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CAMMA MICROFINANCE LIMITED

ANNUAL REPORT 2023

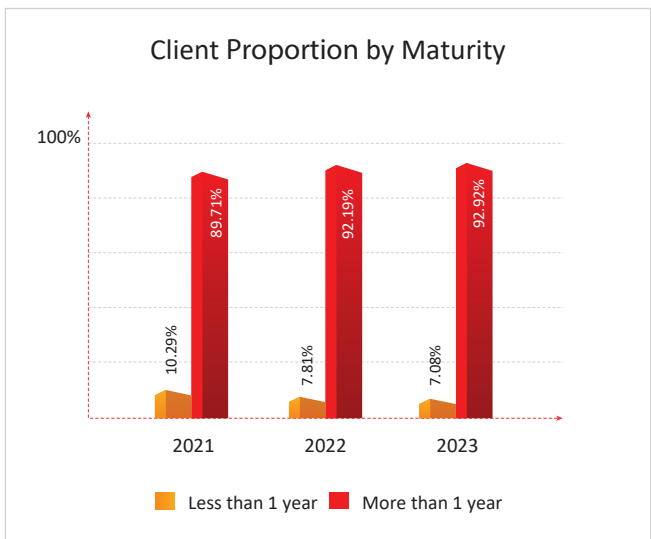
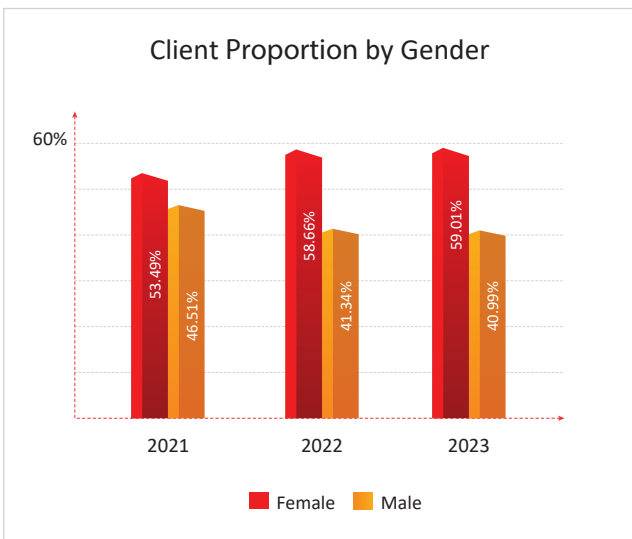
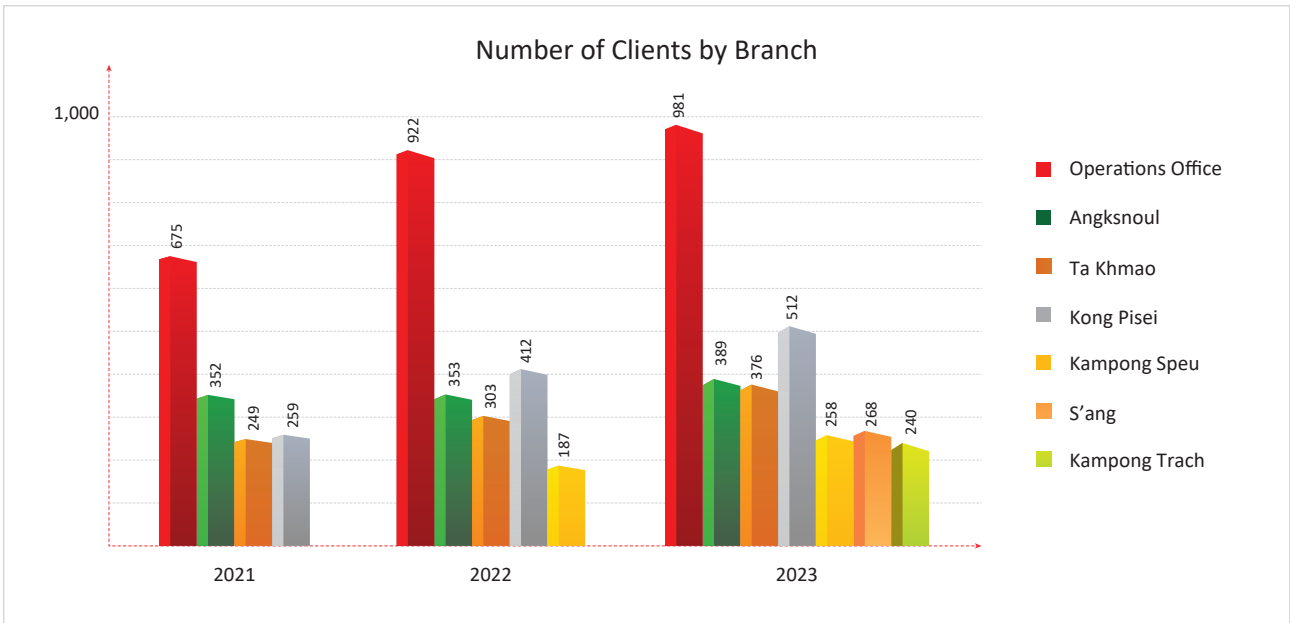
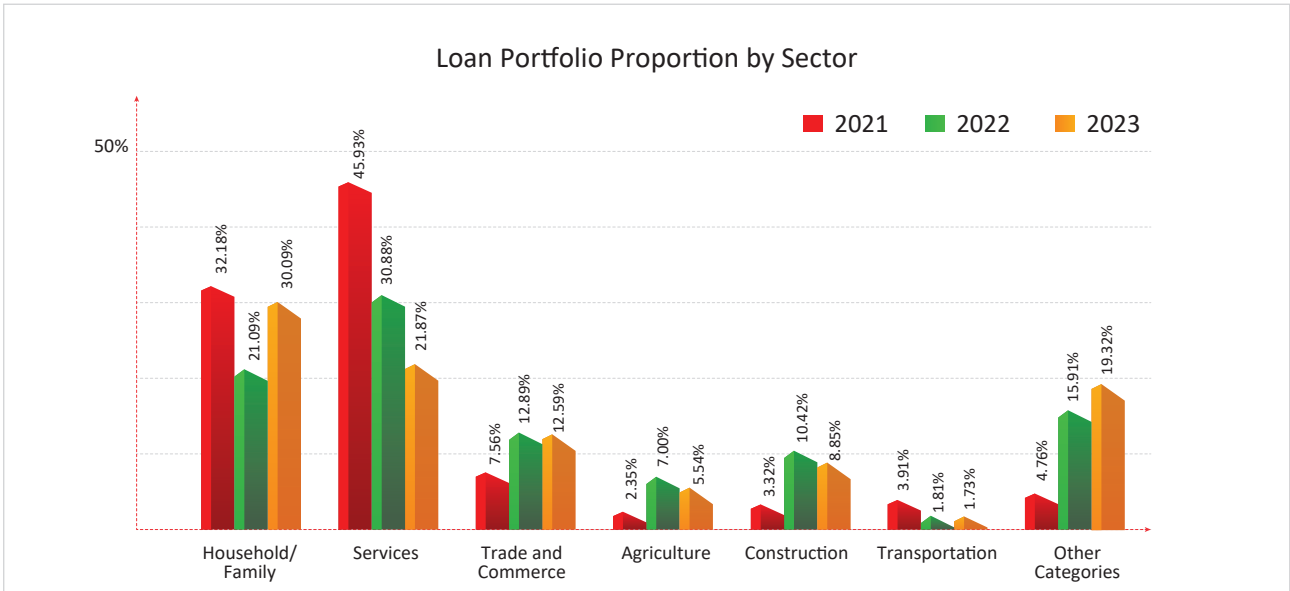
PUBLIC

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KEY FIGURES

OPERATIONAL HIGHLIGHTS	2021	2022	2023	Change
Branch Offices	4	5	7	40%
Total Staff	128	170	203	19%
Number of Credit Officers	43	56	78	39%
Number of Active Borrowers	1,535	2,177	3,024	39%
Loan Outstanding	15,502,816	23,681,877	27,030,974	14%
FINANCIAL HIGHLIGHTS	2021	2022	2023	Change
Assets	16,526,325	24,848,333	27,678,772	11%
Liabilities	9,597,534	17,775,152	19,332,197	9%
Shareholder Equity	6,928,791	7,073,180	8,346,575	18%
Share Capital	5,593,000	5,593,000	7,343,000	31%
Retained Earning	754,748	940,432	260,380	(72%)
Regulatory Reserve	581,043	539,749	743,195	38%
Interest Income	2,146,443	2,790,491	3,733,331	34%
Interest Expense	(535,366)	(800,626)	(1,223,250)	53%
Net interest income	1,611,077	1,989,865	2,510,081	26%
Provision for bad and doubtful Loan	(80,580)	(25,304)	(30,842)	22%
Net interest income after provision				
for bad and doubtful Loan	1,530,497	1,964,561	2,479,239	26%
Other None Interest Income	149,105	102,032	127,502	25%
Personal Expense	(950,576)	(1,229,297)	(1,566,997)	27%
Operating and Other Expense	(345,114)	(587,651)	(616,420)	5%
Depreciation Expense	(42,660)	(43,702)	(72,957)	67%
Profit before Income Tax	341,252	205,943	350,366	70%
Income tax expense	(76,186)	(61,553)	(76,972)	25%
Profit for the year	265,066	144,390	273,394	89%
Return on Asset	1.60%	0.60%	1.03%	73%
Return on Equity	3.83%	2.04%	3.62%	77%
Portfolio at Risk (PAR) ≥ 30days (%)	3.44%	3.92%	5.54%	41%
Operational Self Sufficiency	109.83%	103.87%	107.25%	3%



1

OUR PROFILE

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

HISTORY OF CAMMA

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

Demand for loans to expand businesses, increase income, and improve living standards has increased annually. Clients who have received loans have a positive impact on their living standards and continue to develop over time. To meet the clients' growing demand for loans and to contribute to poverty reduction of people, CAMMA needed to expand its scope of operations to gain clients' confidence and trust and to enhance the quality of its services.

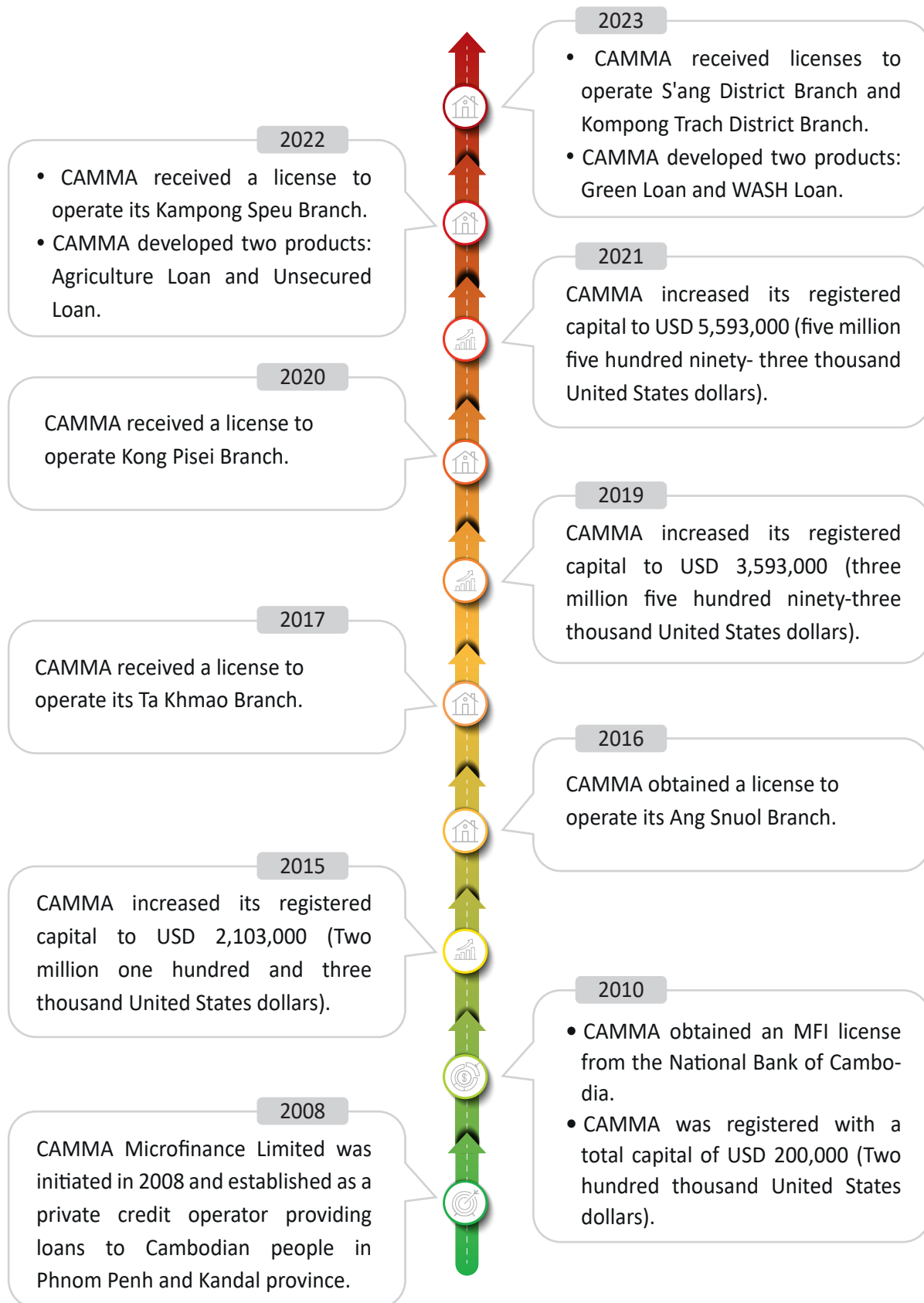
Taking this trend into account, CAMMA has transformed from a private credit operator to a trusted CAMMA Microfinance Limited by having registered with the Ministry of Commerce as a Private Limited Company, with its certification of incorporation number Co.0700KH/2010, dated 31 March 2010 with a registered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

On 29 July 2010, CAMMA Microfinance Limited obtained an official license from the National Bank of Cambodia to be a microfinance institution with full authorization to provide credit services to clients. CAMMA has prepared itself to become a microfinance institution with good governance, a clear standard of operations, client protection policies, and a high commitment to providing responsible financial services to make a positive impact on the environment and society.

As of December 2023, CAMMA has increased its registered capital to USD 7,343,000. CAMMA has seven branches with 203 employees, serving 3,024 clients with a loan portfolio of USD 27,070,974.

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 client's needs. With an experienced management team, good governance, and social commitment, CAMMA is ready to expand its operations and impacts across the country.

MILESTONES



LENDERS AND PARTNERS



Cathay United Bank



Vattanac Bank



Foreign Trade Bank of Cambodia



Chip Mong Bank



SME Bank of Cambodia Plc.



Sathapana Bank Plc.



Wing Bank (Cambodia) Plc.



National Bank of Cambodia



ACLEDA Bank Plc.



Cambodia Microfinance Association



RHB BANK (CAMBODIA) PLC.



Credit Bureau Cambodia Co., Ltd



Advanced Bank of Asia Limited



Credit Guarantee Corporation of Cambodia



AMK Microfinance Plc.



Water.org



TrueMoney (Cambodia) Plc.



CHAIRWOMAN'S STATEMENT

Ms. Dith Nita

In 2023, the global economy encountered significant hurdles as it continued its recovery from the COVID-19 pandemic. The impacts were far-reaching, affecting global trade, consumption, and investment. Among the prominent challenges were rising interest rates aimed at curbing inflation, shrinking fiscal space, heightened geopolitical fragmentation, a real estate crisis, and subdued domestic demand in China. Amidst these circumstances, the outlook for world economic growth appears to be slower compared to 2022.

With the forecasted slowdown of the global and regional economy, Cambodian economic recovery was pressured by garment exports and slow growth of the construction and real estate sectors. According to the Annual Report 2023 published by the National Bank of Cambodia, the growth of the tourism

sector, non-garment exports, and domestic demand resulted in an economic growth of 5.5%, which is a slight uplift from 5.3% in 2022. This achievement resulted from the precise and accurate socio-economic strategic implementation of the Royal Government of Cambodia.

In response to the slow growth of regional and local economics, CAMMA implemented a cautious strategy and remained robust achieved by the loan outstanding growth of 14%, a number of clients growth of 39%, a positive return of asset ratio, portfolio at risk remind below the average risk of the sector, and many significant achievements as illustrated in the Annual Report 2023.

Technology and innovation are the foundations of CAMMA's strategic plan. Last year,

CAMMA improved the operation efficiency of Digital Credit, adapted online learning on the CAMMA Digital Learning App, and created new content for digital marketing channels. The Contact Center System was successfully launched in Q3 2023 to enhance customer service on phone calls and social media. The Loan Originating System was developed and is launching in 2024 which is a catalyst to expedite our credit service to another level. In addition, the Human Resource Management System was also developed.

At CAMMA, client protection is the outmost priority. “Standard Loan Contract and Standard Text of the Contractual Terms” initiated by the National Bank of Cambodia, developed by the Association of Banks in Cambodia and Cambodia Microfinance Association was implemented to guarantee the rights and interests of clients. To fortify our commitment, CAMMA has enhanced the complaint mechanism by elevating monitoring to the Board of Directors level and is set to launch an e-complaint system in 2024. This initiative underscores our dedication to sustainability and transparency.

In line with our sustainability goals, CAMMA has appointed a key person responsible for client protection, as well as the implementation of environmental, social, and governance (ESG) standards. We are also undertaking a thorough self-evaluation in preparation for obtaining client protection certification from an international evaluation company in the following year.

Green Loan and WASH Loan, the two social credit products launched in Q3 2023, performed as projected. These products enable an opportunity for CAMMA to cooperate with Water.org Organization by joining

forces to advance community well-being and living standards to make a positive impact on the environment and society, which is one of the sustainable development goals. CAMMA is committed to contributing to social and environmental protection, Cambodian regulations and Cambodian Sustainable Finance Principles compliance, and cooperation with relevant strategic partners in an effort to protect the interests of clients and society which is the core vision of the institution.

Digitalization remained a priority in the upcoming year. Hence, the implementation of a Loan Origination System, E-complaint, Human Resource Management System, and the enhancement of Digital Learning App, and digital marketing enhancement. CAMMA is improving its resilience to gain more confidence from shareholders and stakeholders through the enrichment of positive changes in operational and financial ratios, potential product development and amendment, strengthening human resources, staff productivity improvement, capital mobilization from foreign lenders, partnership building with related parties, Cambodian International Financial Reporting Standard implementation, and client protection effort.

The growth of Micro Loan demonstrated the operation expansion, driving financial inclusion, and positively impacted operational and financial ratios which is a strategy to effectively increase market share. This strategy was adequately implemented in the prior year and will be implemented in the following year. CAMMA, in cooperation with a microinsurance company, will implement bancassurance policy for Group Loan and Micro Loan products to protect clients from incidental risk.

These remarkable achievements stem from the precise execution of our vision, mission, core values, and strategic plan. They are a testament to the unwavering determination and hard work of our management and staff at all levels, who consistently uphold ethics, professionalism, and integrity in their service to clients and our institution.

I am dedicated to lead CAMMA towards sustained growth and sustainability, aiming to achieve our ambitious goals. This journey relies heavily on the invaluable contributions of our Board members and staff at every level, all united by a spirit of determination and team-

work. With this collective effort, I am confident that 2024 will be a year of even greater success for CAMMA.

Last but not least, I would like to express my profound gratitude to the management team and staff at all levels for their highly responsible and dedicated work in contributing to the mission of providing innovative and responsible financial solutions. I sincerely thank the Royal Government of Cambodia, the National Bank of Cambodia, clients, and partners for their valuable cooperation and support.

Best regards,



Ms. Dith Nita
Chairwoman of the Board



ACTING CEO'S REPORT

Mr. Ly Chheang



For 13 years, CAMMA Microfinance Limited has proudly contributed to community development through inclusive financial service provision, innovative credit products, and other initiatives for fostering positive change and paving the way for a brighter future for the people of Cambodia.

In 2023, credit growth rates experienced the lowest growth for the first time in more than two decades due to the weak recovery of many sectors. The slowdown of credit growth and increase in non-performing loan ratio requires banks and financial institutions to continuously monitor, evaluate, and conduct regular stress tests for any potential risks. Despite this, CAMMA MFI maintained its credit portfolio growth, developed a potential product, and launched two new branches. I would like to briefly highlight the significant achieve-

ments in 2023 in this report.

KEY ACHIEVEMENTS IN 2023

As of December 2023, the report shows that the assets of CAMMA increased to USD 27,678,772 which is an 11.39% uplift compared to 2022. CAMMA's 7 branches are operating in 891 villages, 287 communes, and 53 districts in 5 provinces. CAMMA has a credit portfolio of USD 27,030,974, and 203 staff serving 3,024 clients, 59% of whom are female borrowers. CAMMA accomplished 13.69% of the credit portfolio in Khmer Riels. To expand the operating area, CAMMA launched two new branches in Q2 of 2023: S'ang District in Kandal Province and Kampong Trach District in Kampot Province to bring services closer to clients.

Along with new branches opening, CAMMA amended Unsecured Loan to fulfill

the financial needs of clients with salary income and personal business owners without collateral. CAMMA also implemented the “Standard Loan Contract and Standard Text of the Contractual Terms” to make it more convenient for clients and enhance transparency and client protection. In addition to its commitment to client protection, CAMMA developed and launched Green Loan and WASH Loan to make a significant impact on the environment and advance community well-being in Cambodia. These two products aim to increase access to safe water and sanitation facilities, foster investment in eco-friendly businesses, or mitigate climate change to make a positive impact on the living standards of clients.

In 2023, CAMMA achieved an 89% increase in profit compared to 2022, a return on asset at 1.03%, and a return on equity at 3.62%. These factors resulted in costs to income ratio of 93.54% and an operating expense ratio of 9.23% which is a better result than the previous year. Additionally, CAMMA maintained its liquidity ratio of 100% and high solvency ratio of 31.05% which are more than the minimum regulatory requirement by the central bank of "not less than 15%" compliance. These positive results illustrated a stronger financial health which is the basis for next year's growth.

STRATEGIC PLAN FOR 2024

Vehicle Loan will be amended to provide more flexible conditions for clients. CAMMA will enhance Quick Loan to provide faster service to fulfill client's needs. Along with these product enhancements, CAMMA will adopt alternative strategies to foster the sales

of Unsecured Loan and Salary Loan making it more competitive in the market. CAMMA will strengthen Green Loan and WASH Loan by fostering marketing activities and wholesale financing to rural credit institutions. CAMMA will implement a bancassurance policy, a credit insurance for loan amounts up to KHR 20 million or USD equivalent, for Group Loan and Micro Loan products.

Human resources development through internal and external training courses remained a top priority. In 2024, CAMMA is improving its digital learning application which is a platform for staff of all levels to access learning resources on demand anywhere and anytime.

In 2024, CAMMA is expanding its operating area for wider coverage of financial services, provision in existing branches. Each branch will expand its operation to a wider coverage area and increase market share in the existing operating area. CAMMA will focus on partnerships and strategic partner building to provide more convenient service to clients and advance operation efficiency and productivity.

With 13 years of experience, CAMMA acknowledged the distinctive financing needs of rural communities, small and medium enterprises, and employees in public and private sectors which is fundamental for providing suitable financial solutions to clients. CAMMA accomplished many achievements and prospered indicating the contribution of staff at all levels.

In conclusion, I would like to express my profound gratitude to the Royal Government

of Cambodia, the National Bank of Cambodia, stakeholders, and clients for supporting CAMMA. I would like to thank CAMMA staff for their dedication, determination, integrity, innovation, and professionalism in excellent

service provision. I also would like to thank the Chairwoman of the Board and board members for their guidance and constant support in transforming CAMMA Microfinance Limited into client's excellent financial partner.

Best Regards

A handwritten signature in blue ink, appearing to be 'Ly Chheang', with a long horizontal stroke extending to the right.

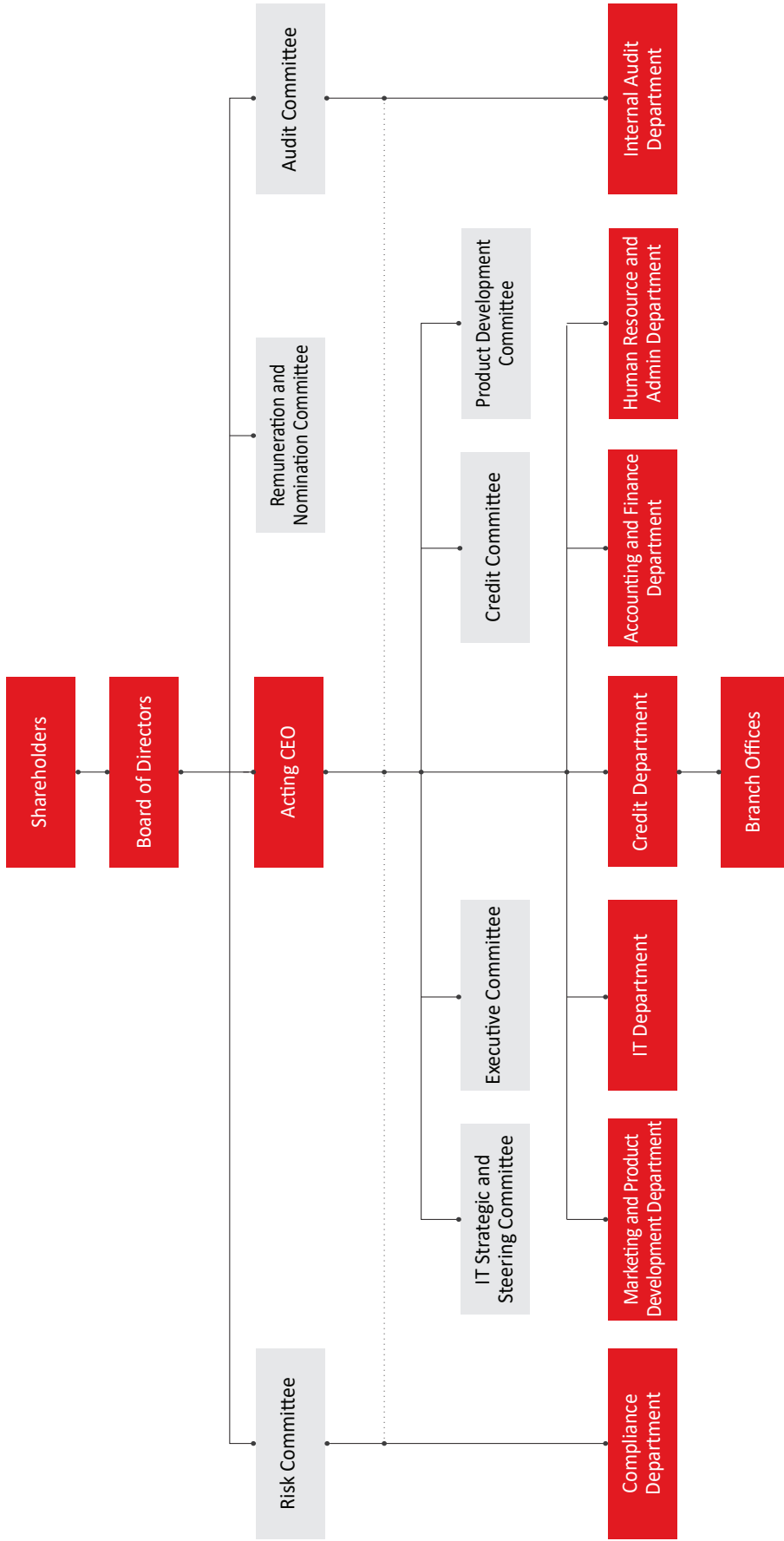
Mr. Ly Chheang
Acting Chief Executive Officer

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 the Royal University of Law and Economics in 2009. He has more than 20 years of experience working in the Finance and Banking industry. He worked as a Credit Officer for Micro, Small, Medium, and Housing loans, as a Deputy Chief Credit Officer, and as Chief Credit Officer of a Branch. He joined CAMMA Microfinance Limited in the position of Operation Manager in 2015. He was promoted to Head of Credit Department in March 01, 2016 and promoted to Deputy Chief Executive Officer in December 2020. He was then promoted to Acting Chief Executive Officer in 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 including Sales and Marketing Skills, Product Development, Customer Service Management, Effective Branch Management, Credit Risk Management, Internal Control, and Project Management. With more than 19 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, Branch Manager, Unit Manager, and Head of Department. He joined CAMMA Microfinance Limited as Head of Credit Department in 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 a 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 a diploma in CIFRS for SMEs from CamEd Business School. Currently, she is pursuing an ACCA program for continued development in her career path. She has more than 15 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 a microfinance institution, 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. She joined CAMMA Microfinance Limited as Head of Accounting and Finance Department in July 2020.



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 Management in 2003. He has attended numerous training courses: Effective Internal Control, Internal Audit, Advanced Credit Risk Management, IT Audit Skills, Leadership Skills, Coaching Skills, Report Writing, Law on Taxation, International Financial Report Standards (IFRS), and Fraudulence. He has more than 15 years of experience working with microfinance institutions as a credit officer at PRASAC in 2004, and LOLC (2005-2015) as an Internal Audit Officer, Senior Internal Audit Officer, and Operational 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 a Master's degree in Business Administration and a Bachelor's degree in English, and a Higher Diploma from Intensive English Academic Program (IEAP) at Paññāsāstra University of Cambodia (PUC). He has more than 14 years of diverse experience in Human Resources and Administration, Customer Service, and Advertising Marketing with local and international companies and various financial institutions. During his journey of employment, he received many professional training courses including Human Resource Management, General Administration Management, Leadership, Management, and Team Building. He joined CAMMA Microfinance Limited in 2019 as Head of Human Resources and Administration Department.



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 23 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 the Head of IT 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, Thailand, and Malaysia. In his 18 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 in Business Administration in 2022 and a Bachelor's degree in Finance and Banking in 2016. He also obtained a Diploma in Business Law in 2019 and renewed the 2nd Regulatory Compliance Certification in 2023. Moreover, he has attended many training courses such as Credit Risk Management, Operational Risk Management, Liquidity Risk Management, and Economic Analysis. In his 10 years of working experience, he served many institutions such as Mohanokor MFI and Prasac MFI in various positions: Credit Officer, Chief Credit Officer, Risk Officer, and Compliance Officer. He was also accredited as the Compliance Manager by the National Bank of Cambodia and Cambodia Financial Intelligence Unit in 2020 and is responsible for the overall management of the CAMMA's Compliance Function after he joined CAMMA Microfinance Limited as Compliance Manager in 2019.

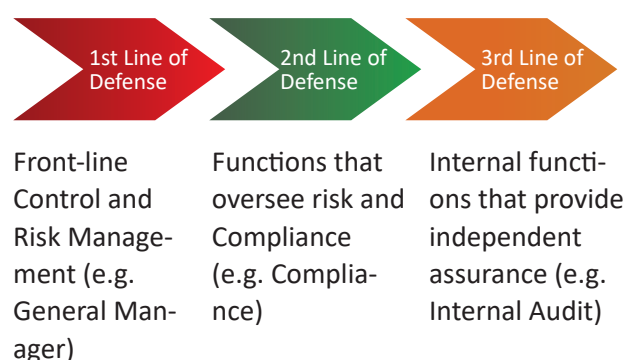
RISK MANAGEMENT AND INTERNAL CONTROL

Risk management is fundamental to ensure quality management in CAMMA and support the business operation to achieve goals by focusing on stakeholder protection and improving internal control effectiveness.

To guarantee operation expansion and sustainable business development in a competitive environment remain at acceptable risk and comply with laws and regulations, CAMMA implements internal and external risk management in the whole company. Risk management has a wide coverage for the company (Risk Management Framework).

Risk management in CAMMA is separated and independent from business and audit functions. These functions manage risks at different levels in the company.

The risk management in CAMMA functions under the three different lines of defense for accountability that resulted in three strong levels of risk mitigation. The duties and responsibilities are defined at the structure of each level. It defines the requirement of CAMMA for delegating responsibilities to ensure the independence of risk management staff.



The risk management function is under the management and leadership of the Board of Directors to promptly evaluate and monitor risk management effectiveness.

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 the Board. The internal audit department complies with the National Bank of Cambodia's Prakas on "Internal Control of Bank and Financial Institutions" regarding the organization of internal audits, objectives of the internal audit function, audit resources, methodologies, and procedures. In addition, the department conducts audits by the 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.



CAMMA Microfinance Limited was awarded the Tax Compliance Certificate type "Gold" with two years of validity for the year of 2025 and 2026 by the General Department of Taxation.

3

BUSINESS OVERVIEW

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

PRODUCTS AND SERVICES

After having received its license from the National Bank of Cambodia for more than a decade, CAMMA has strengthened and developed many products to provide suitable financial solutions to the needs of clients, innovatively enable financial inclusion, and create value for society to maintain its competitiveness and adapt to the digital trend.

Group Loan was created to enable an opportunity for clients with low income to form a joint-liability group of two to five people enabling 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 1,500 per person in 2023. As a result, the number of group loan clients grew by 92% along with credit portfolio growth of 86% with 379 total clients accounting for 12.53% of total clients with a credit portfolio of USD 238,722 representing 0.88% of the gross credit portfolio.

Individual Loan is another well-established product of CAMMA which was introduced to fulfill the needs of clients with medium income using for either commercial or consumption purposes. Currently, Individual Loan has 1,901 clients accounting for 62.86% of total clients, and a credit portfolio of USD 22,944,746 representing 84.88% 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.

To strengthen resilience, expand operational coverage, and promote financial inclusion, CAMMA amended the Micro Loan product by providing a better condition and longer loan tenure. This resulted in a 17% increase in

total clients to 514 clients, and a credit portfolio of USD 1,328,824 representing 4.92% of the gross credit portfolio.

Agriculture Loan offers 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. The number of Agriculture Loan clients increased to 120 clients accounting for 3.97% of total clients, and a credit portfolio of USD 1,503,684 representing 5.56% of gross credit portfolio.

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 has 18 clients and a credit portfolio of USD 2,530,030 whereas Business Recovery Loan has three clients and a credit portfolio of USD 118,424.

Quick Loan enables clients who need emergency cash to apply for loans by using the vehicle identification card as collateral. Clients are eligible for a maximum loan amount of up to USD 3,000. The total Quick Loan clients increased to 310 clients accounting for 10.25% of total clients, and a credit portfolio of

USD 340,718 representing 1.26% of the total credit portfolio.

Unsecured Loan is a unique product featuring a convenient method of 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 for loan disbursement. Unsecured Loan provides a loan amount of up to USD 5,000 for consumption or small business purposes. Unsecured Loan has 200 clients accounting for 6.61% of total clients, and a credit portfolio of USD 422,943 representing 1.56% of gross credit portfolio.

Besides the above core products, CAMMA provides other credit products for

clients who need to purchase cars, motorcycles, tricycles, real estate properties, and building construction, etc. Likewise, CAMMA offers Salary Loan to employees in private and public sectors under uncomplicated conditions, quick service, and loan amounts of up to USD 1,000.

In 2023, CAMMA launched Green Loan and WASH Loan to promote financial inclusion by creating a positive impact in Cambodian rural communities. In the following year, CAMMA will amend and foster Quick Loan by providing a faster and more convenient service to clients, along with potential product development to fulfill the market demand and support its business plan implementation.

BUSINESS PERFORMANCE

Portfolio Performance by Sector

Number of Client

No.	Sector	2021	2022	2023	YOY%
1	Household & Family	494	538	858	59%
2	Trade & Commerce	116	209	330	58%
3	Agriculture	36	61	120	97%
4	Service	705	612	547	(11%)
5	Construction	51	184	265	44%
6	Transport & Utilities	60	55	57	4%
7	Others	73	518	847	64%
	Total	1,535	2,177	3,024	39%

Loan Outstanding (USD)

No.	Sector	2021	2022	2023	YOY%
1	Household & Family	3,778,306	4,995,542	8,137,909	63%
2	Trade & Commerce	1,164,393	3,052,513	3,428,452	12%
3	Agriculture	604,157	1,656,972	1,503,684	(9%)
4	Service	7,352,252	7,312,267	5,849,666	(20%)
5	Construction	1,366,434	2,468,453	2,396,298	(3%)
6	Transport & Utilities	471,879	429,352	463,323	8%
7	Others	765,395	3,766,779	5,251,643	40%
	Total	15,502,816	23,681,877	27,030,974	14%

CAMMA achieved a credit portfolio of USD 27,030,974 in 2023 and maintained a remarkable growth of 14% contributed by the growth of borrowers in various sectors: commercial (63%), and households (12%) despite the decline in service (-20%), agriculture (-9%), and construction (-3%).

The credit portfolio growth is slower than last year resulting from slower economic growth and other challenges. However, this growth rate is four times higher than the industry-wide growth.

Portfolio Performance by Product Type

Number of Client

No.	Product Type	2021	2022	2023	YOY%
1	Micro Loan	184	335	514	53%
2	Small Loan	365	354	373	5%
3	Medium Loan	667	873	1,014	16%
4	Group Loan	74	197	379	92%
5	Staff Loan	38	33	50	52%
6	Quick Loan	134	214	310	45%
7	Package Loan	36	47	52	11%
8	Property Loan	36	54	48	(11%)
9	Salary Loan	1	1	-	-
10	Unsecured Loan	-	60	200	233%
11	Vehicle Loan	-	9	41	356%
12	Green Loan	-	-	43	-
	Total	1,535	2,177	3,024	39%

Loan Outstanding (USD)

No.	Product Type	2021	2022	2023	YOY%
1	Micro Loan	423,381	950,549	1,328,824	40%
2	Small Loan	1,748,809	1,813,597	2,007,029	11%
3	Medium Loan	11,492,201	17,766,569	19,608,893	10%
4	Group Loan	18,276	128,531	238,722	86%
5	Staff Loan	347,905	205,171	342,883	67%
6	Quick Loan	101,978	199,598	340,718	71%
7	Package Loan	644,437	1,534,620	1,625,015	6%
8	Property Loan	725,058	926,141	715,469	(23%)
9	Salary Loan	772	132	-	-
10	Unsecured Loan	-	144,840	422,944	192%
11	Vehicle Loan	-	12,130	360,133	-
12	Green Loan	-	-	40,344	-
	Total	15,502,816	23,681,877	27,030,974	14%

In 2023, the number of borrowers increased by 39% to 3,024 clients. The number of client growth was fostered by the increase of Group Loan (92%), Micro Loan (53%), Quick Loan (45%), and Unsecured Loan which is a new product.

Medium Loan has the largest portion of

the gross credit portfolio and saw a 10% growth. Other potential products saw significant growth: Group Loan (86%), Quick Loan (71%), Micro Loan (40%), and Unsecured Loan (192%) resulted in 14% increase in the gross credit portfolio. However, Property Loan saw a (-23%) decrease in 2023.

FINANCIAL HIGHLIGHTS

Profit & Loss Summary	2021	2022	2023	YOY %
Profit & Loss Summary (USD)	Audited	Audited	Audited	
Interest Incomes	2,146,443	2,790,491	3,733,331	34%
Interest Expenses	(535,366)	(800,626)	(1,223,250)	53%
Net Interest Incomes	1,611,077	1,989,865	2,510,081	26%
Provision for Bad and Doubtful Loan	(80,580)	(25,304)	(30,842)	22%
Net Interest Income after Provision for				
Bad and Doubtful Loan	1,530,497	1,964,561	2,479,239	26%
Other None Interest Income	149,105	102,032	127,502	25%
Personnel Expense	(950,576)	(1,229,297)	(1,566,997)	27%
Operating and Other Expense	(345,114)	(587,651)	(616,420)	5%
Depreciation Expense	(42,660)	(43,702)	(72,957)	67%
Profit before Income Tax	341,252	205,943	350,366	70%
Income Tax Expense	(76,186)	(61,553)	(76,972)	25%
Profit for the Year	265,066	144,390	273,394	89%

In 2023, CAMMA achieved a remarkable net profit of USD 273,394, an 89% increase from the prior year. This achievement was contributed by the 14% increase in the credit portfolio which generated 34% interest income growth to USD 3.7 million and a minimal increase in the operating expenses ratio of 5%

compared to 2022. However, there was a significant increase in interest expenses by 53% due to the increase in borrowing's cost of funds, the moderate personnel expenses increase of approximately 27%, and a sharp increase of 67% in depreciation expenses compared to last year for supporting in 2023 operation.

Financial Position Summary	2021	2022	2023	YOY %
Financial Position Summary (USD)	Audited	Audited	Audited	
Assets	16,526,325	24,848,333	27,678,772	11%
Gross Loan Outstanding	15,502,816	23,681,877	27,030,974	14%
Liabilities	9,597,534	17,775,152	19,332,197	9%
Borrowing	9,477,204	17,543,120	19,114,984	9%
Shareholder Equity	6,928,791	7,073,180	8,346,575	18%
Share Capital	5,593,000	5,593,000	7,343,000	31%
Retained Earning	754,748	940,432	260,380	(72%)
Regulatory Reserve	581,043	539,749	743,195	38%

In 2023, CAMMA's total assets saw a slight increase of 11% to USD 27.6 million resulting from the credit portfolio growth of 14% to USD 27 million. The growth of total assets and credit portfolio is funded by local lenders and shareholders. Furthermore, to expand our operations for the next five years, CAMMA needs more funding sources and is looking for more sources of funds from existing and new partners to support our business for resilience and sustainable growth.

The decline of retained earnings is an impact of the USD 750k conversion of retained earnings to registered capital in 2023, and USD 203k from the differences between regulatory provision and impairment reserve by CIFRS for SMEs was transferred to the regulatory reserve amount. Therefore, the retained earnings were significantly decreased by (-72%) while the registered capital and regulatory reserve were dramatically increased by 31% and 38% respectively as of the end of 31 December 2023.

Key Performance Ratios	2021	2022	2023
Return on Asset	1.60%	0.60%	1.03%
Return on Equity	3.83%	2.04%	3.62%
Operating Expense to Average Gross Loan Portfolio	9.81%	9.81%	9.23%
Cost to Income Ratio (Including Impairment Expense)	88.45%	95.01%	93.54%
Liquidity Ratio	100%	100%	100%
Solvency Ratio	39.37%	35.69%	31.05%
Portfolio at Risk (PAR) \geq 30days (%)	3.44%	3.92%	5.54%

CAMMA's financial performance rose significantly in 2023, with return on asset and return on equity increased noticeably by 0.60% to 1.03% and 2.04% to 3.62% respectively thanks to the 89% increase in profit. Moreover, the operating expense ratio declined by 9.81% to 9.23% and the total cost-to-income ratio also declined by 1.47% compared to last year. Hence, the profitability ratio sharply increased by 89% which signals the sustainable growth and resilience.

Furthermore, CAMMA maintained its liquidity ratio 100% requirement and kept a high solvency ratio of 31.05% which complies with the regulated requirement by the central bank of "not less than 15%". Regarding portfolio quality management, PAR \geq 30 days was significantly increased by 3.92% to 5.54%

compared to last year. However, this ratio is within the average of the whole financial sector.

2024 OUTLOOK

In 2024, CAMMA will look to expand its income by growing its credit portfolios by approximately 34% this year by providing interest-bearing assets such as asset-backed lending, micro loans, small and medium loans, agricultural products, green lending products, and WASH loans to the community.

To support such growth in its assets, the management team needs to continue expanding its operation to the potentially low risk area and further focus on digital product development.

The management team also focuses on the enhancement of its products and services by leveraging digital technology which is beneficial to clients by bringing delightful experiences using digital products and services and contributing toward sustainable growth to clients.

The management team needs to advance its staff productivity and efficiency by utilizing the Loan Origination System (LOS) and tablet devices that enable credit officers to

perform transactions remotely to the core banking system. In addition, the management team will further prudently monitor its asset quality to further reduce the prevalence of non-performing loans.

CAMMA will also preserve a healthy liquidity level as measured by its Liquidity Ratio and Solvency Ratio to maintain compliance with regulatory requirements as well as support healthy and sustainable growth.



TRAINING AND HUMAN RESOURCE DEVELOPMENT

Staff Motivation

CAMMA Microfinance Limited's fruitful were results achieved by 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 revise and add-on some benefits to the staff for motivation purposes despite the global economic slowdown. 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. CAMMA also promoted the positions of a total of 04 staff members (1.97%) among 203 staff in 2023.

Skills and Knowledge Development for Employees

To guarantee the provision of quality

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 enabling 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 53 sessions with a total of 683 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 112 employees to participate in a total of 19 courses. 102 employees attended soft skills and hard skills courses, an employee attended

an English language course, an employee pursued an associate degree, an employee pursued a bachelor's degree, and seven employees pursued a master's degree. These programs are organized by associations,

institutes, and universities. The training was provided to build the capacity of our staff who will, in turn, lead CAMMA more steadily and effectively.

Indicators	2020	2021	2022	2023
Number of Staff	120	129	170	203
Number of Credit Officers	54	43	56	78
Percentage (%) of Woman Staff	30%	29%	28%	27%
Percentage (%) of Man Staff	70%	71%	72%	73%

Opportunities for Interns and Research Students

In 2023, CAMMA welcomed two groups of research students and an intern with a total number of 12 (12 Female). CAMMA provided opportunities for research students and the intern to become CAMMA staff in the future.

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.

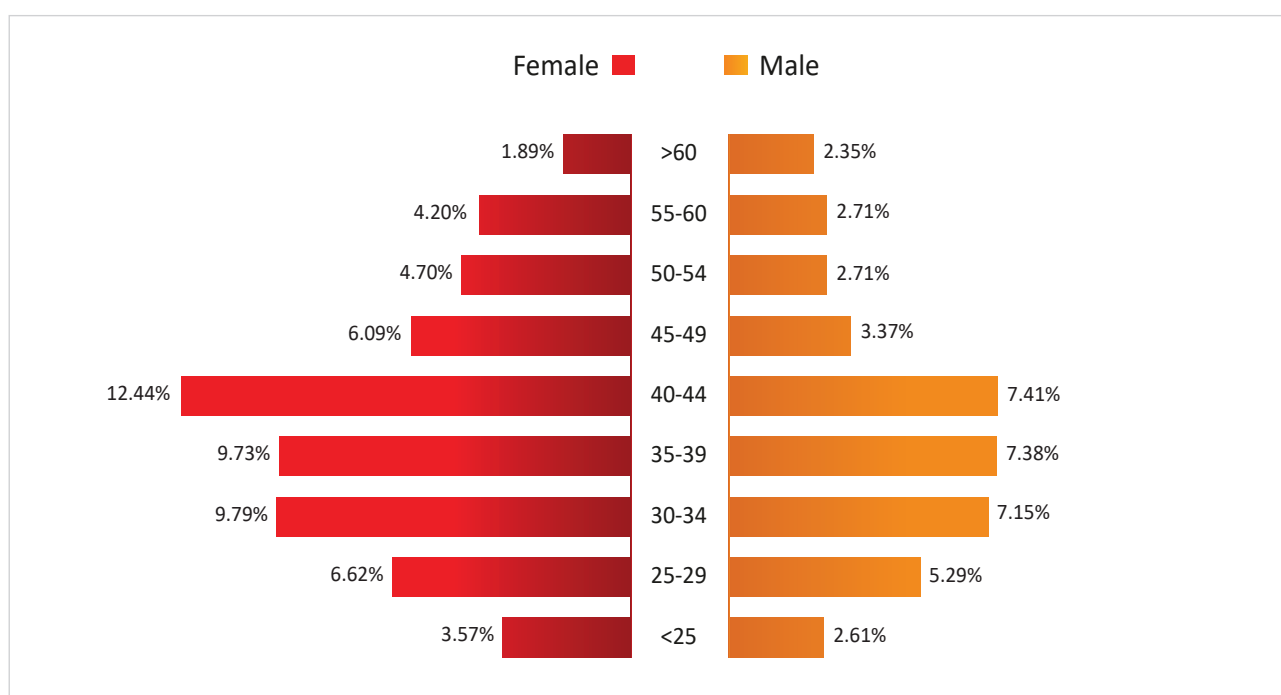
Furthermore, CAMMA promoted an intern to become a full-time staff after seeing that the intern had displayed honesty, capability, and job commitment and met the requirements.

ABOUT CLIENTS

“Excellent Financial Partner” is the slogan and commitment of CAMMA to provide inclusive and innovative financial services to Cambodians to enable access to accredited financial services and loan products for business expansion and living standard improvement.

3,024 clients and 59% of the borrowers are female. The average individual loan amount is USD 9,258 whereas the average group loan amount is USD 572. The number of loan cycles per client averaged at 2 loan cycles. 19.85% of CAMMA clients are in the age group of 40-44, and the majority of CAMMA clients (52.13%) are below 40 years old.

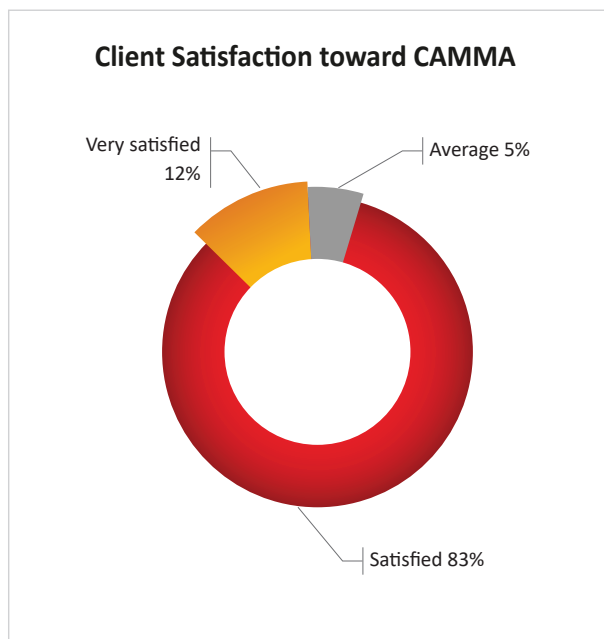
As of 31 December 2023, CAMMA has



Indicators	Rural	Urban
Portion of client	22%	78%
Group Loan	30%	70%
Individual Loan	21%	79%
Average Loan Cycle	1.27	2.09
Average Age	39 years old	39 years old

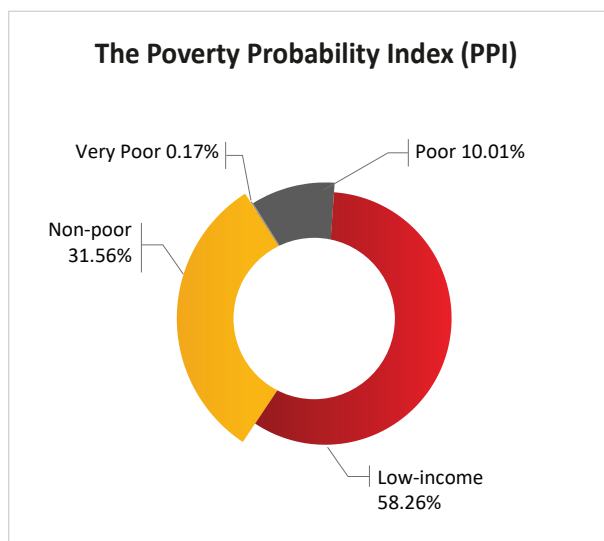
CAMMA conducts a Client Satisfaction Survey annually to determine the client's perspective toward the institution for product and customer service enhancement. CAMMA defined various indicators for data collection, and client satisfaction is rated at five levels: (1) very unsatisfied, (2) unsatisfied, (3) average, (4) satisfied, and (5) very satisfied.

The findings of CAMMA's Client Satisfaction Survey for Semester 2, 2023 demonstrated that the majority of clients (83%) are satisfied, 12% are very satisfied, 5% are average, and none of the clients are unsatisfied with CAMMA.



The Poverty Probability Index (PPI) is used to measure poverty outreach to clients, determine the transformation of the client's living standards, and determine the client's living standards to ensure that appropriate products are delivered to potential clients.

The in-house Poverty Probability Index study for Semester 2, 2023 found that CAMMA is doing its best to serve low-income families (58.26%), including non-poor (31.56%), poor (10.01%), and very poor (0.17%).



4

SUSTAINABLE GROWTH

- ENVIRONMENTAL, SOCIAL AND GOVERNANCE STANDARDS
- CLIENT PROTECTION STANDARDS
- CORPORATE SOCIAL RESPONSIBILITY
- PROMOTING GENDER EQUALITY
- ENVIRONMENTAL AND SOCIAL PRODUCTS
- CAMMA'S CLIENT

SUSTAINABLE GROWTH

As a microfinance institution committed to providing inclusive and responsible financial services to Cambodians and protecting the interests of the clients, shareholders, and the whole of society effectively and sustainably, CAMMA complies with the Environmental, Social and Governance Standards, Client Protection Principles, and contribute to the community development through environmental and social products.

In 2024, CAMMA will undertake Sustainable Development Goals by making great effort to integrate Environmental, Social and Governance Standards into policies and procedures. CAMMA planned to develop ESG performance measurement tools and create a Sustainability Management Unit under the management of the Marketing and Product Development Department into the organizational structure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STANDARDS

CAMMA Microfinance Limited is committed to contributing to environmental protection in compliance with the Cambodian laws and regulations and Cambodian Sustainable Finance Principles. CAMMA commits to prioritizing the environment and society, protects our people and preserves our cultural heritage by actively assessing, managing, mitigating, offsetting or avoiding potential risks or negative impacts arising from our client's business activities. Therefore, all client business activities must be implemented as follows:

- Compliance with environmental and social laws and regulations, and the CAMMA's standard of procedures
- Adherence to Environmental, Social and Governance Standards by resolutely avoiding potential risks or negative impacts arising on the environment and society.

CAMMA's Environmental, Social and Governance Standards focus on:

- Environmental and social risks and impacts
- Labor and working conditions and community health, safety and security

- Resource efficiency and pollution prevention
- Land acquisition and involuntary resettlement
- Biodiversity conservation and sustainable management of living natural resources
- Indigenous people and cultural heritage.

BUSINESS EXCLUSION LIST

CAMMA will not finance any activities which are in the 'Environmental and Social Exclusion List' as follows:

1. Production or activities involving harmful or exploitative forms of forced labor/child labor
2. Production or trade in weapons and munitions
3. Gambling, casinos, prostitution, and equivalent enterprises
4. Trade in wildlife or wildlife products regulated by law
5. Production or trade in radioactive materials, excluding purchasing medical devices, quality control equipment, and other equipment that the institution considered as having

- low radioactive or sufficient protection
6. Production or trade in products or any activities considered as violating the Cambodian laws and regulations, international agreements, or subject to international bans: pesticides, herbicides, products containing PCBs, and trade in wildlife products regulated under CITES
 7. Production or trade in products subject to international phaseouts or bans that the institution is officially aware
 8. Products or services that are hazardous to the natural environment and banned by Cambodian laws
 9. Any activity deemed illegal under Cambodian laws or regulations or international conventions and agreements
 10. Production or trade in wood or other forestry products from unmanaged forests
 11. Production or trade in tobacco
 12. Production or trade in alcoholic beverages (excluding beer and wine)
 13. Production or trade in or use of unbound asbestos fibers, excluding the purchases and uses of fiber cement containing less than 20% asbestos
 14. Commercial logging operations for use in primary tropical moist forest
 15. Production, trade, storage, or transport of significant volumes of hazardous chemicals in business operations. The hazardous chemical substances include gasoline, petroleum, and other oil products
 16. Production or trade in pharmaceuticals subject to international phaseouts or bans
 17. Production or trade in pesticides/herbicides subject to international phaseouts or bans
 18. Production or trade in ozone-depleting substances subject to international phaseout
 19. Drift net fishing in the marine environment using nets over 2.5 km in length
 20. Production or activities that impinge on the lands owned or land acquisition or other property or claimed under adjudication, by Indigenous peoples, without full documented consent of such peoples
 21. Production or publication of information against democracy or racial discrimination news.

CLIENT PROTECTION STANDARDS

CAMMA Microfinance Limited adheres to the highest ethical practices and the three basic principles: people, earth and profit, as well as respect for the environment, society and the community which we live in. Therefore, the eight guidelines of Client Protection Standards that CAMMA adheres to are:

Appropriate Product Development and Delivery

CAMMA makes great effort in product development, and credit and service provision

procedures based on the market demand and mitigates risk for clients. CAMMA developed appropriate products and services with responsible pricing, straightforward loan application procedures, and minimum service fees. CAMMA conducts research after new product launches to enhance the product features.

Over-indebtedness Prevention

CAMMA makes a great effort to measure clients' ability to repay and strengthen internal control to mitigate over-indebtedness.

CAMMA aggregates information from various sources and checks the client's credit history in the credit reporting system before the loan approval to effectively mitigate over-indebtedness. In addition, the loan application was categorized based on the loan amount and conditions, and the credit committee intensively measures the debt-service coverage ratio and risk before the approval.

Transparency

CAMMA provides clear and accurate information to all our clients related to conditions of products, interest rates, loan application procedures, and issues resolution promptly so that they can understand and make decisions effectively. CAMMA staff were trained the transparent and effective communication skills, including communication with illiterate clients. Information related to effective interest rates and interests is provided to clients to comply with the National Bank of Cambodia regulation. Moreover, CAMMA published product information on various channels: flyers, posters, notebooks, social media channels, and website.

Fair and Respectful Treatment of Clients

CAMMA treats clients with respect, without discrimination, and adheres to the core values and code of conduct. Staff are well educated on diversity to avoid discrimination against the race, gender, religion, or personal characteristics of clients.

Privacy of Client Data

Client information was protected in compliance with Cambodian laws and regulations, and the internal rules of CAMMA. The information will only be used or shared with third parties with permission from CAMMA or granted permission from clients. CAMMA restricts its staff from sending and receiving client data to one another over the Internet to protect the data privacy of the clients.

Complaint and Resolution Handling Mechanism

Customer service and retention are fundamental to CAMMA. Therefore, Customer Complaint policy and procedures were developed. Through this policy, CAMMA always provides appropriate solutions and responses to clients promptly. The received complaint information is used to enhance the product and improve the quality of customer service.

Governance and Management Commitment to Client Protection

CAMMA undertakes client protection through human resource structure, policies and procedures development and implementation to support its implementation. CAMMA has been strengthening the implementation of the complaint mechanism by increasing the monitoring to the Board of Directors level.

COPORATE SOCIAL RESPONSIBILITY

Environmental and Financial Education Awareness

CAMMA printed 4,000 copies of flyers and 1,000 posters and delivered them to targeted communities to raise awareness about the significant impact of latrines, and the negative impact of drinking unsafe water and lack of hygiene. Those artworks were also published on CAMMA's social media channels, along with tips for conserving the environment while saving money.

Moreover, CAMMA has designed and published financial literacy artworks about money saving, loans, financial plans, and budgeting on social media. CAMMA cross-posted the “Financial Street” series produced by Apsara Media Service (AMS), cooperated with the Cambodia Microfinance Association, Association of Banks in Cambodia, Credit Bureau Cambodia, and supported by the National Bank of Cambodia.

In 2024, CAMMA will continue cross-posting the “Financial Street” series and publish financial literacy artworks on social media. Additionally, CAMMA will publish videos about the importance of clean water, latrines, and sanitation to the public.

Camma Planted 200 Trees in Tanoun Primary School, Basedth, Kampong Speu

CAMMA Microfinance Limited organized a social activity of planting 200 trees in Tanoun Primary School on July 29, the CAMMA's 13th anniversary.

This community event was held in Sdok Village, Basedth Commune, Basedth District, Kampong Speu Province. This community event is an activity in line with the social goals of CAMMA which focuses on the impact on society and environment.

Besides the tree planting activity, the CAMMA Management Team donated some equipment to the school: lawnmowers, hoes, shovels, hods, watering tanks, and trash cans. This event was held with the presence of the CAMMA Acting CEO, school principal, teachers, and students, a total of 300 participants.



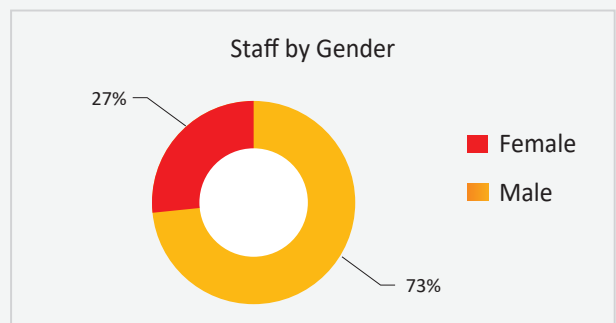
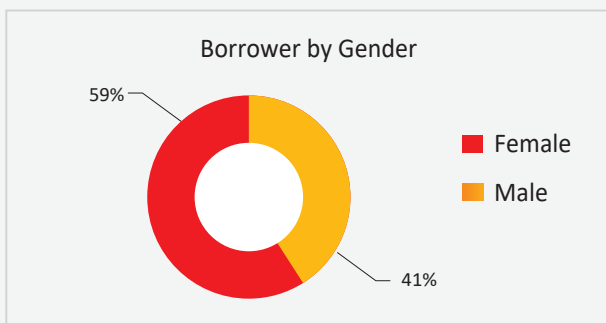
PROMOTING GENDER EQUALITY

A part of CAMMA's mission focuses on providing loans to female clients and promoting gender equity in the institution. In 2023, 1,784 of 3,024 borrowers are female, representing 59% of total clients.

CAMMA, an institution founded by women entrepreneurs, placed great emphasis on and values women for all levels of job positions. In CAMMA's Board of Directors, the Chairwoman of the Board is a woman and one

of two Board Members is a woman. CAMMA employs 4 women credit officers, and 29% of female employees are at the management level.

CAMMA pays great attention to human resource development by providing training to all staff, especially female staff. In 2023, 5 of 7 sponsored Master's degree employees are women.



ENVIRONMENTAL AND SOCIAL PRODUCTS

In commitment to the Environmental, Social and Governance Standards, and Sustainable Development Goals (SDG), CAMMA developed Green Loan and WASH Loan to contribute to environmental preservation, welfare, and well-being of clients.

Green Loan

Green Loan was developed and launched in July 2023 to advance the living standards and environment, invest in eco-friendly businesses that reduce the impact on the environment, or mitigate climate change.

CAMMA cooperated with Yadea Cambodia to provide loans to clients for purchasing electric motorbikes. Under this cooperation, clients are eligible for a loan from CAMMA without collateral, making it convenient for clients to purchase a vehicle energy-efficient vehicle and reduce the impact on the environment.

As of 2023, Green Loan was provided to 49 clients with a credit portfolio of USD 42,100.

WASH Loan

WASH Loan was provided to assist clients in access to clean water and latrines and enhance community well-being. As of 2023, WASH Loan was provided to 120 clients with a credit portfolio of USD 80,414 for sanitation (74%), water and sanitation (21%), and water (5%).

CAMMA and Water.org signed a WASH Wholesale Financing for Rural Credit Institutions Agreement on November 21, 2023. This partnership enables CAMMA to receive support from Water.org to raise public awareness and wholesale financing for WASH Loan outreach to RCIs' clients.



CAMMA'S CLIENT

Mrs. Nhoem Vanna is a laundromat owner in Kampong Trach Ti Muoy, Kampong Trach Khang Kaeut Commune, Kampong Trach District, Kampot. The 47-year-old woman has been living here since the collapse of the Khmer Rouge regime. At the time, she lived in a small house and did not have access to a latrine.

She reconstructed her house in 2001 but still did not have access to the latrine at the time. Going to the bathroom means cycling 500 meters from home. Concerned about the security and venomous animals, each family member was too scared to go to the forest alone. Therefore, they have to accompany one another to the forest. She said that her children once got severe malaria because of that.

Located near Kampong Trach Market, a short distance from National Road 31, her neighborhood has had access to clean water since 2007. Around her house, there is no more forest since the residents built many more houses. Likewise, Vanna reconstructed her home and built a bathroom.

Vanna compared the lives before and after having access to the latrine, "It used to be difficult as I needed to go to the forest to use the bathroom. Especially, I was worried about the safety of my daughters and venomous animals. Now that we have our bathroom, it is no longer difficult. It is safer, saves time, and makes our health better."

5

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 2023.

Principal activities

The principal activity of the Company is

to provide micro-finance services to communities, small and medium enterprises, and farmers, especially women, in an efficient, sustainable and responsible manner.

Financial results

The financial results of the Company for the year ended 31 December 2023 were as follows:

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	350,366	1,440,004	205,943	841,689
Income tax expense	(76,972)	(316,355)	(61,553)	(251,567)
Net profit for the year	<u>273,394</u>	<u>1,123,649</u>	<u>144,390</u>	<u>590,122</u>

Share capital

There is no change in the shareholding structure during the financial 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 2023.

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
- Mr. Khov Soviet Director
- Ms. You Bory Independent Director

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

Information on shareholding of the Company and its directors as at 31 December 2023 is as follows:

	31 December 2023 % of ownership	31 December 2022 % of ownership
Madam Dith Nita	<u>48.44%</u>	<u>40.31%</u>

Other than disclosed above, the directors did not hold any shares in the Company or in any related companies.

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 the acquisition of shares in or debentures of the Company or any other corporate body.

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 2023, 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 49 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2023, 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: 19 April, 2024

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 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as set out on pages 8 to 49 (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 2023, 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 suffi-

cient 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.

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 finan-

cial statements, 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**

Partner



Guek Teav

Phnom Penh, Kingdom of Cambodia

Date: 19 April, 2024

STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
ASSETS				
Cash on hand	191,035	780,378	154,412	635,714
Balances with banks and financial institutions	41,687	170,291	741,756	3,053,809
Balances with the National Bank of Cambodia	371,164	1,516,205	282,032	1,161,126
Loans to customers	26,699,772	109,068,570	23,327,329	96,038,613
Other assets	105,241	429,909	157,232	647,325
Property and equipment	193,080	788,732	149,293	614,640
Intangible assets	76,793	313,699	36,279	149,360
TOTAL ASSETS	27,678,772	113,067,784	24,848,333	102,300,587
LIABILITIES AND EQUITY				
Liabilities				
Current income tax liability	12,599	51,467	75,773	311,957
Borrowings	18,213,997	74,404,178	15,341,077	63,159,214
Subordinated debt	900,986	3,680,528	2,202,043	9,065,811
Other liabilities	173,968	710,659	155,066	638,407
Deferred tax liabilities	30,647	125,193	1,193	4,912
Total liabilities	19,332,197	78,972,025	17,775,152	73,180,301
Equity				
Share capital	7,343,000	29,372,000	5,593,000	22,372,000
Regulatory reserves	743,195	3,023,986	539,749	2,192,909
Retained earnings	260,380	1,132,972	940,432	3,840,400
Currency translation reserves	-	566,801	-	714,977
Total equity	8,346,575	34,095,759	7,073,181	29,120,286
TOTAL LIABILITIES AND EQUITY	27,678,772	113,067,784	24,848,333	102,300,587

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Interest income	3,733,331	15,343,991	2,790,491	11,404,737
Interest expense	(1,223,250)	(5,027,558)	(800,626)	(3,272,158)
Net interest	2,510,081	10,316,433	1,989,865	8,132,579
Other operating income	127,502	524,033	102,032	417,004
Net operating income	2,637,583	10,840,466	2,091,897	8,549,583
Net impairment loss on financial assets	(30,842)	(126,761)	(25,304)	(103,417)
Personnel expenses	(1,566,997)	(6,440,358)	(1,229,297)	(5,024,137)
Depreciation and amortisation	(72,958)	(299,857)	(43,702)	(178,610)
Other operating expenses	(616,420)	(2,533,486)	(587,651)	(2,401,730)
Profit before income tax	350,366	1,440,004	205,943	841,689
Income tax expense	(76,972)	(316,355)	(61,553)	(251,567)
Net profit for the year	273,394	1,123,649	144,390	590,122
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Currency translation differences	-	(233,176)	-	302,269
Total comprehensive income for the year	273,394	890,473	144,390	892,391

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital		Regulatory reserves		Retained earnings		Currency translation reserves		Total
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	
At 1 January 2023	5,593,000	22,372,000	539,749	2,192,909	940,432	3,840,400	-	714,977	29,120,286
Transactions change directly in equity:									
Transferred from retained earnings to regulatory reserves	-	-	203,446	831,077	(203,446)	(831,077)	-	-	-
Transactions with the shareholders:									
Increase in share capital by:									
Transferred from subordinated debt	1,000,000	4,000,000	-	-	-	-	-	85,000	1,000,000
Transferred from retained earnings to share capital	750,000	3,000,000	-	-	(750,000)	(3,000,000)	-	-	-
	1,750,000	7,000,000	203,446	831,077	(953,446)	(3,831,077)	-	85,000	1,000,000
Total comprehensive income:									
Net profit for the year	-	-	-	-	273,394	1,123,649	-	-	273,394
Other comprehensive income – currency translation difference	-	-	-	-	-	-	-	(233,176)	(233,176)
	-	-	-	-	273,394	1,123,649	-	(233,176)	273,394
At 31 December 2023	7,343,000	29,372,000	743,195	3,023,986	260,380	1,132,972	-	566,801	34,095,759
At 1 January 2022	5,593,000	22,372,000	581,043	2,362,916	754,748	3,080,271	-	412,708	28,227,895
Transactions change directly in equity:									
Transferred from regulatory reserves to retained earnings	-	-	(41,294)	(170,007)	41,294	170,007	-	-	-
	-	-	(41,294)	(170,007)	41,294	170,007	-	-	-
Total comprehensive income:									
Net profit for the year	-	-	-	-	144,390	590,122	-	-	44,390
Other comprehensive income	-	-	-	-	-	-	-	302,269	302,269
	-	-	-	-	144,390	590,122	-	302,269	892,391
At 31 December 2022	5,593,000	22,372,000	539,749	2,192,909	940,432	3,840,400	-	714,977	29,120,286

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	2023		2022	
	US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities				
Net profit for the year	273,394	1,123,649	144,390	590,122
<i>Adjustments for:</i>				
Net impairment loss on financial assets	30,842	126,761	25,304	103,417
Depreciation and amortisation	72,958	299,857	43,702	178,610
Interest income	(3,733,331)	(15,343,991)	(2,790,491)	(11,404,737)
Interest expense	1,223,250	5,027,558	800,626	3,272,158
Income tax expense	76,972	316,355	61,553	251,567
	<u>(2,055,915)</u>	<u>(8,449,811)</u>	<u>(1,714,916)</u>	<u>(7,008,863)</u>
<i>Changes in:</i>				
Loans to customers	(3,286,110)	(13,505,912)	(8,059,198)	(32,937,942)
Other assets	51,991	213,683	(61,219)	(250,202)
Statutory deposit	(87,500)	(359,625)	-	-
Other liabilities	31,142	127,994	84,434	345,082
Cash used in operations	(5,346,392)	(21,973,671)	(9,750,899)	(39,851,925)
Interest income received	3,615,503	14,859,718	2,700,104	11,035,325
Interest expense paid	(1,184,635)	(4,868,850)	(791,453)	(3,234,668)
Income tax paid	(110,692)	(454,944)	(34,285)	(140,123)
Net cash used in operating activities	<u>(3,026,216)</u>	<u>(12,437,747)</u>	<u>(7,876,533)</u>	<u>(32,191,391)</u>
Cash flows from investing activities				
Acquisition of property and equipment	(111,162)	(456,876)	(113,945)	(465,693)
Acquisition of intangible assets	(46,097)	(189,459)	(39,484)	(161,371)
Net cash used in investing activities	<u>(157,259)</u>	<u>(646,335)</u>	<u>(153,429)</u>	<u>(627,064)</u>
Cash flows from financing activities				
Proceeds from borrowings	19,311,385	79,369,792	16,477,548	67,343,739
Repayments of borrowings	(16,489,735)	(67,772,811)	(10,620,828)	(43,407,324)
Proceeds from subordinated debt	-	-	2,750,023	11,239,344
Repayments of subordinated debt	(299,989)	(1,232,955)	(550,000)	(2,247,850)
Net cash generated from financing activities	<u>2,521,661</u>	<u>10,364,026</u>	<u>8,056,743</u>	<u>32,927,909</u>
Net (decrease)/increase in cash and cash equivalents	<u>(661,814)</u>	<u>(2,720,056)</u>	<u>26,781</u>	<u>109,453</u>
Cash and cash equivalents at 1 January	898,550	3,699,330	871,769	3,551,587
Currency translation differences	-	(12,208)	-	38,290
Cash and cash equivalents at 31 December	<u>236,736</u>	<u>967,066</u>	<u>898,550</u>	<u>3,699,330</u>
Significant non-cash transactions:				
The significant non-cash transactions are as follows:				
Transferred from subordinated debt to share capital	1,000,000	4,000,000	-	-
Transferred from retained earnings to share capital	750,000	3,000,000	-	-

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 N° 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

National Road N° 21, Traeuy Troeng Village,
Preaek Ambel Commune, S'ang District,
Kandal Province.

Tel: 089 999 402

Kampong Trach District Branch

National Road N°33, Kampong Trach
Ti Pir Village, Kampong Trach Khang Lech Commune,
Kampong Trach District, Kampot Province.

Tel: 089 999 461



សេវាអតិថិជន

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