



ខេមា មីក្រូហិរញ្ញវត្ថុ លីមីតធីត
CAMMA MICROFINANCE LIMITED

ANNUAL REPORT 2022

PUBLIC

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VISION

To morph into a reliable microfinance institution offering inclusive and creative financial services to Cambodian people and protecting the interests of the people, shareholders, and the whole of society.

MISSION

Providing creative financial services impactful for communities, Small & Medium Enterprises (SMEs), and farmers, notably women, with effectiveness, sustainability, and responsibility.

CORE VALUES

Transparency: We ensure that all products information provided to customers is comprehensive and transparent.

Innovation: We thrive to bring about change and add value to our products and services in response to the needs of our customers.

Integrity: We ensure integrity and professional ethics in providing products and services to our customers.

Professionalism: We ensure our services are highly professional and respectful to our customers.

Excellent Service: We commit to providing the best, quickest and most effective services.

OPERATING AREAS



Note: The map is used for CAMMA's branch network indication purpose only.

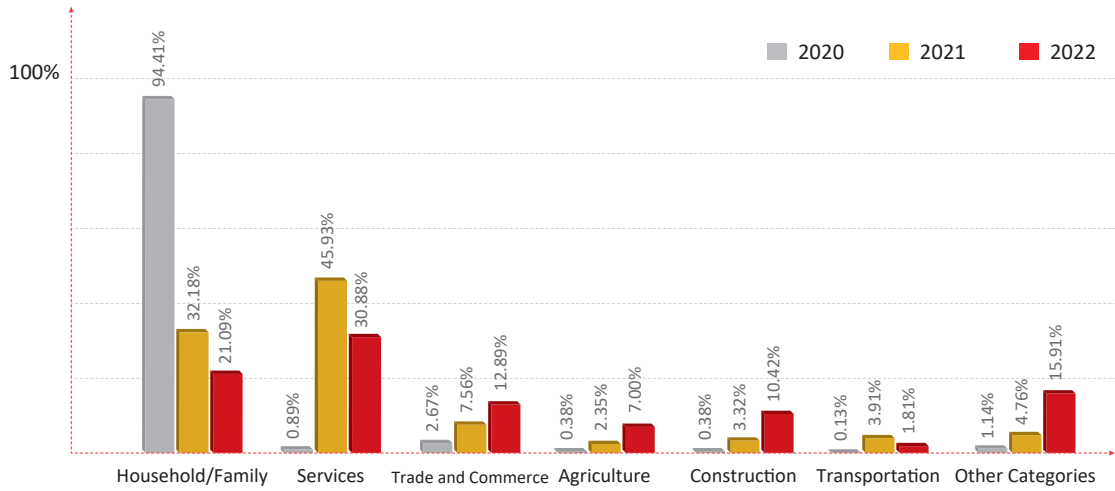
Main Operational Indicators	2021	2022
Number of Operating Provinces	4	5
Number of Operating Districts	43	44
Number of Operating Communes	187	236
Number of Operating Villages	555	785
Number of Branches	4	5
Number of Staff	128	170
Number of Credit Officers	43	56

KEY FIGURES

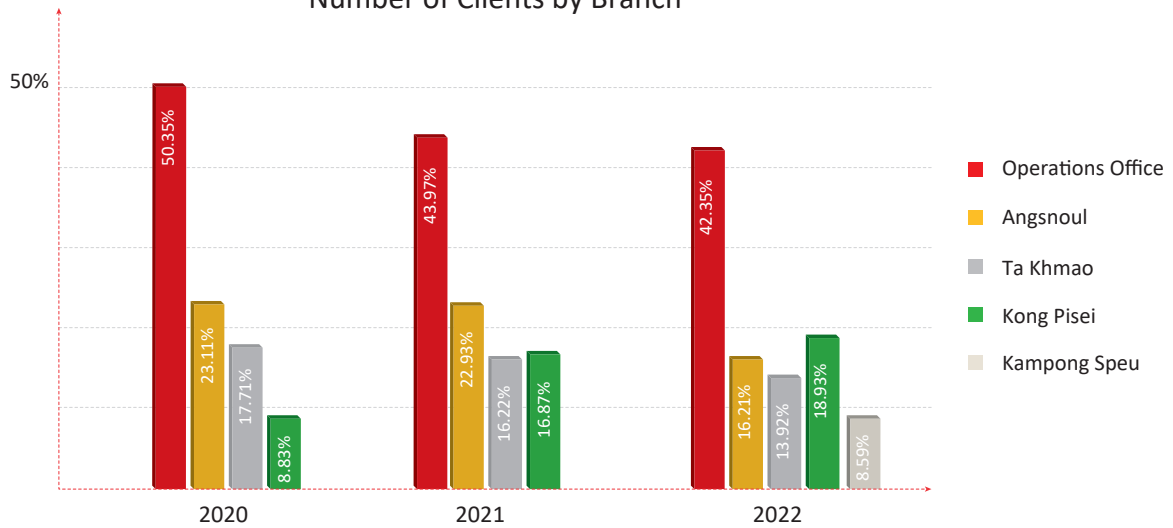
OPERATIONAL HIGHLIGHTS	2020	2021	2022	Change
Branch Offices	4	4	5	20%
Total Staff	120	128	170	33%
Number of Credit Officers	54	43	56	9%
Number of Active Borrowers	1,576	1,535	2,177	42%
Loan Outstanding	13,324,527	15,502,816	23,681,877	53%

FINANCIAL HIGHLIGHTS	2020	2021	2022	Change
Assets	13,805,582	16,526,325	24,848,333	50%
Liabilities	9,141,857	9,597,534	17,775,152	85%
Shareholder Equity	4,663,725	6,928,791	7,073,180	2%
Share Capital	3,593,000	5,593,000	5,593,000	0%
Retained Earning	713,131	754,748	940,432	25%
Regulatory Reserve	357,594	581,043	539,749	(7%)
Interest Income	2,316,529	2,146,443	2,790,491	30%
Interest Expense	(612,511)	(535,366)	(800,626)	50%
Net interest income	1,704,018	1,611,077	1,989,865	24%
Provision for bad and doubtful Loan	(59,235)	(80,580)	(25,304)	(69%)
Net interest income after provision for bad and doubtful Loan	1,644,783	1,530,497	1,964,561	28%
Other None Interest Income	145,868	149,105	102,032	(32%)
Personal Expense	(821,466)	(950,576)	(1,229,297)	29%
Operating and Other Expense	(379,629)	(345,114)	(587,651)	70%
Depreciation Expense	(46,524)	(42,660)	(43,702)	2%
Profit before Income Tax	543,032	341,252	205,943	(40%)
Income tax expense	(117,673)	(76,186)	(61,553)	(19%)
Profit for the year	425,359	265,066	144,390	(46%)
Return on Asset	3.08%	1.60%	0.60%	(63%)
Return on Equity	9.12%	3.83%	2.04%	(47%)
Portfolio at Risk (PAR) ≥ 30days (%)	5.98%	3.44%	3.92%	14%
Operational Self Sufficiency	120.69%	109.83%	103.87%	(5%)

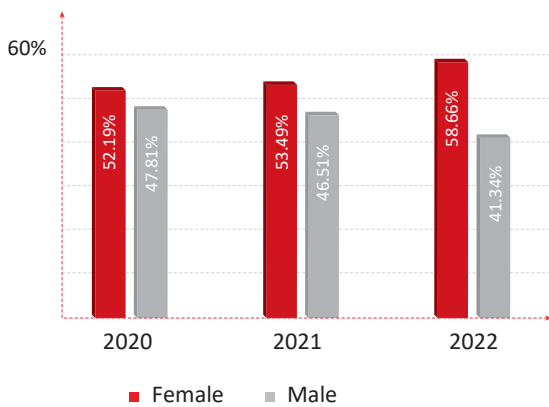
Loan Portfolios by Sector



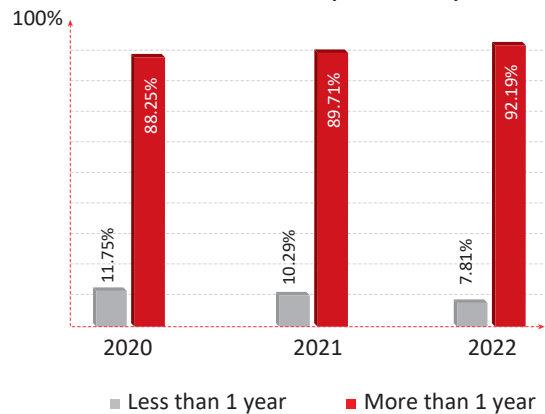
Number of Clients by Branch



Number of Clients by Gender



Number of Clients by Maturity



1

OUR PROFILE

- HISTORY OF CAMMA
- MILESTONES
- LENDERS AND PARTNERS
- CHAIRWOMAN'S STATEMENT
- ACTING CEO'S REPORT

HISTORY OF CAMMA

CAMMA Microfinance Limited was initiated and established in 2008 when it was a private credit operator that provided credit services to local Cambodians in Phnom Penh and Kandal province.

Demand for loans to expand businesses, increased income, and improve living standards have increased from year to year. Customers who have received loans have improved their living standards and continued to develop over time. To meet the customers' growing demand for loans and to contribute to poverty reduction of people, it was necessary for CAMMA to expand its scope of operations to gain customers' confidence and trust and to enhance the quality of its services.

Taking this trend into account, CAMMA has transformed from a private credit operator to a trusted CAMMA Microfinance Limited by having registered with the Ministry of Commerce as a Private Limited Company, with its certification of incorporation number Co.0700KH/2010, dated 31 March 2010 with a registered capital of USD 200,000 (two hundred thousand United States dollars).

On 29 July 2010, CAMMA Microfinance Limited obtained official license from the National Bank of Cambodia to be a microfinance institution with full authorization to provide loans to customers. CAMMA has prepared itself to become a microfinance institution with good governance, a clear standard of operations, and client protection policies.

As of December 2022, CAMMA has increased its registered capital to USD 5,593,000. CAMMA has five branches with 170 employees, serving 2,177 clients with a loan portfolio of USD 23,681,877.

In the future, CAMMA will continue to expand its operations to rural and urban areas and develop new financial services and products to meet the needs of the customers. With an experienced management team, good governance, and social commitment, CAMMA is ready to expand its operations and impacts across the country.

MILESTONES

2008

CAMMA Microfinance Limited was initiated in 2008 and established as a private credit operator providing loans to Cambodian people in Phnom Penh and Kandal province.

2010

- CAMMA obtained an MFI license from the National Bank of Cambodia.
- CAMMA was registered with a total capital of USD 200,000 (Two hundred thousand United States dollars).

2015

CAMMA increased its registered capital to USD 2,103,000 (Two million one hundred and three thousand United States dollars).

2016

CAMMA obtained a license to operate its Ang Snuol Branch.

2017

CAMMA received a license to operate its Ta Khmao Branch.

2019

CAMMA increased its registered capital to USD 3,593,000 (three million five hundred ninety-three thousand United States dollars).

2021

CAMMA increased its registered capital to USD 5,593,000 (five million five hundred ninety-three thousand United States dollars).

2020

CAMMA received a license to operate Kong Pisei Branch.

2022

- CAMMA received a license to operate its Kampong Speu Branch.
- CAMMA developed two products: Agriculture Loan and Unsecured Loan.

LENDERS AND PARTNERS



Cathay United Bank



Vattanac Bank



Foreign Trade Bank of Cambodia (FTB)



Chip Mong Bank



SME Bank of Cambodia Plc.



National Bank of Cambodia



Advanced Bank of Asia Limited



ACLEDA Bank Plc.



Wing Bank (Cambodia) Plc.



RHB BANK (CAMBODIA) PLC.



AMK Microfinance Plc.



TrueMoney (Cambodia) Plc.



“ CHAIRWOMAN'S STATEMENT

Ms. Dith Nita



In 2022, the spread of Covid-19 was reduced significantly, which enables countries around the world including Cambodia to “re-open” their economy. However, the world economy could not grow as before the pandemic. Meanwhile, the world faced another geopolitical crisis – the war between Russia and Ukraine that spiked global inflation. This crisis caused some central banks of many countries such as the United States to implement monetary policy to reduce currency depreciation and increase the interest rate of central banks to reduce the inflation rate.

This global economic event also negatively impacted the Cambodian economy. Yet, because of the precise and accurate policy of the Royal Government of Cambodia in “re-opening” the economy and the rebound in tourism, the negative impact has been significantly reduced, which resulted in the growth of the Cambodian economy of approximately 5.2% in 2022. The growth was driven by the garment industry, service industry, and tourism.

In response to the situation of regional and local economics, CAMMA remained robust

as illustrated in the Annual Report 2022. CAMMA still sustains its business operation through the implementation of its five-year strategy for 2020-2024. Technology and innovation are the foundations of CAMMA’s strategic plan. The digital loan was developed and tested in 2022. This loan product received remarkable support from clients because of the quick service, time-saving, and uncomplicated documents. Digital marketing was also developed to enable advertising in new digital trends. In our strategy, investment in human resources through skills development remained a top priority. Internal and external training courses were provided to staff of all levels. CAMMA’s branch managers were trained to strengthen managerial skills to manage the branch effectively and sustainably with codes of conduct and professionalism. In addition, 50% of credit officers attended the responsible lending training course organized by the Institute of Banking and Finance. To improve staff training, Camma Digital Learning Apps were also developed and released in 2022.

The full implementation of the Cambodian International Financial Reporting Standard (CIFRS) for SMEs and Cambodian tax standard allowed CAMMA Microfinance Limited to have been awarded the Tax Compliance Certificate type "Gold" with two years of validity for the tax year of 2023 and 2024. These milestones come from the clear definition of the vision, mission, core values, and strategic plan of the institution. Furthermore, this is the result of the hard work of the staff of all levels with ethics, professionalism, and integrity towards clients and the institution.

In the following year, CAMMA will continue to strengthen the digitalization strategy by implementing Loan Origination System and Contact Center System to increase the quality of our service and improve work productivity. CAMMA will further focus on providing loans to female borrowers according to its mission. We have accomplished this goal as shown in the increase in the number of female borrowers from 52% in 2020 to 59% in 2022. Additionally, CAMMA planned to release the Green Loan product to contribute to corporate social responsibility.

Year 2023 is the first year that I hold the position of Chairwoman of the Board of Directors of CAMMA. I would like to pay my gratitude and appreciation to Mr. Thun Vathana who successfully led CAMMA until now. I would like to wish him every success in his new role and duties.

As a Chairwoman of the Board for this new term, I am committed to leading CAMMA to sustainable growth and reaching the stated goals. I hope that members of the Board and staff at all levels would join me with determination and teamwork spirit in this journey. I hope that CAMMA will be even more successful in 2023.

Last but not least, I am deeply thankful to the management team and staff at all levels for their highly responsible and dedicated work in contributing to the mission of CAMMA. I sincerely thank the Royal Government of Cambodia, the National Bank of Cambodia, clients, and partners for their cooperation and support.

Best regards,

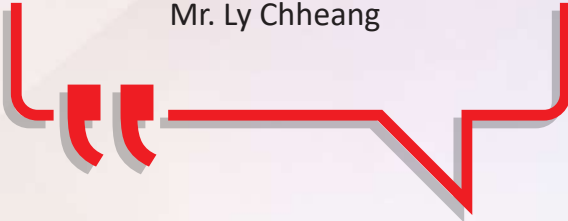


Ms. Dith Nita
Chairwoman of the Board



ACTING CEO'S REPORT

Mr. Ly Chheang



For the last 12 years, CAMMA is proud to be an excellent financial partner for clients in the mission of providing 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, and responsible manner. In 2022, CAMMA maintained its credit portfolio growth, developed two potential products, and launched an additional branch. I would like to briefly highlight the significant achievements in 2022 in this report.

MAIN ACHIEVEMENTS IN 2022

As of December 2022, the report shows that the asset of CAMMA increased to USD 24,848,333 which is 50% up lift compared to 2021. With five branches, CAMMA is operating in 785 villages, 236 communes, 44 districts in five provinces. CAMMA has 170 staff serving 2,177 clients, 59% of whom are female borrowers. CAMMA accomplished more than 10% of the credit portfolio in Khmer Riels. To expand the operating area, CAMMA launched Kampong Speu Branch in Q2 of 2022 to grow its branch network.

Along with new the new branch opening, CAMMA developed two new products: Agriculture Loan and Unsecured Loan. Agriculture Loan was developed to provide loans to farmers and communities in rural areas whereas Unsecured Loan was developed to provide loans to clients who do not have real estate properties to secure the loan. This credit product was to improve work productivity and reduce the operational cost. As stated by Chairwoman of the Board, this loan received remarkable support from clients.

In 2022, CAMMA achieved a small profit which is a slight return on an asset at 0.60% and a return on equity at 2.04%. The profit declined due to the investment in staff, strengthening the organizational structure, and expanding business operations by establishing a digital credit team and launching new branches. These factors resulted in costs to incomes ratio of 95.01% annually. Despite the low revenue, CAMMA managed to maintain an operating expense ratio of 9.81% the same as last year, and Additionally, CAMMA Microfinance Limited also maintained its liquidity ratio in compliance with

its regulator above 100% requirement and high solvency ratio of 35.69% which were above the minimum requirement by the central bank of "not less than 15%" in compliance. The portfolio at risk of more than 30 days achieved 3.92% which is a slight increment compared to last year (3.44%) but this increase is manageable.

STRATEGIC PLAN FOR 2023

Vehicle Loan will be amended to allow clients to have loans for purchasing cars. On the other hand, CAMMA will be further focusing on Group Loan and Micro Loan to increase the number of clients, expand the operating area, and accomplish the mission of providing creative financial services impactful for communities, Small & Medium Enterprises (SMEs), and farmers, notably women.

To expand the operating areas, two more branches are expected to launch: S'ang District in Kandal Province, and Kampong Trach District in Kampot Province. CAMMA will focus on providing Green Loan and WASH Loan to reduce the environmental and social impact as well as improve the clients' quality standard of living.

In the last 12 years, CAMMA accomplished many achievements and prospered indicating the contribution of staff at all levels which bring CAMMA to receive fruitful results until now. On this occasion, I would like to thank the Royal Government of Cambodia, the National Bank of Cambodia, and partners for supporting CAMMA. Likewise, I would like to thank CAMMA staff for their hard work and determination in their respective role. I also would like to thank the former Chairman of the Board, the current Chairwoman of the Board, Board members and for their guidance and full support in achieving CAMMA's mission.

CAMMA is committed to providing excellent services to our clients with professionalism, integrity, transparency, and innovation to morph into a reliable microfinance institution offering inclusive and creative financial services to Cambodian people and protecting the interests of the people, shareholders, and the whole society.

Best regards,



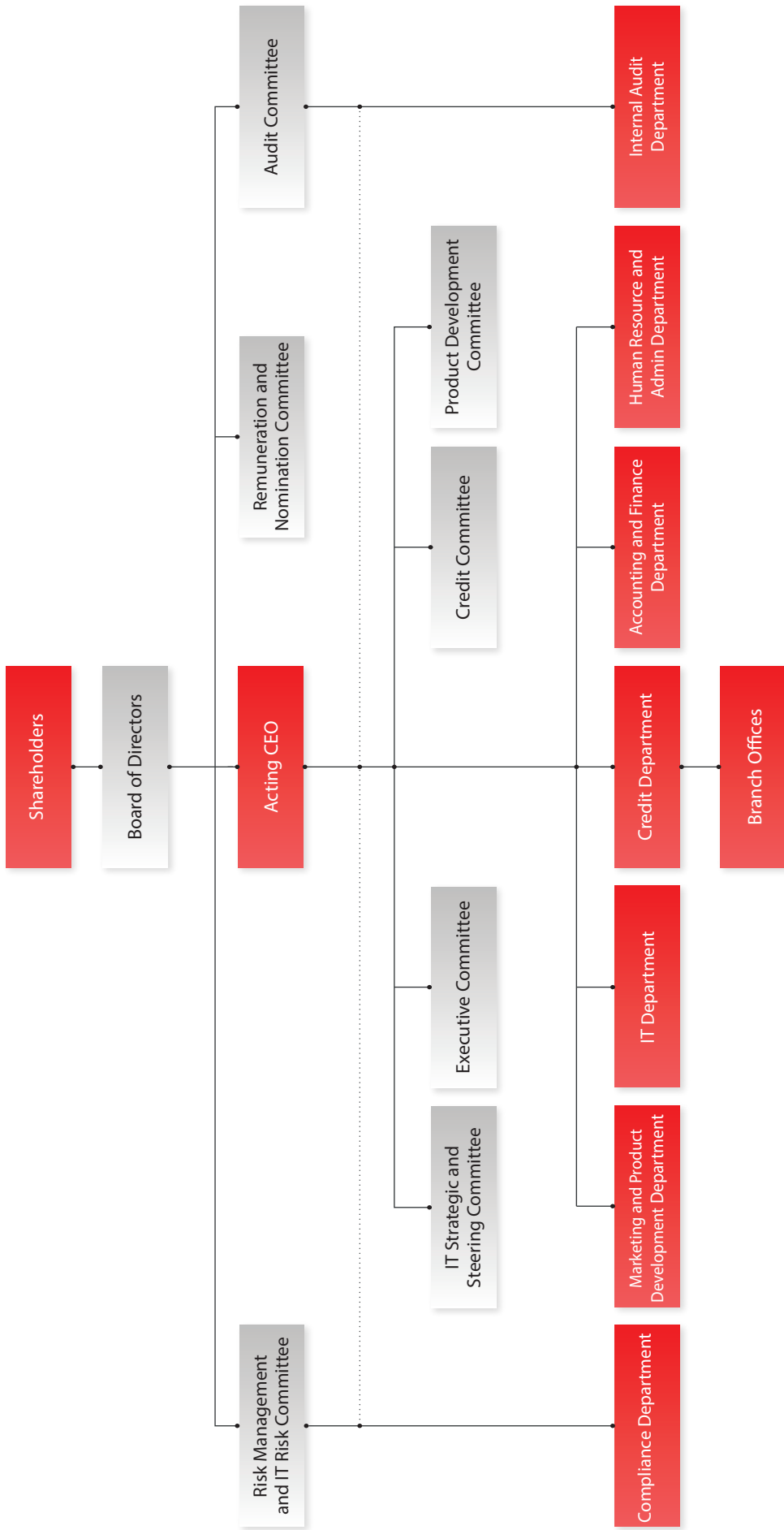
Mr. Ly Chheang
Acting Chief Executive Officer

2

CORPORATE GOVERNANCE

- ORGANIZATIONAL CHART
- MANAGEMENT TEAM
- RISK MANAGEMENT AND INTERNAL CONTROL

ORGANIZATIONAL CHART



MANAGEMENT TEAM



Mr. Ly Chheang

Acting Chief Executive Officer

Mr. Ly Chheang obtained his Master's degree in General Management at Royal University of Law and Economics in 2009. He has more than 19 years of experience working in Finance and Banking industry. He worked as a Credit Officer for Micro, Small, Medium and Housing loan, Deputy Chief Credit Officer, and Chief Credit Officer of Branch. He joined CAMMA Microfinance Limited in the position of Operations Manager in 2015. He was promoted to Head of Credit Department on March 2016, and promoted to Deputy Chief Executive Officer on December 2020. He was then promoted as Acting Chief Executive Officer on February 2023.



Mr. Sen Kamsan

Head of Credit Department

Mr. Sen Kamsan obtained his Master's degree in Finance and Banking at Build Bright University in 2010. He has attended numerous training courses such as Sales and Marketing Skills, Products Development, Customer Service Management, Effective Branch Management, Credit Risk Management, Internal Control etc. With more than 18 years of working experience in Microfinance Institutions and Payment Service Institutions, he was employed with PRASAC, LOLC, SBI LY HOUR, LY HOUR PAY PRO, ASIA CASH EXPRESS, CHOKCHEY FINANCE as a Credit Officer, Sub-Branch Manager, Branch Manager, Unit Manager and Head of Departments. He joined CAMMA Microfinance Limited as Head of Credit Department on December 2020.



Mrs. Vath Sovanna
Head of Accounting & Finance Department

Mrs. Vath Sovanna obtained a Master's degree in Business Administration from the Royal University of Law and Economics in 2015 and a Bachelor's degree in Accounting from Vanda Institution in 2008. She completed Diploma in Cambodian Tax with CamEd Business School in 2011 and National Tax School and was certified by GDT in 2014 as well. At the end of 2021, she completed diploma in CIFRS for SMEs from CamEd Business School. Currently, she is pursuing ACCA program for continued development in her career path. She has more than 14 years of professional working experience in finance, accounting, and taxation in the financial sector since December 2007; her first career was as an Accountant at MFI, then in 2010 she was promoted to a tax officer, and in 2013, she was promoted to be a Senior Tax Compliance Officer. Before joining CAMMA, she was Head of the Finance Department at Vithey Microfinance Plc. Then, in July 2020, she joined CAMMA Microfinance Limited as Head of Finance and Accounting Department till now.



Mr. Yiang Hai
Head of Internal Audit Department

Mr. Yiang Hai obtained his Master's degree in Finance and Banking at Build Bright University in 2010. He received his Bachelor's degree in Business Administration in Accounting and Finance from the National Institute of Business in 2003. He has attended numerous training courses such as effective internal control, internal audit, advanced credit risk management, IT audit skill, leadership skill, coaching skill, report writing, Cambodia taxes, international financial report standard (IFRS), and fraudulence. He has more than 15 years of experience working with microfinance institutions: a credit officer at PRASAC, LOLC (2005-2015) as an internal audit officer, senior internal audit, and operation audit unit manager. He joined CAMMA Microfinance Limited as Head of Internal Audit Department in November 2015.



Mr. Pheng Putmetrey

Head of Human Resources & Administration Department

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



Mr. Tith Vannarith

Head of IT Department

Mr. Tith Vannarith obtained his Master's degree in finance from the National University of Management in 2008, as well as completed courses in computer programming and database management. He has 22 years of experience in retail banking, specializing in accounting and finance, treasury, and information technology. He joined CAMMA Microfinance Limited in 2013. Currently, he is Head of Information Technology Department.



Mr. Chhuon Sokcheth

Head of Marketing and Product Development Department

Mr. Chhuon Sokcheth obtained his Master's degree in Business Administration from Norton University in 2012, obtained a Bachelor's Degree in Management of Enterprise from Royal University of Law and Economics in 2003, and received a Diploma in Economic Planning from the Planning and Statistics Training Center in 2001. He has also attended numerous training courses in Cambodia, Philippines, Japan, and Thailand. In his 17 years of working experience, he served many institutions such as ACLEDA Bank Plc., SEILANITHIH MFI, TOYOTA (CAMBODIA) Co., LTD., and LOLC (Cambodia) Plc. in various positions such as Credit Officer, Chief Credit Officer, Marketing Manager, Parts Sales Leader and Head of Marketing Department. He joined CAMMA Microfinance Limited as Head of Marketing and Product Development Department in November 2022.



Mr. Vaung Channsomean

Compliance Manager

Mr. Vaung Channsomean obtained his Master's degree of Business Administration and a Bachelor's degree in Finance and Banking. He also obtained a Diploma in Business Law from CamEd Business School and completing the Regulatory Compliance Certification from Institute of Banking and Finance. He had 9 years of experience in the financial sector. He worked for a microfinance deposit-taking institution (MDI) through various positions such as Credit Officer, Chief Credit Officer, Risk Officer and Compliance Officer. He has attended many training courses related to risk management and compliance function. He is also an accredited as the Compliance Manager by the National Bank of Cambodia since January 2020 after he joined CAMMA Microfinance Limited as Compliance Manager in 2019.

RISK MANAGEMENT AND INTERNAL CONTROL

Internal control is fundamental to successful day-to-day operations and in achieving its business objectives. Weakness of the internal control system has caused losses in many financial institutions and unable to manage risks in a timely manner.

CAMMA has established a strong internal control system to help drive better business operation through effective asset management and protection, cash management, human resource etc. An internal control system has been put in place by management for all employees to mitigate and prevent intentional or unintentional errors and to ensure that staff adhere to policies and guidelines.

CAMMA's policies and procedures are embedded in the internal control system to prevent risks. Proper segregation of duty and dual control means that an employee cannot process the whole transaction. Every staff member takes responsibility to follow and apply the internal control policies. At the same time, they must communicate upward about any problems of non-compliance or policy violations.

The Board of Directors determines CAMMA risk policies and monitors the effectiveness of risk management frameworks.

The Internal Audit Department is responsible for assessing the adequacy and accuracy of

the internal control system, including reviewing the institution's compliance with regulatory requirements, and reporting independently to the Audit Committee of Board. The internal audit department complies with National Bank of Cambodia's Prakas on "Internal Control of Bank and Financial Institutions" regarding organization of internal audits, objectives of the internal audit function, audit resources, methodologies and procedures. In addition, the department conducts audits in accordance with standard for professional practice of internal auditing.

Internal Audit activities will not be blocked from any part of the institution, including chosen to conduct an audit, scope, procedure, frequency, timeliness, or content of the report to maintain independence and accuracy as required. Internal auditors must not inspect the section or department where their relative is working or where the internal auditor has been employed for at least six months. Internal auditors must be independent of daily operations and must avoid engaging in activities that may be seen to affecting their ability to provide services independently and consistently. In conducting the audit, the internal auditor has no role or authority beyond any activity to be supervised.

ក្រសួងសេដ្ឋកិច្ច និងហិរញ្ញវត្ថុ
MINISTRY OF ECONOMY AND FINANCE
អគ្គនាយកដ្ឋានពន្ធដារ
GENERAL DEPARTMENT OF TAXATION



ព្រះរាជាណាចក្រកម្ពុជា
KINGDOM OF CAMBODIA
ជាតិ សាសនា ព្រះមហាក្សត្រ
NATION RELIGION KING

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Phnom Penh, 07th, 2022

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អគ្គនាយកដ្ឋានពន្ធដារ
GENERAL DEPARTMENT OF TAXATION

**វិញ្ញាបនបត្រ
អនុលោមភាពសារពើពន្ធ**

(ប្រកាសលេខ ១៤៣៦ សហវ.ប្រក ចុះថ្ងៃទី២៣ ខែធ្នូ ឆ្នាំ២០១៦)

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លេខអត្តសញ្ញាណកម្មសារពើពន្ធ : L001-107008408
ស្ថិតក្រោមការគ្រប់គ្រង : នាយកដ្ឋានគ្រប់គ្រងអ្នកជាប់ពន្ធ កាលបរិច្ឆេទធ្វើបច្ចុប្បន្នភាព : ០៨ កក្កដា ២០១៦
សកម្មភាពអាជីវកម្ម : ព្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ
អាសយដ្ឋាន : #១០១A ផ្លូវ ២៨៩ សង្កាត់ បឹងកក់ទី ១ ខណ្ឌ ទួលគោក រាជធានីភ្នំពេញ
ទទួលបានកម្រិតអនុលោមភាពសារពើពន្ធប្រភេទ : **ទាស**
មានសុពលភាពរយៈពេល ២ ឆ្នាំ សម្រាប់ឆ្នាំជាប់ពន្ធ ២០២៣ ដល់ ឆ្នាំ២០២៤។

CERTIFICATE OF TAX COMPLIANCE
(Prakas No J536 MEF/PK dated 23rd December 2016)

GENERAL DEPARTMENT OF TAXATION certifies that :
Company's name : CAMMA MICROFINANCE LIMITED.
Tax Identification Number (TIN) : L001-107008408
Under : Department of large Taxpayers
Business activity(ies) : Micro-finance
Tax Compliance Type awarded : GOLD
Validity period of 2 years for the tax year of 2023 and 2024.

- បញ្ជាក់ថា :
- នាយកដ្ឋានពន្ធដារ និងប្រកាសពន្ធ
- នាយកដ្ឋានគ្រប់គ្រងអ្នកជាប់ពន្ធ
- នាយកដ្ឋានប្រតិបត្តិការពន្ធដារ
- ប្រកាសពន្ធដារ



រដ្ឋមន្ត្រីក្រសួងសេដ្ឋកិច្ច និងហិរញ្ញវត្ថុ
ព្រះរាជាណាចក្រកម្ពុជា
អគ្គនាយកដ្ឋានពន្ធដារ

Minister of the Royal Government
Minister of the General Department of Taxation

គង់ វិជ្ជា

CAMMA Microfinance Limited was awarded the Tax Compliance Certificate type "Gold" with two years of validity for the year of 2023 and 2024 by the General Department of Taxation.

3

BUSINESS OVERVIEW

- PRODUCTS AND SERVICES
- BUSINESS PERFORMANCE
- FINANCIAL HIGHLIGHTS
- TRAINING AND HUMAN RESOURCE
DEVELOPMENT
- COMMUNITY EVENT
- ABOUT CUSTOMER

PRODUCTS AND SERVICES

After having received its license from the National Bank of Cambodia in 2010, CAMMA has strengthened and developed many products to fulfill the needs of clients and maintain competitiveness to keep up with the digital trend. The mission of CAMMA in providing creative financial services impactful for communities, Small & Medium Enterprises (SMEs), and farmers, notably women, with effectiveness, sustainability, and responsibility is the foundation for product development. Moreover, CAMMA will continue to provide loans with integrity, transparency, professionalism, innovation, and excellent services to bring forth exceptional experiences for clients.

Group Loan was created to provide an opportunity for clients with low income to form a joint-liability group of two to five people to have access to loans from CAMMA. In response to the needs and positive economic growth, CAMMA increased the loan amount of Group Loan product to USD 1,000 per person in 2022. As a result, CAMMA had 197 group loan clients accounting for 9% of total clients with a credit portfolio of USD 128,531 representing 0.54% of the gross credit portfolio.

Individual Loan is another well-established product of CAMMA which was introduced to fulfill the need of clients with medium income using for either commercial or personal consumption purposes. Currently, Individual Loan has 1,562 clients accounting for 71.75% of total clients, and a credit portfolio of USD 20,530,715 representing 86.69% of gross credit portfolio. Individual Loan was categorized into Micro Loan, Small Loan, and Medium Loan with a maximum loan amount of USD 300,000.

Small and Medium Enterprise Loan is provided to support local SMEs to use as working capital and investment with a maximum loan amount of USD 500,000. Under the cooperation

with Credit Guarantee Corporation of Cambodia of the Ministry of Economy and Finance, CAMMA launched Business Recovery Loan for enterprises and companies enabling access to a fund for potential enterprises or companies, especially potential women entrepreneurs who have the ability to repay loans without having sufficient collateral, allowing them to strengthen and expand their business operation. SME Loan and Women Entrepreneurs Guarantee Scheme under cooperation with CGCC have a total client of 18 and a credit portfolio of USD 2,775,943. Business Recovery Loan, on the other hand, has three clients and a credit portfolio of USD 128,160.

CAMMA also provides Property Loan to clients who would like to purchase real estate properties or construct buildings on their own land. With a maximum loan amount of USD 100,000, clients may use the loan to construct or invest in real estate to generate profit and improve their living standards. Currently, Property Loan has 54 clients representing 2.48% of total clients and a credit portfolio of USD 926,141 accounting for 3.91% of the gross credit portfolio.

Besides the above core products, CAMMA provides other credit products for emergency cash and consumption purposes. Salary Loan is provided to employees in private and public sectors under uncomplicated conditions, quick service, and loan amounts of up to USD 1,000. Quick Loan is provided to clients who need emergency cash by using the vehicle identification card as collateral. Clients are eligible for a maximum loan amount of up to USD 3,000.

In addition, Vehicle Loan is provided to clients who need to purchase a motorcycle or tricycle for personal use or business purposes. Vehicle Loan has a loan amount of up to USD 3,500 using the vehicle identification card to

secure the loan. CAMMA planned to increase the loan amount so that clients can use this loan to purchase cars.

To expand its operation in providing financial services and to fulfill the financial needs of clients as well as to support business expansion, CAMMA launched two potential products in 2022 – Agriculture Loan and Unsecured Loan. Agriculture Loan is provided with flexible repayment modes based on the seasonal income of clients and enables clients, whose businesses are in the agricultural sector, to purchase raw materials or agricultural machinery with a loan amount of up to USD 50,000.

Unsecured Loan is a unique product featuring a convenient method of the loan application. Clients may apply for the loan online, and the digital loan assessment officer will assess the loan online. Therefore, clients are required to come to the office only once the loan is disbursed. Unsecured Loan provides a loan amount of up to USD 5,000 for consumption or small business purpose.

BUSINESS PERFORMANCE

Portfolio Performance by Sector

Number of Client

No.	Sector	2020	2021	2022
1	Household & Family	1,474	494	538
2	Trade & Commerce	52	116	209
3	Agriculture	7	36	61
4	Service	16	705	612
5	Construction	7	51	184
6	Transport & Utilities	2	60	55
7	Others	18	73	518
	Total	1,576	1,535	2,177

Loan Outstanding (USD)

No.	Sector	2020	2021	2022
1	Household & Family	12,867,510	3,778,306	4,995,542
2	Trade & Commerce	198,443	1,164,393	3,052,513
3	Agriculture	27,410	604,157	1,656,972
4	Service	100,180	7,352,252	7,312,267
5	Construction	15,842	1,366,434	2,468,453
6	Transport & Utilities	5,027	471,879	429,352
7	Others	110,116	765,395	3,766,779
	Total	13,324,527	15,502,816	23,681,877

CAMMA achieved a credit portfolio of USD 23,681,877 in 2022 and maintained a remarkable growth of 53% contributed by the growth of borrowers in various sectors: commercial,

households, construction, agriculture, and other sectors whereas transportation and service slightly lowered.

Portfolio Performance by Product Type

Number of Client

No.	Product Type	2020	2021	2022
1	Micro Loan	190	184	335
2	Small Loan	433	365	354
3	Medium Loan	625	667	873
4	Group Loan	69	74	197
5	Staff Loan	44	38	33
6	Quick Loan	155	134	214
7	Package Loan	26	36	47
8	Property Loan	32	36	54
9	Salary Loan	-	1	1
10	Unsecured Loan	-	-	60
11	Vehicle Loan	2	0	9
	Total	1,576	1,535	2,177

Loan Outstanding (USD)

No.	Product Type	2020	2021	2022
1	Micro Loan	398,523	423,381	950,549
2	Small Loan	2,113,081	1,748,809	1,813,597
3	Medium Loan	9,221,119	11,492,201	17,766,569
4	Group Loan	15,425	18,276	128,531
5	Staff Loan	368,232	347,905	205,171
6	Quick Loan	86,021	101,978	199,598
7	Package Loan	530,572	644,437	1,534,620
8	Property Loan	588,123	725,058	926,141
9	Salary Loan	-	772	132
10	Unsecured Loan	-	-	144,840
11	Vehicle Loan	3,431	-	12,130
	Total	13,324,527	15,502,816	23,681,877

The number of clients increased significantly by 42% in 2022 increasing the number of total clients to 2,177.

On the other hand, the credit portfolio also saw significant growth thanks to the spike in Medium Loan which accounted for 55%,

Package Loan accounted for 138%, and Micro Loan accounted for 125%. Other products also have significant growth whereas Staff Loan and Salary Loan declined by -41% and -81% respectively.

FINANCIAL HIGHLIGHTS

Profit & Loss Summary	2020	2021	2022	YOY %
Profit & Loss Summary (USD)	Audited	Audited	Audited	
Interest Incomes	2,316,529	2,146,443	2,790,491	30%
Interest Expenses	(612,511)	(535,366)	(800,626)	50%
Net interest incomes	1,704,018	1,611,077	1,989,865	24%
Provision for bad and doubtful Loan	(59,235)	(80,580)	(25,304)	(69%)
Net interest income after provision for bad and doubtful Loan	1,644,783	1,530,497	1,964,561	28%
Other None Interest Income	145,868	149,105	102,032	(32%)
Personal Expense	(821,466)	(950,576)	(1,229,297)	29%
Operating and Other Expense	(379,629)	(345,114)	(587,651)	70%
Depreciation Expense	(46,524)	(42,660)	(43,702)	2%
Profit before Income Tax	543,032	341,252	205,943	(40%)
Income tax expense	(117,673)	(76,186)	(61,553)	(19%)
Profit for the year	425,359	265,066	144,390	(46%)

In 2022, CAMMA Microfinance Limited maintained its sustainable operating by achieving a net profit before tax amount of USD 205,943 which was contributed by loan outstanding growth amount of 53% that was generated from the interest of loan amount USD 2.79 million with approximately 30% growth

year-over-year. However, this year's loan fees were slightly lower than last year's because the Company provided large loan amounts to the SME clients, which were funded as co-financing with SME Bank without charging any fees from clients. The Company also provided lower interest rates and fees following the internal loyalty program for its clients.

Financial Position Summary	2020	2021	2022	YOY %
Financial Position Summary (USD)	Audited	Audited	Audited	
Assets	13,805,582	16,526,325	24,848,333	50%
Gross Loan Outstanding	13,324,527	15,502,816	23,681,877	53%
Liabilities	9,141,857	9,597,534	17,775,152	85%
Borrowing	9,036,231	9,477,204	17,543,120	85%
Shareholder Equity	4,663,725	6,928,791	7,073,180	2%
Share Capital	3,593,000	5,593,000	5,593,000	0%
Retained Earning	713,131	754,748	940,432	25%
Regulatory Reserve	357,594	581,043	539,749	(7%)

In 2022, CAMMA Microfinance Limited had significant growth in total assets by 50% compared to last year. It reached USD 24.85 million which was contributed by the growth of loan portfolios amounting to 53% year-over-year which is equivalent to USD 23.68 million.

To support the growth of total assets and total loan outstanding, the Company has been funded by local lenders and its shareholders; hence, the borrowing amount this year increased to USD 17.54 million, approximately 85% year-over-year compared to last year.

Key Performance Ratios	2020	2021	2022
Return on Asset	3.08%	1.60%	0.60%
Return on Equity	9.12%	3.83%	2.04%
Operating Expense to Average Gross Loan Portfolio	10.31%	9.81%	9.81%
Cost to Income Ratio (Including Impairment Expense)	82.73%	88.45%	95.01%
Liquidity Ratio	100%	100%	100%
Solvency Ratio	31.94%	39.37%	35.69%
Portfolio at Risk (PAR) ≥ 30days (%)	5.98%	3.44%	3.92%

CAMMA's financial performance significantly decreased this year due to the slight achievement in net profit. The Company got a slight return on an asset at 0.60% and a return on equity at 2.04%. However, it can manage to maintain an operating expense ratio of 9.81% the same as last year (2021 was 9.81%) and maintain its costs to incomes ratio at 95.01% annually. Additionally, CAMMA Microfinance Limited also maintained its liquidity ratio in compliance with its regulator above 100% requirement and high solvency ratio of 35.69% which were above the minimum requirement by the central bank of "not less than 15%" in compliance. Regarding portfolio quality management, it slightly increased to 3.92% compared to last year's rate of 3.44%, but it can be kept under control.

2023 Outlook

In 2023, CAMMA Microfinance Limited will look to expand its income by maintaining the same loan portfolios growth rate compared to last year's by providing interest-bearing assets such as asset-backed lending, micro loans, small and medium loans, agricultural products, and green lending products.

To support such growth in its assets, the management needs to continue expanding its operation to the potential area and risk mitigation and focus on more digital product creation.

CAMMA will further focusing on maintaining a healthy level of liquidity ratio and solvency ratio in compliance with its regulator to support the healthy and sustainable growth.



TRAINING AND HUMAN RESOURCE DEVELOPMENT

Staff Motivation

CAMMA Microfinance Limited's positive growth and achievements are the results of the great efforts of the management team and all staff members. In response to its growth and staff members' efforts, the management of the company decided to modify and add some benefits to the staff for motivation purposes even during the spread of the Covid-19 pandemic. Moreover, the management has decided to provide monthly and quarterly bonuses to all credit officers as well as annual bonuses (Annual Incentives/Bonuses) to all branches that have worked hard to achieve their set targets. In the meantime, CAMMA also promoted the positions of a total of 36 staff members (21.17%) among 170 staff in 2022.

Skills and Knowledge Development for Employees

To ensure the quality of products and services to clients, CAMMA pays great attention to human resource development by investing both time and resources in the establishment of capacity-building programs by providing opportunities for employees to attend training courses both internally and externally.

CAMMA has organized internal training courses on technical skills and skills related to the execution of daily tasks and various policies of the institution. In total, there were 30 sessions with a total of 554 participants. The development of knowledge, skills, and mindsets among staff members at all levels is to keep

abreast with the banking and financial institutions, and in line with the growth of CAMMA.

In addition, CAMMA had sent a total of 144 employees to participate in a total of 27 short courses including soft skills and hard skills,

and to attend undergraduate and graduate programs organized by external institutions to build the capacity of our staff who will, in turn, lead CAMMA more smoothly and effectively.

Indicators	2019	2020	2021	2022
Number of Staff	103	120	129	170
Number of Credit Officers	47	54	52	65
Percentage (%) of Woman Staff	28.16%	30%	28.70%	27.65%
Percentage (%) of Man Staff	71.84%	70%	71.30%	72.35%

Staff Welfare

A part of CAMMA's vision is to create a harmonious and enjoyable working environment where employees can develop and grow within an institution where teamwork is highly embraced through initiating various activities annually.

In addition, CAMMA has established a series of gatherings, including solidarity meals

and annual workshops to nourish and build closer relationships between the management team and staff, as well as staff in the head office and all branches.

Furthermore, CAMMA promoted an intern to become a full-time staff after seeing that the intern had displayed honesty, capability, and job commitment and met the requirement.



PLANTING 1,300 MANGROVE TREES

Community Event

As a financial institution with a vision of contributing to society, CAMMA regularly organized various social activities: blood donation, food donation to orphanages and poor communities, and offering Covid-19 protection kits to the community. In 2022, CAMMA supported the mangrove community by planting 1,300 mangroves in Kep Province. This activity is conducted on July 30, 2022, with the presence of His Excellency Minister of Environment, the Governor of Kep Province, the management team and staff of Camma, a total of 200 participants.

This activity was carried out along with the 12th anniversary of CAMMA to create a

memorable activity and team building amongst staff as well as create an environmental mindset to cherish, protect and preserve natural resources, especially reducing the impact of climate change. Mangrove plantation is beneficial to biodiversity, ecology system, and could be turned into an eco-tourism attraction which provides opportunities for the local community to generate income from visitors. This activity also helped the community to be financially sustainable and as well as the opportunity to acquire green finance.

ABOUT CUSTOMER



Mrs. Tum Saroeun is a grocery seller whose spouse is a motorbike mechanic live in Kamnop Village, Tbaeng Commune, Kandal Stoeung District, Kandal Province. She and her husband have run this small business for five years. This 52-year-old woman has a sister, a daughter, and three niblings living with her.

Because of having many family members, she decided to apply for a loan from CAMMA to purchase land next to her home to construct another small house and expand her retail space. As the land she just bought has some free space, she took out another loan from CAMMA to buy four cows, expand her business, and renovate her home.

This grocery-selling business provides her substantial income, most of which is from selling grilled rice ground. 50 kilograms of rice ground is sold every day, and in turn, generates 200,000 KHR of income.

“I have better living now as I don’t have to care much about the accommodation, food, and cash for special occasions,” said Mrs. Tum Saroeun. In the future, she planned to take out another loan from CAMMA to demolish her steel-reinforced shingle house to construct a brick house with reinforced concrete.



CAMMA provides creative financial services impactful for communities and farmers, notably women, with effectiveness, sustainability, and responsibility.

4

Financial Statements and Report of the Independent Auditors

- REPORT OF THE BOARD OF DIRECTORS
- REPORT OF THE INDEPENDENT AUDITORS
- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF COMPREHENSIVE INCOME
- STATEMENT OF CHANGES IN EQUITY
- STATEMENT OF CASH FLOWS

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“the 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 2022.

Principal activities

The principal activity of the Company is providing creative financial services impactful

for communities, small and medium enterprises, and farmers, especially notably women, with effectiveness, sustainability and responsibility.

Financial results

The financial results of the Company for the year ended 31 December 2022 were as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	205,943	841,689	341,252	1,388,213
Income tax expense	(61,553)	(251,567)	(76,186)	(309,925)
Net profit for the year	<u>144,390</u>	<u>590,122</u>	<u>265,066</u>	<u>1,078,288</u>

Share capital

There is no change in the shareholding structure during the year. Refer to Note 17 for details.

Dividends

At the reporting date, no dividend was declared or paid and the Director does not recommend any dividend to be paid in respect of the year ended 31 December 2022.

Reserves and provisions

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

Bad and doubtful loans

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and making of allowance 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.

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 values as shown in the accounting records of the Company had been written down to amounts 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 and liabilities in the financial statements of the Company 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 that has arisen since the end of the financial 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 within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

The Board of Directors

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

- Madam Dith Nita Chairwoman
(Appointed on 1 February 2023) (*)
- Mr. Thun Vathana Chairman
(Resigned on 1 February 2023)
- Mr. Khov Soviet Director
- Ms. You Bory Independent Director

(*) As of the date of this report, the Company is in the process to amend the Memorandum and Article of Association to obtain approval from the National Bank of Cambodia and the Ministry of Commerce.

Items of an unusual nature

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.

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, in the opinion of the Directors, to affect materially the results of the operations of the Company for the current financial year in which this report is made.

Directors' interests

None of the Directors held or dealt directly or indirectly in the shares of the Company during the financial year.

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of share purchase option.

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 received or due and 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.

Directors' responsibilities in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of

the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are 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 Standards for Small and Medium-sized Entities (“CIFRS for SMEs”), 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;
- oversee the Company’s financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- assess 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; and

- control and direct the Company effectively in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

Approval of the financial statements

We hereby approve the accompanying financial statements together with the notes thereto as set out on pages 8 to 47 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors,



Madam Dith Nita
Chairwoman



Mr. Ly Chheang
Acting Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
Date: 22 April, 2023

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 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 47 (hereafter referred as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, 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 *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in 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 Information

Management is responsible for the other information. The other information comprises the Report of the Directors as set out on pages 1 to 4, and the annual report, which is expected to be made available to us after the date of auditors’ report. 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 on the other information obtained prior to the date of this auditors’ report, 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.

Other matter

The financial statements of the Company for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on 22 April 2022.

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

Management is responsible for the preparation and fair presentation of the financial statements 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 state-

ments, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

For **KPMG Cambodia Ltd**



Guek Teav

Partner

Phnom Penh, Kingdom of Cambodia

Date: 19 April 2023

STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
ASSETS				
Cash on hand	154,412	635,714	192,475	784,143
Balances with banks and financial institutions	741,756	3,053,809	630,550	2,568,861
Balances with the National Bank of Cambodia	282,032	1,161,126	328,394	1,337,877
Loans to customers	23,327,329	96,038,613	15,203,043	61,937,197
Other assets	157,232	647,325	96,018	391,178
Property and equipment	149,293	614,640	75,845	308,993
Intangible assets	36,279	149,360	-	-
TOTAL ASSETS	<u>24,848,333</u>	<u>102,300,587</u>	<u>16,526,325</u>	<u>67,328,249</u>
LIABILITIES AND EQUITY				
Liabilities				
Current income tax liability	75,773	311,957	10,108	41,180
Borrowings	15,341,077	63,159,214	9,477,204	38,610,129
Subordinated debt	2,202,043	9,065,811	-	-
Other liabilities	155,066	638,407	70,632	287,755
Deferred tax liabilities	1,193	4,912	39,590	161,290
Total liabilities	<u>17,775,152</u>	<u>73,180,301</u>	<u>9,597,534</u>	<u>39,100,354</u>
Equity				
Share capital	5,593,000	22,372,000	5,593,000	22,372,000
Regulatory reserves	539,749	2,192,909	581,043	2,362,916
Retained earnings	940,432	3,840,400	754,748	3,080,271
Currency translation reserves	-	714,977	-	412,708
Total equity	<u>7,073,181</u>	<u>29,120,286</u>	<u>6,928,791</u>	<u>28,227,895</u>
TOTAL LIABILITIES AND EQUITY	<u>24,848,333</u>	<u>102,300,587</u>	<u>16,526,325</u>	<u>67,328,249</u>

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Interest income	2,790,491	11,404,737	2,146,443	8,731,730
Interest expense	(800,626)	(3,272,158)	(535,366)	(2,177,869)
Net interest	1,989,865	8,132,579	1,611,077	6,553,861
Other operating income	102,032	417,004	149,105	606,559
Net operating income	2,091,897	8,549,583	1,760,182	7,160,420
Net impairment loss on financial assets	(25,304)	(103,417)	(80,580)	(327,799)
Personnel expenses	(1,229,297)	(5,024,137)	(950,576)	(3,866,943)
Depreciation and amortisation	(43,702)	(178,610)	(42,661)	(173,545)
Other operating expenses	(587,651)	(2,401,730)	(345,113)	(1,403,920)
Profit before income tax	205,943	841,689	341,252	1,388,213
Income tax expense	(61,553)	(251,567)	(76,186)	(309,925)
Net profit for the year	144,390	590,122	265,066	1,078,288
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Currency translation differences	-	302,269	-	284,837
Total comprehensive income for the year	144,390	892,391	265,066	1,363,125

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share Capital		Regulatory Reserves		Retained Earnings		Currency Translation Reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
At 1 January 2022	5,593,000	22,372,000	581,043	2,362,916	754,748	3,080,271	-	412,708	6,928,791	28,227,895
Transactions change directly in equity:										
Transferred from regulatory reserves to retained earnings (Note 18)	-	-	(41,294)	(170,007)	41,294	170,007	-	-	-	-
Total comprehensive income:	-	-	(41,294)	(170,007)	41,294	170,007	-	-	-	-
Net profit for the year	-	-	-	-	144,390	590,122	-	-	144,390	590,122
Other comprehensive income	-	-	-	-	-	-	-	302,269	-	302,269
At 31 December 2022	5,593,000	22,372,000	539,749	2,192,909	940,432	3,840,400	-	714,977	7,073,181	29,120,286
At 1 January 2021	3,593,000	14,372,000	357,594	1,452,585	713,131	2,912,314	-	127,871	4,663,725	18,864,770
Transactions with the shareholders:										
Issuance of share capital (Note 17A)	2,000,000	8,000,000	-	-	-	-	-	-	2,000,000	8,000,000
Transactions change directly in equity:										
Transferred from retained earnings to regulatory reserves (Note 18)	-	-	223,449	910,331	(223,449)	(910,331)	-	-	-	-
At 31 December 2021	2,000,000	8,000,000	223,449	910,331	(223,449)	(910,331)	-	127,871	2,000,000	8,000,000
Total comprehensive income:										
Net profit for the year	-	-	-	-	265,066	1,078,288	-	-	265,066	1,078,288
Other comprehensive income	-	-	-	-	-	-	-	284,837	-	284,837
At 31 December 2021	5,593,000	22,372,000	581,043	2,362,916	754,748	3,080,271	-	412,708	6,928,791	28,227,895

STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities				
Net profit for the year	144,390	590,122	265,066	1,078,288
<i>Adjustments for:</i>				
Net impairment loss on financial assets	25,304	103,417	80,580	327,799
Depreciation and amortisation	43,702	178,610	42,661	173,545
Interest income	(2,790,491)	(11,404,737)	(2,146,443)	(8,731,730)
Interest expense	800,626	3,272,158	535,366	2,177,869
Income tax expense	61,553	251,567	76,186	309,925
	<u>(1,714,916)</u>	<u>(7,008,863)</u>	<u>(1,146,584)</u>	<u>(4,664,304)</u>
<i>Changes in:</i>				
Loans to customers	(8,059,198)	(32,937,942)	(2,176,603)	(8,854,421)
Other assets	(61,219)	(250,202)	(19,636)	(79,879)
Statutory deposit	-	-	(100,000)	(406,800)
Other liabilities	58,176	237,765	(6,229)	(25,340)
Cash used in operations	<u>(9,777,157)</u>	<u>(39,959,242)</u>	<u>(3,449,052)</u>	<u>(14,030,744)</u>
Interest income received	2,700,104	11,035,325	2,158,521	8,780,863
Interest expense paid	(791,453)	(3,234,668)	(556,007)	(2,261,836)
Income tax paid	<u>(34,285)</u>	<u>(140,123)</u>	<u>(49,569)</u>	<u>(201,647)</u>
Net cash used in operating activities	<u>(7,902,791)</u>	<u>(32,298,708)</u>	<u>(1,896,107)</u>	<u>(7,713,364)</u>
Cash flows from investing activities				
Acquisition of property and equipment	(113,945)	(465,693)	(47,496)	(193,214)
Acquisition of intangible assets	<u>(39,484)</u>	<u>(161,371)</u>	-	-
Net cash used in investing activities	<u>(153,429)</u>	<u>(627,064)</u>	<u>(47,496)</u>	<u>(193,214)</u>
Cash flows from financing activities				
Proceeds from borrowings	16,477,548	67,343,739	8,807,064	35,827,136
Proceeds from subordinated debt	2,750,000	11,239,250	-	-
Repayments of borrowings	(10,594,547)	(43,299,914)	(8,345,450)	(33,949,291)
Repayments of subordinated debt	(550,000)	(2,247,850)	-	-
Proceeds from issue of share capital	-	-	2,000,000	8,136,000
Net cash generated from financing activities	<u>8,083,001</u>	<u>33,035,225</u>	<u>2,461,614</u>	<u>10,013,845</u>
Net increase in cash and cash equivalents	26,781	109,453	518,011	2,107,267
Cash and cash equivalents at 1 January	871,769	3,551,587	353,758	1,430,951
Currency translation differences	-	38,290	-	13,369
Cash and cash equivalents at 31 December	<u>898,550</u>	<u>3,699,330</u>	<u>871,769</u>	<u>3,551,587</u>

BRANCH NETWORK

Head Office

#101A, St. 289, Sangkat Boeung Kak 1,
Khan Toul Kork, Phnom Penh, Cambodia.
Tel: 017 907 555 / 098 907 555
E-mail: info@camma.com.kh
Website: www.camma.com.kh
Facebook: www.facebook.com/camma.MFI

Operations Office

#101A, St. 289, Sangkat Boeung Kak 1,
Khan Toul Kork, Phnom Penh.
Tel: 089 999 193

Angksnuol District Branch

#38A1, National Road N°4, Svay Chrum
Village, Baek Chan Commune, Angksnuol District,
Kandal Province.
Tel: 089 999 174

Krong Ta Khmao Branch

Street No 115, Prek Samraong Village,
Sangkat Ta Khmao, Krong Ta Khmao,
Kandal Province.
Tel: 089 666 003

Kong Pisei District Branch

#A7, National Road N°3, Krabeitram Village,
Chongruk Commune, Kong Pisei District,
Kampong Speu Province.
Tel: 089 666 004

Kampong Speu Provincial Branch

National Road N°4, Phum Krang Pol Tep,
Sangkat Rokar Thum, Krong Chbar Mon,
Kampong Speu Province.
Tel: 089 666 400

S'ang District Branch (Opening in 2023)

National Road N°21, Traeuy Troeng Village,
Preaek Ambel Commune, S'ang District,
Kandal Province.
Tel: 089 999 402

Kampong Trach District Branch (Opening in 2023)

National Road N°33, Kampong Trach
Ti Pir Village, Kampong Trach Khang Lech Commune,
Kampong Trach District, Kampot Province.
Tel: 089 999 461



ដៃគូហិរញ្ញវត្ថុដ៏ល្អបំផុត
Excellent Financial Partner



HEAD OFFICE

#101A, St. 289, Sangkat Boeung Kak 1, Khan Toul Kork,
Phnom Penh, Cambodia.
Tel: 017 907 555 | 098 907 555
E-mail: info@camma.com.kh | Website: www.camma.com.kh