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CAMMA MICROFINANCE LIMITED

Annual Report  
2015



# Annual Report 2015

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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.



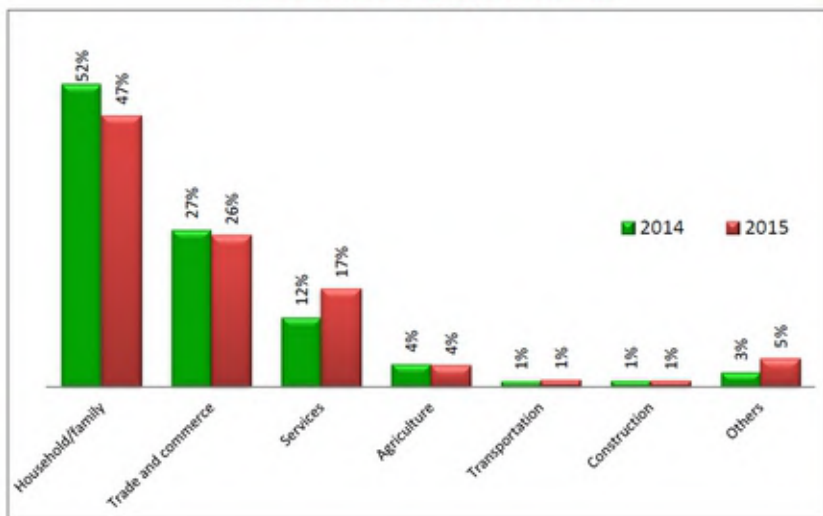


## HIGHLIGHTS ABOUT KEY ACHIEVEMENTS

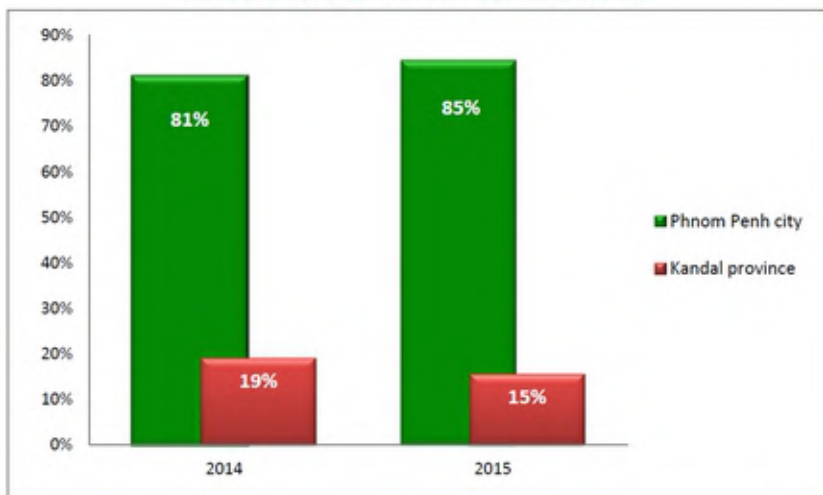
| Operational Highlight  | 2013             | 2014             | 2015             | %Changed      |
|--|------------------|------------------|------------------|---------------|
| Total Staff  | 33               | 38               | 54               | 42.11%        |
| Number of Credit officers  | 15               | 16               | 29               | 81.25%        |
| Number of Village  | 197              | 213              | 287              | 34.74%        |
| Number of Active Borrowers   | 792              | 910              | 1,000            | 9.89%         |
| <b>Loan Outstanding</b>  | <b>3,564,915</b> | <b>4,736,462</b> | <b>5,929,114</b> | <b>25.18%</b> |
| Individual Loan Outstanding  | 3,535,046        | 4,655,529        | 5,843,466        | 25.52%        |
| Motor Loan Outstanding   | 21,435           | 1,784            | -                | 0.00%         |
| Staff Loan Outstanding   | 8,434            | 79,149           | 85,648           | 8.21%         |
| <b>Financial Highlight</b>   |                  |                  |                  |               |
| Assets   | 4,308,070        | 5,059,367        | 6,552,833        | 29.52%        |
| Liabilities  | 3,254,332        | 3,773,583        | 4,101,215        | 8.68%         |
| <b>Shareholder Equity</b>  | <b>1,053,738</b> | <b>1,285,784</b> | <b>2,451,618</b> | <b>90.67%</b> |
| Share Capital  | 850,000          | 1,053,000        | 2,103,000        | 99.72%        |
| Retained earning   | 203,738          | 232,784          | 348,618          | 49.76%        |
| Interest Income  | 640,801          | 873,382          | 1,107,366        | 26.79%        |
| Interest Expense   | (198,254)        | (281,688)        | (358,967)        | 27.43%        |
| <b>Net interest income</b>   | <b>442,547</b>   | <b>591,694</b>   | <b>748,399</b>   | <b>26.48%</b> |
| Provision for bad and doubtful Loan                                  | (10,849)         | (20,506)         | (28,612)         | 39.53%        |
| <b>Net interest income after provision for bad and doubtful loan</b> | <b>431,698</b>   | <b>571,188</b>   | <b>719,787</b>   | <b>26.02%</b> |
| Other None Interest Income   | 25,226           | 56,595           | 76,760           | 35.63%        |
| Personal Expense   | (112,399)        | (171,816)        | (217,304)        | 26.47%        |
| Operating and Other Expense  | (124,822)        | (142,368)        | (157,767)        | 10.82%        |
| Depreciation Expense   | (21,518)         | (23,541)         | (24,662)         | 4.76%         |
| <b>Profit before Income Tax</b>                                      | <b>198,185</b>   | <b>290,058</b>   | <b>396,814</b>   | <b>36.81%</b> |
| Income tax expense   | 39,637           | 58,012           | 80,980           | 39.59%        |
| Profit for the year  | 158,548          | 232,046          | 315,834          | 36.11%        |
| Return on Asset  | 3.68%            | 4.59%            | 4.82%            | 5.09%         |
| Return on Equity   | 15.05%           | 18.05%           | 12.88%           | -28.62%       |
| Portfolio at Risk  | 1.29%            | 1.08%            | 1.00%            | -7.06%        |
| Operational Self Sufficiency   | 87.06%           | 92.55%           | 99.63%           | 7.65%         |

## HIGHLIGHTS ABOUT KEY ACHIEVEMENTS (CON'T)

### Number of Client by Type of Business



### Number of Clients in Phnom Penh and Kandal





## OUR SUCCESSFUL PARTNER

Ly Sothin, aged 38, now has his own business by manufacturing the wooden ancestral tablets. He lives in Phum II, Sangkat Phsar Daeum Thkov, Khan Chamkarmon, Phnom Penh. In 2012, he began receiving the first loan from Camma MFI with his loyalty and intelligence using loan effectively and efficiently to support his business to succeed at the most remarkable results in the last few years.

After receiving loan from Camma, Mr. Sothin had the warmest confidence in starting to expand the potential of his business further, in which he has the capital for adequate movements as well as the ability to increase the productive chains effectively from year to year, he mentioned.. He employs about 10 workers who are manufacturing and distributing the products to his clients in several major provinces of Cambodia such as Battambang, Siem Reap and Takeo. Additionally, he also has planned to expand his business in other provinces besides the above provinces.

Finally, he is very proud of accomplishments received in the past 4 years. And taking this opportunity, he would like to express his deepest thanks to Camma MFI for trust and support through loan service provision to him with acceptable interest rate for many years, Mr. Sothin said.

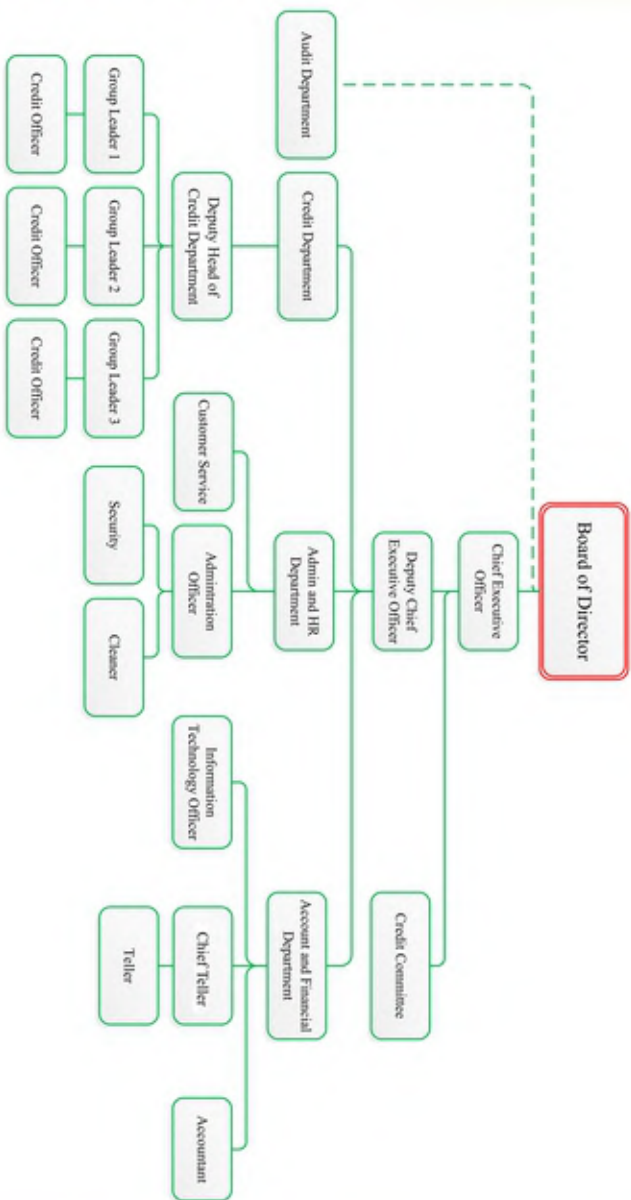
## OPERATIONAL PERFORMANCE



| MAIN OPERATIONAL INDICATORS                        | 2013 | 2014 | 2015 |
|--|------|------|------|
| The capital and provinces under the operations     | 02   | 02   | 02   |
| Municipals and districts/Khan under the operations | 16   | 19   | 19   |
| Sangkats and districts under the operations        | 88   | 80   | 98   |
| Villages under the operations                      | 197  | 213  | 287  |
| Total branches                                     | 01   | 01   | 01   |
| Toal employees                                     | 33   | 35   | 54   |
| Total credit officers                              | 15   | 16   | 29   |



## MANAGEMENT STRUCTURE



## MESSAGE FROM BOARD OF DIRECTORS

The subsequent rapid progress in microfinance (MFI) sector has significantly grown up the economic. In 2015, the domestic credit raised up to 27%, which supported the local demands for consumption and construction which is on the rise. The recent growth on the capital needs is expected to be able to assist and strengthen the financial sustainability.

All of the factors have revealed the key accomplishments of Camma MFI in Phnom Penh city and Kandal province. Although the growth in tourism and agricultural sectors have declined but textile industry, construction and services boosted that is why we see the opportunity in achieving succeed in 2016 as well.

### The outcomes in 2015:

- **Loan growth:** In late 2015, Camma's loan outstanding was 5,929,114 US Dollars equal to a 25.18% raise, compared to the same period of 2014. The number of clients surged from 910 clients in 2014 to 1,000 clients in 2015. Loan risks dropped from 1.08% to 1.00% in 2014 and 2015 respectively.
- **Interest income:** The total interest income was 1,107,366 US Dollars in 2015, which increased 26.79% compared to the same period of 2014.
- **Interest expense:** Due to the increase in debt of Camma, the total interest expense in 2015 was worth 358,967 US Dollars equal to a 27.43% increase, compared to the same period of 2014.
- Net profit after tax increased in a rate of 49.76% worth 315,834 US Dollars, compared to the same period in 2014.
- Return on asset and return on equity in 2015 was in a rate of 4.82% and 12.88% respectively.

### Strategies for implementation in 2016:

Camma Microfinance Limited strives to expand more its operational scope of financial service for the purpose of providing its potential clients an easier access to loan service with an appropriate interest and in a trustful and timely manner.

Therefore, by looking in the year ahead, we will see a perspective of economic outcome through which it is expected that the economic growth rate remains strong at 6.9% in 2016 from the tax revenue expansion of the royal government of Cambodia. Also, the improvement in tourism sector and garment export helps prevent the declining agricultural sector. Through Camma's strategic plan for 2016, the operations unit shall achieve the loan outstanding of 8,078,562 US Dollars, 1,287 clients, 285,729 US Dollars in net profit and loan ratio of only 1.3%. Camma branch at Angsnuol district, Kandal province, meanwhile, is to achieve the loan outstanding of 1,681,550 US Dollars, 316 clients and 0.0% of loan ratio.

## MESSAGE FROM BOARD OF DIRECTORS (CON'T)

Last of all, I, on behalf of Board of Directors of Camma Microfinance Limited, would like to express my profound gratitude to the Royal Government of Cambodia, National Bank of Cambodia, shareholders, clients and the public for your meaningful supports and sincere confidences in our service and employees' professionalism. We wish you and family happiness and success in a quality and efficient profession and business.

Chairman

**Mr. Thun Vathana**

## MESSAGE FROM CHIEF EXECUTIVE DIRECTOR

2015 was a promising year marked with the establishment of ASEAN Economic Community (AEC) by the 10 ASEAN member nations with the hope that Cambodian economy would mainly benefit from this regional in-debt integration. In the same year, Camma demonstrated a very considerable performance after receiving its license from the National Bank of Cambodia (NBC) in 2010, except for first year that we just started our operations. In this 2016, Cambodian real economic growth remains strong at its rate of 6.9%, in which we expect to see more and more productive outcomes.

Though the competition pace within financial market including specialized and commercial banks across the country became tougher, Camma still earned trusts from its clients. To illustrate, Camma's loan outstanding considerably increased from 4,736,462 US Dollars in the late 2014 to 5,929,114 U.S US Dollars over the same period of 2015, whereas the number of clients also surged from 910 to 1,000 clients respectively with a loan ratio of only 1.00% in 2015. In addition, comparing to the 2014, the growth in loan outstanding and number of clients, there is an increase of 25.18% and 9.89% respectively in 2015. Net profit after tax was 315,834 US Dollars equal to a 49.76% increased, while the total interest income was worth 1,107,366 US Dollars equal to a 26.79% increased.

### Strategies for Operations in 2016:

- 1- Establish an operations unit and Camma's office branch at Angsnoul district, Kandal province prior to the 1<sup>st</sup> quarter of 2016.
- 2- Improve Information Technology system (IT) and information management so as to boost employees' performance and make it easier for clients to repay their loan through any nearby Camma's branches. It also makes the information sharing process become more convenient between Camma's head office and branches with effective consumption of time and resources to respond to the clients' needs.
- 3- In 2016, Camma Microfinance Limited has a plan in cooperating with Wing (Cambodia) limited specialized bank in order to create a system platform which makes the clients repayment process easier.
- 4- Continuously extend areas of operations through the provision of financial service to clients from all walks of life in the community such as group loan, micro business loan, small business loan and medium business loan based on the demands of current market.
- 5- Establish a new position of Policy Development and Research unit" to develop financial service of Camma which is the core service of the institution, and keep it updated, sophisticated and convenient enough to meet the clients' demands.
- 6- Keep on going to recruit and improve potential human resources as planned at management and staff level to become competent managers with knowledge and professionalism in providing the best quality financial service to valuable clients.



## MESSAGE FROM CHIEF EXECUTIVE DIRECTOR (CONT')

Taking this delightful opportunity, I would like to extend my sincere gratitude to our significant partners and advisors who always contribute to the success of Camma until today such as valuable clients, shareholders, chairman, the National Bank of Cambodia (NBC), Cambodia Microfinance Association (CMA) and the local authorities at all levels for their trust, confidence and good cooperation. Most importantly, I really appreciate all management and employees in their effort to provide an honest and quality professionalism.

Finally, I would like to present Camma's financial statements audited for the end of 2015. Through this report, I am fully confident that it will reflect more clearly the activities and outcomes we achieved in 2015.

Chief Executive Officer

**Mrs Dith Nita**

## CAPACITY BUILDING

| Key Performance Indicators | 2013 | 2014 | 2015 |
|----------------------------|------|------|------|
| Number of Personnel        | 33   | 35   | 56   |
| Number of Loan Officer     | 15   | 16   | 29   |
| Staff Turnover Ratio       | 32%  | 19%  | 11%  |
| % of Female Staff          | 45%  | 30%  | 30%  |
| % of Male Staff            | 55%  | 70%  | 70%  |

### Performance Based Compensation

The positive performance and steady growth of Camma MFI result from hard work of managements and staffs, and those achievements support CAMMA MFI to forceful developed and reached beyond all setting goals. Response to this growth, benefit and compensation were provided with a better calculation and tends to escalate to motivate individual staffs and group performance.

In 2015, Camma MFI has adjusted on internal beneficiary such as the calculation method on benefit and compensation mainly for frontline staffs, amidst scale toward position and working period, annual reward revised, and other benefits. The calculation system on compensation and benefits were established to encourage management and our employees. Our goal is to encourage employees to maintain and increase its positive progress Camma for the operational and social performance.

### Staff Development and Team Building

The purpose of staff development and training of Camma aspired to build up a strong team and see our staffs meet a qualification while Camma is moving forward. Camma intend to build a highly skilled team and demonstrate high levels of collaboration to produce superior results for the strategic plan. Remarkably, there are several internal and external training with coaching support and scholarship program was provided to managements and staff in each year.

## CAPACITY BUILDING (CON'T)

### Staff Welfare

Camma managements have initiated to design and facilitate the team building events rewarded to the annual performance of branches and Camma as a whole. It is to strengthen and tighten on working communication between staffs, managements, and branches in Camma. Annual workshop, general management team meetings and several special meetings were held in 2015, which are the sources of great unity and inspiration.

Eventually, general management meetings and board of directors' meetings were conducted at Camma's Head Office to result and demonstrated the operational performance in 2015 and strategic plan for 2016 as well. There were also show the new developed of staff promotion methodology, code of conduct and complaint and discuss the challenges of working from all branches and making the better plan in the next forwarded years. And most importantly, these would encourage staffs to have fun time, relax, and build a good communication amongst managements and staffs.

Camma Microfinance Institution tries the best to provide a standard working environment and team building, which recognized the growth and the culture of promoting sense of team work. We love our people, our products, our services, our community and our society which are working with.



## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting their report together with the audited financial statements of CAMMA Microfinance Limited ("the Company") for the year ended 31 December 2015.

### 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 results

The financial results of the Company for the year ended 31 December 2015 were as follows:

|                          | 2015            |                  | 2014            |                  |
|--------------------------|-----------------|------------------|-----------------|------------------|
|                          | US\$            | KHR'000          | US\$            | KHR'000          |
| Profit before income tax | 396,814         | 1,607,097        | 290,058         | 1,181,986        |
| Income tax expense       | <u>(80,980)</u> | <u>(327,969)</u> | <u>(58,012)</u> | <u>(236,399)</u> |
| Net profit for the year  | <u>315,834</u>  | <u>1,279,128</u> | <u>232,046</u>  | <u>945,587</u>   |

### Dividends

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

### Share capital

On 5 September 2015, the Company obtained approval from National Bank of Cambodia to increase its share capital from US\$1,053,000 to US\$2,103,000 through cash injection and transfer from retained earnings of US\$850,000 and US\$200,000 respectively.

The amendment of the Articles of Incorporation is in the process of obtaining acknowledgement from the Ministry of Commerce as at the date of this report.

### Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.



## REPORT OF THE BOARD OF DIRECTORS (CON'T)

### Bad and doubtful loans

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ascertain that appropriate actions had been taken in relation to the writing off of bad loans and the making of allowances for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

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

### Current assets

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

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

### Valuation methods

At the date of this report, the Directors are not aware of any circumstances, which have arisen which render adherence to the existing method of valuation of assets or liabilities in the financial statements of the Company as misleading or inappropriate.

### Contingent and other liabilities

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Company which has arisen since the end of the financial statements year other than in the ordinary courses of its business operations.

### Contingent and other liabilities (continued)

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

### Change of circumstances

At the date of this report, the 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.

## REPORT OF THE BOARD OF DIRECTORS (CON'T)

### Items of an unusual nature

In the opinion of the Directors:

- (a) The results of the operations of the Company for the financial year were not, in the opinion of the Directors, materially affected by any item, transaction or event of a material and unusual nature; and
- (b) There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

### Events since the reporting date

At the date of this report, except as disclosed in the financial statements, there have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

### The Board of Directors

The members of the Board of Directors during the year and at the date of this report are:

- Mr. Thun Vathana      Chairperson (appointed on 26 December 2015)
- Mr. Benson Samay      Chairperson (resigned on 2 January 2016)
- Ms. Khat Sokean      Vice-chairperson
- Mr. Khov Soviet      Member

### Directors' interests

The Directors who held office at the end of the financial year and their interests in the shares of the Company are as follows:

|                 | 2014         |                                | 2014          |                                |
|-----------------|--------------|--------------------------------|---------------|--------------------------------|
|                 | Holding %    | Number of shares of US\$1 each | Holding %     | Number of shares of US\$1 each |
| Madam Ou San    | 90.19%       | 1,896,623                      | 83.53%        | 879,565                        |
| Madam Dith Nita | <u>9.81%</u> | <u>206,377</u>                 | <u>16.47%</u> | <u>173,435</u>                 |
|                 | <u>100%</u>  | <u>2,103,000</u>               | <u>100%</u>   | <u>1,053,000</u>               |

## REPORT OF THE BOARD OF DIRECTORS (CON'T)

### Directors' Benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

### Responsibilities of the Board of Directors in respect of the financial statements

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, 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 judgments and estimates and then apply them consistently;
- (ii) comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records and an effective system of internal control;
- (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) control and direct effectively the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Board of Directors confirms that they have complied with the above requirements in preparing the financial statements.

## REPORT OF THE BOARD OF DIRECTORS (CON'T)

### Approval of the financial statements

We hereby approve the accompanying financial statements as set out on pages 8 to 43 which present fairly, in all material respects, the financial position of CAMMA Microfinance Limited as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

*Signed in accordance with a resolution of the Board of Directors,*



**Mr. Thun Vathana**

*Chairman*

Phnom Penh, Kingdom of Cambodia

Date: 28 APR 2016

A handwritten signature in blue ink, appearing to be 'Dith Nita', written over a horizontal line.

**Madam Dith Nita**

*Chief Executive Officer*



## REPORT OF THE INDEPENDENT AUDITORS

To the shareholders

### CAMMA Microfinance Limited

We have audited the accompanying financial statements of CAMMA Microfinance Limited ("the Company"), which comprise balance sheet as at 31 December 2015, and income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 8 to 43.

### Management's responsibility 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 of the National Bank of Cambodia relating to the preparation and presentation of financial statements, 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.

### Auditors' 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 of 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 CAMMA Microfinance Limited as at 31 December 2015, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements.

## REPORT OF THE INDEPENDENT AUDITORS (CON'T)

### Other matter

The financial statements of the Company as of and for the year ended 31 December 2014 were audited by other auditors who expressed an unmodified opinion on those statements on 9 April 2015.

For KPMG Cambodia Ltd



Nge Huy  
*Partner*

Phnom Penh, Kingdom of Cambodia

28 April 2016

## FINANCIAL REPORT

### Balance Sheet

As at December 31, 2015

| Description                    | 2015                    |                          | 2014                    |                          |
|--------------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
|                                | USD                     | KHR                      | USD                     | KHR                      |
| <b>Assets</b>                  |                         |                          |                         |                          |
| Cash on hand                   | 47,375                  | 191,869                  | 65,874                  | 268,437                  |
| Balances at NBC                | 105,434                 | 427,008                  | 52,888                  | 215,519                  |
| Balances at banks              | 351,075                 | 1,421,854                | 85,548                  | 348,608                  |
| Loan to customers, net         | 5,913,596               | 23,950,064               | 4,724,960               | 19,254,212               |
| Other assets                   | 101,563                 | 411,330                  | 84,242                  | 343,286                  |
| Property and equipment         | 32,923                  | 133,338                  | 44,172                  | 180,001                  |
| Intangible assets              | 867                     | 3,511                    | 1,683                   | 6,858                    |
| <b>Total assets</b>            | <b><u>6,552,833</u></b> | <b><u>26,538,974</u></b> | <b><u>5,059,367</u></b> | <b><u>20,616,921</u></b> |
| <b>Liabilities and Equity</b>  |                         |                          |                         |                          |
| <b>Liabilities</b>             |                         |                          |                         |                          |
| Other liabilities              | 64,321                  | 260,500                  | 67,644                  | 275,650                  |
| Current income tax liabilities | 68,617                  | 277,899                  | 49,575                  | 202,018                  |
| Borrowings                     | <u>3,968,277</u>        | <u>16,071,522</u>        | <u>3,656,364</u>        | <u>14,899,683</u>        |
| <b>Total liabilities</b>       | <b><u>4,101,215</u></b> | <b><u>16,609,921</u></b> | <b><u>3,773,583</u></b> | <b><u>15,377,351</u></b> |
| <b>Equity</b>                  |                         |                          |                         |                          |
| Share capital                  | 2,103,000               | 8,517,150                | 1,053,000               | 4,290,975                |
| Retained earnings              | <u>348,618</u>          | <u>1,411,903</u>         | <u>232,784</u>          | <u>948,595</u>           |
| <b>Total equity</b>            | <b><u>2,451,618</u></b> | <b><u>9,929,053</u></b>  | <b><u>1,285,784</u></b> | <b><u>5,239,570</u></b>  |

## FINANCIAL REPORT (CON'T)

### Income Statement

For the year ended December 31, 2015

| Description   | 2015             |                    | 2014             |                    |
|---|------------------|--------------------|------------------|--------------------|
|   | USD              | KHR'000            | USD              | KHR'000            |
| Interest income   | 1,107,366        | 4,484,832          | 873,382          | 3,559,032          |
| Interest expense  | <u>(358,967)</u> | <u>(1,453,816)</u> | <u>(281,688)</u> | <u>(1,147,879)</u> |
| Net interest income   | 748,399          | 3,031,016          | 591,694          | 2,411,153          |
| Provision for bad and doubtful loans                          | <u>(28,612)</u>  | <u>(115,879)</u>   | <u>(20,506)</u>  | <u>(83,562)</u>    |
| Net interest income after provision for bad and doubtful loan | 719,787          | 2,915,137          | 571,188          | 2,327,591          |
| Other operating income  | 76,760           | 310,878            | 56,595           | 230,625            |
| Personnel expenses  | <u>(217,304)</u> | <u>(880,081)</u>   | <u>(171,816)</u> | <u>(700,150)</u>   |
| Depreciation and amortisation expense                         | <u>(24,662)</u>  | <u>(99,881)</u>    | <u>(23,541)</u>  | <u>(95,930)</u>    |
| General and administrative expense                            | <u>(157,767)</u> | <u>(638,956)</u>   | <u>(142,368)</u> | <u>(580,150)</u>   |
| Profit before income tax                                      | 396,814          | 1,607,097          | 290,058          | 1,181,986          |
| Income tax expense  | <u>(80,980)</u>  | <u>(327,969)</u>   | <u>(58,012)</u>  | <u>(236,399)</u>   |
| Net profit for the year                                       | <u>315,834</u>   | <u>1,279,128</u>   | <u>232,046</u>   | <u>945,587</u>     |





## FINANCIAL REPORT (CON'T)

### Statement of Changes in Equity

For the year ended December 31, 2015

|  | Share capital    | Retained earnings | Total            |
|--|------------------|-------------------|------------------|
|  | USD              | USD               | USD              |
| Balance as at January 1, 2014              | 850,000          | 203,738           | 1,053,738        |
| Net profit for the year                    | -                | 232,046           | 232,046          |
| Convert retained earnings to share capital | <u>203,000</u>   | <u>(203,000)</u>  | -                |
| Balance as at December 31, 2014            | <u>1,053,000</u> | <u>232,784</u>    | <u>1,285,784</u> |
| (KHR'000 equivalents-note 4)               | <u>4,290,975</u> | <u>948,595</u>    | <u>5,239,570</u> |
| Balance as at January 1, 2015              | 1,053,000        | 232,784           | 1,285,784        |
| Net profit for the year                    | -                | 315,834           | 315,834          |
| Convert retained earnings to share capital | 200,000          | (200,000)         | -                |
| Issuance of share capital                  | <u>850,000</u>   | -                 | <u>850,000</u>   |
| Balance as at December 31, 2015            | <u>2,103,000</u> | <u>348,618</u>    | <u>2,451,618</u> |
| (KHR'000 equivalents-note 4)               | <u>8,517,150</u> | <u>1,411,903</u>  | <u>9,929,053</u> |



## FINANCIAL REPORT (CON'T)

### Statement of cash flows

|  | 2015             |                    | 2014             |                    |
|--|------------------|--------------------|------------------|--------------------|
|  | USD              | KHR'000            | USD              | KHR'000            |
| <b>Cash flows from operating activities</b>                    |                  |                    |                  |                    |
| Net profit for the year  | 315,834          | 1,279,128          | 232,046          | 945,587            |
| Adjustment to:   |                  |                    |                  |                    |
| Depreciation and amortisation expenses                         | 24,662           | 99,881             | 23,541           | 95,930             |
| Allowance for bad and doubtful loan                            | 28,612           | 115,879            | 20,506           | 83,562             |
| Net interest income  | (748,399)        | (3,031,016)        | (591,694)        | (2,411,153)        |
| Income tax expense   | 80,980           | 327,969            | 58,012           | 236,399            |
|  | (298,311)        | (1,208,159)        | (257,589)        | (1,049,675)        |
| <b>Changes in:</b>   |                  |                    |                  |                    |
| Loan to customers  | (1,217,248)      | (4,929,854)        | (1,185,620)      | (4,831,402)        |
| Other assets   | (6,992)          | (28,318)           | 1,128            | 4,597              |
| Other liabilities  | 1,560            | 6,318              | 31,765           | 129,442            |
| Cash used in operations  | (1,520,991)      | (6,160,013)        | (1,410,316)      | (5,747,038)        |
| Income tax paid  | (61,938)         | (250,849)          | (42,082)         | (171,484)          |
| Interest received  | 1,097,037        | 4,443,000          | 863,908          | 3,520,425          |
| Interest paid  | (363,850)        | (1,473,593)        | (279,496)        | (1,138,946)        |
| <b>Net cash used in operating activities</b>                   | <b>(849,742)</b> | <b>(3,441,455)</b> | <b>(867,986)</b> | <b>(3,537,043)</b> |
| <b>Cash flows from investing activities</b>                    |                  |                    |                  |                    |
| Statutory capital deposit                                      | (52,500)         | (212,625)          | (10,150)         | (41,361)           |
| Term deposits  | (200,000)        | (810,000)          | 200,000          | 815,000            |
| Purchase of property and equipment                             | (12,597)         | (51,018)           | (6,802)          | (27,718)           |
| Purchase of intangible assets                                  | -                | -                  | (1,675)          | (6,826)            |
| <b>Net cash (used in)/ generated from investing activities</b> | <b>(265,097)</b> | <b>(1,073,643)</b> | <b>181,373</b>   | <b>739,095</b>     |
| <b>Cash flow from financing activities</b>                     |                  |                    |                  |                    |
| Proceeds from borrowings                                       | 5,871,800        | 23,780,790         | 3,791,534        | 15,450,503         |
| Repayments of borrowings                                       | (5,559,887)      | (22,517,542)       | (3,322,170)      | (13,537,843)       |
| Proceeds from issuance of share capital                        | 850,000          | 3,442,500          | -                | -                  |
| <b>Net cash generated from financing activities</b>            | <b>1,161,913</b> | <b>4,705,748</b>   | <b>469,364</b>   | <b>1,912,660</b>   |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>   | <b>47,074</b>    | <b>190,650</b>     | <b>(217,249)</b> | <b>(885,288)</b>   |
| <b>Cash and cash equivalents at the beginning period</b>       | <b>151,660</b>   | <b>618,015</b>     | <b>368,909</b>   | <b>1,473,790</b>   |
| Currency translation difference                                | -                | (3,792)            | -                | 29,513             |
| <b>Cash and cash equivalents at the end of the year</b>        | <b>198,734</b>   | <b>804,873</b>     | <b>151,660</b>   | <b>618,015</b>     |
| <b>Cash and cash equivalents represented by:</b>               |                  |                    |                  |                    |
| Cash on hand   | 47,375           | 191,869            | 65,874           | 268,437            |
| Balance at banks   | 151,075          | 611,854            | 85,548           | 348,608            |
| Deposit at NBC   | 284              | 1,150              | 238              | 970                |
|  | 198,734          | 804,873            | 151,660          | 618,015            |



## KEY ACTIVITIES





## **ការិយាល័យកណ្តាល**

ផ្ទះលេខ ១០១អា ផ្លូវ២៨៩ សង្កាត់បឹងកក់ទី១

ខណ្ឌទួលគោក រាជធានីភ្នំពេញ ទូរសព្ទ: (+៨៥៥)២៣ ៩៩៦ ៩៣៦

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