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**CAMMA MICROFINANCE LIMITED**

**Annual Report**  
**2014**



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## Vision



Become a reliable microfinance institution which provides Cambodian people with opportunities to improve their livelihoods through accessing the loans from Camma Microfinance Limited.

## Mission

Our mission is to efficiently and sustainably provide a wide variety of microfinance services to entrepreneurs of small and medium enterprises who are farmers, handicrafts and business persons and to ensure great benefits for shareholders, staff and the society as a whole.



Over recent years, Cambodia's economy has grown at an approximately rate 7%, along with the political stability makes both domestic and foreign investors as well as clients increasingly confident in the economy of Cambodia. The investment in microfinance sector has also increased from year to year. Virtually, in the last five years from 2010 to 2014 microfinance institutions increased from 25institute to 45 institutes. In addition, some banks have also shift to capture market share in microfinance sector to provide small and medium loan sized to its clients.

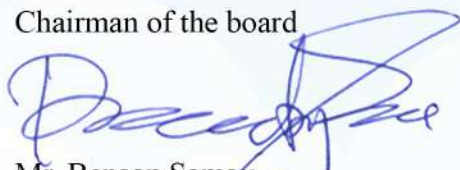
The growth of microfinance institutions and the change in bank's strategy have made customers to have more options in their financial planning to improve their living standards and reduce the poverty. Meanwhile, microfinance sector faces challenges such as staff's leaving from one institute to another, indebtedness of clients and competition to attract client.

Despite of this challenging environment, Camma remains success more than the previous year in the operation of providing loans to Cambodian people. For the loan outstanding in 2014, Camma achieved 94.64% of the plan set, which is equivalent to US \$ 4,736,462. Return on equity increased in rate of 3.00% which is equal to 19.94% if compared to 2013. Return on asset increased in a rate of 24.62% in 2014. This result indicates the progress of Camma and its ability to adapt with the challenging issue in microfinance sector.

In 2014, the Board of directors is formally welcomed **Mr. Thun Vattana** as a new member of the board, on 2nd January 2014 to replace **Mrs. Say Channak**, who has resigned from her role. **Mr. Thun Vathana** is a professor, who has highly experience in microfinance sector. I hope that the presence of **Mr. Thun Vathana** will make Camma's corporate governance have more strength and will be a guide in leading Camma to get more successful. On behalf of the board of directors, I'd like to thank **Mrs. Say Channak** who contributed to the development of build Camma during the past five years. I also would like to wish her success in her new role. Camma's long-term strategy is to build strong corporate governance, which is the basis of the welfare and progress of Camma. Accordance with this clear strategy, I strongly believe that Camma will overcome all the challenges in microfinance sector and including the challenge of ASEAN economic integration 2015 and at the same time take the opportunity that this integration offered.

Camma's success cannot take shape without the support of shareholders, financial partners and the authorities at all levels. Management and staff are the strong pillars of Camma. Therefore, on behalf of the Board of directors I would like to thank all of you who contribute to the success of Camma.

Chairman of the board



Mr. Benson Samay

Date: April 09<sup>th</sup>, 2015



2014 is a good year for Camma. Profit after tax increased remarkably in the rate of 46.36% compared to 2013 that is equivalent to US \$ 232,046. This is the result obtained from the efforts of all of our staff in managing the quality and quantity of credit and controlling the cost effectively. For motivation, Camma has offered a-three-month incentive for all employees at the end of 2014.

The result of this profit also reflects on the size of Camma's credit operations. Credit balance in 2014 compared to 2013 increased 24.73% to US \$ 4,736,462. Credit risk ratio is at the rate of 1.08%. Clients increased approximately 14.9%. Most clients use Camma's credit in order to meet their needs in family and for their small and medium-sized business which equals to 39% and 32% of total credits. Camma continues to expand its operational areas widely in Phnom Penh and in Kandal province, covering up to 213 villages, 80 communes and 23 districts and Khan.

This indicates the strength of Camma from year to year by stepping forward to compete with more and more competitors in microfinance market. Camma's strategy in competition is to provide the fastest and the best service to clients through skillful and ethic staff. In order to maintain the competitive advantage, Camma remains to invest in the developing of knowledge and skills to all staff, as well as the improving institution to have a good and impressive working environment for employees and clients.

In 2015, Camma prepares a strategic plan for five years (2015-2020) to be completed, and we have confidence that this strategy will make Camma get successful in performing its vision and mission. Our main strategy is to extend the operating areas to approach the poor clients who need our credit to improve their living conditions and to accumulate the appropriate sources of capital for supporting our operations.

Finally, I would like to thank to all of our 910 clients in Phnom Penh and Kandal province who use Camma's credit. I would also like to thank to shareholders, the Board of Director, cooperative partners, the National Bank of Cambodia, the Association of Cambodian Microfinance and authorities at all levels that trust on Camma's operation and always keep on backing our activities. Meanwhile, I would like to thank all Camma's staff in willing to serve clients professionally and ethically. Working together of our staff will make Camma get more successful as expected.

I would like to take this opportunity, to present the audited financial statements in 2014. I hope that this report will make you all clearly understand about the loan operation of Camma.

Yours faithfully,

CEO



Ms. Dith Nita

Date: April 09<sup>th</sup>, 2015



## Mrs. Tort Chansophea, Water Hyacinth Craft Owner



**Mrs. Tort Chansophea** whose occupation is water hyacinth inventor, is 35 years old and lives in Champus K'aek village, Sangkat Prek Thmey, Khan Chba Ampov, Phnom Penh capital city. By now it is two years that she has been using Camma's credit in her business. Her success is selling in the appropriate price to her retailers and wholesalers with free delivery. At the end, **Mrs. Tort Chansophea** and her husband said that if we use credit, we have to use it

usefully in order to be able to repay the loan but if we use the credit without any clear purpose, we'll be sure to face any problems. Actually, her business got improved and she has expanded another branch.

## Mr. Kong La, Soy sauce and Fish sauce Entrepreneur

**Mr. Kong La** is one of the clients of Camma Microfinance Limited, living in Mondal, Khan Tropengkrosang, Phnom Penh. In 2014, he decided to borrow 22,000USD from Camma for his capital for the first time. He said that "I am so proud with my success and I'd like to thank Camma which provided me the credit and this contributed to aid me some facing problem in the past."



## Mrs. Phuong Sithat, Shoes Shop Owner



**Mrs. Phuong Sitha** lives in Tuol Sangke village, Sangkat Tuol Sangke, Khan Russey Keo, Phnom Penh, has borrowed credit from Camma to improve her business. Because of Camma, I could afford to sell cars which is another income besides shoes and groceries to improve my living standard as today. She continued "I'd like to suggest all clients that before using any credit, you must have clear plan to avoid using in the wrong purpose. Finally, she said that "if you need credit, you should use

Camma's credit because Camma the fastest and the best service with reasonable interest rate, uncomplicated documents, no administrative fee charge and home- service payment that can avoid from wasting time and any risk in travelling. Particularly, Camma's staff are willing to serve their clients and they are able to give advices in using credit for successful business.

## Phnom Penh and Kandal



## Operation Fields

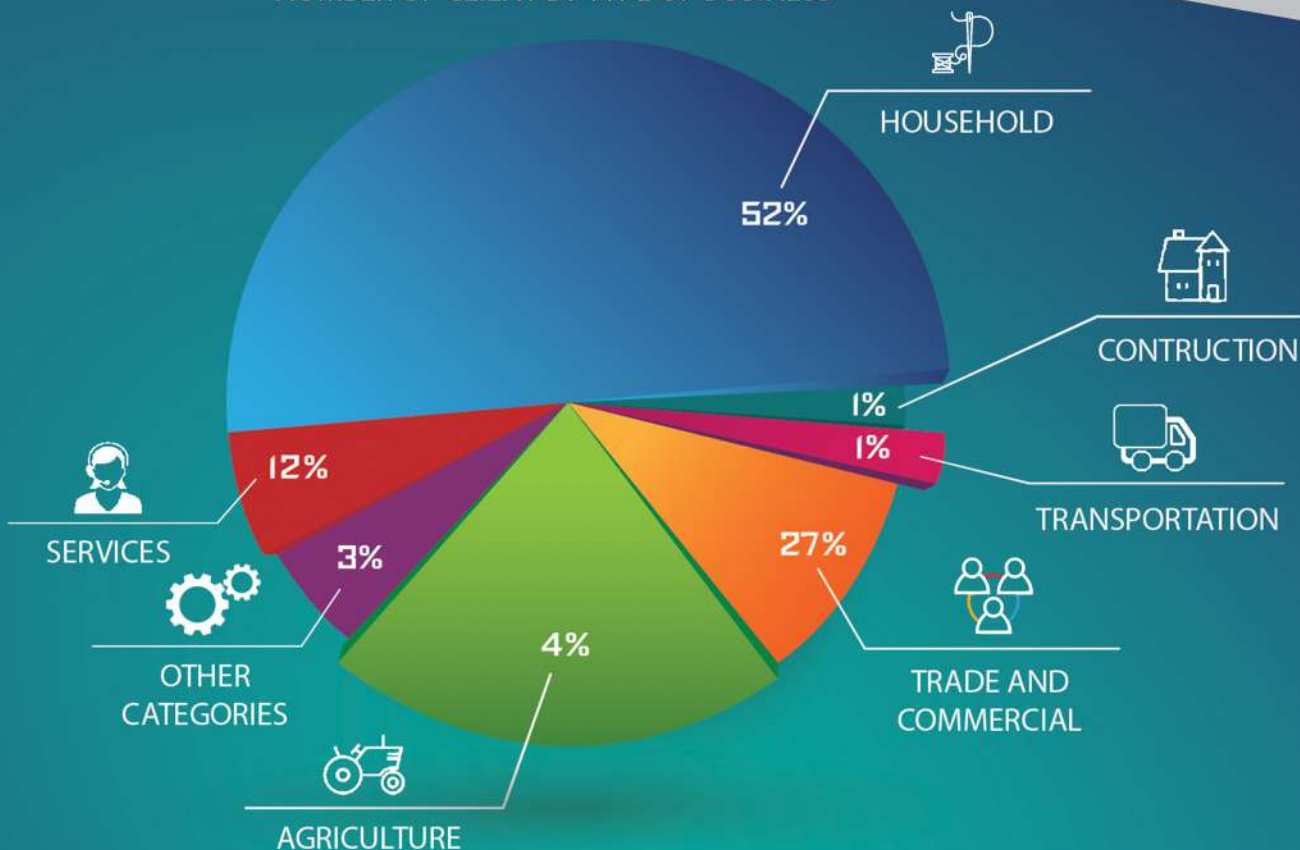
	2014	2013	2012
Number of Province	2	2	2
Number of District	19	16	18
Number of Commune	80	88	86
Number of Village	213	197	165
Number of Branch	1	1	1



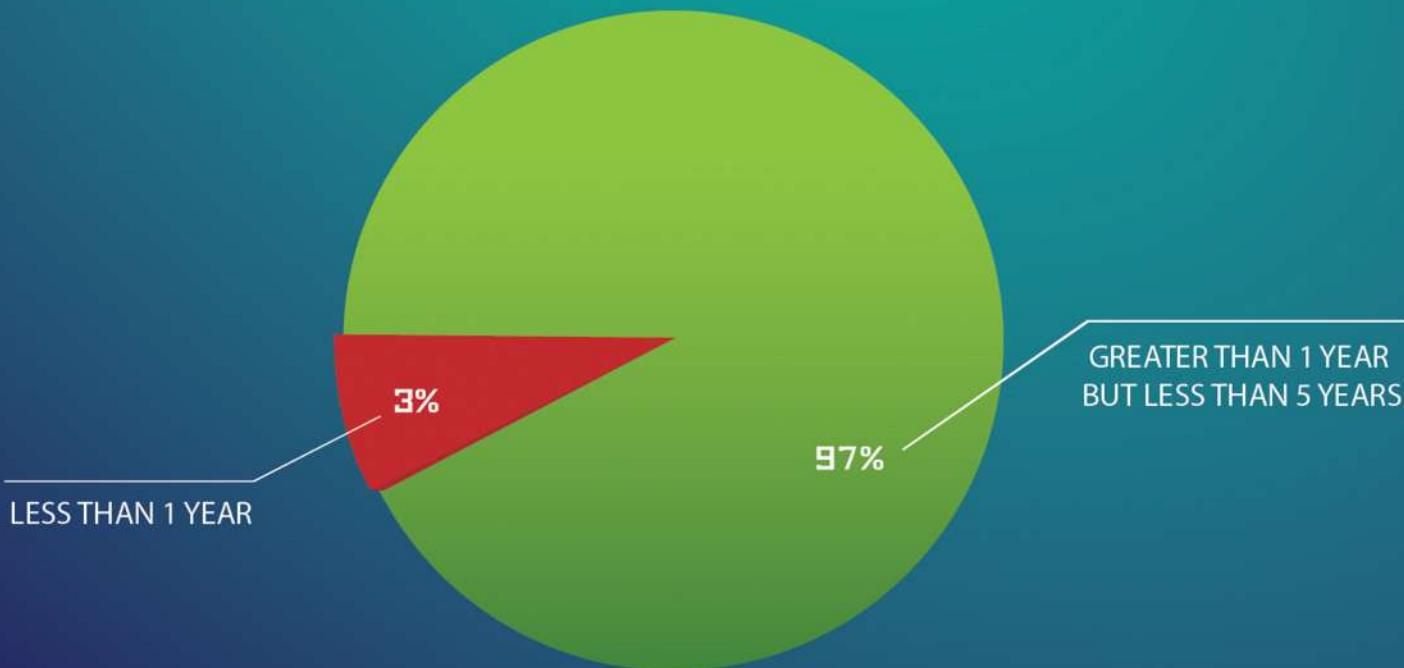
# Performance Highlights

Operational highlight	2011	2012	2013	2014	%Changed
Total Staff	18	30	33	38	15.15%
Number of Credit officers	6	10	15	16	6.67%
Number of Village	62	165	197	213	8.12%
Number of Active Borrowers	205	621	792	910	14.90%
<b>Loan Outstanding</b>	<b>571,237</b>	<b>2,467,293</b>	<b>3,564,915</b>	4,736,462	32.86%
Individual Loan Outsanding	567,592	2,410,864	3,535,046	4,623,107	30.78%
Motor Loan Outsanding	-	52,773	21,435	1,784	-91.68%
Staff Loan Outstanding	3,645	3,656	8,434	111,571	1222.87%
<b>Financcail Highlight</b>					
<b>Assets</b>	<b>639,438</b>	<b>2,730,607</b>	<b>4,308,070</b>	5,059,367	17.44%
<b>Liabilities</b>	<b>312,196</b>	<b>1,835,417</b>	<b>3,254,332</b>	3,773,583	15.96%
<b>Shareholder Equity</b>	<b>327,242</b>	<b>895,190</b>	<b>1,053,738</b>	1,285,784	22.02%
Share Capital	350,000	850,000	850,000	1,053,000	23.88%
Retained earning	-22,758	45,190	203,738	232,784	14.26%
Interest Income	95,499	351,485	640,801	873,382	36.30%
Interest Expense	-14,682	-100,900	-198,254	-281,688	42.09%
<b>Net interest income</b>	<b>80,817</b>	<b>250,585</b>	<b>442,547</b>	591,694	33.70%
Provision for bad and doubtful Loan	-4,638	-32,537	-10,849	-20,506	89.01%
<b>Net interest income after provision for bad and doubtful loan</b>	<b>76,179</b>	<b>218,048</b>	<b>431,698</b>	571,188	32.31%
Other None Interest Income	4,430	9,378	25,226	56,595	124.35%
Personal Expense	-35,395	-75,511	-112,399	-171,816	52.86%
Operating and Other Expense	-37,133	-68,639	-124,822	-142,368	14.06%
Depreciation Expense	-3,866	-4,933	-21,518	-23,541	9.40%
<b>Profit before Income Tax</b>	<b>4,215</b>	<b>78,343</b>	<b>198,185</b>	290,058	46.36%
Income tax expense	1,012	10,395	39,637	58,012	46.36%
<b>Profit for the year</b>	<b>3,203</b>	<b>67,948</b>	<b>158,548</b>	232,046	46.36%
<b>Return on Asset</b>	<b>0.50%</b>	<b>2.49%</b>	<b>3.68%</b>	4.59%	24.72%
<b>Return on Equity</b>	<b>0.98%</b>	<b>7.59%</b>	<b>15.05%</b>	18.05%	19.93%
<b>Portfolio at Risk</b>	<b>9.94%</b>	<b>0.68%</b>	<b>1.29%</b>	1.08%	-16.28%
<b>Operational Self Sufficiency</b>	<b>24.59%</b>	<b>74.96%</b>	<b>87.06%</b>	92.55%	6.31%

## NUMBER OF CLIENT BY TYPE OF BUSINESS

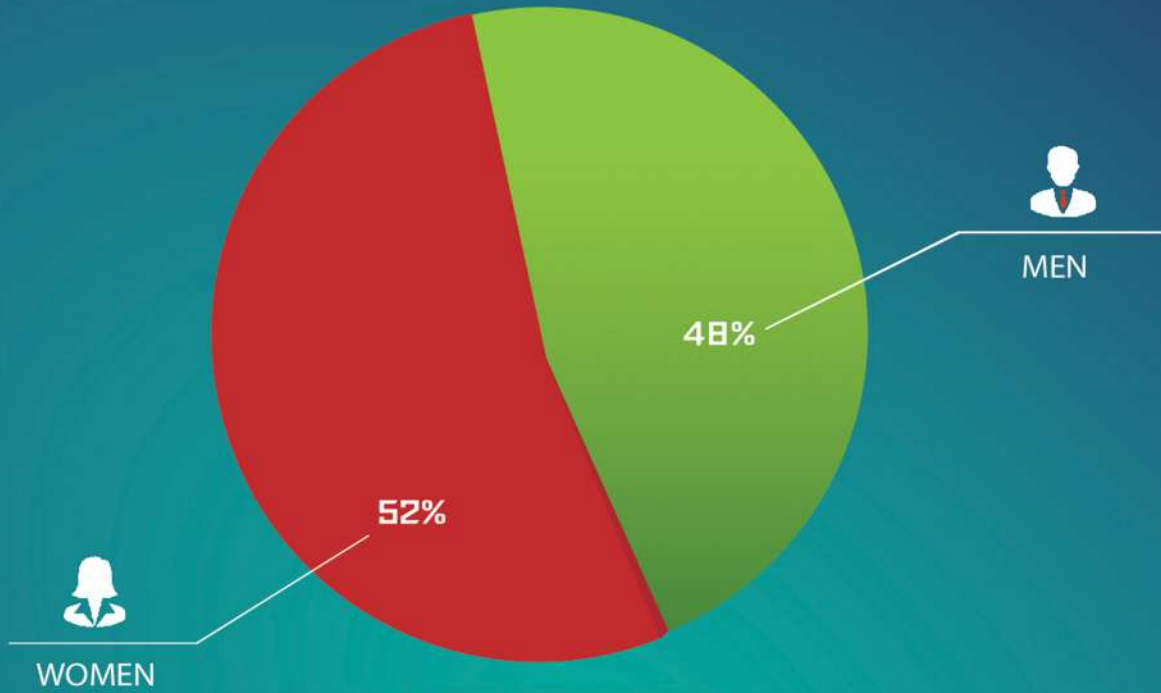


## NUMBER OF CLIENT BY MATURITY

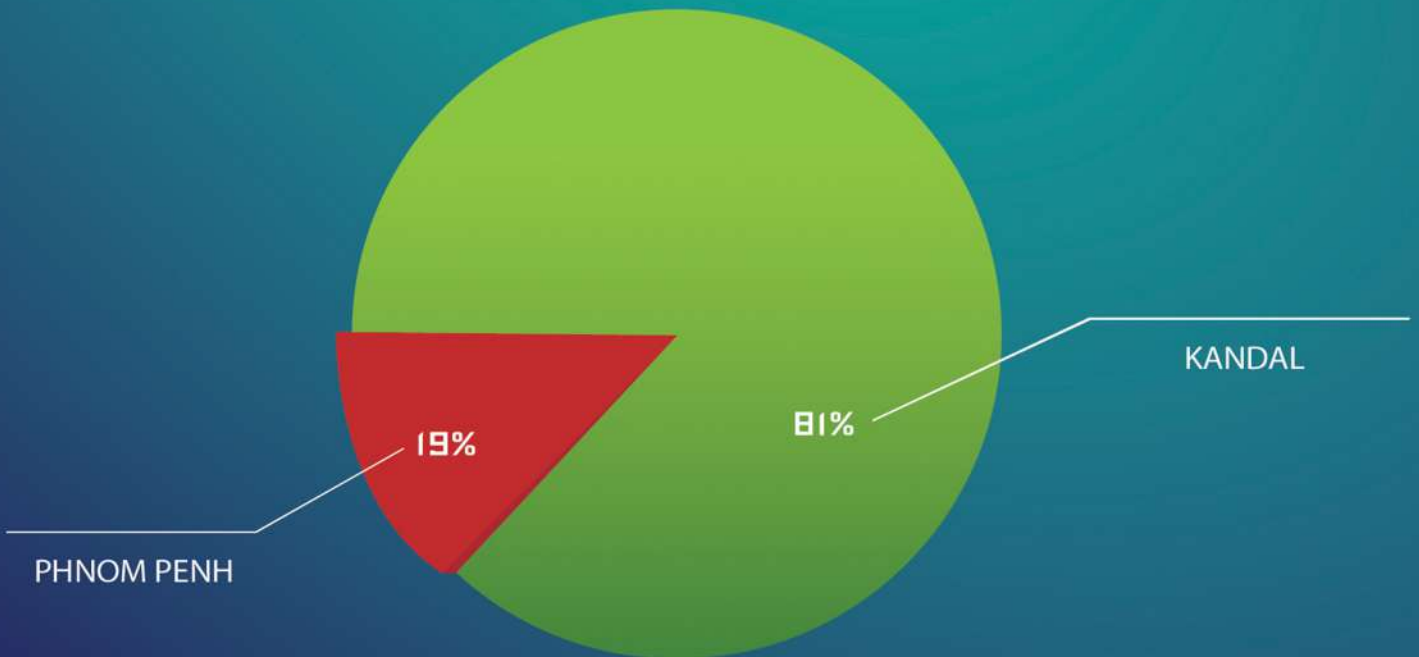


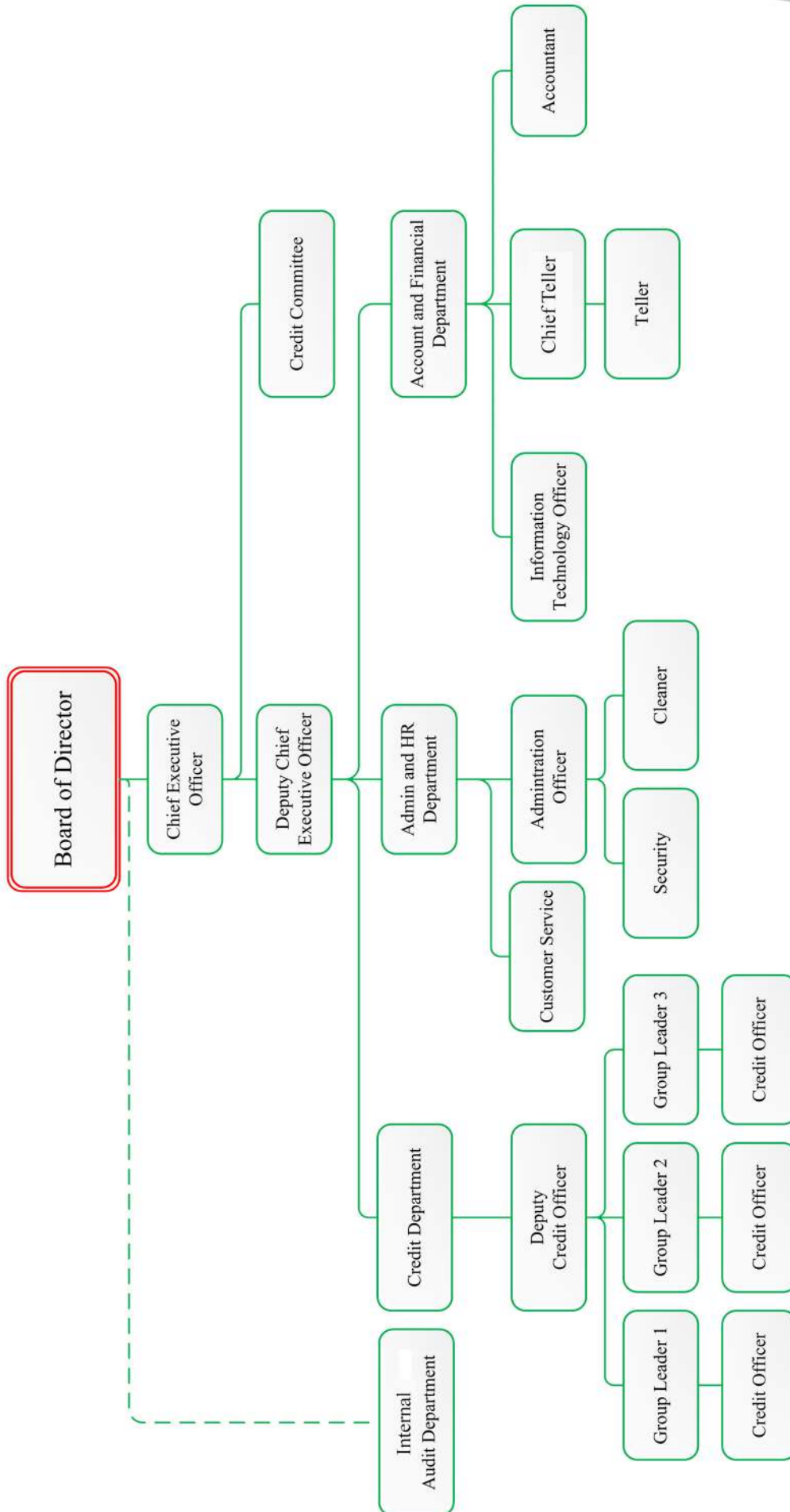


## NUMBER OF CLIENT BY GENDER



## NUMBER OF CLIENT BY PROVINCE







## Management's Declaration

### DIRECTORS' REPORT

The Board of Directors of CAMMA Microfinance Limited (the Company) is pleased to present its report and the audited financial statements of the Company for the year ended 31 December 2014.

### PRINCIPAL ACTIVITY

The Company's principal activity is to efficiently and sustainably provide a wide variety of microfinance services to entrepreneurs of small and medium enterprises who are farmers, artisans and business persons.

### FINANCIAL PERFORMANCE

The financial performance for the year ended 31 December 2014 is set out in the income statement on page 7 of the financial statements.

### SHARE CAPITAL

The registered and paid-up capital of the Company is disclosed in the Note 13 to the financial statements.

### BAD AND DOUBTFUL LOANS

Before the Company's financial statements were drawn up, the Board of Directors took reasonable steps to ascertain that appropriate actions had been taken in relation to the writing off of bad loans or making provision for bad and doubtful loans. The Board of Directors has satisfied itself that all known bad loans have been written off and that adequate provisions have been made for bad and doubtful loans.

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

## ASSETS

Before the Company's financial statements were drawn up, the Board of Directors took reasonable steps to ensure that any assets, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company, had been written down to an amount which they might be expected to realise.

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

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- i) no charge on the assets of the Company which has arisen since the end of the year which secures the liabilities of any other person; and
- ii) no contingent liability in respect of the Company that has arisen since the end of the 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 after the end of the year which, in the opinion of the Board of Directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.

## CHANGE OF CIRCUMSTANCES

At the date of this report, the Board of Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading in any material respect.



## ITEMS OF AN UNUSUAL NATURE

The Company's financial performance for the year ended 31 December 2014 was not, in the opinion of the Board of Directors, materially affected by any items, transactions or events of a material and unusual nature.

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Board of Directors, to substantially affect the financial performance of the Company for the year in which this report is made.

## THE BOARD OF DIRECTORS

The members of the Board of Directors holding office during the financial year and as at the date of this report are:

Mr. Benson Samay	Chairperson
Ms. Khat Sokean	Vice-chairperson
Mr. Thun Vathana	Member

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors are responsible to ensure that the financial statements are properly drawn up, so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of Cambodian Accounting Standards and the guidelines issued by Central Bank or, if there have been any departures in the interest of true and fair presentation, ensure they have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- v) set overall policies for the Company, ratify all decisions and actions by the Board of Directors that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the financial statements.

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

## APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, which present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and its cash flows for the year ended 31 December 2014 in accordance with Cambodian Accounting Standards and the guidelines issued by Central Bank, were approved by the Board of Directors.

On behalf of the Board of Directors,



Mr. Benson Samay  
Chairperson



Ms: Dith Nita  
Chief Executive Officer



## INDEPENDENT AUDITOR'S REPORT

*To the shareholders of CAMMA Microfinance Limited*

We have audited the accompanying financial statements of CAMMA Microfinance Limited (the Company), which comprise the balance sheet as at 31 December 2014, and the incomestatement, the statement of changes in equity and the cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's responsibilities for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards and the guidelines issued by Central Bank, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines issued by Central Bank.

For PricewaterhouseCoopers (Cambodia) Ltd.



By Lang Hy

Director

Phnom Penh, Kingdom of Cambodia

Date: April 09<sup>th</sup>, 2015



CAMMA MICROFINANCE LIMITED  
BALANCE SHEET  
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014		2013	
		USD	KHR'000	USD	KHR'000
<b>Assets</b>					
Cash on hand		65,874	268,437	52,120	208,219
Balances with the Central Bank	4	52,888	215,519	42,718	170,658
Balances with banks	5	85,548	348,608	516,571	2,063,701
Loans to customers	6	4,724,960	19,254,212	3,559,846	14,221,585
Other assets	7	84,242	343,286	75,896	303,205
Property and equipment	8	44,172	180,001	59,708	238,534
Intangible assets	9	1,683	6,858	1,211	4,838
<b>Total assets</b>		<b>5,059,367</b>	<b>20,616,921</b>	<b>4,308,070</b>	<b>17,210,740</b>
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Borrowings	10	3,656,364	14,899,683	3,187,000	12,732,065
Other liabilities	11	67,644	275,650	33,687	134,580
Current income tax liabilities	12	49,575	202,018	33,645	134,412
<b>Total liabilities</b>		<b>3,773,583</b>	<b>15,377,351</b>	<b>3,254,332</b>	<b>13,001,057</b>
<b>Equity</b>					
Share capital	13	1,053,000	4,290,975	850,000	3,395,750
Retained earnings		232,784	948,595	203,738	813,933
<b>Total equity</b>		<b>1,285,784</b>	<b>5,239,570</b>	<b>1,053,738</b>	<b>4,209,683</b>
<b>Total liabilities and equity</b>		<b>5,059,367</b>	<b>20,616,921</b>	<b>4,308,070</b>	<b>17,210,740</b>

CAMMA MICROFINANCE LIMITED  
 INCOME STATEMENT  
 FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014		2013	
		USD	KHR '000	USD	KHR '000
Interest income	14	873,382	3,559,032	640,801	2,560,000
Interest expense	15	(281,688)	(1,147,879)	(198,254)	(792,025)
<b>Net interest income</b>		<b>591,694</b>	<b>2,411,153</b>	<b>442,547</b>	<b>1,767,975</b>
Provision for bad and doubtful loans	6(a)	(20,506)	(83,562)	(10,849)	(43,342)
<b>Net interest income after provision for bad and doubtful loans</b>		<b>571,188</b>	<b>2,327,591</b>	<b>431,698</b>	<b>1,724,633</b>
Other operating income	16	56,595	230,625	25,226	100,778
Personnel expenses	17	(171,816)	(700,150)	(112,399)	(449,034)
Depreciation and amortisation charges		(23,541)	(95,930)	(21,518)	(85,964)
General and administrative expenses	18	(142,368)	(580,150)	(124,822)	(498,664)
<b>Profit before income tax</b>		<b>290,058</b>	<b>1,181,986</b>	<b>198,185</b>	<b>791,749</b>
Income tax expense	19	(58,012)	(236,399)	(39,637)	(158,350)
<b>Profit for the year</b>		<b>232,046</b>	<b>945,587</b>	<b>158,548</b>	<b>633,399</b>





**CAMMA MICROFINANCE LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**



	Share capital	Retained Earnings	Total
	USD	USD	USD
As at 1 January 2014	850,000	45,190	895,190
Profit for the year	-	158,548	158,548
<b>As at 31 December 2014</b>	<b>850,000</b>	<b>203,738</b>	<b>1,053,738</b>
<b>Equivalent in KHR '000</b>	<b>3,395,750</b>	<b>813,933</b>	<b>4,209,683</b>
As at 1 January 2014	850,000	203,738	1,053,738
Profit for the year	-	232,046	232,852
Transfer from retained earnings to share capital	203,000	(203,000)	-
<b>Balance as at 31 December 2014</b>	<b>1,053,000</b>	<b>232,784</b>	<b>1,285,784</b>
<b>Equivalent in KHR '000</b>	<b>4,290,975</b>	<b>948,595</b>	<b>5,239,570</b>



**CAMMA MICROFINANCE LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014		2013	
		USD	KHR '000	USD	KHR '000
<b>Cash flows from operating activities</b>					
Cash used in operations	20	(1,410,316)	(5,747,038)	(1,315,088)	(5,253,778)
Interest received		863,908	3,520,425	629,140	2,513,414
Interest paid	12	(279,496)	(1,138,946)	(187,146)	(747,648)
Income tax paid		(42,082)	(171,484)	(13,227)	(52,842)
Net cash used in operating activities		(867,986)	(3,537,043)	(886,321)	(3,540,854)
<b>Cash flows from investing activities</b>					
Statutory capital deposit		(10,150)	(41,361)	-	-
Term deposits		200,000	815,000	(200,000)	(799,000)
Purchases of property and equipment	8	(6,802)	(27,718)	(21,064)	(84,151)
Purchases of intangible assets	9	(1,675)	(6,826)	(1,035)	(4,135)
Net cash generated/(used) in investing activities		181,373	739,095	(222,099)	(887,286)
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		3,791,534	15,450,503	1,918,526	7,664,512
Repayments of borrowings		(3,322,170)	(13,537,843)	(536,526)	(2,143,421)
Net cash generated from financing activities		469,364	1,912,660	1,382,000	5,521,091
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		(217,249)	(885,288)	<b>273,580</b>	<b>1,092,951</b>
Cash and cash equivalent at the beginning of the year		368,909	1,473,790	95,329	380,839
Currency translation Difference		-	29,513	-	-
<b>Cash and cash equivalents at the end of the year</b>	21	<b>151,660</b>	<b>618,015</b>	<b>368,909</b>	<b>1,473,790</b>



# Other Activities

