



ANNUAL REPORT
2019

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Branch Networks

Vision and Mission

Vision

To become a leading microfinance institution which provides opportunities for the Cambodian people to improve their living standard through innovative and inclusive financial solutions and ensures great benefits for shareholders, staff and the society as a whole.

Mission

To provide a wide variety of innovative and impactful financial products and services to households, micro, small, and medium enterprises and farmers, especially women, in an efficient and sustainable way.

Core Values

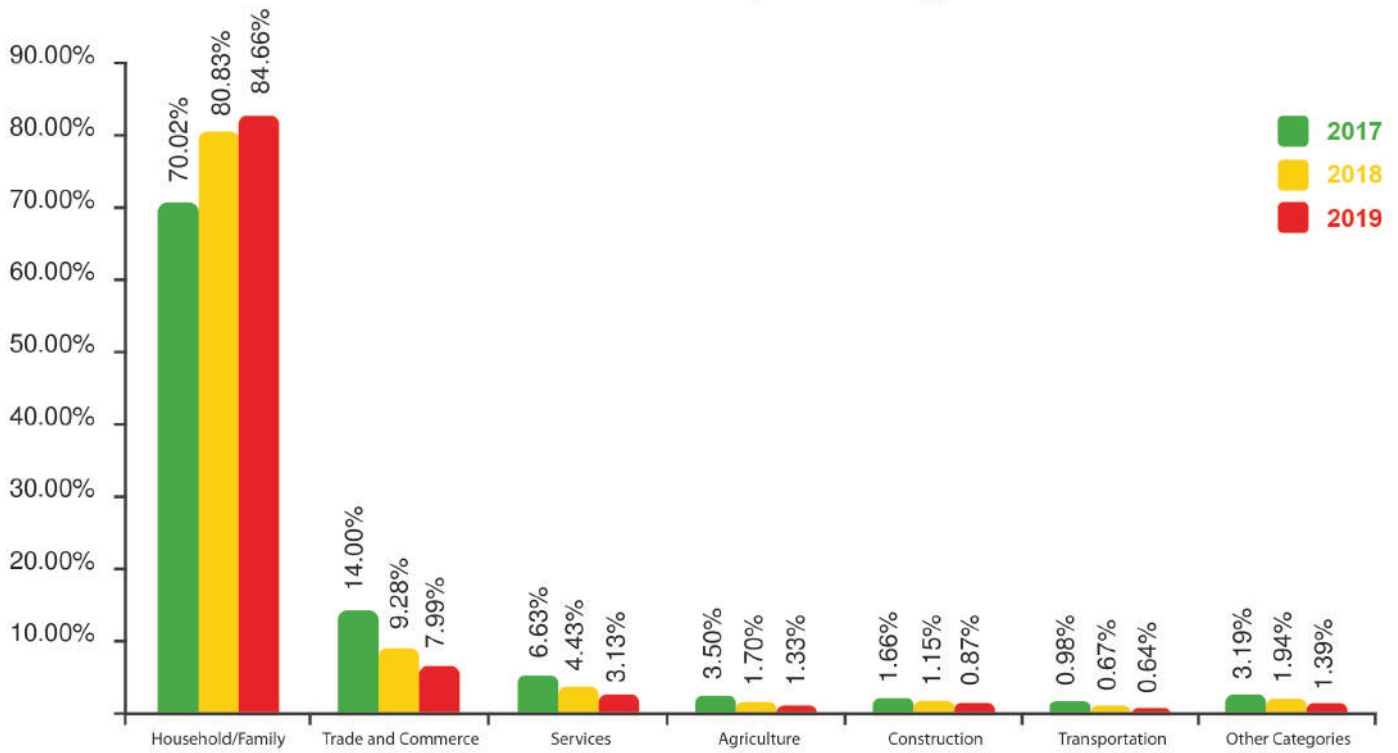
Staff at all level of CAMMA Microfinance Limited provides excellence service to clients with integrity, transparency and respect as the following:



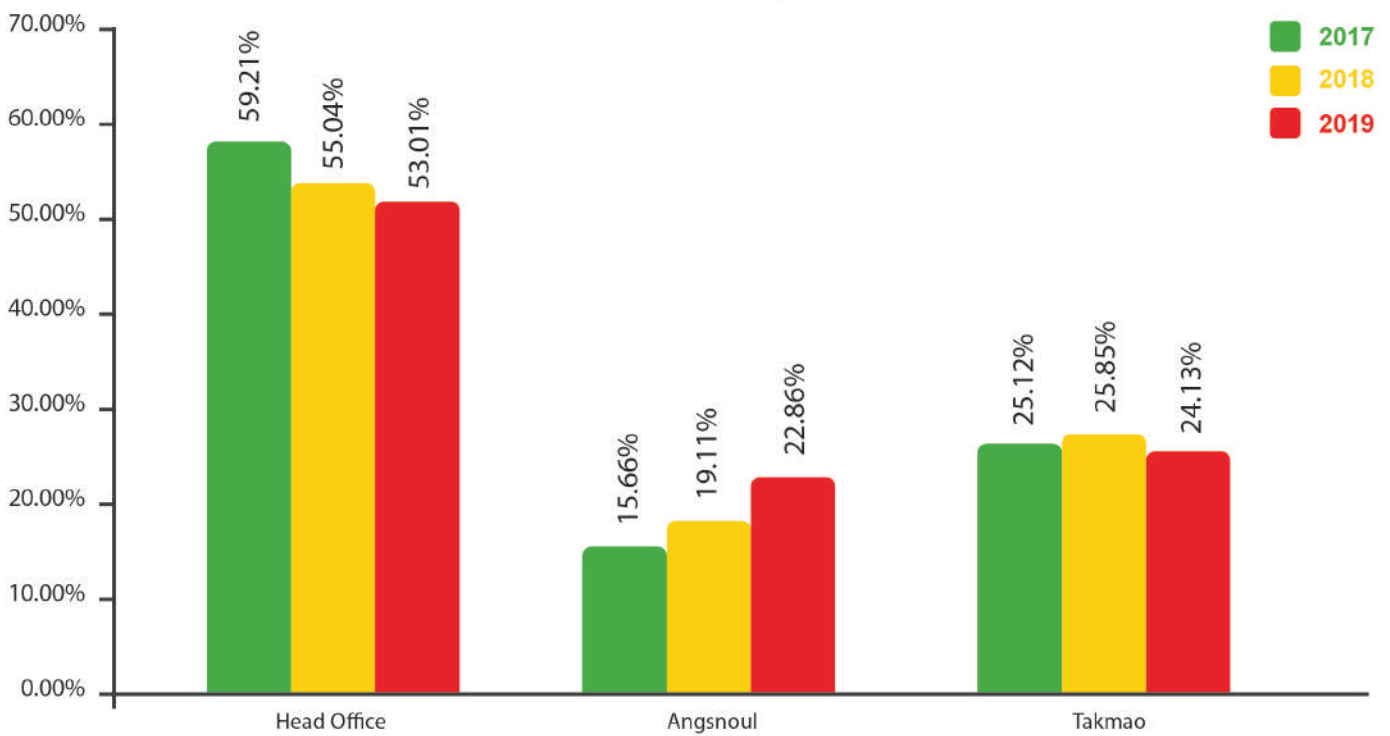
Key Figures

OPERATIONAL HIGHLIGHT	2017	2018	2019	Change
Total Staff	94	95	103	10%
Number of Credit Officers	48	46	47	2%
Number of Villages	402	486	531	9%
Number of Active Borrowers	1,628	1,648	1,728	5%
Loan Outstanding (USD)	7,746,419	10,334,648	13,153,878	27%
Micro Loan Outstanding	652,168	634,856	463,926	-27%
Small Loan Outstanding	2,940,550	2,785,333	2,369,356	-15%
Medium Loan Outstanding	4,029,181	6,479,721	9,199,296	42%
Staff Loan Outstanding	114,725	298,821	351,962	18%
Quick Loan Outstanding	9,795	113,302	101,429	-10%
Group Loan Outstanding	-	19,980	33,047	65%
Motor Loan Outstanding	-	2,635	1,835	-30%
Property Loan Outstanding	-	-	375,204	100%
Package Loan Outstanding	-	-	257,822	100%
FINANCIAL HIGHLIGHT				
Assets	8,129,756	11,275,930	13,450,933	19%
Liabilities	5,528,286	8,340,419	9,212,569	10%
Shareholder Equity	2,601,470	2,935,511	4,238,364	44%
Share Capital	2,103,000	2,103,000	3,593,000	71%
Retained Earning	498,470	741,524	575,724	-22%
Regulatory Reserve	-	90,987	69,640	-23%
Interest Income	1,444,169	1,643,920	2,034,345	24%
Interest Expense	(450,476)	(482,965)	(573,401)	19%
Net interest income	993,693	1,160,955	1,460,944	26%
Provision for bad and doubtful Loan	(108,829)	32,385	(66,311)	-305%
"Net interest income after provision for bad and doubtful Loan"	884,864	1,193,340	1,394,633	17%
Other None Interest Income	140,210	73,915	95,928	30%
Personal Expense	(491,913)	(601,082)	(652,387)	9%
Operating and Other Expense	(274,657)	(260,668)	(408,112)	57%
Depreciation Expense	(51,345)	(47,649)	(33,496)	-30%
Profit before Income Tax	207,159	357,856	396,566	11%
Income tax expense	(58,581)	(21,048)	(93,713)	345%
Profit for the year	148,578	336,808	302,853	-10%
Return on Asset	1.83%	2.99%	2.25%	-25%
Return on Equity	5.71%	11.47%	7.15%	-38%
Portfolio at Risk	2.71%	1.95%	2.42%	24%
Operational Self Sufficiency	104.86%	120.88%	117.34%	-3%

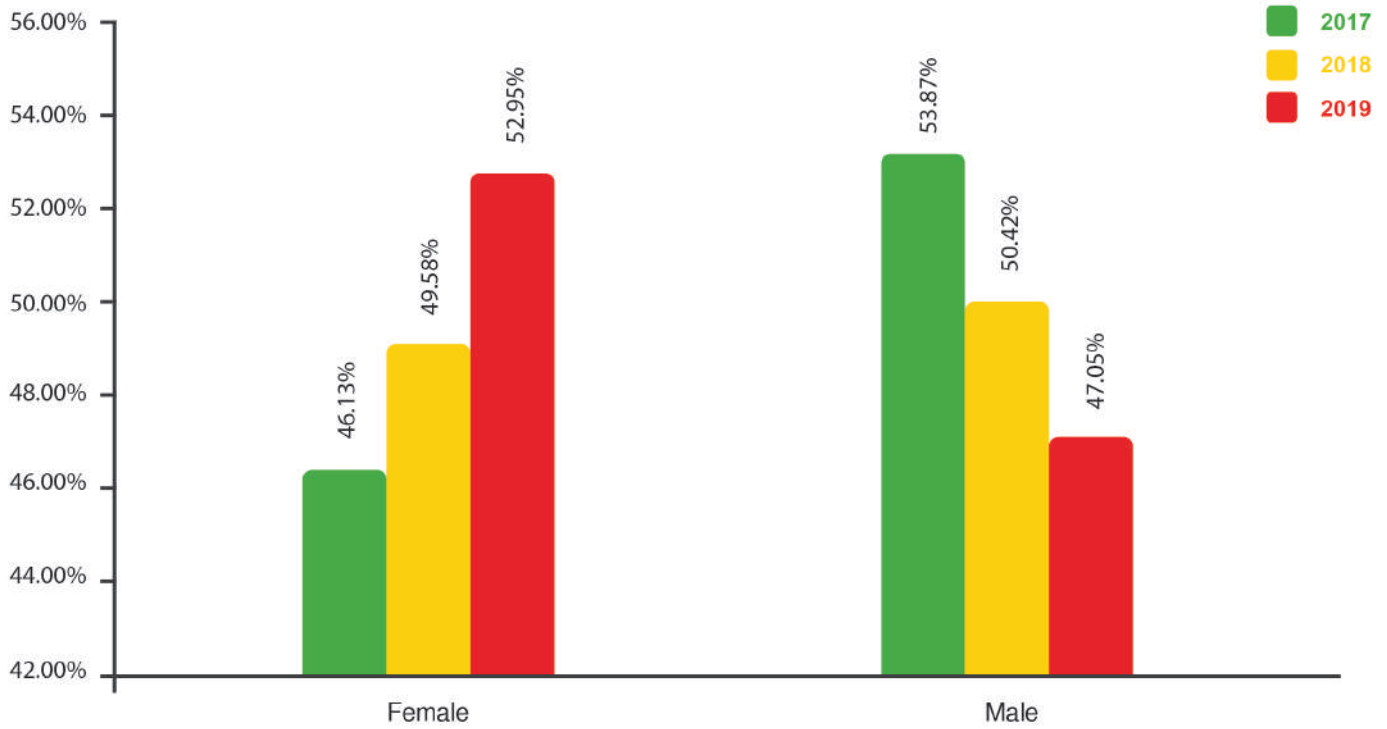
Number of Clients by Business Type



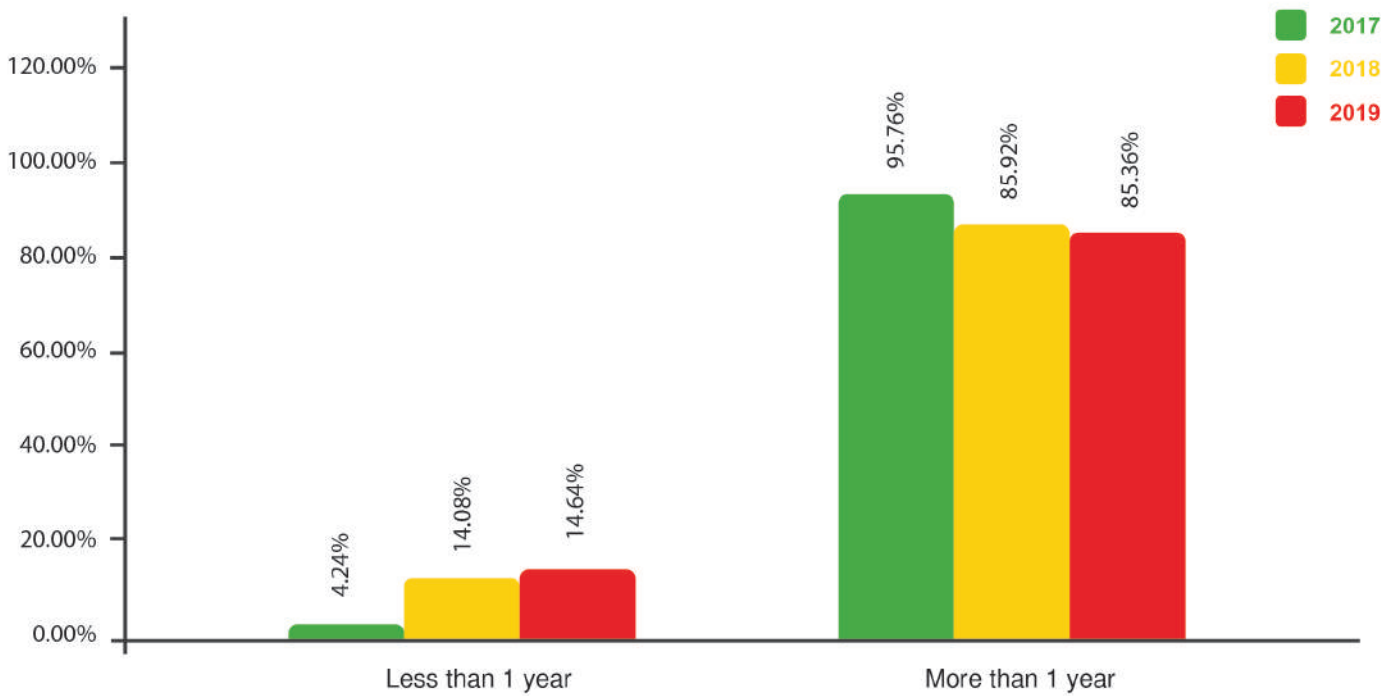
Number of Clients by Branches



Number of Clients by Gender



Number of Clients by Term



2008

Camma Microfinance Limited was initiated and established by two founders, Mrs. Ou San and Mrs. Dith Nita in 2008, then as a private credit operator providing loans to Cambodian people in Phnom Penh and Kandal

2015

Camma grew its capital to USD 2,103,000 (two million one hundred three thousand United States dollars)

- Camma received an MFI license from the National Bank of Cambodia.
- Camma Microfinance was registered with a total capital of USD 1,400,000 (one million four hundred thousand United States dollars)

2010

2017

- Camma Microfinance received a license to operate Takmao Branch.
- Camma Microfinance grew its capital to USD 2,103,000 (two million one hundred three thousand United States dollars)

Camma Microfinance received a license to operate AngkSnuol Branch.

2016

Camma Microfinance grew its capital to USD 3,593,000 (three million five hundred ninety-three thousand United States dollars)

2019



Lenders and Partners




ធនាគារវឌ្ឍនៈអាស៊ី ចំកាត់



ធនាគារ អេស៊ីប៊ីដា ភីអិលស៊ី



ធនាគារ អ អេច ប៊ី ឥណ្ឌូនេស៊ី




Cathay United Bank




ធនាគារ វឌ្ឍនៈ



ក្រុមហ៊ុនប្រាក់កម្ពុជា (ស៊ីប៊ីស៊ី)



ធនាគារឯកទេសវីង (ខេមបូឌា) លីមីតធីត



BDtruS



សមាគមមីក្រូហិរញ្ញវត្ថុកម្ពុជា (ស៊ីអិមអេ)

Message From Board Director

Mr. Thun Vatana
Board of Director



Cambodia's economic growth slightly slowed in 2019, compared with that in 2018, but the growth rate remained high at 7%. In 2018, according to the Asian Development Bank (ADB), Cambodia's economy grew by 7.3%, supported by high growth in exports, tourism, and continued inflow of foreign direct investment. For almost 10 years, Camma Microfinance Limited has been earnestly operating with confidence as it has experienced both success and challenges. For 2019, I am delighted to present to you and the public the 2019 Annual Report of Camma Microfinance Limited. This Annual Report will highlight this year's achievements of Camma made possible by the hard work, persistence, perseverance, eagerness and determination in supporting our customers and the Cambodian people in the community. Not surprisingly, we are committed and working hard to bring micro-

finance services to customers in our operational areas. According to the ADB, the European Union has considered suspending the trade preferential system under the Everything But Arms (EBA) in Cambodia. We expect that this suspension will have little effect on Camma. We are prepared by developing our Five-Year Strategy (2020-2024) to prevent possible future risks. Our strategy is to contribute to the development of the country by providing loans for micro, small and medium businesses. At the same time, we continue to expand our operations, including developing our products and services to meet the needs of our customers both in Phnom Penh and other provinces. The ability of our staff to perform their tasks, including technological, technical and soft skills, is also essential to operate effectively and efficiently in today's environment. Through hard work, persistence, perseverance,

eagerness and determination of the management and staff of Camma Microfinance Limited, we will continue to develop, strengthen and expand our operations. The Board of Directors and shareholders are confident that through competent and strategic leadership, and especially our competent human resources of the institution, Camma will continue to achieve outstanding results. At the same time, it continues to establish additional branches every year and continuously increase our registered capital to meet market demand aimed at reducing poverty in communities across the Cambodia. Finally, on behalf of the shareholders and the Board of Directors of Camma Microfinance Limited, we would like to extend our profound gratitude to the Royal Government, the National Bank of Cambodia, our shareholders, customers and the public for their trust in Camma. I would like to also thank the management and staff of Camma for their continued commitment and for dedicating their valuable time and physical and mental strengths to helping our society through Camma's success and achievements today. In addition, I would also like to thank all the shareholders for their continued support. We will continue to work together in a collaborative culture to ensure that Camma Microfinance Limited remains a fast service provider and understand the needs of the

Cambodian people and the market.

Sincerely,

The image shows a blue circular official stamp of Camma Microfinance Limited. The stamp contains the text 'CAMMA MICROFINANCE LIMITED' in the center, with Khmer text around the perimeter. To the right of the stamp is a handwritten signature in blue ink, which appears to be 'Thun Vathana'. A horizontal line is drawn below the signature.

Thun Vathana
Board of Directors

Message From CEO

Mrs. Dith Nita
Chief Executive Officer



Camma Microfinance Limited received license from the National Bank of Cambodia as a microfinance institution in 2010, serving a broad customer base and contributing to the economic development of the country. In 2019, Cambodia maintained a high economic growth of around 7%, generating confidence for both domestic and international investors. To meet the needs of our customers, Camma continues to expand our operations by making our services more convenient to rural customers.

In addition to the growth of the banking and microfinance sector, the National Bank of Cambodia has issued a series of announcements aimed at ensuring the mitigation of operational risks of banks and microfinance institutions. In addition, the National Bank of Cambodia's Letter No. ៧ 7-019.122

សជ័ណ្ណ requires Microfinance Institutions to prepare financial reports for Fiscal Year 2019 in accordance with Cambodian International Financial Reporting Standards for Small and Medium Enterprises (CIFRS for SMEs). For Fiscal Year 2019, key results of Camma's performance are presented in accordance with the Cambodian International Financial Reporting Standards for Small and Medium Enterprises as follows: As of 1 December 2019, Camma has three branches with a total of 103 employees serving approximately 1,728 customers. The number of customers increased by 80, or 5% compared with that of 2018. Women accounted for 52.95% of the total customers. Total loan portfolio was USD 13,153,878, an increase of 27% compared to 2018. The institution achieved loan portfolio in KHR exceeding 10% of its total loan portfolio

(equivalent to 10.8%). Loan Portfolio At Risk was 2.42%. Total interest income was USD 2,034,345, up 24% from 2018. The after-tax profit was USD 302,853. Return on Equity Ratio was 7.15%.

In 2019, the shareholders decided to increase their capital by approximately USD 1,490,000, bringing the total registered capital in 2019 to USD 3,593,000. This additional capital reflects the confidence of the shareholders in the microfinance sector as well as the confidence in the operations of Camma. At the same time, the institution has also developed a Five-Year Strategic Plan 2020-2024, in which technology and innovation are the cornerstones of other strategies for achieving Camma's growth. It is our hope that the institution will achieve another outstanding results in 2020, which will be the 10th anniversary of Camma. On behalf of the management and all staff of Camma Microfinance Limited, I would like to thank the authorities at all levels, customers, financial partners, shareholders and Board of Directors, for their constant attention and support of Camma's operations. I would like to thank all the management and staff, especially the front line employees who are dedicated, honest in their profession, and who have worked tirelessly in whatever circumstances.

Sincerely,



Mrs. DITH Nita
Chief Executive Officer

Management Teams



Mrs. Dith Nita
(Chief Executive Officer)

Mrs. Dith Nita graduated in her Bachelor degree of Commerce in 2003 and Master degree of Financial Management in 2005 at Australian National University. She has experience in business management and credit management since 2008. Prior to establish CAMMA Microfinance Limited. She owned and managed the Construction Company. At the same time, she also operated the Credit Operator and then registered it as Microfinance Institution, which recognized officially by National Bank of Cambodia since 2010



Mrs. Ouk Suntheary
(Head of Accounting & Finance Department)

Mrs. Ouk Suntheary graduated Bachelor Degree of Accounting in 2001 and Master of Finance in 2004 at the National University of Management. She has more than 17 years of experiences in accounting, finance, and budget management, with a number of institutions such as foreign bank, State-Owned Enterprises under the cooperation of the United Nations and private company. She joined with CAMMA Microfinance Limited in December 2016 as a Deputy Head of Accounting and Finance department and was promoted to be the Head of Accounting and Finance department in June 2018 to present.



Mr. Ly Chheang
(Head of Credit Department)

Mr. Ly Chheang graduated in Master degree of Business Administration in major of General Management at Royal University of Law and Economics in 2009. He has more than 10 years of experiences in bank and microfinance sector. He help various positions with other Banks including Micro loan, small loan, medium loan, housing loan, Deputy Branch Credit Manager and Chief of Branch Credit Manager. Before joining to serve Camma Microfinance Limited as the Operation Unit Manager in 2015 and then was promoted to Head of Credit Department in March 2016 till now.



Mr. Yiang Hai
(Head of Internal Audit Department)

Mr. Yiang Hai obtained his Master degree of Finance and Banking at Build Bright University in 2010 and Bachelor degree of Accounting and Finance at National Institute of Management in 2003. He has attended numerous training courses such as effective internal control, internal audit, advance credit risk management, report writing, leadership skill, Cambodian Taxes, International Financial Report Standard (IFRS) and Fraud. He has more than ten years experiences worked with Prasac and LOLC as credit officer, internal audit officer, senior internal auditor and operation audit unit manager. He starts working at CAMMA as Head of Internal Audit Department in November 2015.

Management Teams



Mr. Tith Vannarith
(Head of IT Department)

Mr Tith Vannarith, He graduated in master degree of finance at National University of Management in 2008 and he also has IT skills on Programing VB6, VB.Net and Sql Server Database Management. He 19 years of experiences in retail banking specialized in Accounting Finance, Treasury and Information Technology. Now he is holding the position of Head of IT Department at Camma Microfinance Limited.



Mr. Thi Bunheng
(Head of Marketing and Product Development Department)

Mr. Thi Bunheng graduated the Master in Development Management (MDM) at Norton University of Cambodia in 2014 and graduating the bachelor degree in agronomy at Maharishi Vedic University (MUV) in 2005. He has experienced more than 14 years in NGOs, UN agency and MDI Before joining CAMMA Microfinance Limited, he had worked for AMRET Microfinance for many years in product development. He has joined CAMMA Microfinance Limited in 2019 as a head of marketing and product development department up to now.



Mr. PHENG Putmetrey
(Head of Human Resources & Administration Department)

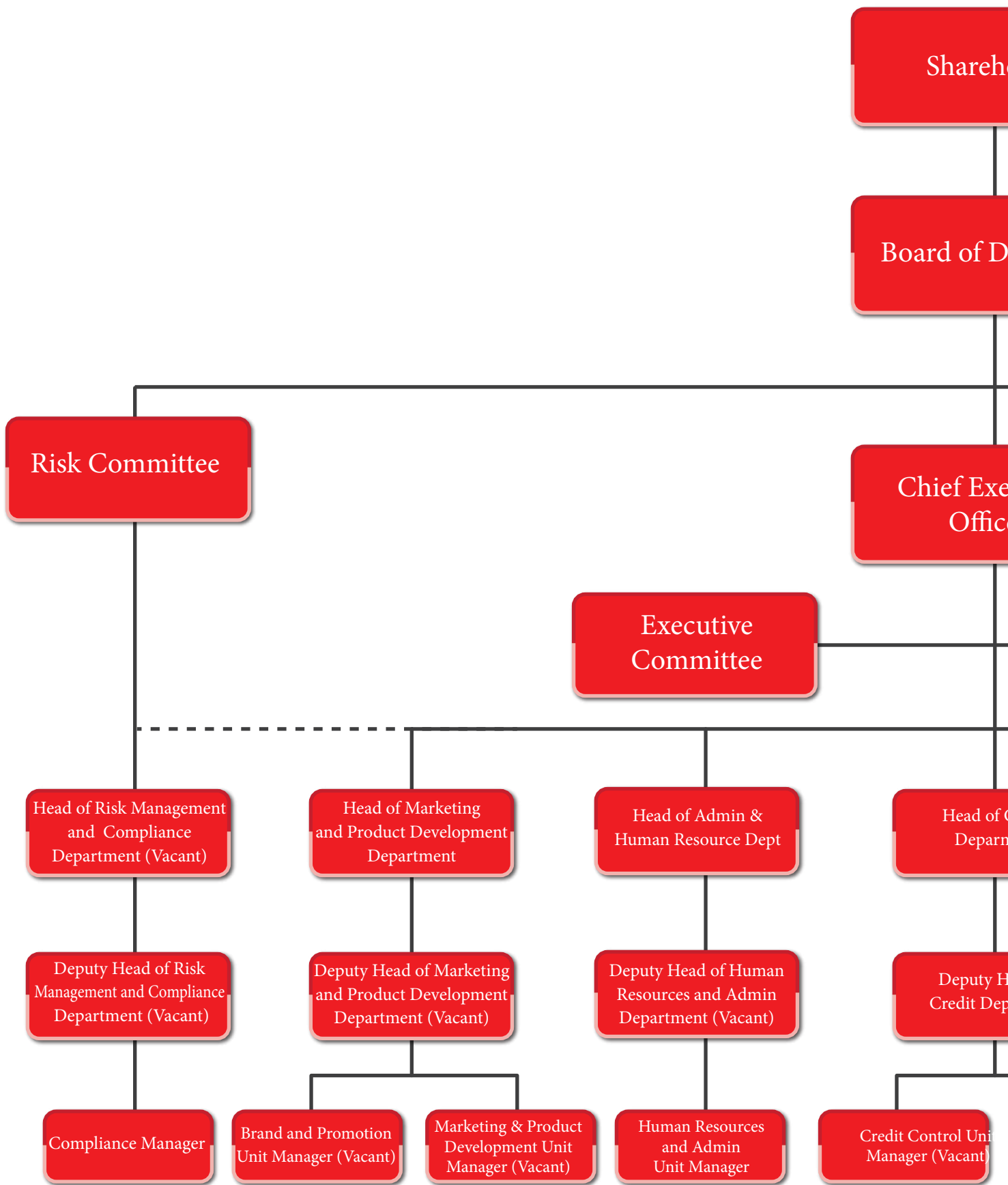
He obtained a Master Degree in Business Administration and Bachelor Degree in English with an High Diploma of Intensive English Academic Program (IEAP) at Paññāsāstra University of Cambodia (PUC) . He has more than 10 years diversity of experiences in Human Resources & Administration, Customer Service and Advertising Marketing with local & international companies and various financial institutions. During his journey of employment, he had received many professional training courses in Human Resource Managements, General Administration Management, Leadership & Management, Team buildings and others. He has joined CAMMA Microfinance Limited in 2019 as Head of Human Resources & Administration Department.



Mr. Vaung Chansomean
(Compliance Manager)

Mr. Vaung Chansomean, holds a Bachelor degree of Business Administration with a major in Finance and Banking at Build Bright University in 2016. He was also completed Diploma in a Cambodian Business Law of ACCA program at CamEd Business School in 2019. He has more than 7 years' experience in Microfinance sector. He joined with CAMMA Microfinance Limited in November 2019 as a Compliance Manager to present.

Organization Chart



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irectors

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Credit
ment

Head of
partment

Operation/Branch (04)

Credit Committee

Audit Committee

Head of IT
Department

Deputy Head of IT
Department (Vacant)

IT Unit Manager

Head of Accounting &
Finance Department

Deputy Head of
Accounting and Finance
Department (Vacant)

Treasury Unit
Manager

Accounting and
Finance Unit Manager

Head of Internal
Audit Department

Deputy Head of Internal
Audit Department

Internal Audit
Unit Manager (Vacant)

Products and Services

The products of Camma Microfinance Limited are loan products. These loans are provided to customers for general use, such as to purchase household goods and personal vehicles, or to fund micro, small and medium enterprises. In providing these services, Camma has set the following customer service standards:

- Quick and Effective Loan Processing: For new customers, loan is disbursed within three days the latest, given the customer provides sufficient documents. For existing customers who have taken Camma's loan, loan is disbursed within two days.
- Services on the Spot: Camma's staff will be servicing their customers to customers' own places.
- Customer Service Monitoring: Camma's Marketing Department will conduct surveys and interview customers about services of the institution. Customer complaints or suggestions are recorded and reported to management and used to improve service provision.

Group Loan

Group Loans are provided in KHR to the poor or poorest customers whose livelihoods are in agriculture, such as farming, animal husbandry and agriculture-related micro businesses. These loans require customers to form a group of 2 to 5 members. Loan amount is up to KHR 2,000,000 per member for a 24-month loan tenure and interest rate of 18% per annum. Loan Repayment: Monthly payments of principal + interest.

There are three types of Individual Loans and Package Loans:

- ✓ Micro Business Loan
- ✓ Small Business Loan
- ✓ Medium Business Loan

Micro Business Loan

Micro Business Loan is provided to serve the market needs in rural areas, cities, towns and other areas in the Kingdom of Cambodia. Micro Business loan amount is provided in USD and KHR up to USD 4,000 or its KHR equivalence with a loan tenure of up to 36 months with interest rate of 18% per annum. Loan repayment: Declining monthly payments of principal + interest and equal monthly payments of principal + interest.

Small Business Loan

Small Business Loan is designed to provide fund to borrowers to finance all types of business needs, including production, trade, agriculture, services and tourism, so that these small business owners can improve their income. Small Business loan is provided in USD and KHR with loan size from USD 4,001 up to USD 10,000 or its KHR equivalence for a loan tenure of up to 60 months with interest rate of 18% per annum. Loan repayment: Declining monthly payments of principal + interest and equal monthly payments of principal + interest.

Medium Business Loan

Medium Business Loan is designed to provide fund to borrowers to finance all types of small and medium enterprises, including in production, agriculture, services and tourism, with reliable and legitimate employment and good reputation and relationships in the society. Medium Business Loans are provided in USD and KHR with loan size from USD 10,001 to USD100,000 or its KHR equivalence for a loan tenure of up to 60 months with interest rates ranging from 13.2% to 18% per annum. Loan Repayment: Declining monthly payments of principal + interest and equal monthly payments of principal + interest.

Quick Loan

Camma offers Quick Loans to customers who are legal persons in the fields of agriculture, trade, services, handicrafts, industries, family business, etc. The interest rate is 18% per annum with loan amount up to USD 1,000 or its KHR equivalence for a loan tenure of up to 18 months. Repayment Methods: Declining monthly payments of principal + interest and equal monthly payments of principal + interest.

Staff Loan

Camma provides staff loans to help staff meet their financial shortcomings in purchasing household essentials, and funding necessities of their daily living. Loan amount (calculated based on staff repayment ability) 40% to 80% of total salary plus equipment rental income with Camma. Loan tenure is up to 60 months with annual interest rates from 13.2% to 15.6%. Repayment Methods: Declining monthly payments of principal + interest and equal monthly payments of principal + interest.

Vehicle Loan

Camma focuses on physical persons with regular income who have confidence and need to buy motorbikes or 3 wheels for personal or business use in line with the law, such as company employees, civil servants, business owners or other customers. With the interest rate of 18% per annum, vehicle loan amount for purchasing motorbikes is up to USD 2,000 or KHR 8 million, and vehicle loan amount for purchasing 3 wheels is up to USD 3,000 or KHR 12 million for a loan tenure of up to 36 months. Repayment Methods: Equal monthly payments of principal + interest, and customers can decide on the first repayment date as they so desire.

Property Loan

Camma provides Property Loans for customers who have a clear plan to buy land and concrete flats, to buy land to build a house or build rooms for rent, to buy land as business premises or to fund a building on their existing land. Camma provides customers up to 80% of the market value of the property, mortgaged the purchase or the construction with the Property Loan (up to 80% of the market value of the property mortgaged with Camma for Property loans for building houses). Camma provides Property loans in KHR and USD with loan amount of up to USD 100,000 or its KHR equivalence for a loan tenure of up to 120 months with interest rates ranging from 13.2% to 18% per annum. Repayment Methods: Declining monthly payments of principal + interest and equal monthly payments of principal + interest.

Risk Management and Internal Control

Internal control is a key factor in the success of the institution's operations and in achieving its business plan. Weakness of the internal control system has left many institutions to suffer losses and unable to manage risks in a timely manner. In fact, in 2019, Camma established and updated its internal control system to help drive better business operations through effective asset management and protection, cash management, human resources, etc. An internal control system has been put in place by the management for all employees in order to mitigate and prevent risks to the institution, such as by defining roles and responsibilities and review and approval processes. The executive management, office and branch managers and all staff are responsible for complying with the internal control system and managing the daily risks of the institution. The Board of Directors has strengthened the policies and procedures for managing risks of the institution and regularly monitoring the effectiveness of the company's risk management.

Camma's Internal Audit is responsible for assessing the adequacy and integrity of the internal control system, as well as monitoring the institution's compliance with rules and regulations, and reports independently to the Audit Committee of the Board of Directors.

Internal Audit activities are independent and impartial in providing verification and consultation, designed to further enhance and improve Camma's operations. Internal Audit assists in achieving this goal by providing a systematic and disciplined assessment approach and enhances the effectiveness of risk management, monitoring and governance processes.

Internal Audit activities, including the decision to audit, scope, procedure, frequency, time or content of the report will not be interfered by any department of the institution in order to maintain independence and integrity required for Internal Audit. Internal auditors shall not audit division or department with which any of their relative is working or where the internal auditor has worked for at least six months. Internal auditors must be independent from the day-to-day operations and must avoid engaging in activities that may be seen as affecting their ability to provide services independently and in a fair manner. In conducting audit, internal auditor has no role or authority beyond any of the activities to be audited.





The growth and positive performance of the institution are the results of the efforts of the management and staff of Camma Microfinance Limited. In response to the growth and hard work of the staff, the management decided to revise and increase employee benefits to staff. Furthermore, the management has provided quarterly bonuses to credit officers and decided to provide Annual Incentive/Bonus to all branches that worked hard and achieved their targets. In addition, the institution has promoted 13 staff members (13.40%) in 2019.

Staff Competency Development

In order to ensure the quality of products and services for our customers, Camma has been focusing on human resource development, investing time and money to develop a staff capacity building program, so staff can attend training both internally and externally. The institution conducted 10 internal training courses to build technical and practical skills related to day-to-day operations and other policies with a total of 224 participants (56 women). The capacity development of staff at all levels is appropriate for the current banking and microfinance market and Camma's strategic growth strategy.

In addition, Camma Microfinance Limited has sent a total of 17 staff members to attend 9 training courses on both soft and hard skills, and associate, undergraduate and graduate degree programs provided by external parties in order to strengthen their capacity to lead Camma to achieve greater smoothness and efficiency.

Indicators	2017	2018	2019
Total number of employees	94	95	103
Total Number of Credit Officers	48	46	47
Percentage (%) of Female Staff	28%	28%	28.16%
Percentage (%) of Male Staff	72%	72%	71.84%



Staff Welfare

As part of Camma's Vision, we aim to create harmonization in a healthy and happy working environment that staff can develop and grow together with the institution with a strong culture of teamwork through many key activities initiated and created in each year. In addition, the institution organizes events, including solidarity food and Khmer New Year celebrations, excursions and annual seminars aimed at strengthening relationships and building friendship among management and staff in the Head Office and all branches of Camma Microfinance Limited.



Internship for Students

In 2019, Camma Microfinance Limited partnered with a number of universities and institutes in offering scholarships for students for four-year programs, including associate and bachelor's degree programs. In addition, the institution welcomed two internship teams with a total of 6 members (6 women), and the institution also provided job opportunities for the interns to become formal staff of Camma in the future. Moreover, Camma Microfinance Limited recruited 3 candidates (2 women) to work as staff after seeing their honesty, competence, hard work and the needs of the institution. All three of them have been promoted from Intern to formal staff.



Report of The Board Directors

The Board of Directors of CAMMA Microfinance Limited (“the Company”) presents its report and the Company’s financial statements as at 31 December 2019 and for the year then ended.

THE COMPANY

The Company is a licensed microfinance institution incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (“MoC”) as a limited liability company under the Registration No. Co. 0700 KH/2010 dated 6 April 2010. The Company obtained a license from the National Bank of Cambodia (“NBC”) to operate micro-finance services on 29 July 2010.

The Company’s vision is to become a reliable microfinance institution that provides inclusive and innovative financial service to Cambodian and ensure benefit for clients, staffs, shareholders, and society as whole.

The Company’s principal activity is to provide innovative and impactful financial service to communities, small and medium enterprises, and farmers, especially women, in an efficient, sustainable and responsible manner.

The Company’s registered office is located at No.101A, Street 289, Sangkat Boeng Kak I, Khan Toul Kok, Phnom Penh, Cambodia.

FINANCIAL RESULTS

The financial performance of the Company is set out in the statement of comprehensive income.

PAID-UP CAPITAL

The Company’s paid-up capital was increased by US\$1,490,000 during the year (Note 15).

DIVIDENDS

No dividends were declared during the year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS AND ADVANCES TO CUSTOMERS

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and the making of provisions for bad and doubtful loans, and satisfied themselves that all known bad loans had been written off and that adequate provisions 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 the provision for bad and doubtful loans in the financial statements of the Company inadequate to any material extent.

CURRENT ASSETS

Before the financial statements of the Company were drawn up, the directors took reasonable steps to ascertain that any current assets, other than loans, which were unlikely to be realized 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 realize.

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 in any material respect.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- No 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; and
- No contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of business.

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 have a material effect on the ability of the Company to meet its obligations as and when they become due.

EVENTS AFTER THE END OF REPORTING PERIOD

No significant events occurred after the end of reporting period requiring disclosure or adjustment other than those already disclosed in the accompanying notes to 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 Chairman

Ms. Khat Sokean Vice-chairwoman

Mr. Khov Soviet Independent member

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Company.

DIRECTORS' INTERESTS

No members of the Board of Directors hold any interest in the equity of the Company.

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed, to which the Company was a party, whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

No director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or with a firm in which the director is a member, or with a company which the director has a material financial interest other than those disclosed in the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended. The Board of Directors oversees preparation of these financial statements by management who is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs"), or if there has been any departure in the interest of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- Maintain adequate accounting records and an effective system of internal controls;
- 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
- Set overall policies for the Company, ratify all decisions and actions that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the financial statements.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applicable accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board of Directors confirms that the Company has complied with these requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs.

On behalf of the Board of Directors



Thun Vathana
Chairman



Dith Nita
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

8 May 2020

Report of The Independent Auditors

To: The Shareholders of CAMMA Microfinance Limited

Opinion

We have audited the financial statements of CAMMA Microfinance Limited (“the Company”), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the sub-decree on the Code of Ethics for Professional Accountants and Auditors promulgated by the Royal Government of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 April 2019.

Other Information

The other information obtained at the date of the auditor’s report comprises the Report of the Board of Directors as set out in pages 1 to 4. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on

the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRS for SMEs 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. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates

and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor’s Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Partner

Ernst & Young (Cambodia) Ltd.

Certified Public Accountants

Registered Auditors

Phnom Penh, Kingdom of Cambodia

8 May 2020



Balance Sheet

AS AT 31 DECEMBER 2019

Description	2019		2018	
	US\$	KHR'000	US\$	KHR'000
ASSETS				
Cash on hand	224,616	915,310	186,706	750,185
Balances with Central Bank	181,889	741,198	106,593	428,291
Balances with other banks	11,429	46,573	669,259	2,689,083
Loan and advances to customers	12,840,197	52,323,803	10,119,305	40,659,367
Other assets	75,367	307,121	69,674	279,950
Property and equipment	27,085	110,371	30,205	121,364
Software	18,727	76,313	31,085	124,900
Deferred tax assets	71,623	291,864	63,103	253,548
TOTAL ASSETS	13,450,933	54,812,553	11,275,930	45,306,688
LIABILITIES AND EQUITY				
LIABILITIES				
Income tax payable	92,621	377,431	55,366	222,461
Borrowings	8,955,329	36,492,966	8,190,698	32,910,225
Other liabilities	164,619	670,823	94,355	379,119
Total Liabilities	9,212,569	37,541,220	8,340,419	33,511,805
EQUITY				
Share capital	3,593,000	14,372,000	2,103,000	8,412,000
Retained earnings	575,724	2,352,104	741,524	2,997,955
Regulatory reserve	69,640	278,597	90,987	365,586
Difference on exchange translation	-	268,632	-	19,342
Total equity	4,238,364	17,271,333	2,935,511	11,794,883
TOTAL LIABILITIES AND EQUITY	13,450,933	54,812,553	11,275,930	45,306,688

Income Statement

AS AT 31 DECEMBER 2019

Description	2019		2018	
	US\$	KHR'000	US\$	KHR'000
Interest income	2,034,345	8,243,166	1,643,920	6,649,656
Interest expenses	(573,401)	(2,323,421)	(482,965)	(1,953,593)
Net interest income	1,460,944	5,919,745	1,160,955	4,696,063
Other operating income	95,928	388,700	73,915	298,986
Total operating income	1,556,872	6,308,445	1,234,870	4,995,049
Personnel expenses	(652,387)	(2,643,472)	(601,082)	(2,431,377)
Depreciation and amortization	(33,496)	(135,726)	(47,649)	(192,740)
Other operating expenses	(408,112)	(1,653,670)	(260,668)	(1,054,402)
Provision for loan Losses	(66,311)	(268,692)	32,385	130,997
Income before income tax	396,566	1,606,885	357,856	1,447,527
Income tax expense	(93,713)	(379,725)	(21,048)	(85,139)
Net income for the year	302,853	1,227,160	336,808	1,362,388
Difference on exchange translation	-	249,290	-	(58,469)
Total comprehensive income	302,853	1,476,450	336,808	1,303,919

Statement of Change in Equity

Description	Share capital		Retained earnings	
	US\$	KHR'000	US\$	KHR'000
As at 1 January 2018, as previous presented	2,103,000	8,412,000	498,470	2,012,323
Effect of transition adjustment	-	-	(2,765)	(11,162)
Transferred from retained earning to regulatory reserve	-	-	-	-
As at 1 January 2018, as restated	2,103,000	8,412,000	495,705	2,001,161
Profit for 2018, as restated	-	-	336,806	1,362,380
Transfer to regulatory reserve	-	-	(90,987)	(365,586)
Exchange difference on translation	-	-	-	-
As at 31 December 2018, as restated	2,103,000	8,412,000	741,524	2,997,955
As at 1 January 2019, as restated	2,103,000	8,412,000	741,524	2,997,955
Capital Injection				
Cash	1,000,000	4,000,000	-	-
Transferred from RE	490,000	1,960,000	(490,000)	(1,960,000)
Profit for 2019	-	-	302,853	1,227,160
Transfer to/from regulatory reserve	-	-	21,347	86,989
Exchange difference on translation	-	-	-	-
	3,593,000	14,372,000	575,724	2,352,104

Regulatory reserve		Cummulative exchange diff. on translation	Total	
US\$	KHR'000	KHR'000	US\$	KHR'000
		77,811	2,601,470	10,502,134
		-	(2,765)	(11,162)
-	-	-	-	-
-	-	77,811	2,598,705	10,490,972
-	-	-	336,806	1,362,380
90,987	365,586	-	-	-
-	-	(58,469)	-	(58,469)
90,987	365,586	19,342	2,935,511	11,794,883
90,987	365,586	19,342	2,935,511	11,794,883
-	-	-	1,000,000	4,000,000
-	-	-	-	-
-	-	-	302,853	1,227,160
(21,347)	(86,989)	-	-	-
-	-	249,290	-	249,290
69,640	278,597	268,632	4,238,364	17,271,333

Statement of Cash Flow

Description	2019		2018	
	US\$	KHR'000	US\$	KHR'000
OPERATING ACTIVITIES				
Income before income tax	396,566	1,606,885	357,854	1,447,519
Adjustments for:				
Depreciation	21,139	85,655	35,292	142,756
Amortization	12,358	50,075	12,357	49,984
Provision for losses on loans and advances	66,200	268,242	118,631	479,862
Income tax paid	(64,978)	(263,291)	(51,210)	(207,144)
Operating income before movements in operating assets and liabilities	431,285	1,747,566	472,924	1,912,977
Movements in operating assets and liabilities:				
Loans and advances to customers	(2,787,092)	(11,293,297)	(2,677,526)	(10,830,593)
Other assets	(5,693)	(23,068)	(15,969)	(64,595)
Statutory deposit	(74,500)	(301,874)	-	-
Other liabilities	70,264	284,710	136,992	554,133
Net cash used in operating activities	(2,365,736)	(9,585,963)	(2,083,579)	(8,428,078)
INVESTING ACTIVITIES				
Acquisition of property and equipment	(18,019)	(73,013)	(5,559)	(22,486)
FINANCING ACTIVITIES				
Proceeds from borrowings	6,625,042	26,844,670	10,771,052	43,568,905
Repayments of borrowings	(5,860,411)	(23,746,385)	(8,000,634)	(32,362,565)
Cash proceeds from capital injection	1,000,000	4,052,000	-	-
Net cash generated from financing activities	1,764,631	7,150,285	2,770,418	11,206,340
Net (decrease) increase in cash and cash equivalents	(619,124)	(2,508,691)	681,280	2,755,776
Cash and cash equivalents at beginning of year	857,408	3,445,066	176,128	711,029
Difference on exchange translation	-	34,632	-	(21,739)
Cash and cash equivalents at end of year	238,284	971,007	857,408	3,445,066

Branch Networks

Phnom Penh

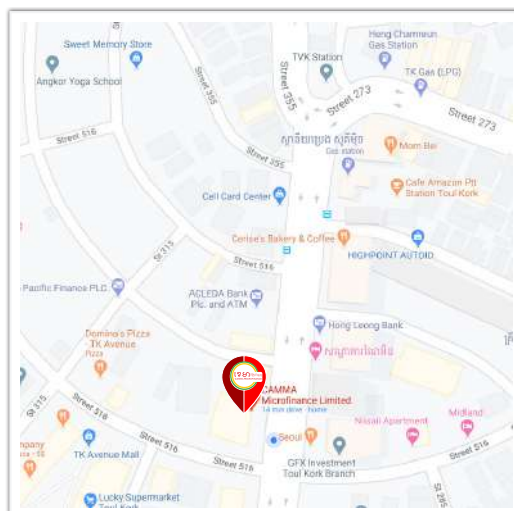
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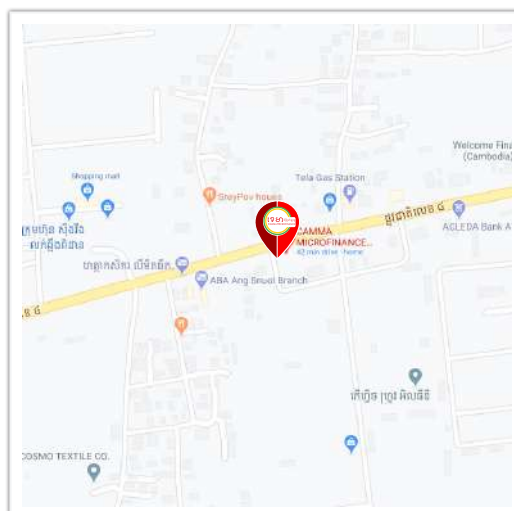
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