

A young girl with dark hair is pouring water from a blue plastic pot over her head. She has her eyes closed and a slight smile, enjoying the water. She is wearing a light-colored t-shirt with the word "Australia" printed on it. The background is a blurred outdoor setting with green grass and buildings.

Water Impact Fund

AMK Microfinance Institution Plc



About Cambodia

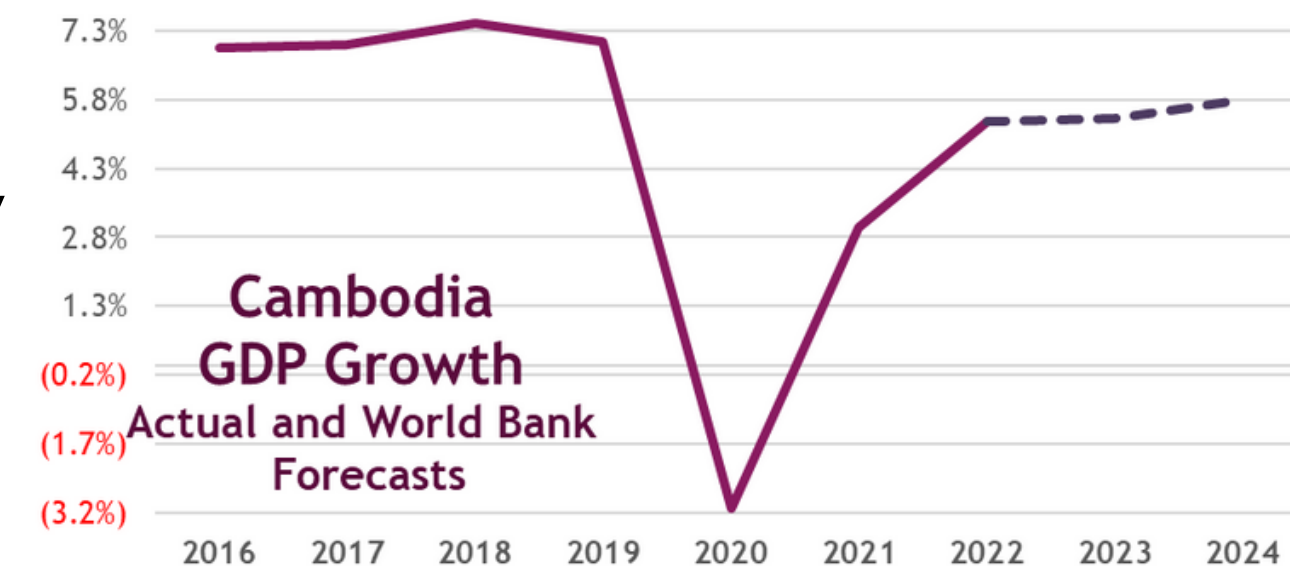
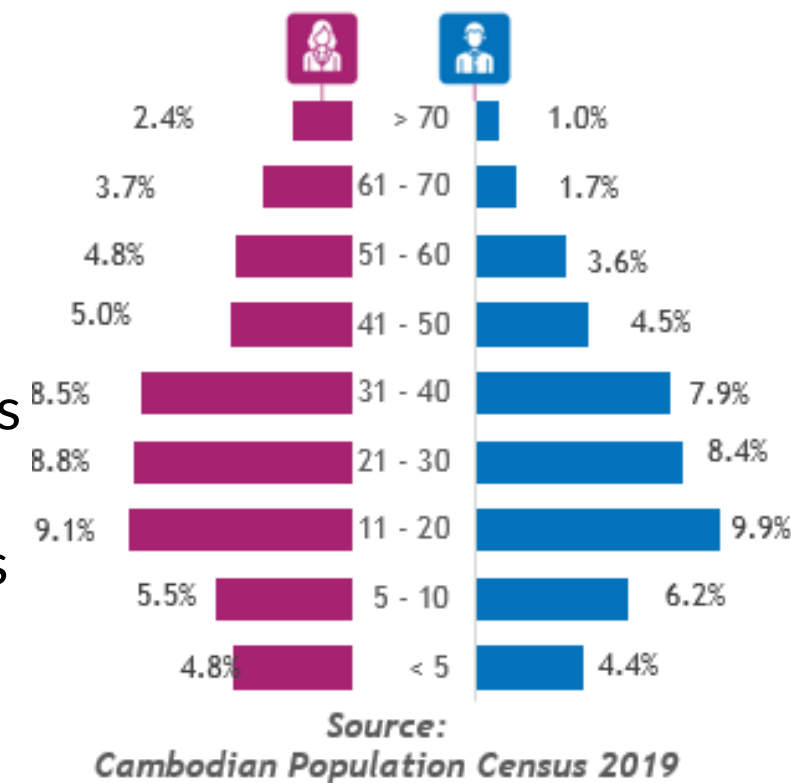


Cambodia is a Southeast Asian country with rich culture and history and an emerging and vibrant future. With a population of over 15.5m people, it is predominantly youthful and rural, with a median age of just 27 and over 30% under 15 years old, and over 60% of Cambodians living in rural areas. [3](#)

Cambodia is a low-middle income country with an economy which is experiencing a significant transition. Over 55% of households in Cambodia are involved in agricultural production, however its gross domestic product receives strong contributions from the Services, Manufacturing and Construction industries.

Cambodia's GDP has grown by 5.3% annually over the past 10 years including over 7.1% in the five years prior to the Covid-19 global pandemic, over the past 10 years, ranking its growth rate as the

11th fastest in the world. Cambodia has delivered sustained progress toward ending extreme poverty, with the poverty rate falling by about half from 33.8 percent in 2019 to 17.8 percent in 2019/20. [4](#)





About Water and Sanitation in Cambodia

Despite Cambodia's significant progress in broadening access to improved water supply, sanitation, and hygiene (WASH) services, Cambodia's rural areas continue to lag urban areas and the national average. Rural residents spend considerable time and financial resources acquiring their daily drinking water from distant water sources, collecting rainwater, or having water delivered to their homes, particularly during dry seasons.

According to the 2021-22 Demographic and Health Survey², access to improved sanitation, including flush toilets, pit latrines and composting toilets has reached over 95% of urban households and 83% of rural households. Most rural residents use septic tanks and latrines (78%) and only about 6% have a sewer connection.

However, over 13% of rural population practice open defecation, and among the rural poorest, this figure rises to 39%. Open defecation contaminates land and water sources, exposing the population to waterborne infectious diseases and causing preventable deaths. Diarrhea, which often results from poor sanitation and hygiene, is a major cause of children's illnesses, including stunting and impaired brain development. It is the third leading cause of infant and under-five mortality in Cambodia. About 22% of children under the age of five have stunted growth because of malnutrition, and diarrhea has been the main contributor to malnutrition.

About Private Water Operators in Cambodia

Drinking water in Cambodia is provided through a combination of state-managed water providers which cover Phnom Penh (capital city) and few main cities only. To increase the outreach, Royal Government of Cambodia provide license to private water operators (PWO) to operate and supply the water outside state own coverage areas.

There are more than 600 PWOs has been licensed so far, with service areas ranging from between 1 to nearly 227 villages, covering 500 to 82,300 households per utility. The average size of the service areas of a private water operator is 21 villages, or approximately 5,000 household.⁹ This statistic provides an indication that although there is very strong private participation in the piped water sector in Cambodia, it is fragmented and many private piped water suppliers operate smaller scale systems compared to those of public water utilities.

Despite the above milestones, The WHO and UNICEF Joint Monitoring Programme⁸ estimates that more than 30% of the poorest Cambodians do not have access to basic drinking water.



Challenges in providing 100% water access in Cambodia

According to a study by the Ministry of Industry, Science, Technology and Innovation (MITSI) in 2020⁹, approximately 40% of villages in Cambodia are covered by PWOs, principally through small-scale piped water supply systems.

Private Water Operators require significant investment in ponds, pumping stations, water treatment plants, water storage tanks and raw water pumps. However, the fragmented marketplace. However, investments by PWOs are held back by high infrastructure costs, an inability to obtain financing for capital expenditure at affordable rate, and pressures to lower tariff rates set by government. As a result, PWOs tend to focus on areas of investment with a higher short-term return on investment, such as urban areas, thereby restricting growth in rural areas and reducing investment in system upgrades.

Further, the fragmented marketplace, which includes a large number of small operators, many of which are independent or family-run SME businesses, limits the capacity to accelerate growth.

However, AMK's strong market presence and broad branch network across all districts in Cambodia creates a strong opportunity to identify the greatest potential for investment and need for infrastructure, and partner with the highest potential private water operators.



Cambodia & Positive Impact Opportunities

The government aims to significantly increase the piped water connection to all household by 2030. Therefore, there is a great need to support both existing PWOs and new PWOs in order to achieve this. AMK believes this is an opportunities to bring positive impact in the lives of Cambodians, particularly to improving the livelihoods of the rural poor.



Water and Sanitation

More than 13% of rural Cambodians do not have access to a latrine, and more than 14% of rural Cambodians do not have access to handwashing facilities, resulting in increased health risks to the rural poor.²



Water Treatment and Piped Supply

Less than 20% of rural Cambodians have access to piped water, and rural Cambodians spend considerable time and resources to acquire drinking water from distant sources.²

AMK & Positive Impact Solutions



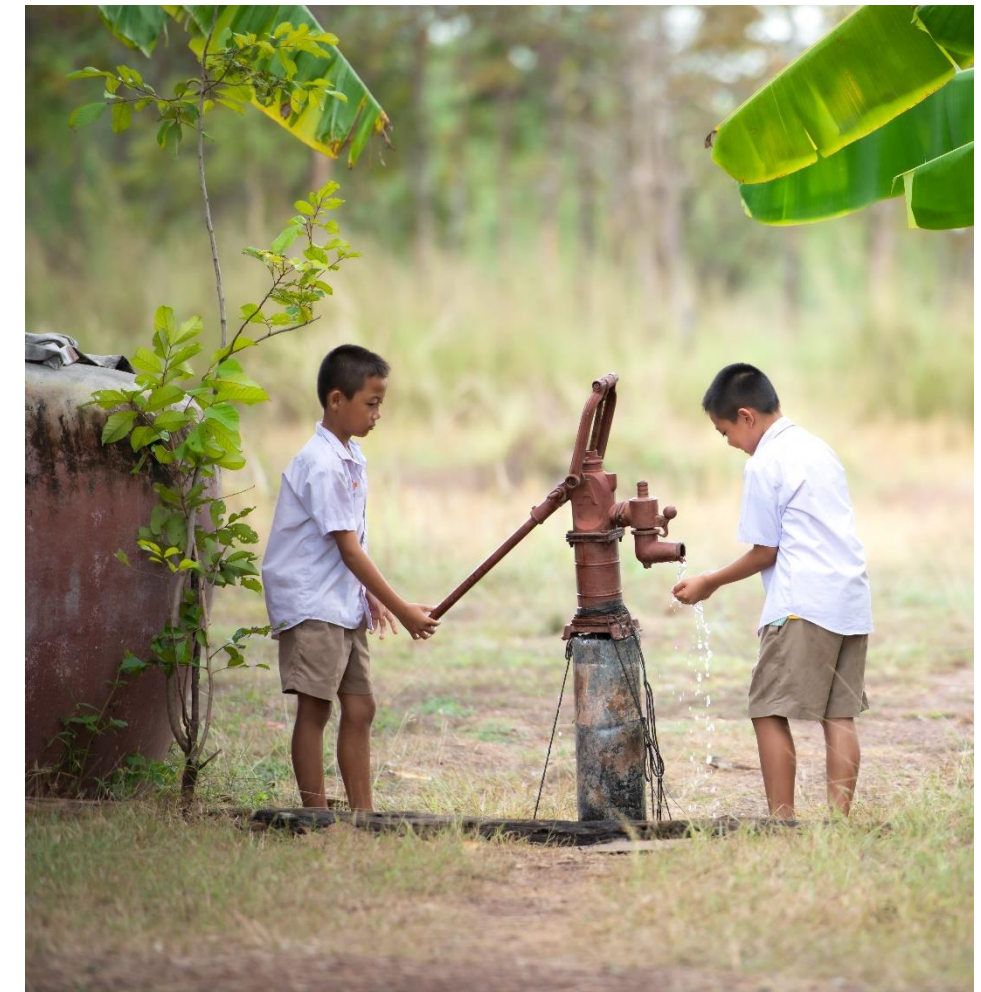
AMK is one of Cambodia's leading microfinance institutions, with over 150 branches and a client outreach to over 92% of villages in Cambodia.

Established over 20 years ago, AMK has disbursed over 4 million loans to its clients. In 2023, AMK served over 330,000 clients, with an average disbursement size of under US\$2,500, providing loans to individuals, micro businesses and to SMEs of up to \$300,000.



Water and Sanitation

Since 2016, AMK has disbursed over US\$185m of loans to provide water and sanitation solutions to Cambodians, such as building latrines, installing water tanks and connecting households to piped water.



Water Treatment and Piped Supply

Since 2021, AMK has disbursed over US\$17m of loans to over 100 private water operators to improve piped water across Cambodia and fill a market gap in financing for the SMEs.



AMK Partnership

By partnering with AMK, you can ensure your investment has the greatest impact, with funds disbursed directly into key projects with strong risk management frameworks. AMK's mission and vision guides AMK's social impact target and is subject to independent oversight.

Positive Impact Investments

To continue to expand its water, sanitation and water treatment and supply impact, AMK has launched its flagship positive impact investment products, enabling social-minded investors to partner with AMK in driving growth in improving the livelihoods and health of Cambodians.

Key features of the Positive Impact Investment Products include:

- A simple, easy to access, long term deposit product
- A fixed annual interest rate earned on the deposit balance
- Tangible positive impact targets to ensure that the investments are producing a clear positive impact towards the client
- A choice of investment products, with the flexibility to invest in the positive impact to align with your strategic targets
- Quarterly progress reporting and annual impact reporting and audited financial reporting provided directly to the investors
- Independent monitoring and evaluation of the annual reporting and positive impact target performed by independent third party research and quality control specialists Indochina Research, with an independent monitoring report provided directly to investors.





Key Product Investment

AMK's positive impact products are underpinned by a safe, easy to open and flexible high impact Term Deposit product or Loan to AMK, with the following key features:

Water Positive Impact Investments

Product	Water & Sanitation	Private Water Operators
Investment Type	Term Deposit or Loan to AMK	
Term	36 months	
Currency	USD	
Investment Size	US\$200,000 to US\$2,500,000	
Interest Rate	3.0% (include Withholding Tax) or 2.58% net of Tax	
Interest Payment	Interest payment upon maturity	
Withholding Tax	6% for Cambodian residents 14% for non-residents	
Account Opening	<ul style="list-style-type: none"> AMK mobile banking or branches AMK Head of Treasury, Ms Chenda Mony (ros.chenda@amkcambodia.com) 	
Requirements	<ul style="list-style-type: none"> Customers at least 18 years old Original and valid identification documents (such as National ID Card/Passport/Family Book/Identity document issued by an official authority) 	



Use of Proceeds

AMK shall use the proceeds of any deposits under the products exclusively for disbursement in accordance with the following use of proceeds guidelines, with funds to be disbursed within six months of deposit:

AMK Use of Proceeds		
Product	Water & Sanitation	Water Treatment & Supply
Product Type	Unsecured Debt	Secured or unsecured debt
Currency	KHR	USD
Loan Size	USD equivalent under \$2,500	\$20,000 to \$300,000
Use of Proceeds	Loans to access improved water & sanitation	Loans to registered Private Water Operators
Example Financing	<ul style="list-style-type: none"> ▪ Latrine Construction ▪ Piped Water Connection ▪ Water Tank Construction 	<ul style="list-style-type: none"> ▪ Water Pipeline Expansion ▪ Water Pumping Station Equipment ▪ PWO Working Capital
Target Clients	Rural individuals with limited access to clean water	SME Private Water Operators in rural and urban areas
Impact target per \$1.0m investment	At least 400 households with improved sanitation	Financing to PWO supplying piped treated water to at least 20,000 households
Monitoring & Reporting	Quarterly progress reports and annual financial reporting submitted to investors	



Progress Reporting

In conjunction with the deposit accounts, AMK will publish to all investors a quarterly progress report and annual impact report and annual audited financial statements.

In addition to the quarterly reporting, AMK will engage leading independent research and consulting firm to conduct a project monitoring and evaluation which will be shared to investors.

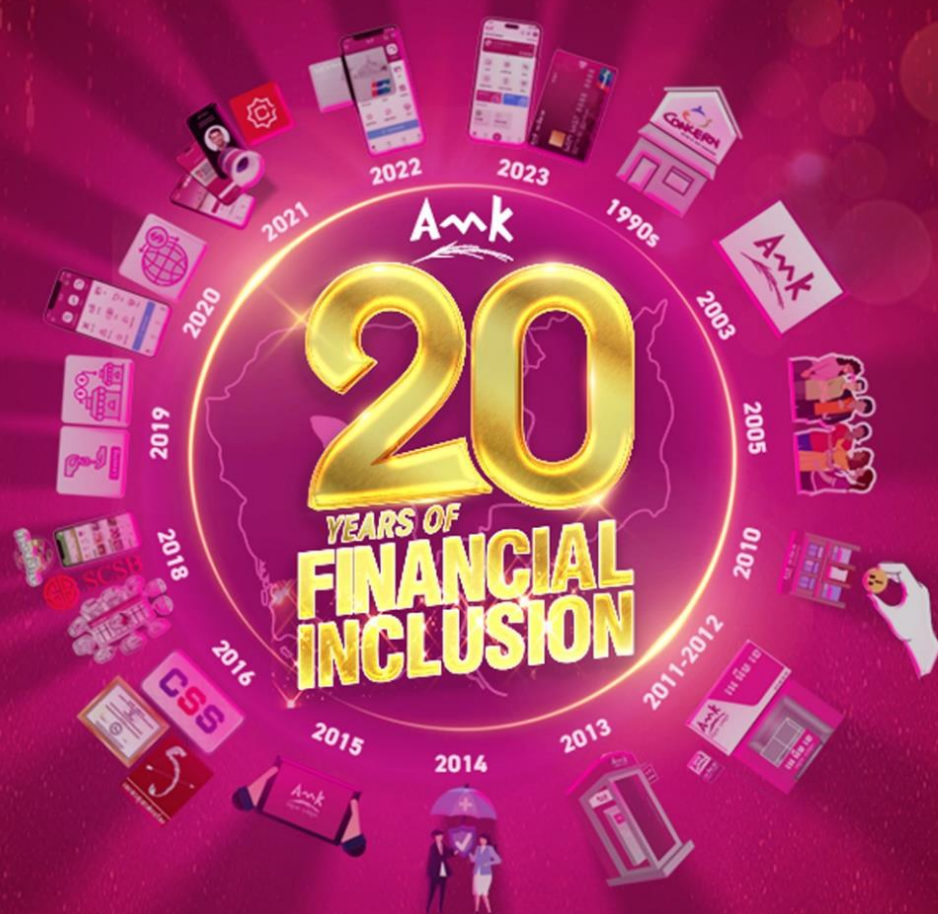
Key disclosures and fund utilization details include:

Reporting Indicator	Reporting Frequency
Positive impact funds raised	Quarterly
Positive impact funds disbursed	Quarterly
Number of clients reached	Quarterly
Outstanding balance of positive impact fund	Quarterly
Number of households with piped water connections	Annual
Number of villages with piped water connections	Annual
Number of households installing proper sanitation	Annual
Cost saving by switching to pipe water	Annual

Financial Transparency and Accountability

As part its commitment to financial transparency and accountability, AMK prepares independently audited financial statements which are submitted to the national regulators and made available to all investors and partners of AMK. The Positive Impact fund benefits are passed on directly to our clients via reduced interest rates, providing greater capacity to improve their livelihoods and the outreach to the Cambodian poor.

Key Financial Ratios (as % of average loan balance)	2023 (Actual)	Key Project Targets		
	Water & Sanitation	Water Treatment & Supply	Water & Sanitation Fund	Water Treatment & Supply Fund
Avg. Interest rate charged	18.00%	11.2%	15.50%	9.50%
Avg. Cost of Deposit	(5.54%)	(5.54%)	(3.00%)	(3.00%)
Loan Loss expense	(2.84%)	(1.00%)	(2.84%)	(1.50%)
Gross Interest Margin	9.62%	4.66%	9.66%	5.00%
Average Cost to deliver the service	(8.24%)	(3.50%)	(8.24%)	(3.80%)
Net Profit Margin	1.35%	1.16%	1.42%	1.20%





Min Vaet

Water and Sanitation Loan

Ming Viet is a farmer in Chi Kraeng district, in Siem Reap province, one of the poorest provinces in Cambodia. Each morning her 10 year old son was required to travel to the river to draw water for the family's daily needs. This would often result in her son arriving late to school, and her infant daughter would often fall ill from the poor water quality.

With a water and sanitation loan from AMK, Ming Viet was able to invest to connect her house to the water supply and purchase a water tank. Through the loan with AMK, the family's health conditions improved, her son was able to dedicate more time to his studies and the family were able to improve their livelihoods.



Prek Ambel Pumping Station

PAPS

PAPS is a Private Water Operator (PWO) located in Kandal Province in the lowland area of Bassac River. PAPS is licensed to supply water to 29 villages in its coverage area consisting of approximately 8,000 households.

Through AMK's loan with PAPS, it was able to invest to expand connections, renovate its water treatment system and improve its water pumping station equipment and systems. This financing enabled PAPS to expand its outreach into new communes and villages, bringing piped water to these communities for the very first time.

AMK offers a unique financing and risk sharing arrangements that fills a market gap where traditional banks and lenders in Cambodia are unable to provide financing, providing key financing to these essential operators.



Investing with AMK

AMK is a Microfinance Deposit Taking Institution, licensed by the National Bank of Cambodia (NBC). AMK has over 900,000 deposits from both within Cambodia and from over 50 countries around the world.

Opening a deposit account with Cambodia is simple and seamless process, requiring only a valid identification document (i.e. a passport) and processing some simple documents which can be completed via the AMK mobile banking app, in person or virtually through customer service team at customerservice@amkcambodia.com

Note that the Cambodian General Department of Taxation requires financial institutions to withhold 14% tax on interest payments to non-residents of Cambodia.

AMK is committed to being an active, responsible and positive participant in communities in which it operates. AMK has a robust [Client Protection Principle framework](#) and has strictly implemented the [Banking and Financial Institution's Code of Conduct](#).

AMK is also committed to transparency for both its clients and partners. AMK publishes audited financial statements in the public domain, accessible to all, and also reports annually on its environmental footprint, its tax and government payments and other key disclosures as part of its commitment to Environmental, Social and Governance (ESG)



Additional Details

Background Information





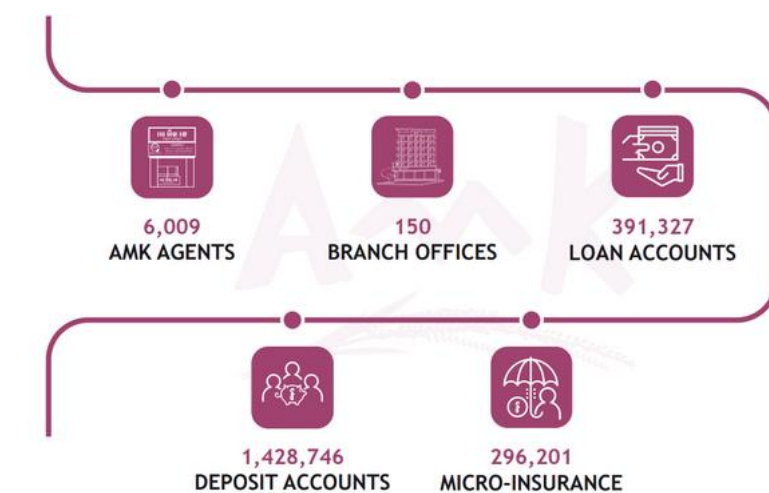
About AMK

AMK was established over twenty years ago with a bold and ambitious mission to deliver financial services to improve the livelihood options of low-income people in rural area of Cambodia, and to build a financially sustainable institution that would achieve scale and be a major player in the market place.

Today, AMK has grown to over 3,700 staff serving over 952,000 clients across 147 branches and over 6,000 agents. AMK's has expanded into fully fledged financial services including credit, saving, and micro insurance. In 2018, the Shanghai Commercial Savings Bank (SCSB), one of the largest commercial banks in Taipei became the majority shareholder of AMK, and has taken significant investments to increase the capital and networks of AMK.⁷

AMK is still committed to its social mission, to provide a range of responsible financial services to our clients from varying economic segments, particularly low-income households and women, to help them to achieve their financial and household aspirations.

Today, AMK operates in over 92% of the villages in Cambodia, and we are committed to continuing to grow our outreach and impact, to help all Cambodians contribute to the development of the country.



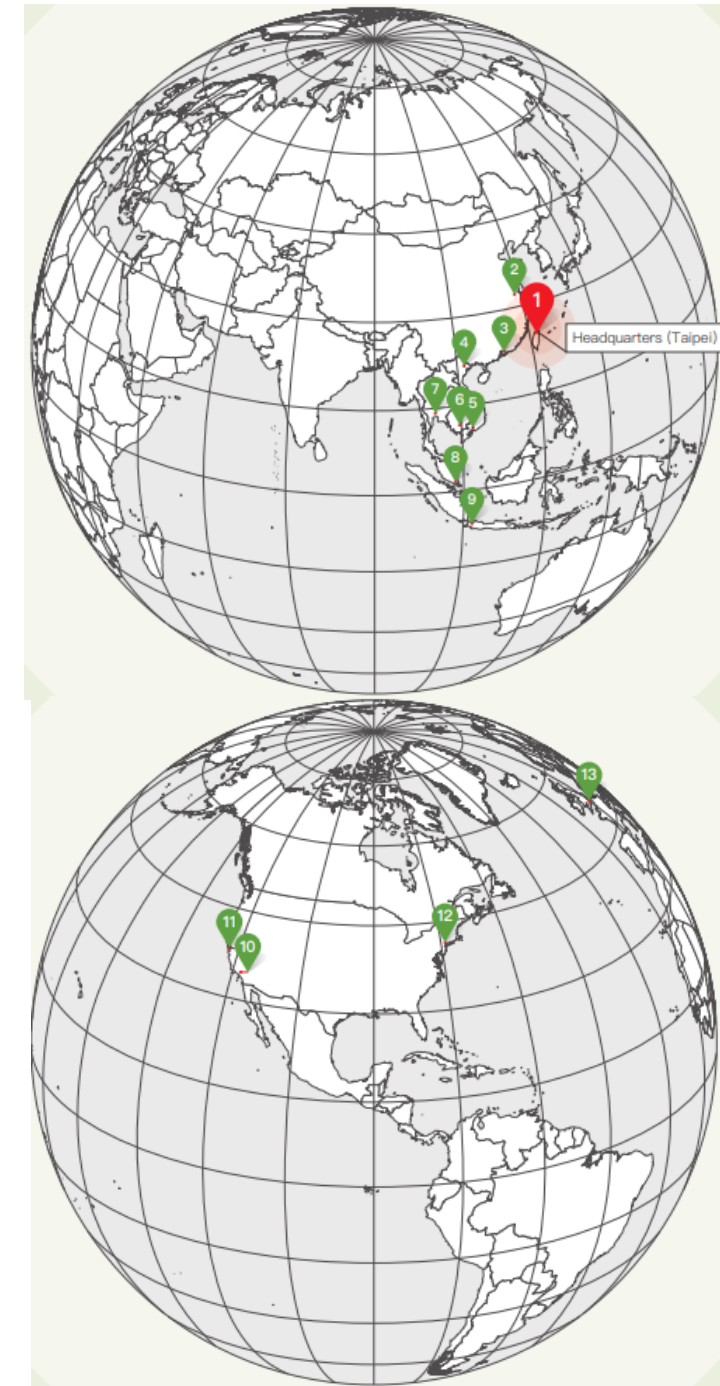
About SCSB

SCSB was established in Shanghai in 1915, with the aspiration to serve society, to support industry, and to promote international trade, SCSB's roots in serving the individual who would not traditionally have had access to banking services are firmly entrenched in the principles that guide SCSB today.

Together with its subsidiaries Shanghai Commercial Bank Ltd. (SCB) in Hong Kong and AMK Microfinance Institution Plc. in Cambodia, SCSB manages total consolidated assets more than US\$78 billion and paid in capital more than US\$1.5 billion, and has shareholder's equity more than US\$7.7 billion.

SCSB employ over 8,400 staff members and operate around 270 branches worldwide, including 73 in Taiwan alone and a further 44 branches through SCB in Hong Kong and operates overseas branches and representative office across East Asia, Europe and North America.

SCSB's mission is to be “the best Chinese-operated bank in Asia Pacific,” by innovating and developing world-class financial services and committing itself to the highest standards of professionalism and management practices, always placing customer needs first.



AMK - Key Financial Data

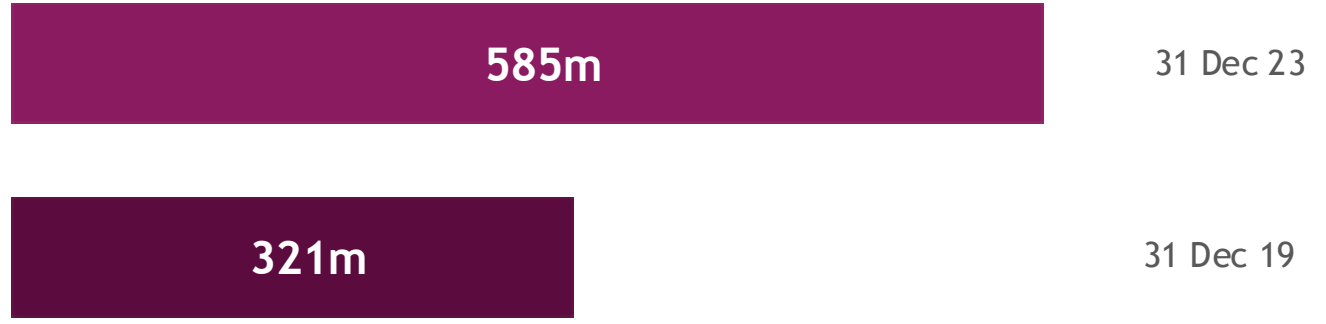


Loans

in USD million

16.2%

Annualised Growth from 2019

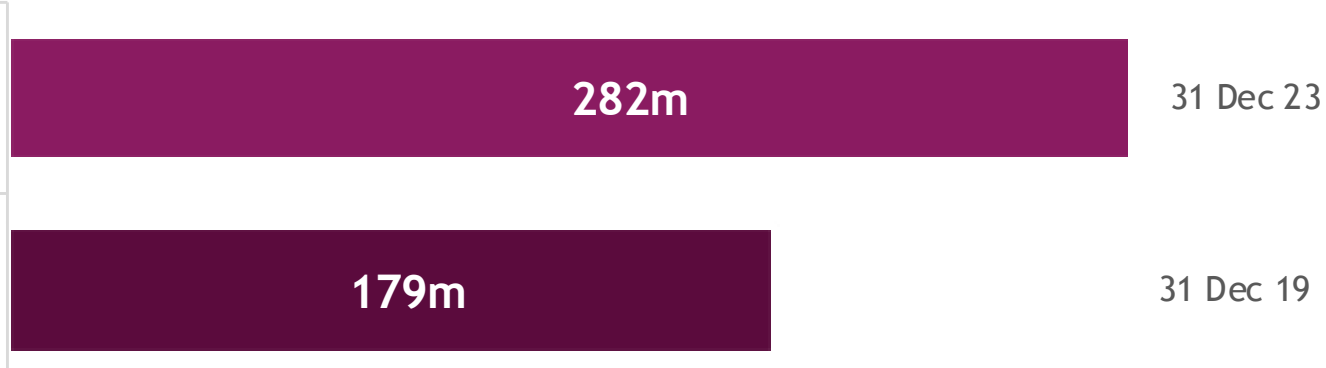


Deposits

in USD million

12.1%

Annualised Growth from 2019

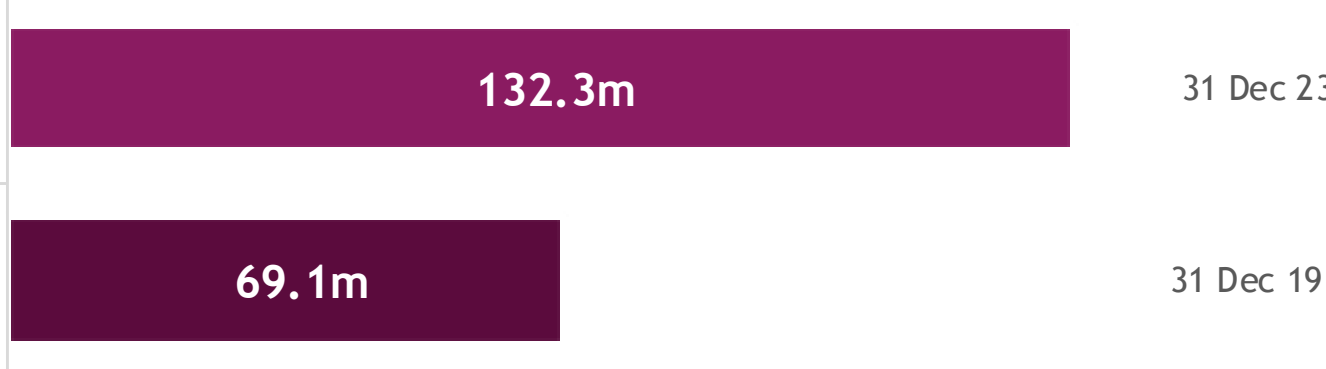


Equity

in USD million

17.6%

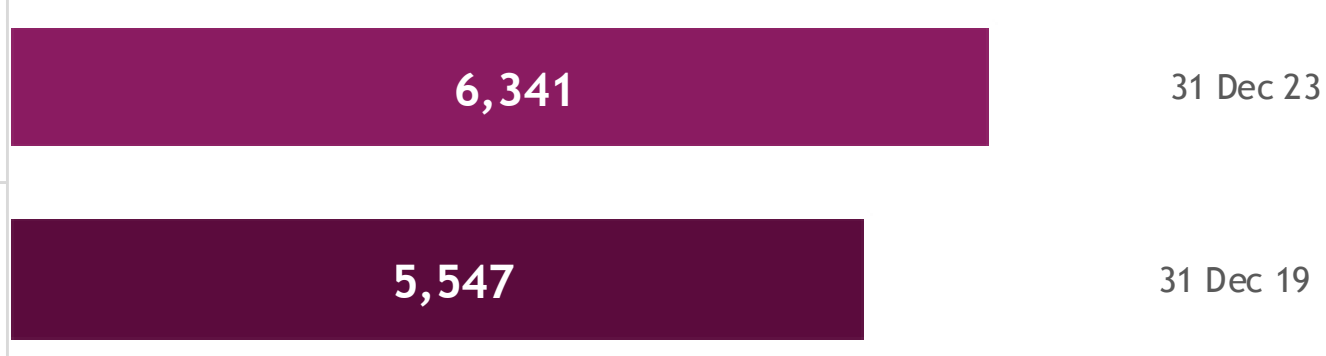
Annualised Growth from 2019



Agents

3.4%

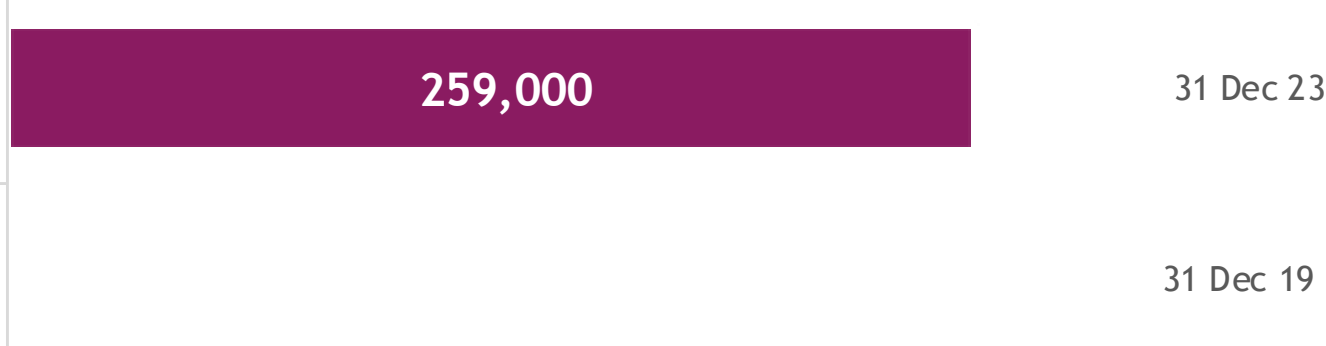
Annualised Growth from 2019



Mobile Banking

100.0%

Annualised Growth from 2019



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	2023		2022	
	KHR'000	US\$	KHR'000	US\$
			Restated (*)	
ASSETS				
Cash on hand	114,283,450	27,976,365	120,960,981	29,380,855
Balances with the NBC	282,292,205	69,104,579	242,327,781	58,860,282
Balances with other banks	246,882,303	60,436,304	180,986,348	43,960,735
Loans to customers	2,264,042,756	554,233,233	2,273,624,742	552,252,791
Debt securities measured at amortised cost	4,146,295	1,015,005	8,162,043	1,982,522
Property and equipment	19,426,631	4,755,601	14,746,749	3,581,916
Intangible assets	6,297,477	1,541,610	7,597,718	1,845,450
Right-of-use assets	32,012,078	7,836,494	28,985,002	7,040,321
Deferred tax assets	19,510,270	4,776,076	21,770,401	5,287,928
Other assets	23,862,485	5,841,490	25,415,215	6,173,237
TOTAL ASSETS	3,012,755,950	737,516,757	2,924,576,980	710,366,037
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from customers	1,118,843,370	273,890,666	1,012,542,012	245,941,708
Deposits from other financial institutions	33,916,309	8,302,646	37,205,881	9,037,134
Current tax liabilities	453,919	111,118	11,768,961	2,858,625
Other liabilities	25,762,473	6,306,604	28,924,592	7,025,648
Lease liabilities	31,260,732	7,652,566	28,771,782	6,988,531
Borrowings	1,173,606,275	287,296,518	1,235,311,746	300,051,432
Subordinated debts	57,440,892	14,061,418	26,943,629	6,544,481
Provision for employee benefit obligations	30,514,052	7,469,780	26,679,531	6,480,333
TOTAL LIABILITIES	2,471,798,022	605,091,316	2,408,148,134	584,927,892
EQUITY				
Share capital	273,662,450	66,992,032	273,662,450	66,471,326
Share premium	22,425,355	5,489,683	22,425,355	5,447,014
Reserves	173,674,175	42,507,105	72,000,000	17,164,185
Retained earnings	71,995,948	17,436,621	148,341,041	36,355,620
TOTAL EQUITY	540,957,928	132,425,441	516,428,846	125,438,145
TOTAL LIABILITIES AND EQUITY	3,012,755,950	737,516,757	2,924,576,980	710,366,037

Audited Financial Statements

AMIK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December 2023		Year ended 31 December 2022	
	KHR'000	US\$	KHR'000	US\$
			Restated (*)	
Interest income	444,364,032	108,117,769	422,107,840	103,280,607
Interest expense	(172,811,037)	(42,046,481)	(128,594,213)	(31,464,207)
Net interest income	271,552,995	66,071,288	293,513,627	71,816,400
Fee and commission expense	(19,907,848)	(4,843,759)	(18,189,590)	(4,450,597)
Other income	42,409,184	10,318,536	29,935,499	7,324,565
Total operating income	294,054,331	71,546,065	305,259,536	74,690,368
Grant income	39,742	9,671	-	-
Personnel expenses	(127,372,837)	(30,990,958)	(119,858,307)	(29,326,721)
Depreciation and amortisation	(18,573,846)	(4,519,184)	(17,548,828)	(4,293,816)
Other operating expenses	(46,582,893)	(11,334,037)	(47,967,955)	(11,736,715)
Net impairment loss on financial instruments	(71,994,746)	(17,516,970)	(59,490,765)	(14,556,096)
Other gains/(losses)	201,722	49,081	(85,467)	(20,912)
Profit before income tax	29,771,473	7,243,668	60,308,214	14,756,108
Income tax expense	(6,916,566)	(1,682,863)	(12,562,879)	(3,073,863)
Net profit for the year	22,854,907	5,560,805	47,745,335	11,682,245
Other comprehensive income:				
Items that may be reclassified to profit or loss				
Hedging gains/(losses), net of tax	(460,166)	(111,963)	-	-
Items that will not be reclassified to profit or loss				
Remeasurement of employee benefits, net of tax	2,134,341	519,304	-	-
Currency translation differences	-	1,019,150	-	(1,051,631)
	1,674,175	1,426,491	-	(1,051,631)
Total comprehensive income for the year	24,529,082	6,987,296	47,745,335	10,630,614
Profit attributable to owners of the Company	22,854,907	5,560,805	47,745,335	11,682,245
Total comprehensive income attributable to owners of the Company	24,529,082	6,987,296	47,745,335	10,630,614

Resources and Source Data



1. [Gross Domestic Product](#), National Bank of Cambodia, published August 2023,
2. [Demographic and Health Survey](#), Cambodian National Institute of Statistics, published March 2023
3. [General Population Census of the Kingdom of Cambodia 2019](#), Cambodian National Institute of Statistics, published October 2020
4. [Cambodian Economic Update November 2023](#), The World Bank, published November 2023
5. [Progress of Households Drinking Water, Sanitation and Hygiene 2000–2020 Five Years into the SDG](#), The Joint Monitoring Programme (JMP) of the World Health Organization (WHO) and United Nations Children's Fund (UNICEF), published 2021.
6. [Increasing Financing for Private Water Operators in Cambodia](#), United States Agency for International Development (USAID), published May 2022
7. [AMK Annual Report 2022](#), AMK Microfinance Institution Plc, published June 2023
8. [Progress on household drinking water, sanitation and hygiene 2000-2022: Special focus on gender](#), UNICEF and WHO Joint Monitoring Programme, published May 2023
9. [Provincial Investment Plan for Piped Water Supply in Cambodia](#), Investing in Infrastructure Program (3i) in collaboration with the Ministry of Industry, Science, Technology and Innovation (MISTI), published in 2020.

To learn more about AMK, the program and to invest:



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