitor all elements of Assets and Liability Management, and of major concern like liquidity, limits on maximum and minimum maturities for assets & liabilities and sensitivity of interest rates. The Company's interest is to ensure that all elements of assets and liability management are properly disclosed and managed transparently and accurately.

Members:

The ROC will appoint the ALCO Chairperson and the term of office is for three years from the date of appointment. The ALCO will comprise of the following

Members:

1. Chief Executive Officer (CEO)	Chairman
2. Chief Business Officer (CBO)	Member
3. Head of Finance (HOF)	Member
4. Head of Risk Management (HRM)	Member

Meeting:

Meeting shall be held as and when appropriate, but at least a time per month. The Chairperson of the ALCO may convene additional meetings if deemed necessary.

3. Credit Committee (CC)

The purpose of the Credit Committee is to approve credit guidelines allowed under the Program Governance Framework and credit limit granted for a customers or a group of related customers beyond the signing approving authority limit. In addition, CC is responsible for implementation and monitoring of the credit risk management frameworks and policies in concerning with the company business as whole and ensure the compliance with the Program Governance and Monitoring Framework.

Members:

The CC will comprise of the following members:

1. Head of Risk Management	Chairperson
2. Chief Executive Officer (CEO)	Member
3. Chief Business Officer (CBO)	Member
4. Head of Finance (HOF)	Member

Members:

Meeting should be held as and when appropriate, but at least one time per month. The Chairperson of the CC may convene additional meetings if deemed necessary.

4. Procurement Committee (PROCO)

The purpose of the PROCO Committee is to seek value for money in all procurement. Value for money is achieved in an open competitive environment in which suppliers can be confident that their proposals will be assessed on merit. It does not automatically mean "lowest prices"; it incorporates and considers fitness for purpose; fair market price; return on investment; whole-of-life costs; timely delivery; post-delivery support; environment sustainability; social responsibility; evidence of previous performance of experience, effective warranty and conformity to law.

Members:

The PROCO Committee will comprise of the following members:

1. Head of Finance (HOF)	Chairperson
2. Chief Executive Officer (CEO)	Member
3. Chief Business Officer (CBO)	Member
4. Head of Risk Management(HRM)	Member
5. Head of Human Resources & Admin(HHA)	Member

Meeting:

Meeting shall be held as and when appropriate, but at least a time per month. The Chairperson of the PROCO may convene additional meetings if deemed necessary.

5. Human Resource Committee (HRC)

The purpose of the HRC is to ensure that the decision making process of internal staff appointment /recruitment, promotion, transfer, and salary increment are transparent and fair and advice on staff disciplinary action.

Members:

The committee members should be careful to avoid conflicts of interest that would compromise their judgment, and should excuse themselves from any decision in which there may be conflicts of interest, whether actual, potential or apparent. The permanent members consist of:

1. Head of Human Resources & Admin	Chairperson
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2. Chief Business Officer (CBO)	Member
3. Head of Finance (HOF)	Member
4. Head of Risk Management (HRM)	Member
5. Senior HR Officer	Secretary

Meeting:

Meeting shall be held as and when appropriate. The Chairperson of the committee may convene additional meetings if deemed necessary.

6. Operational Risk Management Committee (ORMC)

The Operational Risk Management Committee (ORMC) is chaired by Head of Risk Management. The purposes of this committee is to Implement and maintaining a robust operational risk management for the Company. Regularly, monitoring and assessing Business or Function level operational risk profile and provide summary or associated mitigation actions to ORMC. Reviewing and improving Risk Control Self-Assessment (RCSA) programs to ensure an effective Operational Risk Management (ORM) framework.

Members:

The permanent committee members consist of:

1. Head of Risk Management (HRM)	Chairperson
2. Chief Executive Officer (CEO)	Member
3. Chief Business Officer (CBO)	Member
4. Head of Finance (HOF)	Member
5. Head of Human Resources & Admin (HHA)	Member
6. Head of Internal Audit (HIA)	Member
7. Head of Information & Technology (HIT)	Member
8. Head of Operations (AHO)	Member

7. Customer Compliance Handling Committee (CCHC)

The Customer compliance handling committee (CCHC) is created to implement and maintain an effective Complaint Handling Policy for the Company. To oversee, monitor, evaluate and recommend all aspects of customer perceptions, complaint and customer satisfaction as well as service provided to customers.

Members:

The permanent committee members consist of:

1. Head of Risk Management (HRM)	Chairperson
2. Chief Executive Officer (CEO)	Member
3. Chief Business Officer (CBO)	Member
4. Head of Human Resource And Admin	Member
5. Compliance Unit Manager	Secretary

8. Business Development Committee (BDC)

The purposes of the Committee are:

- To review the development and implementation of strategic business, development initiatives, and ensuring initiatives are consistent with the Strategic Plan;
- To respond to emerging issues related to business development and review general market conditions and how these may present or limit new business development opportunities;
- To review and assess appropriate business cases and plans prepared by management and making recommendations in order to grow the business and diversification opportunities;
- To oversee the sales performance versus budget or management KPIs and taking corrective action or business strategies to drive the performance.
- Update the financial positions to the potential competitors benchmarking on where we are comparing to the industry.
- Proposed strategies, products to penetrate the market.
- Studying the business opportunity and synergy between FUNAN and CP-Bank to maximize the mutual benefit.

Members:

- **The BDC chairperson is Chief Executive Officer (CEO) or the Chief Business Officer (CBO) is alternative.**

The members comprise of:

- **Head of Risk Management (HRM)**
- **Head of Finance (HOF)**
- **Head of Operation (HOO)**
- **Head of IT (HIT)**
- **Compliance Unit Manager (CUM)**
- **The Secretary of the BDC is the assigned person from CBO's office**

RISK MANAGEMENT

In 2017, 100 percent of FUNAN's shares has been transferred to Cambodia Post Bank Plc. With the technical supports from Cambodia Post Bank Plc., FUNAN has been reformed the corporate governance in accordance with regulation; developed Risk Management Framework, created new policies. These have been monitored the implementations frequently by senior management team and Board of Directors to ensure the sustainable transformational process and development of company. After Risk Management Framework and policies have been placed in to implementation, especially in 2018, the senior management team was taking more efforts on internal control enforcement through implementing of Risk Control Self-Assessment (RCSA), building risk culture across the company, providing regular refreshment and training all staffs to ensure the well awareness and compliancy.

In 2018, we hosted the regulator on-site visit from National Bank of Cambodia to review FUNAN's daily operation, the prudential policies and other compliances; we received few recommendations for the enhancement. Then independent compliance function is structured for FUNAN.

The external audit report certifies our reliable financial report, compliancy with law and regulation and the acceptable level of risk management for FUNAN.

CREDIT RISK MANAGEMENT

To assure well-managed on credit risk in a satisfactory level and enhancing market target segment of FUNAN Microfinance Plc., the renewal credit program has been reviewed and approved by the Board of Directors annually. This credit program is developed to reflect to law & regulatory aspects, risk acceptant level, and introducing cap for portfolio diversification to manage credit exposure. FUNAN functions credit underwriter team to review and screening loan proposals to follow with risk acceptant criteria of credit policy. We conducted regular trainings and timely take corrective action the misconduct of

staff through the finding report by credit control team. Robust MIS for credit product and customer segments are regularly monitored to determine credit risk management strategies such as credit stress test, Measurement of concentration of risk by customer segment and Risk transition measurement by customer segment, etc. Loan portfolio prevention methods are also being developed to apply across institutions. FUNAN is in the developing stage of Loan Origination System (LoS) and plan to roll out by 2021. With this respective digital platform, FUNAN will become a first Microfinance introducing the digitized process in loan assessment and loan verification. The loan officer will be equipped with tablet device connecting to internet capturing all locations of client's business, residential and collaterals through the google map. After the loan application registration, with interconnection to FUNAN's data pool, Credit Bureau (CBC)— lead will be converted and verified automatically to make more effective and efficient in screening process. FUNAN invests in LoS system in order to improve its service turnaround time to customer and managing the credit risk.

OPERATIONAL RISK MANAGEMENT

FUNAN Microfinance Plc. has been building a robust Operational Risk Framework including an Operational Risk Management policy, a loss data collection system, and key risk indicators (KRIs) to monitor risk exposures. In addition, the company has implemented risk and control self-assessment (RCSAs) activities to help constitute a risk culture in operational risk control across FUNAN. There are on-going RCSA workshops delivered to all functions and branches to enhance Operational Risk Management practices.

LIQUIDITY RISK MANAGEMENT

FUNAN fully monitors its liquidity position with monitoring metrics such as cash flow analysis, maximum cash outflows, and liquidity stress tests. These practices have

been supporting the company in forecasting and reacting smoothly and effectively in normal and stressed scenarios and also help the company maintain a sound liquidity position.

COMPLIANCE

FUNAN Microfinance Plc. is committed to follow best practices and market standards in areas of accountability, transparency and business ethics in order to promote sustainability. Good governance and corporate social responsibility form an integral part of market standards. At the core of these efforts are integrity issues and the reputation risk the company faces in its activities. The independent unit has been appointed and gotten approval from BoD and NBC respectively to monitor and implement the compliance program of the company.

The compliance program of the company has the following:

- a). Legal compliance: FUNAN Microfinance Plc. has fully adhered to relevant laws and regulation. FUNAN Microfinance Plc. has created the compliance checklist to evaluate the performance of the company. Independent function of legal and compliance is the main facilitator and monitoring the implementation of the whole company in term of legal/ regulatory compliance.
- b). Whistleblowing: The Company is committed to achieving and maintaining the highest standards of openness, probity and accountability. Either stakeholders or employees at all levels are expected to conduct themselves with integrity,

CODE OF CONDUCT

impartiality and honesty. The implementation has been enforce within the whole company to encourage the company staff to report the significant matters which may include but are not confined to:

- Breach of legal or regulatory requirements;
- Malpractice, impropriety or fraud relating to internal miscarriage of justice; controls, accounting, auditing and Financial matters;
- Potential conflict of interest situation;
- Endangerment of the health and safety of an individual;
- Damage caused to the environment;
- Violation of rules of conducts applicable within the Company;
- Improper conduct or unethical behavior;
- Deliberate concealment of any of the above likely to prejudice the standing of the company.



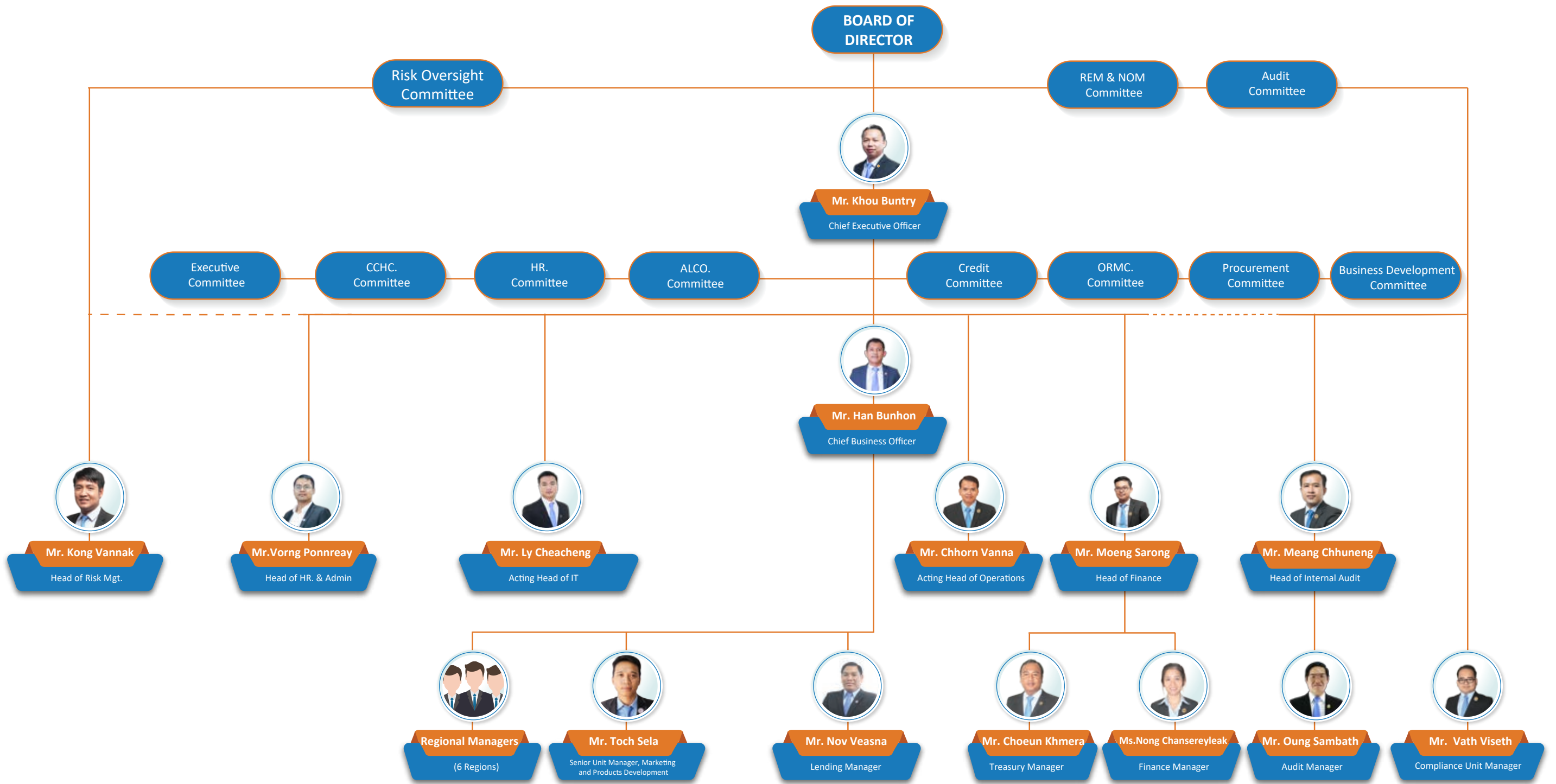
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MANAGEMENT TEAM



ORGANIZATIONAL STRUCTURE



MESSAGE FROM CHAIRMAN



Firstly, I would like to thank to the Royal Government of Cambodia for taking appropriate actions against the COVID-19 out-break in Cambodia as we noticed for the confirmed cases happened in 2020 were just 363 (as of 12 December 2020) and mostly the imported cases while the serious out-break were taken place in many countries either in region or world. Many cities were confirmed lockdown or implementing the restriction to manage this spread. The authority has responded quickly to the recent spike in cases with fast testing to the direct contacts and implementing the quarantines. As a chairman of board directors of FUNAN and my own self, we keep our commitment to join the Government of Cambodia to overcome this situation for peace and stability .

Even, it is controllable in the country, but the world pandemic disrupted the globalization, supply chain and changing the way of interaction, living. It is totally, affected to Cambodian economy, especially in the key economic drivers including import and export sectors, tourism and transportation. Many of garment and footwear factories filed for the operational suspension since the beginning of 2020, effecting job suspension of more than two hundred thousand workers across the country. These are leading to the economy growth contraction of 2% this year.

The financial sector remains positive in 2020 with sector growth in term of asset was 15.7 percent. A combination of banks and microfinance institutions (MFIs)—grew by 14.8 percent, while deposits increased by 15.4 percent. Total loan portfolio of microfinance institutions (MFIs) was US\$6.8 billion, increased 12.5 percent over 2019. The distribution of those loans broke down by category as loans to families at 31.2 percent, loans to commerce and trade at 20.9 percent, loans to agriculture concerns at 18.9 percent, to service providers at 16.2 percent, loans to transport firms at 6 percent, construction at 3.8 percent with others accounting for the remaining 3 percent. This proportion is consistent to the share of FUNAN lending activities. Financial sector experienced with fluctuation of portfolio at risk (DPD30+) month on month in 2020 reflected to income constrain of borrowers in line with the instability of economic activities in the country. By quarter 4 of 2020, the economic activities seem to be recovered, the loan in delinquency was improved and recorded at 1.71% as industry wise while it was 1.64% and 1.63% for Bank and Microfinance sector respectively.

Most of Banks and Microfinance-taking Deposit Institutions (MDIs) in Cambodia in the circumstance of social distancing, have been promoting digital banking with cashless transaction via mobile bank transfer or QR scan. With support from National Bank of Cambodia (NBC) via interconnected systems especially BAKONG system, all FIs were able to interconnect with interbank transfer with free of charge and actively play a vital role for cashless payment or e-wallet in the Cambodian society in this digital era.

As a Microfinance, FUNAN has been supporting its clients to sail through and recovering from the pandemic with providing loan restructuring and loan refinancing to ensure our clients be sustainable their businesses. With great support from the shareholders both in funding source and technical assistance, FUNAN still would be able to turn this challenges to opportunities gaining more trust from stakeholders including clients, regulators, lenders for the progress of FUNAN in the coming year. We thank to National Bank of Cambodia , the central bank, for placing into action of all banks and financial institutions under its supervision to settle all challenges responding to the crisis benefiting to all users.

We would like to thank the FUNAN team, clients, business partners, regulators, lenders, and shareholders for their hard working, cooperating, trusting, and supporting FUNAN Microfinance Plc. achieving its financial year indicators. We look forward to your continued support in future.

We wish you and your family with happiness, prosperity and success in your business .

Stay safe and healthy.

Neak Oknha Dr. Pung Kheav Se

Chairman of the Board of Director.

CHIEF EXECUTIVE OFFICER'S MESSAGE



COVID-19 has been teaching us a lot especially the new way of living and doing the business. Managing the spread in the work place and business continuity in case of outbreak are the key agendas for FUNAN in 2020. FUNAN have been placing the Business Contingency Plan (BCP) in to implementation to ensure business operation still be usual and support to its client without any disruption and ensuring the staff well-being. Staffs and clients are introducing to conduct temperature scan, hand sanitizing before access to FUNAN offices. 14days quarantine have been introduced to high-risk employee who joined big gathering of any religious or social events through the working from home. FUNAN have been implementing strictly to the authority instructions on the COVID-19 fighting campaign. Through our social media, sanitizing or basic methods of self-protection from COVID-19 have been posting and sharing by our staffs and FUNAN fans. Every time, there is a community outbreak announcement by the authority, splitting team is exercised to work from home or other stations, this is well-assured that we will have another team in case of one team is in quarantine. With minimizing for big gathering, we are experiencing and familiar with tele-conference for meeting and training even we have a big team and big branch network of 51 branches countrywide. Paying attention to the authority announcement and actions are the key topics for our senior management discussion for a proper instruction to our staffs and client following new norms compliantly. And my philosophy here is—joining with Government to stop COVID-19 is not about the big fund we donate; but just ensure we are a good citizen and following the Government's instructions—.

For the year of 2020, our FUNAN financial position is positive even our profitability dropped around 12 percent comparing to last year performance, but we still follow our 2020 budget plan. In the same year, with our conservative plan, our asset slightly grew just around 5 percent while our compound annual growth rate (CAGR) with 50 percent (Y-o-Y) in the last five years since the acquisition. So the total asset reached to USD62 million. The ROE and ROA were 18.4 percent and 4.4 percent respectively. The portfolio at risk (DPD30+) benchmarking to industry for and Bank and Microfinance was 1.64% and 1.63% respectively, FUNAN still maintained its portfolio at risk at 1.56 percent (DPD30+).

While FUNAN's segment is targeting to low income people for both self-employed person and salaried person, freezing their income cause from COVID-19 would be challenging to our clients to follow their loan obligation. To ensure the sustainable of our clients that

were affected by the crisis—our Boards have approved procedures to support affected clients through loan restructuring. Within the year, around 14.8% of clients received loan restructuring scheme per the circulation of National Bank of Cambodia (NBC).

In 2020, to be aligning with the Parents Company, the Cambodia Post Bank plc., uplifting public awareness and reputation—FUNAN rebranded especially changing its cooperate color. We exercised the new branding with all our branch offices and marketing materials within the year.

For the year of 2021, prolonging the outbreak would make income constrain of clients and the uncertainty in Cambodian economy. Even though, we are still optimistic about Government's actions against the pandemic especially the Vaccination Champaign in which would be stabilized the local business activities. FUNAN is ready to support its clients to be resilient from the situation. Within this year, we plan to launch our Loan Origination System (LoS) to improve service turnaround with fast response to our clients as per the mission statement—To provide innovative financial products and services, that are simple, convenient, and fast; and comply with regulations. Franchises development is still being prioritized to enlarge our channels and customer convenience.

To the end, we are grateful to have the immense support of our customers, regulators, shareholders, partners, management team, staffs; and would like to acknowledge them for their encouragement, dedication and being a part success and growth of FUNAN.

Stay safe and take care.

Yours Sincerely,

Mr. Khou Buntry

Chief Executive Officer

BOARD OF DIRECTORS



NEAK OKNHA DR. PUNG KHEAV SE

Chairman of the Board of Director

Neak Oknha Dr. Pung Kheav Se serves as Chairman of the Board of CPBank, Canadia Bank, and Overseas Cambodian Investment Corporation, and is actively involved in the investment and development activities of both companies. A distinguished entrepreneur and respected business leader in Cambodia and Canada, Neak Oknha Dr. Pung Kheav Se has served as Chairman, President, CEO and Board Member of several companies, including Oriental Ship Supplies, Oriental Commercial Inc., and has led CPBank's growth since 2013 and also Canadia Bank's growth since 1991.

He used to be a Chairman of the Association of Banks in Cambodia and also serves as President of Cambodia Constructors Association, working closely with industry leaders to guide the development of the banking and construction sectors in Cambodia.

Among the honors and awards Neak Oknha Dr. Pung Kheav Se holds a Mahaserey Vattanac Award presented by His Majesty, Norodom Sihanouk, King-Father of Cambodia in 2002; and "The Highest National Contribution" medal awarded by Prime Minister Hun Sen, presented by His Majesty, Norodom Sihamoni King of Cambodia in 2012, for the significant contributions he has made and continues to make toward the development of Cambodia.

In November 21st, 2019, Neak Oknha Dr. Pung Kheav Se was honorary as Doctor of Business Administration under representative of by Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia during the inauguration of the Indradevi Building of the Royal Academy of Cambodia.



MR. TEO MENG POH PHILIP

Vice Chairman of the Board of Director

Mr. Teo is a Senior Vice President for Integrated Risk Management at FFH. In this capacity, he oversees the various Risk aspects of FFH franchise in China and Indo China. In his role, Mr Teo is also responsible for Operational Risk Management, Audit and Compliance of the FFH Franchise, including setting its policies and governance framework. He is also the Risk lead for M&A activities.

Prior to joining FFH, Mr Teo was the Head of Audit, Client Origination and Corporate Finance, at Standard Chartered Bank. Mr.Teo started his career with Oversea-Chinese Banking Corporation where he held various senior roles, responsible for client origination, in the Bank's overseas franchises in Shanghai and Bangkok.



MR. TOCH CHAOCEK

Director

Mr. Toch Chaocek has more than 21 years' working experience in Banking and Financial Sector in Cambodia. He was appointed as Chief Executive Officersince the set-up stage in March 2013 and he also the Board of Director of Funan Microfinance Plc. subsidiary of CPBank.

Prior to CPBank, He served as Head of Credit Department, Head of Operation Department and EVP & Chief Operation Officer of Hatha Kaksekar Micro Finance in charge of Company Business's Strategies, Loan Operational Processes, Loan Portfolio Management, Credit Underwriting, Deposit Mobilization, Products Development and also Branch Channels Supervision.

He was working in several senior management levels such as Senior Staff and Manager at Credit Division of ACLEDA Bank Plc. Besides the Banking and Finance experience, he also had 2 years in his first career started with Manufacturing Industry as Marketing Manager.

Mr. Toch Chaocek graduated MBA in Finance and Banking in 2006 from University of Cambodia, BBA in Marketing in 1999 from National University of Management, Bachelor Degree in Public Law in 1999 and also Associated Degree in Professional Law in 1996 from Faculty of Law and Economic Sciences. Mr. Toch has also attended numerous executive training courses locally and abroad in field of Banking and Finance which are most related to Leadership, Performance Management, Risk Management...etc.

BOARD OF DIRECTORS



MR. GIANG SOVANN

Independent Director

Mr. Giang is the Founder of Corporate Governance Academy and is Senior Director of Business Consulting, RSM Singapore. He was a Member of the Complaints & Disciplinary Panel, the Public Accountants Oversight Committee, Accounting & Corporate Regulatory Authority (ACRA), Singapore. He is also independent director of two companies listed on the Singapore Exchange.

Mr. Giang was the Executive Director of the Singapore Institute of Directors where he also sat on the Organizing Committee of the Singapore Corporate Awards and co-managed the Best Managed Board Award for Singapore listed companies. He is an instructor on the subjects of Director's Duties & Responsibilities, Singapore

Exchange Listing Manual and Code of Corporate Governance, risk management and sustainability reporting. He has written many articles and teaches at the Singapore Management University and the Singapore University of Social Science on these subjects..

Mr. Giang graduated with a Bachelor of Administration degree with Great Distinction from University of Regina, Canada, and qualified as a Chartered Accountant with the Canadian Institute of Chartered Accountants.

He is also a Chartered Accountant, Singapore and member of the Singapore Institute of Directors.

BOARD OF DIRECTORS



MR. NEO POH KIAT

Independent Director

Mr. Neo is currently Managing Director for Advisory Services of Octagon Advisors. Mr Neo has been actively involved in several of our clients' major M & A transactions in the region. Based in Beijing and as Managing Director of Octagon Advisors Shanghai Limited, Mr Neo has oversight responsibility for the company's consultancy projects in China.

Prior to joining Octagon Advisors, Mr. Neo was the Senior Vice President and the China Country Officer for Singapore's United Overseas Bank, the country's leading banking group. Based in Hong Kong, Mr. Neo was responsible for UOB's corporate banking relationships in the Greater China region.

Before joining UOB, Mr. Neo held various appointments in Singapore's DBS Bank, with his last held appointment being that of Managing Director and General Manager of DBS Bank's Hong Kong branch. Concurrently, he was also an Executive Director and a member of the Executive Committee of DBS Kwong On Bank, Supervisory Director of DBS Asia Capital Limited which is the investment banking subsidiary of DBS Bank in Hong Kong. He was instrumental in the setting up of DBS Securities Hong Kong and had served as its Executive Director in the early 90's. Mr. Neo holds a Bachelor of Commerce (Honours) degree from the former Nanyang University, Singapore.

EXECUTIVE MANAGEMENT



MR. KHOU BUNTRY

Chief Executive Officer

Mr. Khou Buntry has 21 years of track record as finance professional and as a senior management for , Banking, Microfinance Institution and International NGOs. Prior to join Funan, Mr. Buntry was Chief Financial Officer for Cambodia Post Bank for 4 years. Mr. Buntry was EVP & Finance Director with Hattha Kaksekar Ltd. MFI for 5 years, responsible for all finance & treasury related activities. Prior to Hattha Kaksekar, he spent 2 years as Finance Manager for Room to Read Cambodia, 4 years as Finance Manager for Marie Stopes Cambodia and 2 years as Accountant for Canadia Bank.

He graduated MBA in Finance, Charles Sturt University, Australia and BBA in Accounting, National University of Management (Former Faculty of Business).

EXECUTIVE MANAGEMENT



MR. MOENG SARONG

Head of Finance

Mr. Moeng Sarong Joined Funan Microfinance Plc. as Head of Finance in July 2018. Prior to this, he worked at Lyhour Microfinance as Deputy Head of Finance. He has 10 years of experience in Accounting/Finance, mostly with FIs, which grant him with extensive experiences in financial reporting, financial planning and management, budgeting and treasury management. He is holding bachelor degree in Accounting and bachelor degree in English and recently, become an ACCA affiliate from CamEd Business School.



MR. HAN BUNHON

Chief Business Officer

Mr. Han Bunhon has been in banking and financial industry since 2005. His working experience in Financial Sector with over 16 years. He joined FUNAN Microfinance as Chief Business Officer since June, 2017. Before that, he served in various positions with Cambodia Post Bank for 4 years since 2013 as Main Branch Manager, then getting a promotion to be Sales Manager in charge both lending business and deposit mobilization for the Bank.

Prior to join the Cambodia Post Bank, his career started with VisionFund Cambodia (renamed as WB Finance Cambodia) from the front line staff as lending Officer, then promoted to be District Branch Manager, Provincial Branch Manager (well known as Regional Manager) in 2008, then to be a Senior Provincial Branch Manager (well known as Senior Regional Manager), in 2010, supervising many District Branches underneath.

Mr. Bunhon is holding Master Degree in Business Administration and Bachelor Degree in Accounting and Finance. He participated many management and leadership courses locally and oversea courses such as Strategic Credit Risk Certification level 1 in Dubai in 2016, and participating the certified expert in Microfinance in Frankfurt School.

MR. KONG VANNAK

Head of Risk Management

Mr. Kong Vannak has 13 years' experience in financial sectors with holding several positions and with FUNAN, he is Head of Risk Management. Prior to joint Funan MFI, he worked 1 year as Credit Manager with CP-bank, 2 years as Head of Credit Department with Ly Hour Leasing Plc, 2 years as Sub Branch Manager with HKL MFI.

He graduated Bachelor Degree in Accounting and English Literature.



MR. MEANG CHHUN ENG

Head of Internal Audit

Mr. Meang Chhun Eng has 15 years' experience with holding several positions including 7 years as an Internal Audit Department Manager with Funan. Prior to joint Funan, He worked for 5 years as an Internal Auditor and 3 years as a Credit Officer with PRASAC.

He graduated Master Degree in Finance and Bachelor Degree in Accounting and Finance.



MR. VORNG PONNREAY

Head of Human Resources & Administration

Mr. Vorng Ponnreay has experience in human resources management and administration for 12 years by starting from the Human Resources Officer role. During this 12 years experience, he has been performing and earning such professional experiences from 05 different companies such as Hagar International Organization for 03 years as Senior Recruitment & Employee Relations Officer, Huawei Technologies (Cambodia) for 02 years as Senior Recruitment, Employee Relations and Training Specialist, Tan Chong Motor (Cambodia) for 02 years as Deputy HR Manager, British American Tobacco (Cambodia) for 02 years as Employee Services Manager and HR Ops Lead, and Nawa Insurance (Cambodia) for almost two years as HR & General Affairs Manager.

He graduated Bachelor & Master degree in Business Administration.



AUDITED FINANCIAL STATEMENTS

- Report of the Board of Directors
- Report of the independent auditors
- Statement of financial position
- Statement of comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“the Directors”) has pleasure in submitting their report together with the audited financial statements of Funan Microfinance Plc. (“the Company”) for the year ended 31 December 2020.

Principal activities

The principal activity of the Company is to provide loans and other financial services to local customers through its head office in Phnom Penh and its various provincial and district offices in the Kingdom of Cambodia.

Financial results

The financial results of the Company for the year ended 31 December 2020 were as follows:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Profit before income tax	3,277,256	3,710,162	13,361,372	15,033,577
Income tax expense	(828,385)	(749,514)	(3,377,326)	(3,037,031)
Net profit for the year	2,448,871	2,960,648	9,984,046	11,996,546

Share capital

There was no change in the shareholding structure during the year. Refer to Note 16 for details.

Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid for the year.

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 Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and the making of allowance for doubtful loans, and had satisfied themselves that all known bad loans had been written off and adequate allowance had been made for doubtful loans.

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

Assets

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

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

REPORT OF THE BOARD OF DIRECTORS

Valuation methods

At the date of this report, the Directors are 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 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; and

(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 materially affect the ability of the Company to meet its obligations as and when they fall due.

Events since the reporting date

At the date of this report there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made 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:

Neak Oknha Dr. Pung Kheav Se	Chairman
Mr. Teo Meng Poh Philip	Vice Chairman
Mr. Neo Poh Kiat	Independent Director
Mr. Giang Sovann	Independent Director
Mr. Toch Chaochek	Director

Items of material and unusual nature

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

There has not arisen in the interval between the end of the financial period and the date of this report any items, transactions or events of

a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Company for the period in which this report is made except for the outbreak of the Novel Coronavirus (Covid-19).

Directors' interests

None of the Directors held or dealt directly in the shares of the Company during the financial year.

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 share purchase option.

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 Directors in respect of the financial statements

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

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

Responsibilities of Directors in respect of the financial statements (continued)

- comply with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”) 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;

- maintain adequate accounting records and an effective system of internal controls;

- 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
- control and direct the Company effectively in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Approval of the financial statements

We, hereby approve the accompanying financial statements as set out on pages 8 to 42 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs.

On behalf of the Board of Directors,



Neak Oknha Dr. Pung Kheav Se
Chairman of the Board of Directors

Phnom Penh, Kingdom of Cambodia

Date: 18 March 2021

Mr. Khou Buntry
Chief Executive Officer

REPORT OF THE INDEPENDENT AUDITORS

Opinion

We have audited the financial statements of Funan Microfinance Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 42 (hereafter referred as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Report of the Board of Directors as set out on pages 1 to 4, but does not include the financial statements and our auditor’s report thereon.

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

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

If, based on the work we have performed on the other information

obtained prior to the date of this auditors’ 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.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For KPMG Cambodia Ltd



Taing YoukFong

Partner

Phnom Penh, Kingdom of Cambodia

Date: 18 March 2021

STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2020

		2020	2019	2020	2019
		US\$	US\$	KHR'000	KHR'000
				(Note 5)	(Note 5)
ASSETS					
Cash and cash equivalents	6	3,424,727	1,634,897	13,853,021	6,662,205
Statutory deposits	7	400,000	400,000	1,618,000	1,630,000
Loans to customers – net	8	56,016,130	55,779,023	226,585,246	227,299,519
Other assets	9	411,170	382,782	1,663,183	1,559,837
Property and equipment	10	775,196	599,106	3,135,668	2,441,357
Intangible assets	11	52,087	105,545	210,692	430,096
Deferred tax assets – net	15	252,284	441,779	1,020,489	1,800,249
TOTAL ASSETS		61,331,594	59,343,132	248,086,299	241,823,263

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities

Borrowings	12	44,421,497	44,789,889	179,684,955	182,518,798
Other liabilities	13	812,264	692,215	3,285,608	2,820,772
Provision for employee benefits	14	43,170	53,524	174,623	218,110
Current income tax liability	15	515,163	716,875	2,083,834	2,921,266
Total liabilities		45,792,094	46,252,503	185,229,020	188,478,946

Shareholder's equity

Share capital	16	8,000,000	8,000,000	32,296,000	32,296,000
Regulatory reserves	17	-	251,959	-	1,016,114
Retained earnings		7,539,500	4,838,670	30,595,728	19,595,568
Currency translation reserves		-	-	(34,449)	436,635
Total shareholder's equity		15,539,500	13,090,629	62,857,279	53,344,317

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		61,331,594	59,343,132	248,086,299	241,823,263
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The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

		2020	2019	2020	2019
		US\$	US\$	KHR'000	KHR'000
				(Note 5)	(Note 5)
Operating income					
Interest income	18	12,863,959	12,191,072	52,446,361	49,398,224
Interest expense	19	(3,735,022)	(3,125,915)	(15,227,685)	(12,666,208)
Net interest income		9,128,937	9,065,157	37,218,676	36,732,016
Other operating income	20	447,659	374,989	1,825,106	1,519,455
Net operating income		9,576,596	9,440,146	39,043,782	38,251,471
Net impairment losses on financial assets	21	(617,099)	(367,504)	(2,515,913)	(1,489,126)
Personnel expenses	22	(3,254,904)	(3,131,197)	(13,270,244)	(12,687,610)
Other expenses	23	(2,427,337)	(2,231,283)	(9,896,253)	(9,041,158)
Profit before income tax		3,277,256	3,710,162	13,361,372	15,033,577
Income tax expense	15	(828,385)	(749,514)	(3,377,326)	(3,037,031)
Net profit for the year		2,448,871	2,960,648	9,984,046	11,996,546
Other comprehensive (loss)/income					
Currency translation differences		-	-	(471,084)	645,475
Total comprehensive income for the year		2,448,871	2,960,648	9,512,962	12,642,021

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital		Regulatory reserves		Retained earnings		Currency translation reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)
At 1 January 2019	8,000,000	32,296,000	279,453	1,128,152	1,850,528	7,486,984	-	(208,840)	10,129,981	40,702,296
Total comprehensive income										
Net profit for the year	-	-	2,960,648	11,996,546	2,960,648	11,996,546	-	-	2,960,648	11,996,546
Transfer to regulatory reserves	-	-	(27,494)	(112,038)	27,494	112,038	-	-	-	-
Other comprehensive income										
Currency translation differences	-	-	-	-	-	-	645,475	-	645,475	-
At 31 December 2019	8,000,000	32,296,000	251,959	1,016,114	4,838,670	19,595,568	-	436,635	13,090,629	53,344,317
At 1 January 2020	8,000,000	32,296,000	251,959	1,016,114	4,838,670	19,595,568	-	436,635	13,090,629	53,344,317
Total comprehensive income										
Net profit for the year	-	-	-	-	2,448,871	9,984,046	-	-	2,448,871	9,984,046
Transfer from regulatory reserves	-	-	(251,959)	(1,016,114)	251,959	1,016,114	-	-	-	-
Other comprehensive income										
Currency translation differences	-	-	-	-	-	-	-	(471,084)	(471,084)	(471,084)
At 31 December 2020	8,000,000	32,296,000	-	-	7,539,500	30,595,728	-	(34,449)	15,539,500	62,857,279

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

STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Cash flow from operating activities				
Net profit for the year	2,448,871	2,960,648	9,984,046	11,996,546
Adjustments for:				
Net interest income	(9,128,937)	(9,065,157)	(37,218,676)	(36,732,016)
Net impairment losses on financial assets	617,099	367,504	2,515,913	1,489,126
Depreciation and amortisation	275,430	203,119	1,122,928	823,038
Income tax expense	828,385	749,514	3,377,326	3,037,031
Provision for employee benefits	133,099	22,079	542,645	89,464
	(4,826,053)	(4,762,293)	(19,675,818)	(19,296,811)
Changes in:				
Loans to customers	(854,206)	(9,860,164)	(3,482,598)	(39,953,384)
Other assets	28,388	(66,014)	115,738	(267,489)
Other liabilities	120,049	41,372	489,440	167,639
Cash used in operations	(5,531,822)	(14,647,099)	(22,553,238)	(59,350,045)
Net interest received	9,077,997	9,049,520	37,010,994	36,668,654
Employee benefits paid	(143,453)	(135,284)	(584,858)	(548,171)
Income tax paid	(846,438)	(684,987)	(3,450,928)	(2,775,567)
Net cash generated from/ (used in) operating activities	2,556,284	(6,417,850)	10,421,970	(26,005,129)
Cash flows from investing activities				
Acquisition of property and equipment	(398,062)	(497,478)	(1,622,899)	(2,015,781)
Acquisition of intangible assets	-	(38,500)	-	(156,002)
Net cash used in investing activities	(398,062)	(535,978)	(1,622,899)	(2,171,783)
Cash flows from financing activities				
Repayments of borrowings	(6,368,392)	(995,520)	(25,963,934)	(4,033,847)
Proceeds from borrowings	6,000,000	8,964,644	24,462,000	36,324,737
Net cash (used in)/generated from financing activities	(368,392)	7,969,124	(1,501,934)	32,290,890

STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Net increase in cash and cash equivalents	1,789,830	1,015,296	7,297,137	4,113,978
Cash and cash equivalents at beginning of the year	1,634,897	619,601	6,662,205	2,489,557
Currency translation difference	-	-	(106,321)	58,670
Cash and cash equivalents at 31 December (Note 6)	3,424,727	1,634,897	13,853,021	6,662,205

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



for the year ended 31 December 2020

These notes form an integral part and should be read in conjunction with accompany financial statements.

1. Reporting entity

Funan Microfinance Plc. (“the Company”), a licensed micro-finance institution, was incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce as a public limited liability company under registration number Co. 2133 KH/2015 dated 17 June 2015. The Company obtained its license to operate as a micro-finance institution from the National Bank of Cambodia (“NBC”) on 11 August 2015.

The Company operates in 51 offices located in Phnom Penh and 18 provinces, namely, Takeo, Prey Veng, Pursat, Kampong Cham, Kampot, Siem Reap, Svay Rieng, Mondulhiri, Kampong Speu, Kampong Chhnang, Kampong Thom, Banteay Meanchey, Battambang, Preah Vichea, Kratie, Stung Treng, Ratanak Kiri, and Preah Sihanouk.

The principal activity of the Company is to provide loan to improve living standards in term of rural development through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia.

The Company’s head office is located at No. 95, Preah Monivong Blvd, Corner of Street 118, Sangkat Monorom, Khan 7 Makara, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2020, the Company had 547 employees (2019: 622 employees).

2. BASIS OF ACCOUNTING

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

The financial statements of the Company were authorised for issue by the Board of Directors on 18 March 2021.

Details of the Company’s accounting policies are included in Note 27.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The Company transacts its business and maintains its accounting

records in two currencies, Khmer Riel (“KHR”) and United States Dollars (“US\$”). Management has determined the US\$ to be the Company’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

These financial statements are presented in US\$, which is the Company’s functional currency. All amounts have been rounded to the nearest dollar, except when otherwise indicated.

4. USE OF ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment for the current financial year is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas:

- 27G(vii) – identification and measurement of impairment.

5. TRANSLATION OF UNITED STATES DOLLARS INTO KHMER RIEL

The financial statements are expressed in United States Dollars. The translations of United States Dollars amounts into Khmer Riel are included solely for compliance with the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

Assets and liabilities are translated at the closing rate as at the reporting date. Share capital is translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year. Exchange differences arising from the translation are recognised as “Currency translation reserves” in the other comprehensive income.

for the year ended 31 December 2020

5. TRANSLATION OF UNITED STATES DOLLARS INTO KHMER RIEL (CONTINUED)

The Company uses the following exchange rates:

		Closing rate	Average rate
31 December 2020 US\$1	=	KHR 4,045	KHR 4,077
31 December 2019 US\$1	=	KHR 4,075	KHR 4,052

6. CASH AND CASH EQUIVALENTS

A. Cash on hand

31 December

	2020	2019	2020	2019
	US\$	US\$	KHR’000	KHR’000
			(Note 5)	(Note 5)
Head office	7,039	10,526	28,473	42,893
Branches	343,783	335,072	1,390,602	1,365,419
	350,822	345,598	1,419,075	1,408,312

B. Placements with banks

	2020	2019	2020	2019
	US\$	US\$	KHR’000	KHR’000
			(Note 5)	(Note 5)
Savings accounts	2,441,582	1,100,261	9,876,199	4,483,564
Current accounts	632,323	189,038	2,557,747	770,329
	3,073,905	1,289,299	12,433,946	5,253,893
Cash and cash equivalents- gross	3,424,727	1,634,897	13,853,021	6,662,205

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

B.Placements with banks(Continued)

Placements with banks are further analysed as follows:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
(i) By maturity:				
Within 1 month	3,073,905	1,289,299	12,433,946	5,253,893
(ii) By relationship:				
Related party	2,046,633	663,053	8,278,630	2,701,941
Non-related party	1,027,272	626,246	4,155,316	2,551,952
	3,073,905	1,289,299	12,433,946	5,253,893
(iii) By interest rate (per annum):				
	2020		2019	
Savings accounts	0.00% - 0.80%		0.00% - 0.80%	
Current accounts	0.00% - 2.00%		0.00% - 2.00%	

7.STATUTORY DEPOSITS

Under NBC Prakas B7-01-136 dated 15 October 2001, micro-finance institutions are required to maintain a statutory deposit of 5% of registered capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia.

The statutory deposit maintained with the NBC in US\$ bears interest at 0.06% (2019: 0.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

8.LOANS TO CUSTOMERS - NET

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Individual loans	56,515,963	56,275,807	228,607,070	229,323,914
Staff loans	326,186	265,424	1,319,422	1,081,603
	56,842,149	56,541,231	229,926,492	230,405,517
Unearned processing fee	(732,978)	(787,344)	(2,964,896)	(3,208,427)
Accrued interest receivable	627,036	622,650	2,536,361	2,537,299
Unwinding interest	(95,311)	(82,805)	(385,533)	(337,431)
Loans to customers-gross	56,640,896	56,293,732	229,112,424	229,396,958
Less: Allowance for impairment losses	(624,766)	(514,709)	(2,527,178)	(2,097,439)
Loans to customers-net	56,016,130	55,779,023	226,585,246	227,299,519

The movements in allowance for impairment losses were as follows:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Collective impairment				
At 1 January	514,709	449,540	2,097,439	1,806,252
Allowance for the year (Note 21)	715,198	443,774	2,915,862	1,798,172
Written off during the year	(605,141)	(378,605)	(2,467,160)	(1,534,107)
Currency translation difference	-	-	(18,963)	27,122
At 31 December	624,766	514,709	2,527,178	2,097,439

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

8. LOANS TO CUSTOMERS - NET (CONTINUED)

Loans to customers-gross are analysed as follows:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
A. By maturity:				
Within 1 month	82,100	121,312	332,095	494,346
2 to 3 months	128,864	212,225	521,255	864,817
4 to 12 months	2,385,093	2,509,502	9,647,700	10,226,221
Over 12 months	54,044,839	53,450,693	218,611,374	217,811,574
	56,640,896	56,293,732	229,112,424	229,396,958
B. By economic sector:				
Agriculture	14,519,234	12,699,376	58,730,302	51,749,957
Trade and Commerce	10,045,771	9,071,476	40,635,144	36,966,265
Services	2,304,632	2,391,421	9,322,236	9,745,041
Transportation	1,690,277	1,818,050	6,837,170	7,408,554
Construction	2,012,063	2,143,496	8,138,795	8,734,746
Household/Family	25,615,043	28,019,019	103,612,849	114,177,502
Others	453,876	150,894	1,835,928	614,893
	56,640,896	56,293,732	229,112,424	229,396,958
C. By relationship:				
External customers	56,307,818	56,028,308	227,765,124	228,315,355
Staff loans	333,078	265,424	1,347,300	1,081,603
	56,640,896	56,293,732	229,112,424	229,396,958

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

8. LOANS TO CUSTOMERS - NET (CONTINUED)

Loans to customers-gross are analysed as follows:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
D. By interest rate (per annum)				
	2020		2019	
External customers	12.00% - 18.00%		13.20% - 18.00%	
Staff loans	10.00%		10.00%	

9. OTHER ASSETS

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Deposits and prepayments	368,488	368,071	1,490,534	1,499,890
Others	42,682	14,711	172,649	59,947
	411,170	382,782	1,663,183	1,559,837



for the year ended 31 December 2020

10. PROPERTY AND EQUIPMENT (CONTINUED)

2020	Leasehold Improvements US\$	Motor vehicles US\$	Office Equipment US\$	Computers US\$	Furniture and fixtures US\$	Work in Progress US\$	Total	
							US\$	KHR'000 (Note 5)
Cost								
At 1 January 2019	67,647	201,321	89,796	761,946	76,310	-	1,197,020	4,877,857
Additions	9,724	61,217	5,180	240,563	-	81,378	398,062	1,622,899
Written off	-	-	-	(3,760)	-	-	(3,760)	(15,330)
Currency translation difference	-	-	-	-	-	-	-	(48,528)
At 31 December 2019	77,371	262,538	94,976	998,749	76,310	-	1,591,322	6,436,898
Less: Accumulated depreciation								
At 1 January 2019	20,963	153,265	61,138	300,228	62,320	-	597,914	2,436,500
Depreciation for the year	19,037	30,445	14,015	149,381	9,094	-	221,972	904,980
Written off	-	-	-	(3,760)	-	-	(3,760)	(15,330)
Currency translation difference	-	-	-	-	-	-	-	(24,920)
At 31 December 2019	40,000	183,710	75,153	445,849	71,414	-	816,126	3,301,230
Carrying amounts								
At 31 December 2019	37,371	78,828	19,823	552,900	4,896	81,378	775,196	3,135,668

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

10. PROPERTY AND EQUIPMENT (CONTINUED)

2020	Leasehold Improvements US\$	Motor vehicles US\$	Office Equipment US\$	Computers US\$	Furniture and fixtures US\$	Work in Progress US\$	Total	
							US\$	KHR'000 (Note 5)
Cost								
At 1 January 2019	31,651	165,786	80,460	343,909	72,551	12,725	707,082	2,841,055
Additions	35,996	35,535	13,536	407,337	5,074	-	497,478	2,015,781
Transfer	-	-	-	12,725	-	(12,725)	-	-
Written off	-	-	(4,200)	(2,025)	(1,315)	-	(7,540)	(30,552)
Currency translation difference	-	-	-	-	-	-	-	51,573
At 31 December 2019	67,647	201,321	89,796	761,946	76,310	-	1,197,020	4,877,857
Less: Accumulated depreciation								
At 1 January 2019	8,332	128,080	49,533	240,124	51,475	-	477,544	1,918,771
Depreciation for the year	12,631	25,185	15,805	62,129	12,160	-	127,910	518,291
Written off	-	-	(4,200)	(2,025)	(1,315)	-	(7,540)	(30,552)
Currency translation difference	-	-	-	-	-	-	-	29,990
At 31 December 2019	20,963	153,265	61,138	300,228	62,320	-	597,914	2,436,500
Carrying amounts								
At 31 December 2019	46,684	48,056	28,658	461,718	13,990	-	599,106	2,441,357

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

11. INTANGIBLE ASSETS

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Cost				
At 1 January	384,076	345,576	1,565,110	1,388,524
Additions	-	38,500	-	156,002
Currency translation difference	-	-	-	20,584
At 31 December	384,076	384,076	1,565,110	1,565,110
Less: Accumulated amortisation				
At 1 January	278,531	203,322	1,135,014	816,948
Amortisation for the year	53,458	75,209	217,948	304,747
Currency translation difference	-	-	1,456	13,319
At 31 December	331,989	278,531	1,354,418	1,135,014
Carrying amounts				
At 31 December	52,087	105,545	210,692	430,096

12. BORROWINGS

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Related parties (Note 24B)	31,863,721	33,774,541	128,888,751	137,631,254
Non-related parties	12,314,895	10,805,214	49,813,751	44,031,248
	44,178,616	44,579,755	178,702,502	181,662,502
Accrued interest payable	242,881	210,134	982,453	856,296
	44,421,497	44,789,889	179,684,955	182,518,798

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

12. BORROWINGS (CONTINUED)

The Company entered into loan agreements with various lenders which are all unsecured. The principal and interest repayments are made either on a semi-annual or quarterly basis based on the respective payment schedule in the loan agreement.

Borrowings are analysed as follows:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
A. By maturity:				
1 to 3 months	3,000,000	-	12,135,000	-
3 to 12 months	7,458,282	22,866,565	30,168,751	93,181,252
1 to 5 years	29,731,459	17,731,595	120,263,752	72,256,250
Over 5 years	3,988,875	3,981,595	16,134,999	16,225,000
	44,178,616	44,579,755	178,702,502	181,662,502
B. By type:				
Senior debts	40,189,741	40,598,159	162,567,502	165,437,498
Subordinated debts	3,988,875	3,981,596	16,135,000	16,225,004
	44,178,616	44,579,755	178,702,502	181,662,502
C. By currency:				
US\$	24,500,000	27,500,000	99,102,500	112,062,500
KHR	19,678,616	17,079,755	79,600,002	69,600,002
	44,178,616	44,579,755	178,702,502	181,662,502
D. By interest rate (per annum)				
	2020		2019	
US Dollars	7.00% - 8.82%		7.00% - 8.82%	
Khmer Riels	8.00% - 8.50%		8.00% - 8.50%	

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

13. OTHER LIABILITIES

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Account payable	10,813	40,176	43,739	163,717
Accrued expenses	363,463	445,791	1,470,208	1,816,598
Other tax payables	15,173	18,325	61,374	74,674
Other payables	422,815	187,923	1,710,287	765,783
	812,264	692,215	3,285,608	2,820,772

14. PROVISION FOR EMPLOYEE BENEFITS

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Seniority indemnity	43,170	53,524	174,623	218,110

This represents provision for seniority indemnity in accordance with the Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018, and subsequently amended by the Instruction No. 042/19 dated 22 March 2019.

It requires all employers to settle the seniority indemnity to their employee as follows:

- Current pay: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits per year.
- Retrospective (back-pay): starting from end of 2021 onwards at the amounts equal to 6 days of net wages per year. The provision of back-pay seniority indemnity is calculated at a maximum amount of 6 months net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

Effective on 2 June 2020, the MoLVT issued Prakas No. 018/20 for the postponement of seniority indemnity backpay for periods before 2019 and postponement of seniority payments in 2020. Under this new measure, both the issuance of seniority indemnity backpay for periods before 2019, and the issuance of seniority payments for 2020, have been delayed until 2022. The Company chose to comply with the regulation and as a result, these payments will be made in 2022.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

14. PROVISION FOR EMPLOYEE BENEFITS (CONTINUED)

Payments will be made twice a year, in June and December respectively. Employee does not entitle to the remaining back-pay seniority indemnity, which is not yet due, if he/she resigns from the Company.

The movements of provision for employee benefits were as follows:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
At 1 January	53,524	166,729	218,110	669,917
Additions during the year	133,099	22,079	542,645	89,464
Paid during the year	(143,453)	(135,284)	(584,858)	(548,171)
Currency translation difference	-	-	(1,274)	6,900
At 31 December	43,170	53,524	174,623	218,110

15. INCOME TAX

A. Deferred tax assets, net

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Deferred tax assets	252,284	441,779	1,020,489	1,800,249

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

15. INCOME TAX

A. Deferred tax assets, net

Deferred tax assets are attributable to the following:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Property and equipment	(33,192)	(18,699)	(134,262)	(76,198)
Provision for employee benefits	49,531	69,341	200,353	282,565
Allowance for impairment loss	88,035	102,942	356,102	419,489
Unearned processing fee	146,596	157,469	592,981	641,686
Unrealised exchange gain/loss	1,314	9,048	5,315	36,869
Others	-	121,678	-	495,838
	252,284	441,779	1,020,489	1,800,249

Movement of net deferred tax assets is as follows:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
As at 1 January	441,779	355,656	1,800,249	1,429,026
Recognised in profit or loss	(189,495)	86,123	(772,571)	348,970
Currency translation difference	-	-	(7,189)	22,253
As at 31 December	252,284	441,779	1,020,489	1,800,249

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

15. INCOME TAX

B. Current income tax liability

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
As at 1 January	716,875	559,348	2,921,266	2,247,429
Recognised in profit or loss	638,890	835,637	2,604,755	3,386,001
Income tax paid	(846,438)	(684,987)	(3,450,928)	(2,775,567)
Others	5,836	6,877	23,793	27,866
Currency translation difference	-	-	(15,052)	35,537
As at 31 December	515,163	716,875	2,083,834	2,921,266

In accordance with Cambodian Law on Taxation, 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

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Current income tax	638,890	835,637	2,604,755	3,386,001
Deferred tax	189,495	(86,123)	772,571	(348,970)
Income tax expense	828,385	749,514	3,377,326	3,037,031

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

15. INCOME TAX

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

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Profit before income tax	3,277,256	3,710,162	13,361,372	15,033,577
Income tax using statutory rate at 20%	655,451	742,032	2,672,274	3,006,714
Non-deductible expenses	13,895	7,482	56,650	30,317
Effects of deferred tax asset not previously recognised	159,039	-	648,402	-
Income tax expense	828,385	749,514	3,377,326	3,037,031

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

16. SHARE CAPITAL

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Registered, issued and fully paid ordinary share of US\$1 each	8,000,000	8,000,000	32,296,000	32,296,000

The Company's shareholder and their respective interest are as follows:

	2020			2019		
	% of Ownership	Number of shares	Amount US\$	% of Ownership	Number of shares	Amount US\$
Cambodia Post Bank Plc.	100%	8,000,000	8,000,000	100%	8,000,000	8,000,000
Equivalent in KHR'000 (Note 5)			32,296,000			32,296,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

17. REGULATORY RESERVES

Regulatory reserves represented the variance of provision between loan impairment in accordance with CIFRS for SMEs and regulatory provision in accordance with the National Bank of Cambodia. As of 31 December 2020, the Company has loan impairment accordance with CIFRS for SMEs more than the provision in accordance with NBC.

18. Interest income

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Loans to customers	12,814,704	12,178,253	52,245,548	49,346,281
Placement with banks	49,255	12,819	200,813	51,943
	12,863,959	12,191,072	52,446,361	49,398,224

19. INTEREST EXPENSE

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Borrowings	3,735,022	3,125,915	15,227,685	12,666,208

20. OTHER OPERATING INCOME

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Loans penalty	322,540	343,357	1,314,996	1,391,283
Other income	125,119	31,632	510,110	128,172
	447,659	374,989	1,825,106	1,519,455

21. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Allowance for impairment loss (Note 8)	715,198	443,774	2,915,862	1,798,172
Recovered for loan written off from previous year	(98,099)	(76,270)	(399,949)	(309,046)
	617,099	367,504	2,515,913	1,489,126

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

22. PERSONNEL EXPENSES

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Salaries	2,953,543	2,939,811	12,041,595	11,912,114
Seniority indemnity	133,099	22,079	542,645	89,464
Employee training	20,789	55,613	84,757	225,344
Others	147,473	113,694	601,247	460,688
	3,254,904	3,131,197	13,270,244	12,687,610

23. OTHER EXPENSES

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Rental expense	760,242	651,406	3,099,507	2,639,497
Depreciation and amortisation	275,430	203,119	1,122,928	823,038
Repairs and maintenance	185,665	161,729	756,956	655,326
Fuel	155,266	182,445	633,019	739,267
Bank charge	126,602	101,496	516,156	411,262
Telecommunication charges	105,042	91,791	428,256	371,937
Utilities expenses	90,497	83,817	368,956	339,626
Transportation	88,089	85,306	359,139	345,660
Office supplies and equipment	86,809	96,237	353,920	389,952
Professional services and license	67,042	117,574	273,330	476,410
Other tax expense	32,935	72,529	134,276	293,888
Conferences/convention expense	19,125	16,589	77,973	67,219
Publicity expenses	7,376	8,217	30,072	33,295
Printing & forms expenses	4,328	11,815	17,645	47,874
Other expense	422,889	347,213	1,724,120	1,406,907
	2,427,337	2,231,283	9,896,253	9,041,158

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

24. RELATED PARTIES

A. Identity of related parties

The related parties of, and their relationship with the Company are as follows:

Relationship	Related party
Immediate parent entity	Refer to Note 16
Key management personnel	All directors of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members).

B. Balances with related parties

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Borrowings from shareholder	988,875	981,596	3,999,999	4,000,003
Borrowings from related parties	30,874,846	32,792,945	124,888,752	133,631,251
	31,863,721	33,774,541	128,888,751	137,631,254
Placement at Banks (Note 6B)	2,046,633	663,053	8,278,630	2,701,942

C. Transactions with the related parties

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Short-term employee benefits	318,315	274,582	1,297,770	1,118,921
Board of Directors fees	6,000	6,070	24,462	24,596
Rental expenses	269,173	191,110	1,097,418	778,774
Interest expense	2,758,779	2,291,457	11,247,542	9,337,689

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

25. COMMITMENTS AND CONTINGENCIES

A. Lease commitments

The Company has commitments for the lease of its headquarters and branch offices under an operating lease arrangement, with future minimum lease amounts due as follows: The Company has commitments for the lease of its headquarters and branch offices under an operating lease arrangement, with future minimum lease amounts due as follows:

	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Less than 1 year	554,005	614,285	2,257,570	2,503,213
2 to 5 years	690,425	922,565	2,813,482	3,759,454
Over 5 years	5,333	-	21,732	-
	1,249,763	1,536,850	5,092,784	6,262,667

B. Taxation contingencies

The taxation system in Cambodia 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 different interpretations and the effects could be significant.

26. 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 arm's 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.

27. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently as presented in these financial statements except for the changes in Note 27L.

A. Basis of measurement

The financial statements have been prepared on a historical cost basis.

B. Foreign currency transactions

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

27. SIGNIFICANT ACCOUNTING POLICIES

exchange ruling at that date. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in other currency are translated using the exchange rates as at the respective dates of the initial transactions.

C. Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

D. Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

E. Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

F. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

(i). Current tax

'Current tax' comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii). Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

for the year ended 31 December 2020

25. COMMITMENTS AND CONTINGENCIES

G. Financial assets and financial liabilities

(i). Recognition

The Company initially recognises a financial assets or a financial liability when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii). Classification

The Company classifies its financial assets and liabilities as basic financial instruments in accordance with Section 11 Basic Financial Instruments.

(iii). Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or settled, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iv). Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v). Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method

of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi). Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

for the year ended 31 December 2020

27. SIGNIFICANT ACCOUNTING POLICIES

(vii). Identification and measurement of impairment

Objective evidence of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets that are measured at cost or amortised cost. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Individual and collective assessment

All individually significant assets are individually assessed for impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment, and found to be individually impaired, and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset

is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the management.

A collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

The collective allowance for groups of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience.

In assessing the collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Measurement

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Reversal of impairment and write offs

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the Company shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account.

The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been

for the year ended 31 December 2020

25. COMMITMENTS AND CONTINGENCIES

recognised. The Company shall recognise the amount of the reversal in profit or loss immediately.

The Company writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when the management determines that there is no realistic prospect of recovery.

H. 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, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

I. Statutory deposits

Statutory deposits represent capital guarantee deposit and cash maintained with the National Bank of Cambodia in compliance with the Law on Banking and Financial Institutions (“LBFI”). Statutory deposits are not available to finance the Company’s day-to-day operations hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

Balance with National Bank of Cambodia are carried at amortised cost using the effective interest method in the statement of financial position.

J. Loans to customers

‘Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method.

K. Other assets

Other assets are carried at amortised cost using the effective interest method in the statement of financial position.

L. Property and equipment

(i) Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

L. Property and equipment

(ii) Depreciation of property and equipment is charged to statement of comprehensive income over the estimated useful lives of the individual assets at the following rates per annum and method:

	Useful life	Method
Leasehold improvements	5 years	Straight-line method
Motor vehicles	5 years	Straight-line method
Office equipment	4 years	Straight-line method
Computer	4 years	Straight-line method
Furniture and fixtures	4 years	Straight-line method

During the year, the Company has revised the estimated useful lives of leasehold improvements and vehicles from 4 years to 5 years to more accurately reflect the useful lives of these assets. The changes are effective from 1 October 2020 and resulted in a decrease in the depreciation expense of US\$3,488 for the year ended 31 December 2020. This change in accounting estimate has been applied prospectively.

(iii) 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 period in which it

for the year ended 31 December 2020

27. SIGNIFICANT ACCOUNTING POLICIES

is incurred.

(iv) 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 profit or loss on the date of retirement or disposal.

(v) Fully depreciated items of property and equipment are retained in the financial statements until disposed of or written off.

M. Intangible assets

Intangible assets comprise of software including costs incurred in acquiring and building software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Software costs are amortised on a straight-line basis over the expected useful lives of 4 years.

During the year, the Company has revised the estimated useful lives from 4 years to 5 years to more accurately reflect the useful lives of intangible assets. The changes are effective from 1 October 2020 and resulted in a decrease in the depreciation expense of US\$1,555 for the year ended 31 December 2020. This change in accounting estimate has been applied prospectively.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

N. Impairment of 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 profit or loss.

O. Provisions

Provisions are recognised in the statement of financial position 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. The unwinding of the discount is recognised as finance cost.

P. Borrowing and other liabilities

Borrowing and other liabilities are carried at amortised cost using the effective interest method in the statement of financial position.

Q. Employee benefits

(i). Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii). Other long-term employee benefits

The Company’s net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

27. SIGNIFICANT ACCOUNTING POLICIES

R. Share capital

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

S. Regulatory reserves

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with CIFRS for SMEs and regulatory provision in accordance with National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on Credit Risk Classification and Provision on Impairment for Banks and Financial Institutions.

Based on these NBC Guidelines, all loans to customers are classified according to the repayment capacity of the counterparty and the number of days past due is taken into account as follows:

Classification	Number of days past due	Allowance
Short-term loans (less than or equal one year):		
Normal/standard	<15 days	1%
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	≥ 91 days	100%

Classification	Number of days past due	Allowance
Long-term loans (more than one year):		
Normal/standard	<30 days	1%
Special mention	≥ 30 days – 89 days	3%
Substandard	≥ 90 days – 179 days	20%
Doubtful	≥ 180 days – 359 days	50%
Loss	More than 359 days	100%

In accordance with the Prakas, the Company shall compare the provision calculated in accordance with above requirements, and the Company's record which is under CIFRS for SMEs:

- (i) If the regulatory provision is lower, the Company records the provision calculated in accordance with CIFRS for SMEs; and
- (ii) If the regulatory provision is higher, the Company records the provision calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings into regulatory reserves in equity account.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

28. SIGNIFICANT EVENT

Up to the date of this report, COVID-19 has not resulted in any material impact to the Company. Pending on the development and spread of COVID-19 subsequent to the date of this report, further changes in economic conditions for the Company arising thereof may have impact on the financial results of the Company, the extent of which could not be estimated as at the date of this report. The Company will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Company.

ហ្វុណាន ផ្តល់ជូនកម្មវិធីនៃក្តីសង្ឃឹម

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- ▶ តាមតម្រូវការប្រើប្រាស់
- ▶ រយៈពេលបែងរហូតដល់៦០ខែ
- ▶ របៀបសងប្រាក់ស្របតាមប្រភពចំណូល
- ▶ អត្រាការប្រាក់ពិសេស និងលក្ខខណ្ឌងាយ។

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CORPORATE SOCIAL RESPONSIBILITY

- Corporate Social Responsibility
- COVID19 Vaccination for FUNAN's management and staffs
- Staff activities and welfares



CORPORATE SOCIAL RESPONSIBILITY

KHUNTHEAK-BOPHA DONATION

Khuntheak Bopha Donation was initiated by Neak Oknha Dr. Pung Kheav se, and has been contributing for 3 years, since 2018. FUNAN Microfinance and other companies under Canadia Group contribute for Khuntheak-Bopha donation on monthly basis. The contribution is a part to help Khuntheak-Bopha to continue its mission in saving Cambodian children. USD1.25 with total number of staffs, is calculated for the monthly contribution. FUNAN's staffs are also a part of the donation while they contribute willingly with 40 percent.

PROVIDING LOAN WITH CREDIT LIFE INSURANCE

To see the low income family is high expose to risk and become vulnerable especially when the income generators pass away. The debt is going to burden their family and making a lot of consequences to their children. As a Microfinance to support social well-being, for micro loan segments, FUNAN pays for clients with credit life protection. In return, our clients become the beneficiary when he/she dies. This is meant, the client's debt obligation is covered by FUNAN's business partner, the Sovannaphum Life Assurance (SVL). In 2020, 58 percent of our clients are entitled to receive this scheme.



COVID19 VACCINATION FOR FUNAN'S MANAGEMENT AND STAFFS

COVID19 VACCINATION FOR FUNAN'S MANAGEMENT AND STAFFS

With the CANADIA Investment holding group—FUNAN's management and staffs were in the priority list of COVID-19 vaccination. More than a hundred of FUNAN's employees from the Head of Quarter and branches in the urban got the opportunity to receive the completed dose of vaccination. COVID-19 vaccination for staffs is a part of our business continuity, reducing the spread and staff feels safe for their daily working. Thanks, the government and Board chairman of FUNAN for this opportunity.

STAFF ACTIVITIES AND WELFARES



STAFF ACTIVITIES AND WELFARES



SPORTS



2020 ANNUAL ASSEMBLY

STAFF ACTIVITIES AND WELFARES



LEAFLET PROMOTION

STAFF ACTIVITIES AND WELFARES



STAFFS WELFARES

STAFF ACTIVITIES AND WELFARES



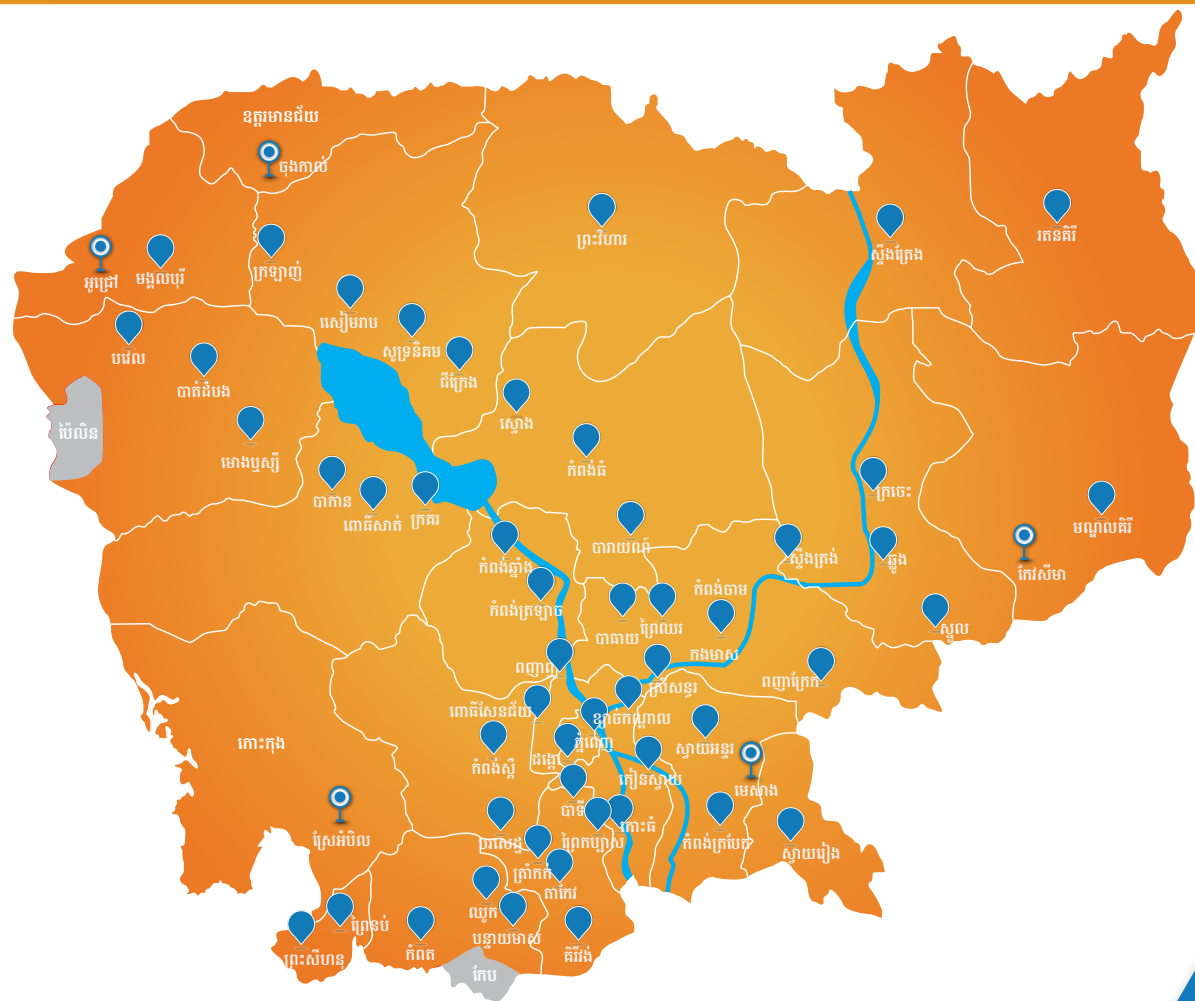
STAFF ACTIVITIES AND WELFARES



TRAINING ACTIVITIES



NEW BRANDING



TOP PERFORMANCE AND BRANCH NETWORK

- Top Branches & Staff Performance
- Branch Network and Contact

TOP PERFORMANCE BRANCHES



2

BARSEDTH BRANCH



1

KOMPONG CHNANG BRANCH



3

KAMPONG TRALACH BRANCH

TOP PERFORMANCE BRANCHES



4

STUENG TRANG BRANCH



5

SRI SANTHOR BRANCH

CREDIT OFFICER AWARD

Funan Microfinance celebrated Credit Officer award for 2020 Under the presidency of Mr. CEO and Senior management team. There were 10 COs from 9 branches among 51 branches of Funan.



BRANCH NETWORK AND CONTACT

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Kirivong Branch
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