

## Angkor Mikroheranhvatho ( Kampuchea ) Co. Ltd (AMK)– Cambodia

### Standard Social Rating

# AA-

Originally a savings and credit component of Concern Worldwide community work in Cambodia and then a project registered as a “Rural Credit Operator” under the name of Thaneakea Ponleu Thmey (TPT) in 2001, Angkor Mikroheranhvatho (Kampuchea) Co. Ltd (AMK) registered as a Limited Liability Company in 2003. In 2004, AMK obtained the MFI license from the National Bank of Cambodia (NBC) and in January 2010 the license as a Microfinance Deposit-taking Institution. In 2009 AMK was affected by the global financial crisis, with a worsening of portfolio quality (2.9%). The strategy adopted in 2009 slowed down the portfolio and client growth (down to 15% and 10%) and contributed to maintaining adequate sustainability and profitability. Over the last period of analysis, portfolio and clients grew by 21% and 15% and PAR reduced to 1.4%. Over the years, AMK has constantly extended its network and is now the largest microfinance provider of Cambodia in terms of number of clients, covering all provinces through 22 branches and satellite offices. AMK targets the poor with a specific focus on rural areas (95% of clients). AMK offers both group (93% of clients and 83% of portfolio) and individual loans, mostly to finance income-generating activities and mainly in the agricultural sector (72% of portfolio).

Legal form	Limited Liability Company
Year of inception	1999 project, 2001 Rural Credit Operator, 2003 LLC
Area of intervention	Rural
Credit methodology	Group and individual
Financial services	Credit, Savings
Non financial services	None

Institutional data	Mar-11
Active borrowers	247,747
Active savers	4,559
Gross outstanding portfolio, US\$	33,016,098
Total active savings, US\$	1,749,283
Branches	22
Total staff	869

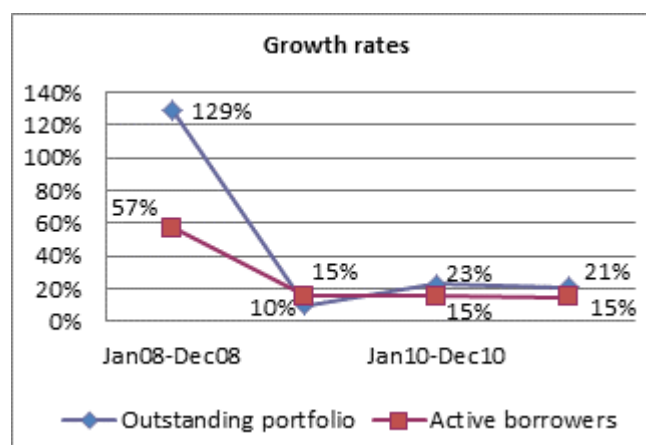
Figures include staff loans and staff savings



### Social indicators

Social indicators	Mar-11
Solidarity group methodology, clients	93%
Rural coverage, clients	95%
Female clients	87%
Average balance per borrower / GNI pc	21%
Average saving balance, US\$	507
Client drop-out ratio	34%
PAR30	1.4%
Female staff	20%
Female staff in management	25%
Staff turn-over ratio	14%
Portfolio yield	36%
Real portfolio yield	31%

See annexes for more details.



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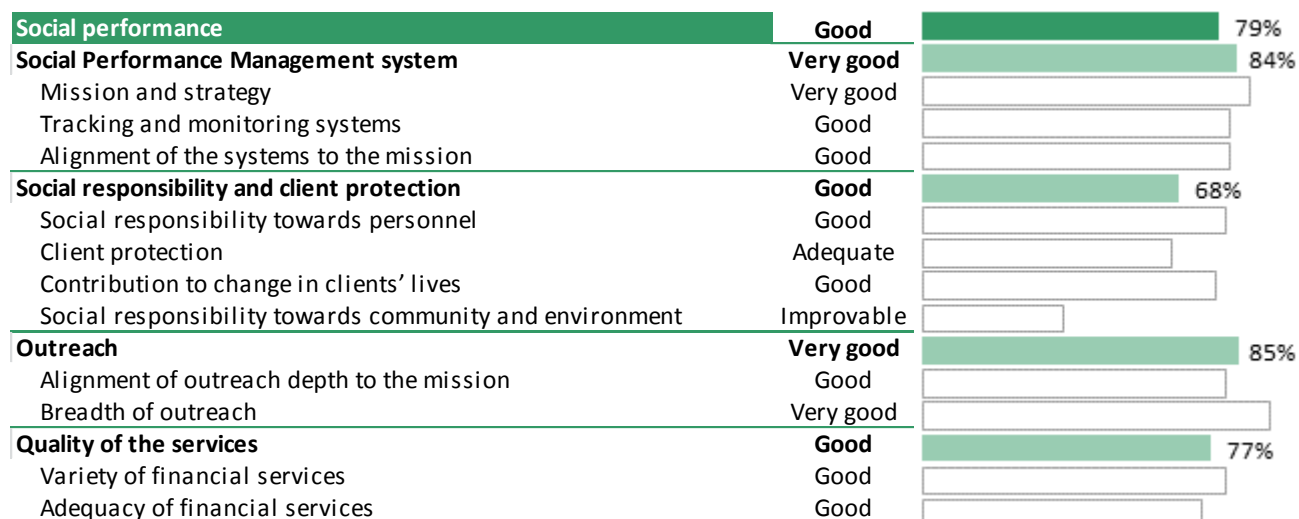
## FINAL OPINION

AMK governance and management show a clear social commitment, reflected in social performance considerations influencing the decision making and a limited risk of mission drift. The CEO compensation is considered fair and the growth and return expectations reasonable. The strategy is in line with the mission, with products designed to reach the poor and with a high priority attached to the depth and breadth of outreach, even if a complete set of social objectives has not been formalized yet. The new strategy of saving services adapted to the rural poor demonstrates AMK commitment to poverty alleviation. The social performance monitoring and reporting system is overall good, even if social performance results are not fully audited and room for improvement is observed in the poverty measurement tools. The products' design allows the access to the target clients and the internal control system is overall aligned to the mission, while the link between the mission and the staff performance appraisal is partially explicit.

The labor climate, code of ethics, remuneration, training, career and development opportunities contribute to the good social responsibility towards the staff, while the leadership at branch level show room for improvement. The risk of client over-indebtedness is relevant due to the high competition, absence of a credit bureau and some shortcomings in the loan analysis for individual loans. The transparency of the services is overall acceptable even if some shortcomings are observed in the written information. The cost charged to the clients is quite fair considering the loan size and the delivery system. AMK collection system and practices seem to be overall appropriate, even if no system is in place to monitor possible cases of stressful repayment strategies. A detailed policy to avoid financing activities harmful for the community and the environment is not yet in place.

AMK outreach is very broad, covering all the provinces of Cambodia. The depth of outreach is overall good and aligned to the mission in terms of rural coverage, financing of productive activities, social vulnerability and relative poverty incidence. On the other hand the partial reliability of the data available hampers clear conclusions about the absolute poverty incidence among clients, which is a key indicator to assess the alignment to the mission. The microfinance access of the areas covered by AMK reflects the national average and the high competition.

AMK offers a good variety of services, overall adequate to meet the needs of the target population. The efficient delivery system, the flexible repayment schedule, the simple requirements and the accessible guarantee system contribute to the good quality of the services. Some weaknesses are observed in terms of disbursement time and some cases of lower customer service.



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This document certifies that MicroFinanza Rating has assigned to

**AMK**

**the Social Rating grade:**

**<sup>S</sup> AA-**

*rating field visit: May 11*

*cut-off period for the operational data analysis: March 11*

Grade	Definition
<sup>S</sup> AA-	Very good capacity to effectively translate its mission into practice and to promote social values. Very high likelihood to achieve social goals.

Milan, July 11

Aldo Moauro

A handwritten signature in dark ink, appearing to read "Aldo Moauro".

Executive Director - MicroFinanza Rating