



# របាយការណ៍ប្រចាំឆ្នាំ ANNUAL REPORT 2021



**ធនាគារឯកទេស អ៊ីអន (ខេមបូឌា) ភីអិលស៊ី**  
**AEON SPECIALIZED BANK (CAMBODIA) PLC.**



ធនាគារឯកទេស (កម្ពុជា) ភីអិលស៊ី  
AEON SPECIALIZED BANK (CAMBODIA) PLC.  
ធនាគារឯកទេស



## Simple, Fast & Convenient

AEON, we always bring you  
simple, fast and convenient  
financial services

# 04

CHART OF  
AEON GROUP /  
AFS GROUP

# 06

2021  
FINANCIAL  
HIGHLIGHTS

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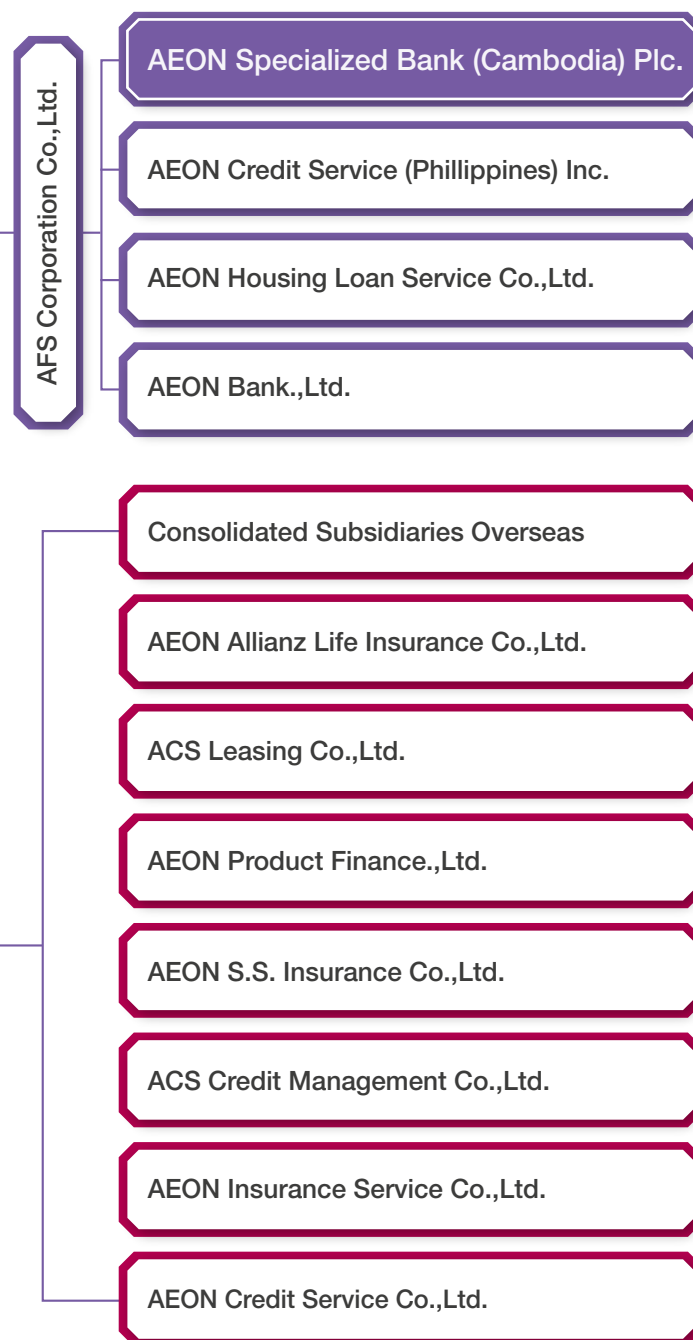
# AEON FINANCIAL SERVICE GROUP NETWORK

“Support customers Lifestyle and enable each individual to maximize future opportunities through effective use of credit”



# CHART OF AEON GROUP / AFS GROUP





# 2021 FINANCIAL HIGHLIGHTS

## OUR BACKGROUND

AEON Specialized Bank (Cambodia) Plc., (the "Company"), was incorporated as a public limited company in Cambodia which initially registered with Ministry of Commerce ("MOC") on 5th October 2011 under Registration No. Co. 2380 E/2011 and has re-registered through online business registration with the new Registration Number 00006388. On 7<sup>th</sup> October 2011, the Company obtained its license as a micro-finance institution from National Bank of Cambodia ("NBC"). As a microfinance institution, the company was the first to offer unsecured Installment Service such as home appliances, motorbike, mobile phone, personal loan and agriculture machinery.

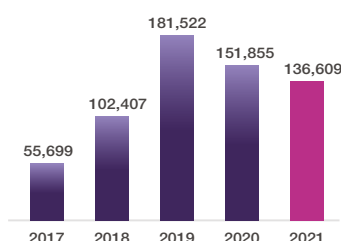
On 26<sup>th</sup> October 2015, the Company obtained a specialized bank's license from the NBC. Since then, the Company has transformed into a specialized bank and started issuing Credit Card, AEON Wallet, AEON Card Mobile(m-Visa) as our business expansion.

2019 AEON Thana Sinsap (Thailand) Pcl., a listed company in Thailand, owns 50% shares of the company while another 50% is owned by AFS Corporation Co., Ltd. ("AFSC") a private company 100% owned by AEON Financial Service Co., Ltd. ("AFS") which is listed in Japan Stock Exchange.

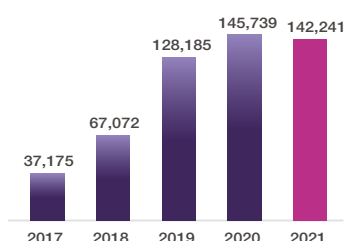
## KEY FINANCIAL DATA

### Per Annual report

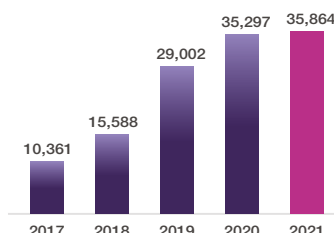
**Total Sales** (Unit: '000 USD)



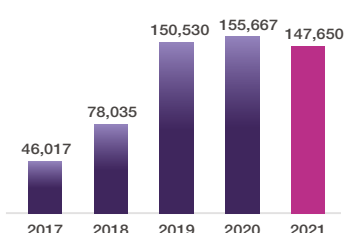
**Total Receivable\*\*** (Unit: '000 USD)



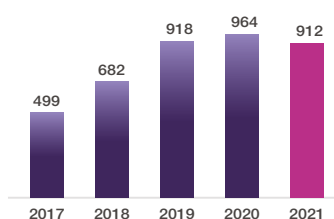
**Total Revenue\*** (Unit: '000 USD)



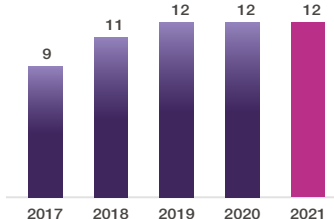
**Total Assets** (Unit: '000 USD)



**Manpower**



**Branch**



The financial statements for the year ended 31 December 2021 have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). The first set of CIFRSs financial statements were prepared for the financial year ended 31 December 2019.

Note: For all years up to the year ended 31 December 2018, the financial statements were prepared in accordance with Cambodian Accounting Standards ("CAS") and relevant accounting regulations and guidelines issued by NBC.

\* The amount includes interest income, commission income and other income

\*\* The amount represent the outstanding loan principal only

## Mr. Taketo Ando

Vice-Chairman of the Board  
and Managing Director

*We would like to introduce AEON Specialized Bank (Cambodia) Plc. products and services in Cambodian market as a slogan*

“SIMPLE, FAST and CONVENIENT”



## MESSAGE FROM MANAGEMENT

*Dear readership,*

We, AEON Specialized Bank (Cambodia) Plc., have been established in Cambodia in October 2011 as Microfinance which offered first product of unsecured installment service. We have obtained a specialized bank license from the National Bank of Cambodia in October 2015.

For 2021 as the year of new opportunities and challenges, we have continued focusing on our products and service to customers such as Installment service, Car Loan product, Agriculture Loan, Personal Loan both in Khmer Riel & USD currency, unsecure Credit Card, AEON Card Mobile (Scan to Pay), Smartphone Application in local currency Khmer Riel equipped with QR Code payment and remittance functions with AEON Wallet only.

For year 2022, we would like to introduce AEON Rohas to customer. AEON Rohas is the first online application for customers to directly reach our products and service us, in a faster and more convenient way, anytime, anywhere. The customers can enjoy applying cash loan and other instalments in year 2022. The products are “SIMPLE, FAST and CONVINIENT”.

We have noticed that consumer behavior has changed significantly since 2020. There is a strong need for online shopping that avoids contact with people. We strived to provide services that take customer's needs and covid-19 situation into consideration.

Finally, we continue to reinforce our commitment to connect with our customers. And we strongly believed that the AEON Specialized Bank (Cambodia) Plc. is well positioned to bring further value to customers. We would like to thank all our customers, business partners and colleagues for their necessary support and contribution to our development in the year 2021.

**Mr. Taketo Ando**

Vice-Chairman of the Board  
and Managing Director



# BOARD OF DIRECTORS



**Mr. Tsutomu Omodera**

**Position :** Chairman of the Board

**Born (year) :** 1964



**Mr. Taketo Ando**

**Position :** Vice Chairman of the Board and Managing Director.

**Born (year) :** 1967

**Education :** Bachelor's Degree in Faculty of Business Administration, Senshu University, Japan



**Mr. Junji Noda**

**Position :** Executive Director

**Born (year) :** 1971

**Education :** Bachelor's Degree in Economics, Kansai University, Japan



**Mr. Jun Kuroda**

**Position :** Non- Executive Director

**Born (year) :** 1953

**2021 – Present :**

Chairman of the Board of AEON Specialized Bank (Cambodia) Plc.

**2020 – Present :**

Vice Chairman of the Board and Managing Director of AEON Thana Sinsap (Thailand) Pcl.

**2020 – Present :**

Non-Executive Director (Chairman) of ACS Servicing (Thailand) Co., Ltd.

**2018 - 2020 :**

Managing Director of ACS Credit Management Co., Ltd. (Japan)

**2019:**

Non-Executive Director of AEON Credit Service Co., Ltd.

**2015 – 2019 :**

Director and Executive Officer of AEON Credit Service Co., Ltd.

**2017 – Present :**

Vice-chairman of the Board and Managing Director, AEON Specialized Bank (Cambodia) Plc.

**2015 – 2017 :**

Managing Director, ACS Servicing (Thailand) Co., Ltd.

**2014 – 2015 :**

Executive Director, AEON Thana Sinsap (Thailand) Pcl.

**2013 – 2014 :**

Project Team Leader of Makuhari-Shintoshin Branch Project, AEON Credit Service Co., Ltd.

**2012 – 2013 :**

Regional Head of South Kanto Region, AEON Credit Service Co., Ltd.

**2021 – Present :**

Executive Director at AEON Specialized Bank (Cambodia) Plc.

**2015-2021 :**

Executive Vice President, AEON Thana Sinsap (Thailand) Pcl.

**2013-2015 :**

Senior Manager, AEON Credit Service (ASIA) Co., Ltd.

**2000-2013 :**

General Manager, AEON Credit Service Co., Ltd.

**2019 – Present :**

Non-Executive Director ,AEON Specialized Bank (Cambodia) Plc.

**2019 – Present :**

Director, AFS CORPORATION Co., Ltd.

**2018 – 2019 :**

Adviser, Assistant to President and CEO, AEON FINANCIAL SERVICE Co., Ltd.

**2016 – 2018 :**

Head of Management Audit Department, AEON FINANCIAL SERVICE Co., Ltd.

**2013 – 2016 :**

Head of Overseas Audit Department, AEON FINANCIAL SERVICE Co., Ltd.

**2011 – 2013 :**

Auditor, AEON HOUSING LOAN SERVICE C Co., Ltd.

**2011 – 2012 :**

Auditor AEON COMMUNITY BANK Co., Ltd.

**2010 – 2013 :**

Head of Audit Department, AEON Bank Co. Ltd.

**2007 – 2009 :**

Director, AEON Bank Co., Ltd.





**Mr. Om Sengbora**

**Position :** Independent Director  
**Born (year) :** 1977  
**Education :** Honorary Doctoral Degree of Business Administration



**Mrs. Khieu Mealy**

**Position :** Independent Director  
**Born (year) :** 1964  
**Education :** Education : Double Master Degree from University Libre de Bruxelles (ULB) and Royal University of Law and Economics in collaboration with University of Montreal, and University of Geneva (LLM) and LLB from Royal University of Law and Economics; Bachelor of Law at National Institute of Management and Royal University of Law and Economic.

**2019 – PRESENT :**  
 Chairman of CEO Master Club Investment Plc.

**2015 – PRESENT :**  
 Chairman of CEO Institute including CEO Master Club, Real Estate School of Cambodia, and Faculty of International Business Management.

**2013 – PRESENT :**  
 Independent Board of Director of Phnom Penh Water Supply Authority

**2012 – PRESENT :**  
 Advisory Member of Cambodia Chamber of Commerce

**2011 – PRESENT :**  
 Independent Board of Director of AEON Specialized Bank (Cambodia) Plc.

**2022 - Present :**  
 Accredited Mediator of CEDR

**2020 – Present :**  
 Member of Asia Global Advisory Council of INTA

**2019 – present**  
 Vice President and founding member of NCAC.

**2017 – Present :**  
 Member of APAA and Council Member of APAA-Cambodian Group.

**2016 – Present :**  
 Member of ASEAN IPA.

**2014 – Present :**  
 Independent Director, AEON Specialized Bank (Cambodia) Plc.

**2010 – present :**  
 Senior Partner of SokSiphana & associates, a member of ZICO Law.

**2009 – Present :**  
 Authorized Trademark Agent.

**2009 – Present :**  
 Founding Member of Intellectual Property Association of Cambodia (IPAC).

**2004 – Present :**  
 Member of Bar Association of the Kingdom of Cambodia

# ADVISORY



**H.E. Dr. Sok Siphana**

**Position :** Advisor  
**Born (year) :** 1960  
**Education :** Juris Doctor (J.D.), Widener University School of Law, Delaware, (USA), Doctor of Philosophy (Ph.D.), Bond University School of Law, Queensland (Australia); Currently pursuing another Ph.D. degree at the University of Paris 2, Pantheon Assas on Comparative Laws.

**2020 – PRESENT :**  
 Chairman of Asian Vision Institute

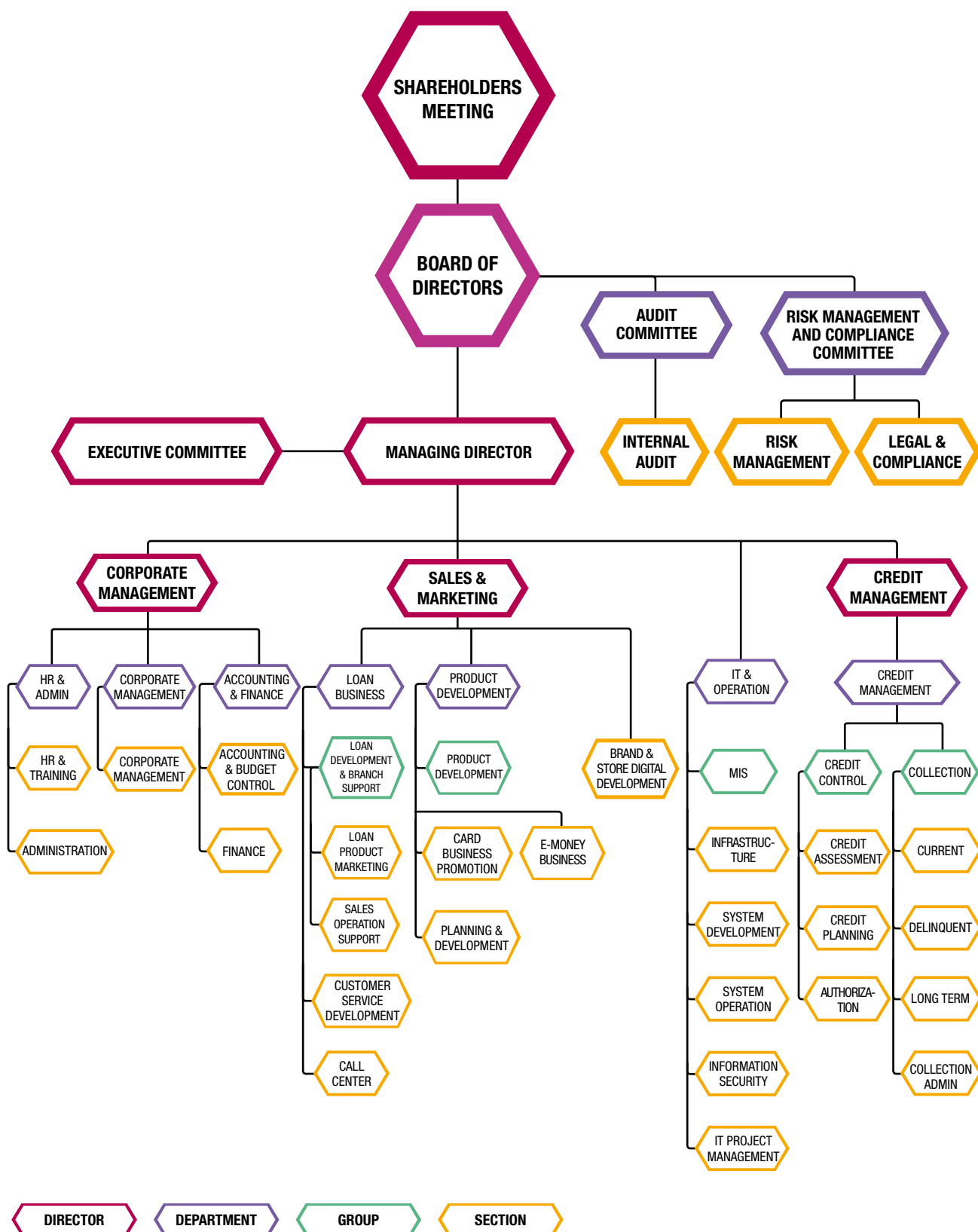
**2018 – PRESENT :**  
 Senior Advisor to the Royal Government of Cambodia attached to the Ministry of Foreign Affairs and International Cooperation.

**2014 – PRESENT :**  
 Advisory, AEON Specialized Bank (Cambodia) Plc.

**2009 – PRESENT :**  
 Founding Partner, SokSiphana&associates, a member of ZICOLaw.

**1998 – PRESENT :**  
 Member of Bar Association of the Kingdom of Cambodia

# ORGANIZATION CHART



# CORPORATE HISTORY

- Mar** Launch personal loan service
- May** Battambang branch opening
- May** Phnom Penh Head Office relocation
- Jun** AEON Mall Phnom Penh branch
- Jun** Start the point card service provider business for AEON Phnom Penh
- Sep** Start Agriculture installment seasonal payment
- Oct** Kampong Cham branch opening



**2015**

**2014**



- Oct** Obtain the Specialized Bank License
- Nov** Launch Tablet application

- Feb** Transformed to Specialized Bank
- Apr** AEON Mall Phnom Penh Renovation
- Apr** Start issuing Gold Credit Card
- Jul** Start issuing Violet Credit Card



**2016**



- Jan** Pochentong branch opening
- Jul** Battambang branch relocation/renovation
- Aug** Head office renovation
- Oct** Siem Reap branch relocation/renovation
- Dec** AEON card receive VISA award

**2017**

- Apr** Launched electronic money (AEON Wallet)
- Apr** Started Car Loan
- Jun** AEON Sen Sok branch opening
- Aug** Takeo branch opening
- Aug** Banteay Meanchey branch opening
- Dec** Launch AEON Card Mobile (Scan to Pay)



**2018**



- Apr** Head Office relocation
- Jun** Banteay Meanchey branch relocation
- Jul** Relocation and conversion of Sovanna Branch to Stueng Mean Chey Branch
- Aug** Takeo branch relocation/renovation
- Nov** Chbar Ampov branch opening

**2019**

- May** Pochentong branch renovation
- Aug** Battambang branch renovation
- Dec** VISA Award 2020

**2020**



**2021**

- May** AEON Lounge Sen Sok Renovation
- Aug** Launch new Olympic card face



# ACCOMPLISHMENT 2021

## ACCOMPLISHMENTS, PREVIOUS OBSTACLES AND THREATS

### Accomplishments

#### 1. Dealer development/Merchant development

- 1.1. We have developed additional new 330 cooperate dealers shop as our partners in 2021 but we deactivated 125 cooperate dealers making the accumulated partner as of December 2021 to 3,707. The growth was the efforts from penetration activities within the operation area and engaging more with qualified dealer. Anyways, we can see the performance were slower than last year with the reason of limitation on traveling and dealer visitation activity during Covid-19 pandemic.
- 1.2. We have developed & renewed of Alliance partner 165 brands which is 178 outlet in FY2021. Accumulated 932 brands, 1,247 outlets.
- 1.3. AEON Card Mobile's merchant development & renewal: 261 brands, 287 outlets in FY2021. Accumulated 1,256 brands, 1,495 outlets.
- 1.4. Accumulated AEON Wallet merchant 793 as of FY2021 inside both AEON Mall Phnom Penh and AEON Mall Sen Sok City and outside.

#### 2. Customer Service Capability Enhancement

- 2.1. To serve customer better, we have enhanced & upgraded our call center capability to a more robust system, which allows our agents to responsively answer customer call.
- 2.2. Besides the system, we have leveraged more access channels for our customers to express their feedback or suggest through many channels, i.e. Facebook, website, in-branch

walk-in through suggestion box. More information on these channel access are fully available & displayed on our website.

#### 3. Personal Loan & installment continue to slow down from Y2020

We continue facing with big challenge from Covid pandemic in 2021, while strongly impact to global economic including Cambodia, we still continue to offer loan to our target customer to continue join force with government to leverage our people living and follow our business principles

- 3.1 Personal loan, by focusing on online advertisement and lead generation from digital channel, sales achieved over USD 20 million, 59%YoY. In 2021, almost personal loan product were disbursed in Khmer Riel currency lead Khmer Riel receivable contributing 11.51% of total loan outstanding.
- 3.2 Purpose loan achieved over USD 19 millions, 86%YoY. We continue to keep in touch and working closely with key partner such as Samsung, OPPO, iPhone distributor and other key home appliance partners.
- 3.3 Motor loan achieved USD 21.627 million, 102%YoY. With no demand during Covid-19 pandemic, Rickshaw loan we totally closed. Anyways through working closely with partner across operation area and the demand on Motor installment in the market increasing, we still manage the performance to be same as last year.
- 3.4 Car Loan sales achieved USD 18.957 million, 98%YoY. The severe hit was impacted most in quarter 2 and quarter 3 of Y2021, where most of our cooperate partner closed the shop and we managed loan disbursement at the precautionous manner.



# BUSINESS HIGHLIGHT 2021

## LOOKING BACK ON 2021

We have made changes to our product portfolio. We are also conducting trial operation of new products for loan products.

We also continue to take on the challenge of issuing VISA prepaid cards and offering products through mobile apps.

AEON Specialized Bank (Cambodia) Plc. products are always “simple, fast, convenient”.

## ACTION PLAN AND PRIORITY IMPLEMENTATION FOR 2022

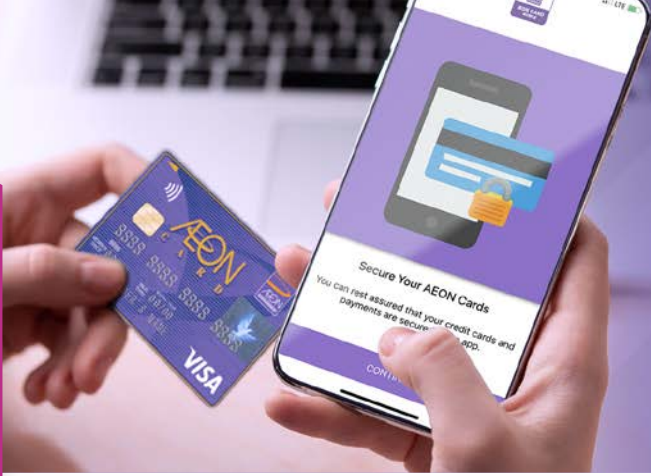
Consumer behavior has changed significantly since 2020 due to the impact of Covid-19. Continuing from 2021, we will continue to provide the products required for a “new lifestyle.”

We will also support SDGs (Sustainable Development Goals).

ដើម្បីសុវត្ថិភាព និងជាសក្តានុពលគ្រួសារអ្នក  
បង់រំលស់រថយន្តតាមរយៈ អ៊ីអន



# គ្រប់គ្រង វិធីអនាគត របស់អ្នកកាន់តែ ងាយស្រួល រហ័ស និងសុវត្ថិភាព



## BUSINESS PERSPECTIVE 2022

### CREDIT CARD

The Company is still standing rang number 1 and covering 44% share of total Visa credit card issuing in Cambodia. (Per VISA Q42021 report). We've issued 74,787 cards as of December 2021, number 1 in payment volume which is 26% of market share. (Per VISA reported Q42021).

Thanks to our AEON Cardholder, Alliance/Merchant partners and all staff members of the Company for putting effort to make this achievement happened.

The Company continues to maintain our "Happy Plus Point" redemption with many choices for customer such as cash voucher, premium gift, credit the value to customer card in order to provide benefit from their usage. Many activities have been conducted during pandemics outbreak of covid-19 to minimize the risk of bringing customer to crowded place as well as keep our partner's business still operate.

AEON Cardholder are able to enjoy the benefit up to 50% discount from 1,247 privilege merchant's outlets. Merchant network expansion to support small business and cashless payment, we have developed 1,256 brands, 1,495 outlets of December 2021 (The top privilege merchant is F&B: 41%, fashion 17%, wellness 11%, 31% is other categories). Majority of the merchant as small business; small ticket spends which we can increase the mobile payment and reduce cashless payment in the market.

The Company continues to improve our product/feature to provide a very good service to cardholder not only AEON Card but also AEON Card Mobile to make our AEON Cardholder feel SIMPLE to register, CONVEIENT managing AEON Card account which allow to Activate Card, Hold Card, view credit balance, transaction history, monthly billing statement, happy plus point and so on. Also, FAST payment via Scan to Pay by just scanning QR Code from smartphone. Plus, above, contactless feature also allowed cardholder to make faster payment by just tap and go.

### KHMER RIEL LOAN

The outbreak of Covid-19 strongly attacked Cambodia since February 2021. At the same time, government continue to provide strong effort to fight against this pandemic. All financial institutes including our Company continue to stabilize the economy by providing full support to government and regulator in helping our customer through out this difficult time. We continue providing amicable approach of loan repayment collection and offer loan to our target customer so that they can optimize the facilities to improve their business and livings. Personal loan is still our main products while we are mainly focus on Khmer Riel since we wish to promote local currency following the policy of National Bank of Cambodia.



ពង្រីកអាជីវកម្មរបស់អ្នក

ជាមួយសេវាកម្មកម្ចីសាច់ប្រាក់ អ៊ីអិន

កម្ចីហ័ស គ្មានប្រព័ន្ធហត្ថលេខា  
២០លានរៀល



# INTERNAL CONTROL

## COMPANY'S COMPLIANCE

Effective internal controls are the foundation of safe and sound banking. A proper designed and consistently enforced system of operational and financial internal control helps the Company's Board of Directors and Management safeguard the Company's resources, produce reliable financial reports, and comply with laws and regulations. Effective internal control also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur. Meanwhile, Compliance Function takes part and plays a very important role in the Company's permanent control activities. Acting as the second line defense, the Compliance Function, which is separated from other internal control functions, is independent and does not involve in any business operation to prevent from potential conflicts of interests. The main functions of Compliance is to ensure the Company complies with prevailing laws and regulations, professional and ethical standards, specific regulations issued by market authorities, relating to banking and financial activities and with policies and instructions issued by the decision-making body. Within 2021, Compliance has updated the Policies, Regulations and Procedure relevant with Compliance Framework and reviewed other Policies, Regulations and Procedures to align with the development of the Company's Products, Services, the market trend and especially the Laws and Regulations. Moreover, the new training materials were developed, and refreshment training has been conducted to existing staffs to ensure that their knowledge and understanding reflecting to minimize the risk of non-compliance and legal issue and money laundering and financing of terrorism. In year 2022, we have planned to established the full compliance program including updating all related compliance Policies, Regulations and Procedures, establish the Compliance Checklist with monitoring plan, training program and report mechanism to strengthen our Compliance Function to help our Company's internal control more effectively.



## RISK MANAGEMENT

The Company considers risk management as an important element of the business and embeds strong risk culture in its day-to-day business operations. Understanding the importance of risk management to sustainable growth, the Risk Management team is involved in all stages of the risk management process to provide an independent view and input including overseeing, planning and conducting its own risk management. The company has been conduct monthly regional risk management meeting amongst Japan, Thailand, Myanmar and Laos which are AEON group companies.





## CORPORATE SOCIAL RESPONSIBILITY

### Reflection Point for FY2021

In 2021, we continue to support AEON 1% scholarship. Well digging and tree planting, which are the main activities of AEON Group, have been suspended due to the Covid-19. One of our main activities, Clean City, also got suspended.

Instead, donations of masks, disinfectants, and donations to victims of natural disasters are increasing. We are planning to contribute the scholarship to fresh graduate from Grade 12 through Neak Bontorvein program in 2022.

- Apr** Cambodian Red Cross donation
- Apr** ABC Covid-19 countermeasure donation worth of items
- Dec** AEON 1% club scholarship “NUM and RUPP”



"These figures from page 17 to 36 are extracted from audited financial statements for the year ended 31 December 2021, of which the auditor, Deloitte (Cambodia) Co., Ltd., rendered a true and fair view dated 30 March 2022".

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>				
Cash on hand	1,056,256	4,303,187	964,643	3,901,981
Balances with the NBC	5,644,852	22,997,127	7,299,304	29,525,685
Balances with other banks	3,846,901	15,672,275	2,125,552	8,597,858
Loans to customers	126,783,498	516,515,971	133,213,192	538,847,362
Other assets	2,539,897	10,347,540	3,056,742	12,364,521
Property and equipment	1,284,572	5,233,346	1,741,727	7,045,286
Intangible assets	1,960,807	7,988,328	2,235,248	9,041,578
Right-of-use assets	1,613,913	6,575,082	2,399,188	9,704,715
Deferred tax assets	2,920,041	11,896,247	2,631,622	10,644,911
<b>TOTAL ASSETS</b>	<b>147,650,737</b>	<b>601,529,103</b>	<b>155,667,218</b>	<b>629,673,897</b>
<b>LIABILITIES</b>				
Current income tax liabilities	343,139	1,397,948	1,451,045	5,869,477
Other liabilities	2,909,351	11,852,696	4,024,273	16,278,184
Provision for off-balance sheet items	335,894	1,368,432	258,187	1,044,366
Borrowings	107,666,540	438,633,484	113,453,212	458,918,243
Subordinated debts	8,125,894	33,104,892	8,125,082	32,865,957
Lease liabilities	1,567,306	6,385,205	2,346,802	9,492,814
Employee benefit obligations	136,495	556,081	155,792	630,179
<b>TOTAL LIABILITIES</b>	<b>121,084,619</b>	<b>493,298,738</b>	<b>129,814,393</b>	<b>525,099,220</b>
<b>EQUITY</b>				
Share capital	20,000,000	81,480,000	20,000,000	80,900,000
Retained earnings	6,566,118	26,659,858	5,852,825	23,758,182
Currency translation differences	-	90,507	-	(83,505)
<b>TOTAL EQUITY</b>	<b>26,566,118</b>	<b>108,230,365</b>	<b>25,852,825</b>	<b>104,574,677</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>147,650,737</b>	<b>601,529,103</b>	<b>155,667,218</b>	<b>629,673,897</b>



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Interest income	33,186,865	135,004,167	32,781,506	133,650,200
Interest expense	(4,014,520)	(16,331,067)	(3,979,737)	(16,225,388)
<b>Net interest income</b>	29,172,345	118,673,100	28,801,769	117,424,812
Fee and commission income	2,178,921	8,863,851	2,306,435	9,403,335
Other income	500,235	2,034,956	216,042	880,803
<b>Operating profit</b>	31,851,501	129,571,907	31,324,246	127,708,950
Personnel expenses	(8,003,714)	(32,559,109)	(7,921,620)	(32,296,445)
Depreciation and amortisation	(2,247,604)	(9,143,253)	(2,347,973)	(9,572,686)
Other operating expenses	(5,910,672)	(24,044,614)	(6,069,623)	(24,745,853)
Impairment losses on financial assets	(14,675,868)	(59,701,431)	(14,165,068)	(57,750,982)
<b>Profit before tax</b>	1,013,643	4,123,500	819,962	3,342,984
Income tax expense	(300,350)	(1,221,824)	(265,350)	(1,081,832)
<b>Profit for the year</b>	713,293	2,901,676	554,612	2,261,152
<b>Other comprehensive income</b>				
Currency translation differences	-	174,012	-	(176,692)
<b>Total comprehensive income for the year</b>	713,293	3,075,688	554,612	2,084,460

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital		Retained earnings		Currency translation differences	Total	
	US\$	KHR'000	US\$	KHR'000	KHR'000	US\$	KHR'000
<b>Balance as at 1 January 2020</b>	20,000,000	81,500,000	5,298,213	21,497,030	93,187	25,298,213	103,090,217
Profit for the year	-	-	554,612	2,261,152	-	554,612	2,261,152
Other comprehensive income - currency translation differences	-	-	-	-	(176,692)	-	(176,692)
<b>Total comprehensive income</b>	-	-	554,612	2,261,152	(176,692)	554,612	2,084,460
Currency translation differences	-	(600,000)	-	-	-	-	(600,000)
<b>Balance as at 31 December 2020</b>	<u>20,000,000</u>	<u>80,900,000</u>	<u>5,852,825</u>	<u>23,758,182</u>	<u>(83,505)</u>	<u>25,852,825</u>	<u>104,574,677</u>
<b>Balance as at 1 January 2021</b>	20,000,000	80,900,000	5,852,825	23,758,182	(83,505)	25,852,825	104,574,677
Profit for the year	-	-	713,293	2,901,676	-	713,293	2,901,676
Other comprehensive income - currency translation differences	-	-	-	-	174,012	-	174,012
<b>Total comprehensive income</b>	-	-	713,293	2,901,676	174,012	713,293	3,075,688
Currency translation differences	-	580,000	-	-	-	-	580,000
<b>Balance as at 31 December 2021</b>	<u>20,000,000</u>	<u>81,480,000</u>	<u>6,566,118</u>	<u>26,659,858</u>	<u>90,507</u>	<u>26,566,118</u>	<u>108,230,365</u>

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>				
Profit before tax	1,013,643	4,123,500	819,962	3,342,984
<i>Adjustments for:</i>				
Employee benefit obligations	(19,297)	(78,500)	(18,282)	(74,536)
Depreciation and amortisation	2,247,604	9,143,253	2,347,973	9,572,686
Gain on lease derecognition	-	-	(13,954)	(56,890)
Impairment losses on financial assets	14,675,868	59,701,431	14,165,068	57,750,982
Losses on disposals and write-off of property and equipment	1,602	6,517	6,741	27,483
Interest income	(33,186,865)	(135,004,167)	(32,781,506)	(133,650,200)
Interest expense	4,014,520	16,331,067	3,979,737	16,225,388
Effect of currency translation of monetary items	(104,531)	(425,859)	98,287	397,571
	(11,357,456)	(46,202,758)	(11,395,974)	(46,464,532)
<i>Changes in:</i>				
Balances with the NBC	1,653,903	6,728,077	(1,551,894)	(6,327,072)
Loans to customers	(7,794,639)	(31,708,591)	(21,881,204)	(89,209,669)
Other assets	516,845	2,102,525	(795,623)	(3,243,755)
Other liabilities	(1,114,110)	(4,532,199)	(112,421)	(458,340)
Cash used in operations	(18,095,457)	(73,612,946)	(35,737,116)	(145,703,368)
Interest received	32,849,833	133,633,121	32,343,923	131,866,174
Interest paid	(3,925,724)	(15,969,845)	(3,971,045)	(16,189,950)
Income tax paid	(1,696,675)	(6,902,074)	(2,025,021)	(8,256,011)
<b>Net cash generated from/(used in) operating activities</b>	<b>9,131,977</b>	<b>37,148,256</b>	<b>(9,389,259)</b>	<b>(38,283,155)</b>
<b>Cash flows from investing activities</b>				
Purchases of property and equipment	(419,606)	(1,706,957)	(335,166)	(1,366,472)
Purchases of intangible assets	(178,366)	(725,593)	(246,971)	(1,006,901)
Proceeds from disposals of property and equipment	177	720	337	1,374
<b>Net cash used in investing activities</b>	<b>(597,795)</b>	<b>(2,431,830)</b>	<b>(581,800)</b>	<b>(2,371,999)</b>



# STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	40,258,321	163,770,850	71,615,020	291,974,437
Repayments of borrowings	(46,029,258)	(187,247,022)	(70,932,806)	(289,193,050)
Proceeds from subordinated debts	-	-	4,124,270	16,814,649
Payments of lease liabilities	(914,036)	(3,718,298)	(838,308)	(3,417,782)
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,684,973)</b>	<b>(27,194,470)</b>	<b>3,968,176</b>	<b>16,178,254</b>
Net (decrease)/increase in cash and cash equivalents	1,849,209	7,521,956	(6,002,883)	(24,476,900)
Cash and cash equivalents at the beginning of the year	3,111,046	12,584,181	9,113,929	37,139,261
Currency translation differences	-	101,943	-	(78,180)
<b>Cash and cash equivalents at the end of the year</b>	<b>4,960,255</b>	<b>20,208,080</b>	<b>3,111,046</b>	<b>12,584,181</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

## 1. GENERAL INFORMATION

AEON Specialized Bank (Cambodia) Plc. (the “Bank”) is a licensed specialized bank incorporated and registered in the Kingdom of Cambodia.

The Bank was incorporated as a public limited liability company in Cambodia which initially registered with Ministry of Commerce (“MOC”) on 5 October 2011 under Registration No. 00006388. The Bank obtained its license as a micro-finance institution from the National Bank of Cambodia (“NBC”) dated 21 November 2011. The Bank was initially wholly owned by AEON Thana Sinsap (Thailand) Public Company Limited, a company registered in Thailand.

On 26 October 2015, the Bank obtained a specialized banking license from the NBC to operate as a specialized bank with the permanent validity. On 1 February 2016, the Bank obtained the approval from MoC on the changes in the Bank’s name from AEON Microfinance (Cambodia) Co., Ltd. to AEON Specialized Bank (Cambodia) Plc. and shareholding structure is 80% owned by AEON Thana Sinsap (Thailand) Public Company Limited and 20% owned by AEON Financial Service Co., Ltd. (“AFS”), a company incorporated in Japan.

On 4 September 2018, the Bank obtained the approval from the MoC to change the shareholding structure to 50% equally owned by AEON Thana Sinsap (Thailand) Public Company Limited and AFS.

On 1 April 2019, AFS fully transferred its shares of the Bank to AFS Corporation Co., Ltd. (“AFSC”), a bank holding company incorporated in Japan. AFSC is a wholly owned subsidiary of AFS. On 7 December 2020, the Bank received approval from the NBC on changing the shareholder and on the Amendment of Articles of Incorporation. On 10 March 2021, the Bank received approval from the MOC on the Amendment of the Articles of Incorporation.

The ultimate holding company of the Bank is AEON Co., Ltd., a company incorporated in Japan.

The principal activities of the Bank are as follows:

- Credit card service;
- Lending services in the form of hire-purchase (instalment) and loan; and
- Smartphone Application (AEON Wallet) in local currency Khmer Riel, equipped with QR Code payment and remittance functions
- Other business-related services subject to the approval by the NBC.

The Bank’s registered office is located on the 6th Floor (S603), Diamond Twin Tower, Street Sopheak Monkul, corner of Koh Pich, Sangkat Tonle Basak, Khan Chamkarmon, Phnom Penh, Cambodia.

The financial statements were authorised to issue by the Board of Directors on 28 March 2022.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

The financial statements have been prepared on the historical cost basis as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 3. CASH ON HAND

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
US Dollars	653,052	2,660,534	459,089	1,857,015
Khmer Riel	403,204	1,642,653	505,554	2,044,966
	1,056,256	4,303,187	964,643	3,901,981

### 4. BALANCES WITH THE NBC

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Current accounts	2,184	8,898	2,733	11,055
Term deposits with original maturity of 3 months or less *	516,025	2,102,286	2,372,000	9,594,740
	518,209	2,111,184	2,374,733	9,605,795
Statutory capital deposit **	1,000,000	4,074,000	1,000,000	4,045,000
Term deposits with original maturity more than 3 months *	4,126,643	16,811,943	3,924,571	15,874,890
	5,644,852	22,997,127	7,299,304	29,525,685

\* This represents the negotiable certificates of deposit (NCDs) with the NBC with the term of three months to twelve months. These NCDs are pledged as collateral against the borrowing from the NBC through liquidity-providing collateralised operation (LPCO) mechanism.

\*\* Under Prakas No. B7-00-05 on the Licensing of Specialized Banks dated 11 January 2000, the Bank is required to maintain a capital guarantee deposit equivalent to 5% of registered capital with the National Bank of Cambodia. This deposit is not available for use in the Bank's day-to-day operations but is refundable when the Bank ceases the operation.

### 5. BALANCES WITH OTHER BANKS

This represents current accounts:

	31 December 2021		31 December 2020	
	US\$	KHR'00	US\$	KHR'000
<b>Local banks:</b>				
Current accounts	3,374,615	13,748,182	1,757,532	7,109,217
<b>Overseas banks:</b>				
Current accounts	527,200	2,147,813	386,138	1,561,928
	3,901,815	15,895,995	2,143,670	8,671,145
Impairment loss allowance	(54,914)	(223,720)	(18,118)	(73,287)
	3,846,901	15,672,275	2,125,552	8,597,858

## 6. LOANS TO CUSTOMERS

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Loans to customers at amortised cost	147,508,496	600,949,613	149,881,076	606,268,952
Modification loss *	(1,420,198)	(5,785,887)	(608,633)	(2,461,920)
Gross carry amount	146,088,298	595,163,726	149,272,443	603,807,032
Impairment loss allowance	(19,304,800)	(78,647,755)	(16,059,251)	(64,959,670)
Carrying amount	126,783,498	516,515,971	133,213,192	538,847,362

\* During the year ended 31 December 2021 and 2020, a number of loans to customers with liquidity constraints arising mainly as a direct result of the COVID-19 pandemic were restructured. Modification loss is recognised with respect of these restructured loans by recalculating the present value of the modified contractual cash flows discounted at the original EIR.

	31 December 2021			31 December 2020		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
	US\$	US\$	US\$	US\$	US\$	US\$
Long-term loans	28,742,147	(6,680,465)	22,061,682	31,926,292	(3,434,916)	28,491,376
Short-term loans	117,346,151	(12,624,335)	104,721,816	117,346,151	(12,624,335)	104,721,816
	146,088,298	(19,304,800)	126,783,498	149,272,443	(16,059,251)	133,213,192

## 7. OTHER ASSETS

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Advances and deposits	965,426	3,933,146	974,202	3,940,647
Accounts receivable	678,739	2,765,183	1,306,517	5,284,861
Prepayments	496,875	2,024,269	319,204	1,291,180
Others	398,857	1,624,942	456,819	1,847,833
	2,539,897	10,347,540	3,056,742	12,364,521

## 8. PROPERTY AND EQUIPMENT

	Leasehold improve- ments	Furniture and fixtures	Equipment	IT equip- ment and computer	Work in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
<b>Year ended 31 December 2021</b>							
<b>Cost</b>							
At 1 January 2021	2,051,962	365,679	1,020,954	2,381,994	-	5,820,589	23,544,283
Additions	35,014	7,545	74,483	162,440	140,124	419,606	1,706,957
Transfers	12,901	-	-	58,878	(71,779)	-	-
Disposals	-	(2,642)	(510)	-	-	(3,152)	(12,822)
Write-off	-	(3,730)	(10,618)	(31,192)	-	(45,540)	(185,257)
Currency translation differences	-	-	-	-	-	-	171,022
At 31 December 2021	2,099,877	366,852	1,084,309	2,572,120	68,345	6,191,503	25,224,183
<b>Less: Accumulated depreciation</b>							
At 1 January 2021	(1,427,674)	(223,763)	(685,421)	(1,742,004)	-	(4,078,862)	(16,498,997)
Depreciation	(259,164)	(48,532)	(228,844)	(338,442)	-	(874,982)	(3,559,427)
Disposals	-	1,519	510	-	-	2,029	8,254
Write-off	-	3,660	10,307	30,917	-	44,884	182,588
Currency translation differences	-	-	-	-	-	-	(123,255)
At 31 December 2021	(1,686,838)	(267,116)	(903,448)	(2,049,529)	-	(4,906,931)	(19,990,837)
<b>Carrying amount</b>							
At 31 December 2021	413,039	99,736	180,861	522,591	68,345	1,284,572	5,233,346

## 8. PROPERTY AND EQUIPMENT (continued)

	Leasehold improve- ments	Furniture and fixtures	Equipment	IT equip- ment and computer	Work in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
<b>Year ended 31 December 2020</b>							
<b>Cost</b>							
At 1 January 2020	1,974,705	358,822	929,322	2,186,565	45,225	5,494,639	22,390,655
Additions	86,490	23,596	97,113	204,796	-	411,995	1,679,704
Transfers	-	-	5,600	-	(45,225)	(39,625)	(161,551)
Disposals	(8,183)	(13,644)	(150)	-	-	(21,977)	(89,600)
Write-off	(1,050)	(3,095)	(10,931)	(9,367)	-	(24,443)	(99,654)
Currency translation differences	-	-	-	-	-	-	(175,271)
At 31 December 2020	2,051,962	365,679	1,020,954	2,381,994	-	5,820,589	23,544,283
<b>Less: Accumulated depreciation</b>							
At 1 January 2020	(1,002,802)	(187,109)	(453,654)	(1,442,984)	-	(3,086,549)	(12,577,688)
Depreciation	(393,864)	(50,651)	(242,389)	(308,216)	-	(995,120)	(4,057,104)
Adjustment	(37,204)	-	-	-	-	(37,204)	(151,681)
Disposals	5,491	11,931	150	-	-	17,572	71,641
Write-off	705	2,066	10,472	9,196	-	22,439	91,484
Currency translation differences	-	-	-	-	-	-	124,351
At 31 December 2020	(1,427,674)	(223,763)	(685,421)	(1,742,004)	-	(4,078,862)	(16,498,997)
<b>Carrying amount</b>							
At 31 December 2020	624,288	141,916	335,533	639,990	-	1,741,727	7,045,286



## 9. INTANGIBLE ASSETS

	Computer Software	Work in Progress	Total	
	US\$	US\$	US\$	KHR'000
<b>Year ended 31 December 2021</b>				
<b>Cost</b>				
At 1 January 2021	4,843,273	14,460	4,857,733	19,649,530
Additions	105,434	72,932	178,366	725,593
Transfer	6,842	(6,842)	-	-
Currency translation differences	-	-	-	141,944
At 31 December 2021	4,955,549	80,550	5,036,099	20,517,067
<b>Less: Accumulated amortisation</b>				
At 1 January 2021	(2,622,485)	-	(2,622,485)	(10,607,952)
Amortisation	(452,807)	-	(452,807)	(1,842,019)
Currency translation differences	-	-	-	(78,768)
At 31 December 2021	(3,075,292)	-	(3,075,292)	(12,528,739)
<b>Carrying amount</b>				
At 31 December 2021	1,880,257	80,550	1,960,807	7,988,328

	Computer Software	Work in Progress	Total	
	US\$	US\$	US\$	KHR'000
<b>Year ended 31 December 2020</b>				
<b>Cost</b>				
At 1 January 2020	4,581,179	31,383	4,612,562	18,796,189
Additions	207,346	-	207,346	845,350
Transfer	56,548	(16,923)	39,625	161,551
Written off	(1,800)	-	(1,800)	(7,339)
Currency translation differences	-	-	-	(146,221)
At 31 December 2020	4,843,273	14,460	4,857,733	19,649,530
<b>Less: Accumulated amortisation</b>				
At 1 January 2020	(2,182,554)	-	(2,182,554)	(8,893,906)
Amortisation	(441,062)	-	(441,062)	(1,798,210)
Written off	1,131	-	1,131	4,611
Currency translation differences	-	-	-	79,553
At 31 December 2020	(2,622,485)	-	(2,622,485)	(10,607,952)
<b>Carrying amount</b>				
At 31 December 2019	2,220,788	14,460	2,235,248	9,041,578

## 10. RIGHT OF USE ASSETS

### Office Lease

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
<b>Cost</b>				
At the beginning of year	4,530,227	18,324,768	3,900,234	15,893,453
Additions	134,540	547,309	734,639	2,995,123
Derecognised lease	-	-	(104,646)	(426,642)
Currency translation differences	-	132,184	-	(137,166)
At the end of year	4,664,767	19,004,261	4,530,227	18,324,768
<b>Less: Accumulated depreciation</b>				
At the beginning of year	(2,131,039)	(8,620,053)	(1,233,202)	(5,025,298)
Depreciation	(919,815)	(3,741,807)	(911,791)	(3,717,372)
Derecognised lease	-	-	13,954	56,890
Currency translation differences	-	(67,319)	-	65,727
At the end of year	(3,050,854)	(12,429,179)	(2,131,039)	(8,620,053)
<b>Carrying amount</b>				
At 31 December	1,613,913	6,575,082	2,399,188	9,704,715

The Bank leases assets include office buildings. The average lease term is 5 years (2020: 5 years).

Amounts recognised in profit or loss.

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Depreciation expense on right-of-use assets	919,815	3,741,807	911,791	3,717,372
Interest expense on lease liabilities	130,341	530,227	155,039	632,094
Expense relating to leases of low value assets	56,579	230,163	61,526	250,842
	1,106,735	4,502,197	1,128,356	4,600,308

## 11. INCOME TAX

### (a) Deferred tax assets, net

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

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Deferred tax assets	3,251,159	13,245,222	3,124,714	12,639,468
Deferred tax liabilities	(331,118)	(1,348,975)	(493,092)	(1,994,557)
	2,920,041	11,896,247	2,631,622	10,644,911

## 11. INCOME TAX (continued)

### (a) Deferred tax assets, net (continued)

The movements of net deferred tax assets during the year were as follows:

	Impair- ment loss allowance on finan- cial assets	Revalu- ation on de- ferred loans	Depre- ciable assets	Un- earned revenue	Em- ployee bene- fits obligations	Accru- als	Unreal- ised ex- change (gains)/ losses	Rights of use assets	Lease liabili- ties	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2021	2,173,319	121,727	94,219	103,998	31,158	101,317	(4,596)	(479,841)	490,321	2,631,622
Credited/ (charged) to profit or loss	207,362	120,429	22,957	21,117	(3,859)	(68,029)	8,245	157,058	(176,861)	288,419
At 31 December 2021	2,380,681	242,156	117,176	125,115	27,299	33,288	3,649	(322,783)	313,460	2,920,041
At 31 December 2021 in KHR'000	9,698,894	986,544	477,375	509,719	111,216	135,615	14,866	(1,315,018)	1,277,036	11,896,247

	Impair- ment loss allowance on finan- cial assets	Revalu- ation on de- ferred loans	Depre- ciable assets	Un- earned revenue	Em- ployee bene- fits obligations	Accru- als	Unreal- ised ex- change (gains)/ losses	Rights of use assets	Lease liabili- ties	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2020	858,592	-	58,613	91,242	34,815	69,169	9,682	-	-	1,122,113
Credited/ (charged) to profit or loss	1,314,727	121,727	35,606	12,756	(3,657)	32,148	(14,278)	(479,841)	490,321	1,509,509
At 31 December 2020	2,173,319	121,727	94,219	103,998	31,158	101,317	(4,596)	(479,841)	490,321	2,631,622
At 31 December 2020 in KHR'000	8,791,075	492,387	381,116	420,672	126,034	409,827	(18,591)	(1,940,957)	1,983,348	10,644,911

### (b) Current income tax liabilities

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
At the beginning of year	1,451,045	5,869,477	1,701,207	6,932,419
Income tax expense	588,769	2,395,112	1,774,859	7,236,100
Income tax paid	(1,696,675)	(6,902,074)	(2,025,021)	(8,256,011)
Currency translation differences	-	35,433	-	(43,031)
At the end of year	343,139	1,397,948	1,451,045	5,869,477

## 11. INCOME TAX (continued)

### (c) Income tax expense

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Current income tax	588,769	2,395,112	1,774,859	7,236,100
Deferred tax	(288,419)	(1,173,288)	(1,509,509)	(6,154,268)
Income tax expense	300,350	1,221,824	265,350	1,081,832

In accordance with Cambodian law on taxation, the Bank 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.

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

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Profit before tax	1,013,643	4,123,500	819,962	3,342,984
Income tax using tax rate of 20%	202,729	824,702	163,992	668,595
Effect of non-deductible expenses	75,934	308,900	100,068	407,977
Effect of deferred tax assets over recognised in prior year	27,021	109,921	1,290	5,260
Over recognition in respect of prior years	(5,334)	(21,699)	-	-
Income tax expense	300,350	1,221,824	265,350	1,081,832

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

## 12. OTHER LIABILITIES

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Payable to dealers and suppliers	1,046,263	4,262,475	2,030,821	8,214,671
Accrued other staff benefits	593,073	2,416,179	783,540	3,169,419
Accrued expenses	430,874	1,755,381	416,897	1,686,348
Other tax liabilities	120,353	490,318	108,909	440,537
Amount due to related parties	106,944	435,690	138,492	560,200
Others	611,844	2,492,653	545,614	2,207,009
	2,909,351	11,852,696	4,024,273	16,278,184

## 13. PROVISION FOR OFF-BALANCE SHEET ITEMS

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
At the beginning of year	258,187	1,044,366	-	-
Additional provision made during the year	77,707	316,112	258,187	1,052,628
Currency translation difference	-	7,954	-	(8,262)
At the end of year	335,894	1,368,432	258,187	1,044,366

## 14. BORROWINGS

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
<i>At amortised cost</i>				
Secured *	4,513,751	18,389,022	6,106,633	24,701,330
Unsecured **	103,152,789	420,244,462	107,346,579	434,216,913
At 31 December	107,666,540	438,633,484	113,453,212	458,918,243

(\*) This represents currency purchase from the NBC through its LPCO mechanism against the NCDs.

(\*\*) This represents bank borrowings obtained from various banks with terms ranging from three months to four years (2020: three months to three years).

## 15. SUBORDINATED DEBTS

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
AEON Thana Sinsap (Thailand) Public Company Limited	4,000,812	16,299,308	4,000,812	16,183,285
AEON Financial Service Co., Ltd	4,125,082	16,805,584	4,124,270	16,682,672
	8,125,894	33,104,892	8,125,082	32,865,957

The first subordinated loan amounting to US\$4,000,000 from AEON Thana Sinsap (Thailand) Public Company Limited was approved by National Bank of Cambodia on 30 December 2019. The interest is repayable semi-annually and the principal is repayable in five equal consecutive instalments. The subordinated debt has no collateral and will be matured in 2026.

The second subordinated loan amounting to US\$4,000,000 from AEON Financial Service Co., Ltd. The interest is repayable semi-annually and the principal is repayable in five equal consecutive instalments. The subordinated debt has no collateral and will matured in 2027. This was approved by National Bank of Cambodia on 5 March 2020.

Subordinated debt is treated as part of the liabilities and included in the Bank's net worth computation under the NBC's guidelines and initially measured at fair value minus incremental direct transaction costs, and subsequently measured at amortised cost using effective interest method.

## 16. LEASE LIABILITIES

Maturity Analysis:	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Year 1	929,516	3,786,849	1,018,871	4,121,333
Year 2	586,785	2,390,562	881,822	3,566,970
Year 3	127,262	518,465	538,869	2,179,725
Year 4	30,800	125,479	99,311	401,713
Year 5	-	-	30,800	124,586
	1,674,363	6,821,355	2,569,673	10,394,327
Less: Unearned interest	(107,057)	(436,150)	(222,871)	(901,513)
	1,567,306	6,385,205	2,346,802	9,492,814

## 17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2021	Financing cash flows (i)	Non-cash changes		31 December 2021
			Lease liabilities (ii)	Other changes (iii)	
	US\$	US\$	US\$	US\$	US\$
Borrowings	113,453,212	(5,786,672)	-	-	107,666,540
Subordinated debts	8,125,082	-	-	812	8,125,894
Lease liabilities	2,346,802	(914,036)	134,540	-	1,567,306
Total liabilities from financing activities	123,925,096	(6,700,708)	134,540	812	117,359,740

	1 January 2020	Financing cash flows (i)	Non-cash changes		31 December 2020
			Lease liabilities (ii)	Other changes (iii)	
	US\$	US\$	US\$	US\$	US\$
Borrowings	112,776,772	789,193	-	(112,753)	113,453,212
Subordinated debts	4,000,812	4,124,270	-	-	8,125,082
Lease liabilities	2,555,117	(838,308)	629,993	-	2,346,802
Total liabilities from financing activities	119,332,701	4,075,155	629,993	(112,753)	123,925,096

- (i) The cash flows from borrowings, subordinated debts and lease liabilities make up the net amount of proceeds from and repayments of borrowings and subordinated debts and the payments of lease liabilities in the statement of cash flows.
- (ii) Non-cash change pertains to additions of right-of-use assets during the year.
- (iii) Non-cash change pertains to differences between interest accruals and payments.



## 18. EMPLOYEE BENEFIT OBLIGATIONS

Movements of provision for employee benefit obligations were as follows:

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
<b>Back pay seniority</b>				
At the beginning of year	155,792	630,179	174,074	709,352
Payment made during the year	(15,942)	(64,852)	-	-
Reversal in profit or loss	(3,355)	(13,648)	(18,282)	(74,536)
Currency translation difference	-	4,402	-	(4,637)
At the end of year	136,495	556,081	155,792	630,179

## 19. SHARE CAPITAL

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Registered, issued and fully paid of US\$1 each	20,000,000	81,480,000	20,000,000	80,900,000

Details of shareholdings were as follows:

	31 December 2021		31 December 2020	
	Holding %	Number of shares	Holding %	Number of shares
AEON Thana Sinsap (Thailand) Public Company Limited	50%	10,000,000	50%	10,000,000
AFS Corporation Co., Ltd.	50%	10,000,000	50%	10,000,000
	100%	20,000,000	100%	20,000,000

According to Prakas B7-016-117 issued by the NBC on 22 March 2016 on the “Minimum Registered Capital of Banking and Financial Institutions”, the specialized bank locally incorporated shall have a minimum registered capital of at least KHR60 billion (equivalent to US\$15 million). Banks are required to fulfil this requirement within two years from the date of the Prakas.

On 16 June 2016, the NBC issued a Circular No. B7-016-003 on the implementation of Prakas on Minimum Registered Capital of Banking and Financial Institutions, requiring the Bank to increase the minimum registered capital by at least half of the required additional capital by the end of March 2017, and in full at the latest by 22 March 2018.

On 24 April 2018, the Bank obtained approval from the National Bank of Cambodia on the increase in capital from US\$12,500,000 to US\$20,000,000. The amendment of Memorandum and Articles of Association was approved by the Ministry of Commerce on 4 September 2018.

On 16 July 2019, the Bank obtained approval from the NBC to change the shareholders from AEON Financial Service Co., Ltd. (“AFS”) to AFS Corporation Co., Ltd. (“AFSC”) with same shareholding of 50% of the Bank. On 7 December 2020, the Bank received approval from the NBC on changing the shareholder and on the Amendment of Articles of Incorporation. On 10 March 2021, the Bank received approval from the Ministry of Commerce on the Amendment of Articles of Incorporation.

## 20. NET INTEREST INCOME

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
<b>Interest income</b>				
Loans to customers	33,168,161	134,928,079	32,732,190	133,449,139
Balances with the NBC	18,704	76,088	49,316	201,061
	<u>33,186,865</u>	<u>135,004,167</u>	<u>32,781,506</u>	<u>133,650,200</u>
<b>Interest expense</b>				
Borrowings	3,194,735	12,996,182	3,161,698	12,890,243
Subordinated debts	689,444	2,804,658	663,000	2,703,051
Lease liabilities	130,341	530,227	155,039	632,094
	<u>4,014,520</u>	<u>16,331,067</u>	<u>3,979,737</u>	<u>16,225,388</u>
<b>Net interest income</b>	<u>29,172,345</u>	<u>118,673,100</u>	<u>28,801,769</u>	<u>117,424,812</u>

## 21. FEE AND COMMISSION INCOME

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Credit card's cash advance fees	1,112,336	4,524,983	1,101,076	4,489,087
Penalty fees	564,611	2,296,838	608,678	2,481,580
Other fees	501,974	2,042,030	596,681	2,432,668
	<u>2,178,921</u>	<u>8,863,851</u>	<u>2,306,435</u>	<u>9,403,335</u>

## 22. OTHER INCOME - NET

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Recovery from loans written off	516,382	2,100,642	200,218	816,289
(Losses)/gains on foreign exchange	(16,147)	(65,686)	15,824	64,514
	<u>500,235</u>	<u>2,034,956</u>	<u>216,042</u>	<u>880,803</u>

## 23. PERSONNEL EXPENSES

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Salaries and wages	7,419,450	30,182,323	7,329,397	29,881,952
Seniority payments	331,252	1,347,533	309,125	1,260,303
Staff housing and related costs	58,835	239,341	78,134	318,552
Medical costs	29,861	121,475	7,369	30,043
Trainings	21,762	88,528	12,045	49,107
Other personnel costs	142,554	579,909	185,550	756,488
	<u>8,003,714</u>	<u>32,559,109</u>	<u>7,921,620</u>	<u>32,296,445</u>

## 24. DEPRECIATION AND AMORTISATION

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Property and equipment	874,982	3,559,427	995,120	4,057,104
Intangible assets	452,807	1,842,019	441,062	1,798,210
Right-of-use assets	919,815	3,741,807	911,791	3,717,372
	<u>2,247,604</u>	<u>9,143,253</u>	<u>2,347,973</u>	<u>9,572,686</u>

## 25. OTHER OPERATING EXPENSES

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Repairs and maintenance	1,618,747	6,585,063	1,445,097	5,891,660
Promotion and advertising	673,984	2,741,767	1,011,848	4,125,304
Vehicle rental and running costs	544,251	2,214,013	523,392	2,133,869
Credit card and ATM operation	436,532	1,775,812	376,221	1,533,853
Stationeries and printing	433,522	1,763,567	496,232	2,023,138
Communication	399,387	1,624,706	408,439	1,665,206
Professional fees	337,474	1,372,844	312,065	1,272,289
Taxes and licenses	255,144	1,037,926	360,570	1,470,044
Insurance	249,242	1,013,916	150,766	614,673
Travel	203,813	829,111	221,060	901,262
Utilities	189,059	769,092	232,012	945,913
Management fees	151,502	616,310	160,503	654,371
Board of director fees	42,000	170,856	21,000	85,617
Losses on disposals of property and equipment	1,602	6,517	6,741	27,484
Others	374,413	1,523,114	343,677	1,401,170
	<u>5,910,672</u>	<u>24,044,614</u>	<u>6,069,623</u>	<u>24,745,853</u>

## 26. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December 2021		Year ended 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Loans to customers	14,561,365	59,235,633	13,907,378	56,700,380
Provision for off-balance-sheet items	77,707	316,112	258,187	1,052,628
Balances with other banks	36,796	149,686	(497)	(2,026)
	14,675,868	59,701,431	14,165,068	57,750,982

## 27. CASH AND CASH EQUIVALENTS

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	1,056,256	4,303,187	964,643	3,901,981
Balances with the NBC	2,184	8,898	2,733	11,055
Balances with other banks	3,901,815	15,895,995	2,143,670	8,671,145
	4,960,255	20,208,080	3,111,046	12,584,181

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value and are used by the Bank in the management of its short-term commitments.

## 28. COMMITMENTS

### *Loans and other commitments*

In the normal course of business, the Bank provides credit card facilities to customers which gives rise to commitments regarding to the undrawn portion. No material losses are anticipated from these transactions.

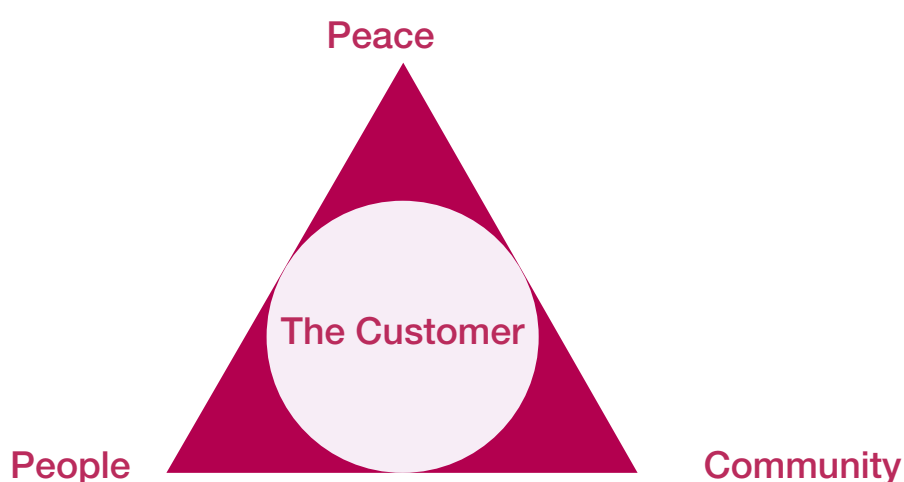
	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Undrawn portion of credit cards	20,323,754	82,798,974	19,691,611	79,652,565

# ABOUT AEON GROUP

## AEON Basic Principles



Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core.



The word aeon (AEON) has its origins in a Latin root meaning “eternity.” The customers’ beliefs and desires comprise the central core of our philosophy. At Acon, our eternal mission as a corporate group is to benefit our customers, and our operations are thus customer-focused to the highest degree.

Aeon Basic Principles are the following:

- “Peace”** Aeon is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.
- “People”** Aeon is a corporate group that respects human dignity and values personal relationships.
- “Community”** Aeon is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community

On the basis of the Aeon Basic Principles, Acon practices its “Customer-First” philosophy with its everlasting innovative spirit.



**ធនាគារឯកទេស អ៊ីអន (ខេមបូឌា) ភីអិលស៊ី**  
**ÆON SPECIALIZED BANK (CAMBODIA) PLC.**

