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Credit Guarantee Corporation of Cambodia

ANNUAL REPORT 2022

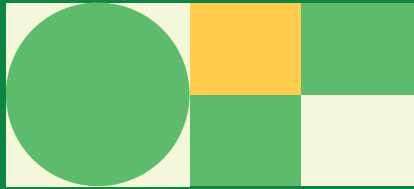




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ABOUT CGCC

CGCC'S STORY

Credit Guarantee Corporation of Cambodia (CGCC) is a state-owned enterprise established by a Sub-Decree No. 140 ANKR.BK dated 01 September 2020. CGCC is operated under the technical and financial guidance of the Ministry of Economy and Finance (MEF).

CGCC was incorporated on 03 November 2020 and has been receiving technical support from Asian Development Bank (ADB), World Bank (WB), and UN Capital Development Fund (UNCDF). CGCC launched the first guarantee scheme on 29 March 2021.





VISION & MISSION



Vision: To be the preferred credit guarantee institution in Cambodia to improve financial inclusion and develop the growth of SMEs.



Mission: To provide credit guarantees to lenders on loans made to businesses based on international standards to share the risk with lenders and to improve financial inclusion.

PERFORMANCES

Financial Highlights for the Financial Year Ended 31 December 2022



Total Assets:
USD 217,483,594



Total Liability:
USD 1,612,254



Total Equity:
USD 215,871,340



Profit for the Year:
USD 9,141,548

Overview Key Figures in 2022



Total Guaranteed Account (GA): 791



SME: 96.7%
Large-Firm: 3.3%

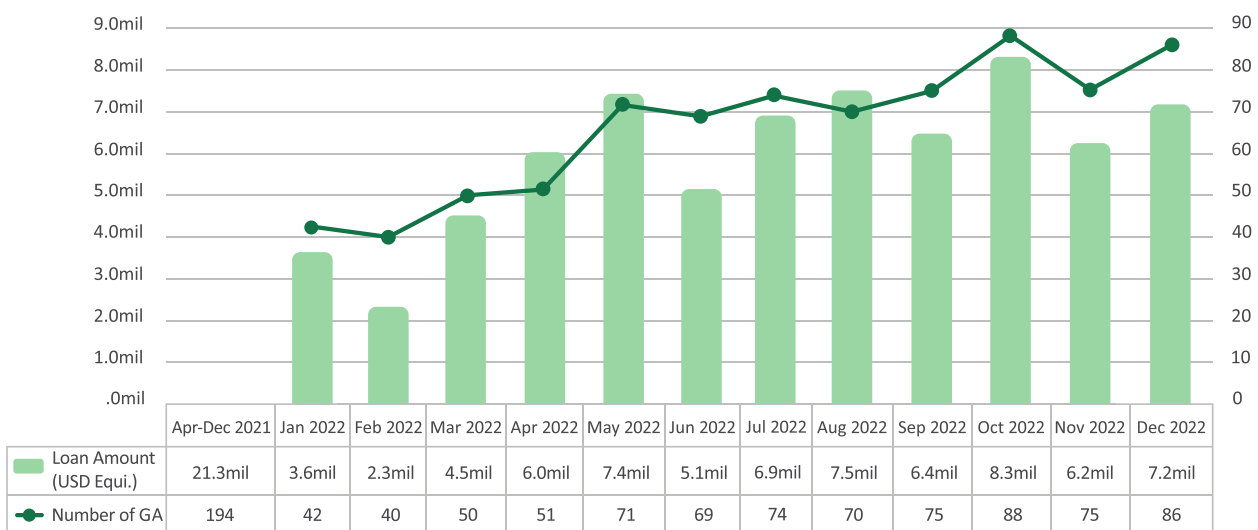


Total Guaranteed Loan (GL):
KHR 29.94 billion
USD 64.11 million



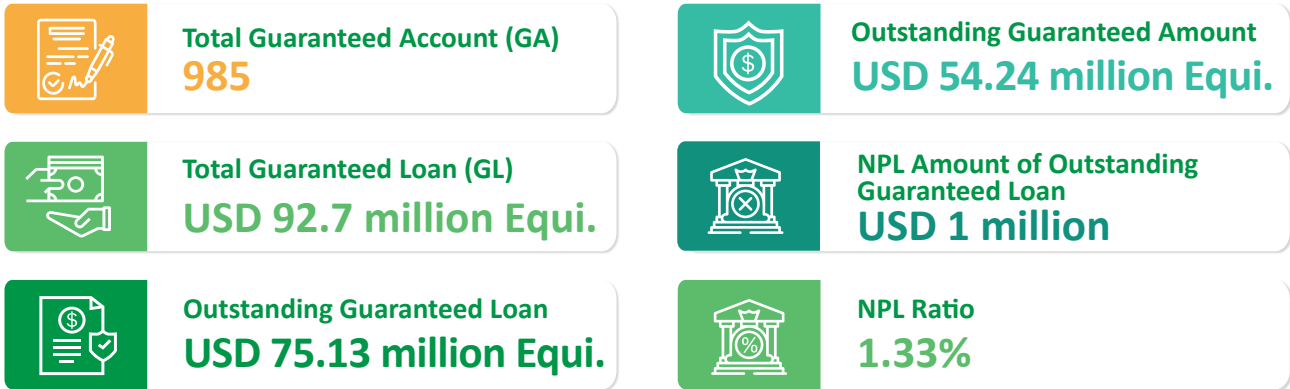
Women-Owned: 38%

Guaranteed Loans by Month

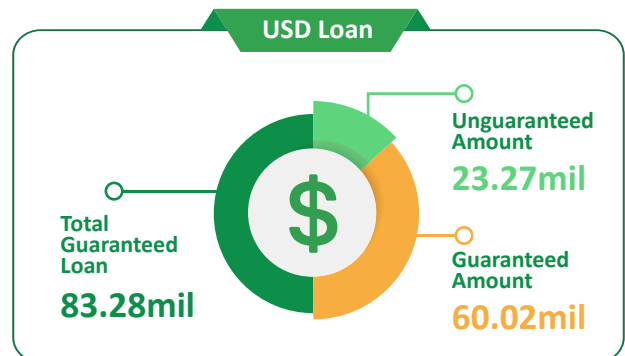
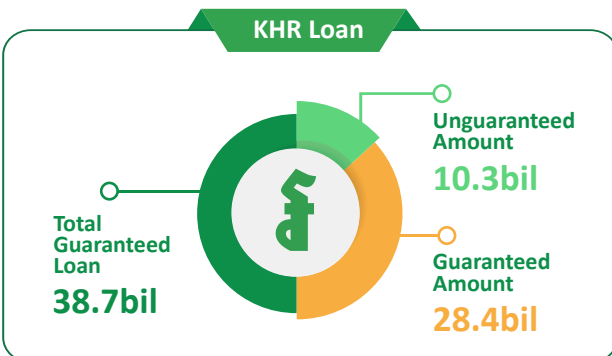
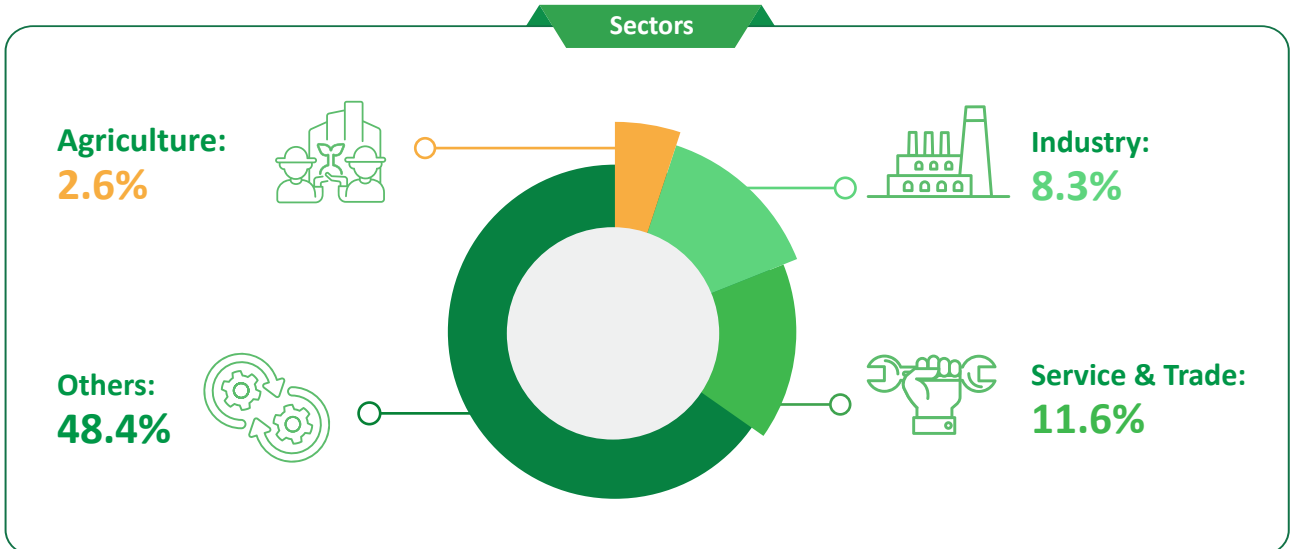


* Exchange Rate: USD1 = KHR4,117

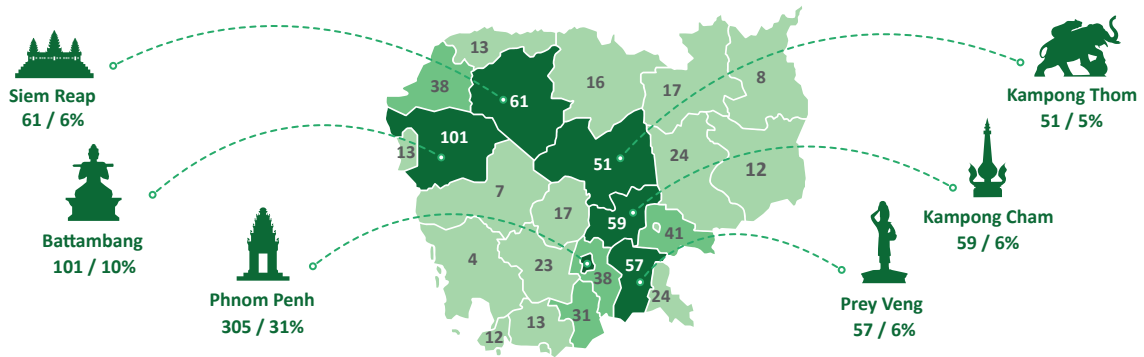
Cumulative Guarantee Progress as of 31 December 2022



GA Cancellation	
Total GA	21
Loan Amount in USD	USD 2,248,000
Loan Amount in KHR	KHR 397,000,000

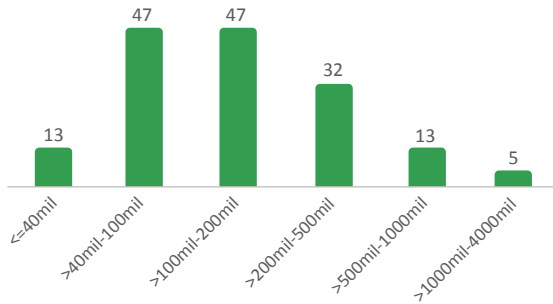


Geographical Coverage



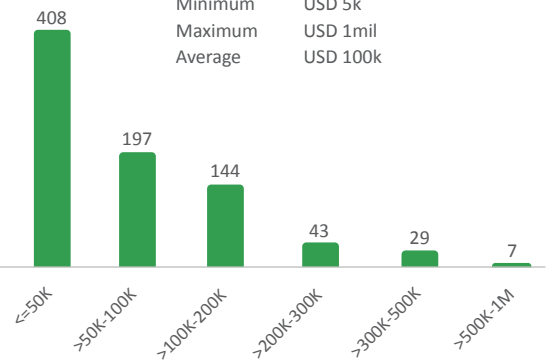
Loan Size in KHR

Minimum KHR 40mil
Maximum KHR 2.4bil
Average KHR 246mil

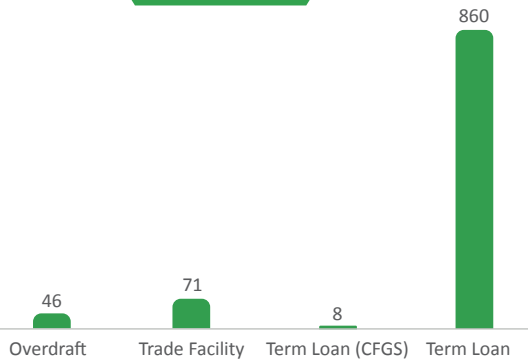


Loan Size in USD

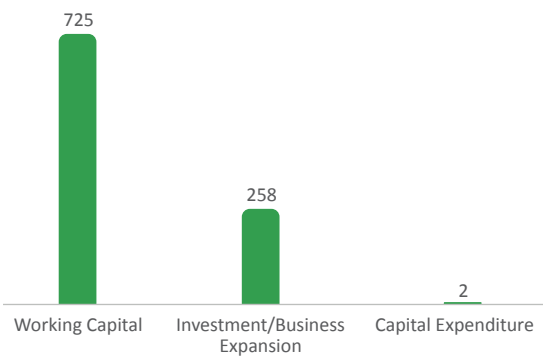
Minimum USD 5k
Maximum USD 1mil
Average USD 100k



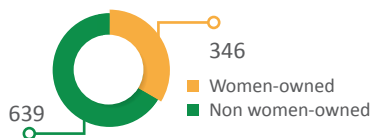
Loan Facility



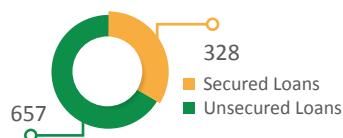
Loan Purpose



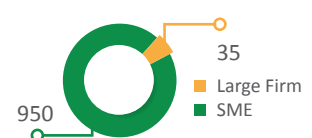
Gender



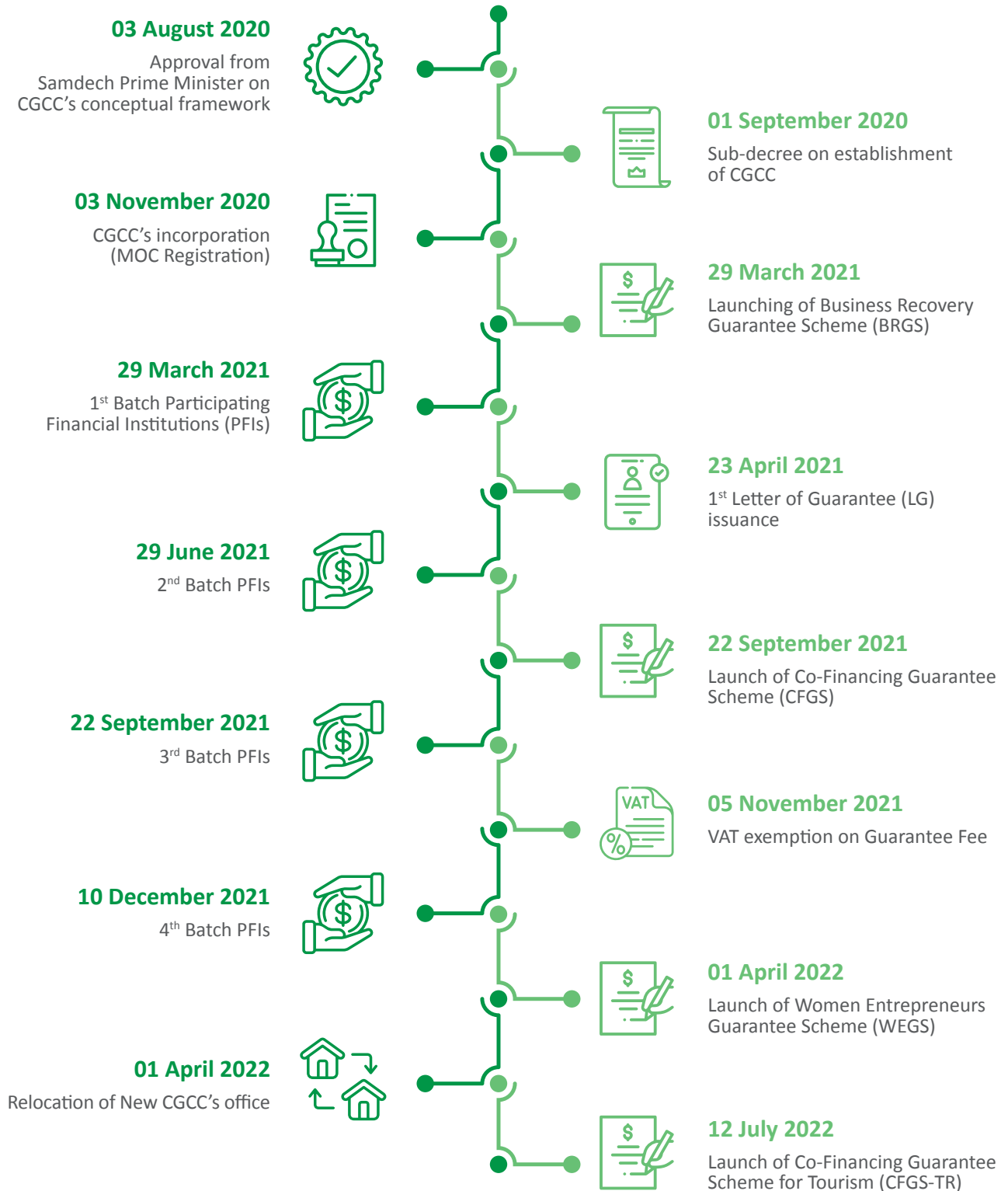
Type of Loan



Type of Borrower



MILESTONES



CHAIRMAN'S REMARKS

H.E. Ros Seilava

Secretary of State of the Ministry of Economy and Finance

“

Credit guarantee remains a valuable policy tool of the Government to share risk with the lending institutions and support public confidence in the banking sector.

”



We entered 2022 with a celebration of the success of the Royal Government of Cambodia in handling the COVID-19 Pandemic. As a result, the country is fully reopened, and the outlook is positive. Indeed, Cambodia achieved economic growth of 5.2% in 2022, compared to 3% in 2021, and negative growth of 3.1% in 2020, primarily owing to the revival of the hard-hit tourism sector and the increase of domestic activities.

Although COVID-19 is fading away, other challenges remain. Cambodia's economy still faces uncertainties, mainly because of the Russia-Ukraine war and the geopolitical contest between the two superpowers China-U.S., leading to high inflation and low global demand for Cambodia's exports. Cambodia's inflation rate hit 5.3% in 2022, the highest in the last ten years. Consequently, banks and financial institutions face a high cost of borrowing due to interest rates increased by the central banks to manage the high inflation.

In this context, credit guarantee remains a valuable policy tool of the Government to share risk with the lending institutions and support public confidence in the banking sector. At the Board and Ministry level, we are happy to see CGCC has formed a complete management structure, developed an operational manual, internal control, and risk management, expanded partnerships with more participating financial institutions (PFIs), and introduced new credit guarantee products to support targeted priority groups including women entrepreneurs and tourism operators, as well as extended its presence beyond the border by establishing cooperation with

regional credit guarantee institutions for capacity building and information exchange.

We have shown good progress, but more work needs to be done. CGCC must continue to improve efficiency and effectiveness to gain trust and support from relevant stakeholders. The Board encourages CGCC to introduce new innovative credit guarantee products to support other priority areas, especially agriculture, and green investments. We also would like to see CGCC's guarantees enter the bond market to support the domestic capital market.

On behalf of the Board, I would like to extend my sincere thanks to all the stakeholders, including relevant Government authorities, Development Partners, PFIs, and the business communities, for your support in implementing the Government's credit guarantee schemes.

Lastly, I would like to thank my fellow Board members, Management, and CGCC employees for their hard work and dedication.

The Ministry of Economy and Finance and the Board look forward to providing our full support for developing Cambodia's small and medium enterprises through the public credit guarantee. Together, we can make Cambodia a higher-middle-income country!

Yours sincerely,

Ros Seilava

Secretary of State of the Ministry of Economy and Finance,
Chairman of CGCC

CEO'S REMARKS



Mr. Wong Keet Loong

Chief Executive Officer

“

CGCC commits to bring more diversified approach to support more MSMEs to grow their business and to increase the guarantees.

”

Looking back at 2022, it was a year filled with enthusiasm as Cambodia, like most other countries were opening up their borders after the pandemic hit and impacted many businesses and livelihoods. The recovery in the economy was rapid and many sectors revived. Despite the global tensions in Europe and the high interest rate hikes in the US, the economy grew higher as compared to 2021.

As we complete the Stage 1 (Development/Start Up, 2021- 2022) in our strategic plan, I'm pleased to report that we have accomplished the milestones that we have set out during this phase of the company. Notwithstanding, the development and implementation of our Guarantee Management System, which was delayed and extended to roll-out in 2023.

We managed to increase our customer base with an accumulated number of guarantees issued to 985 accounts amounting to USD 92.7mil guaranteed loans.

The growth of guaranteed loans in 2022 showed an increasing trend from May towards December. This was mainly attributed to the strong engagements with our partner FIs to improve their understanding of the credit guarantee to enable them to structure guaranteed loans to increase their loans outreach to MSMEs. Another 5 commercial banks became our partner FIs making up a total of 25 PFIs, of which 90% provided guaranteed loans.

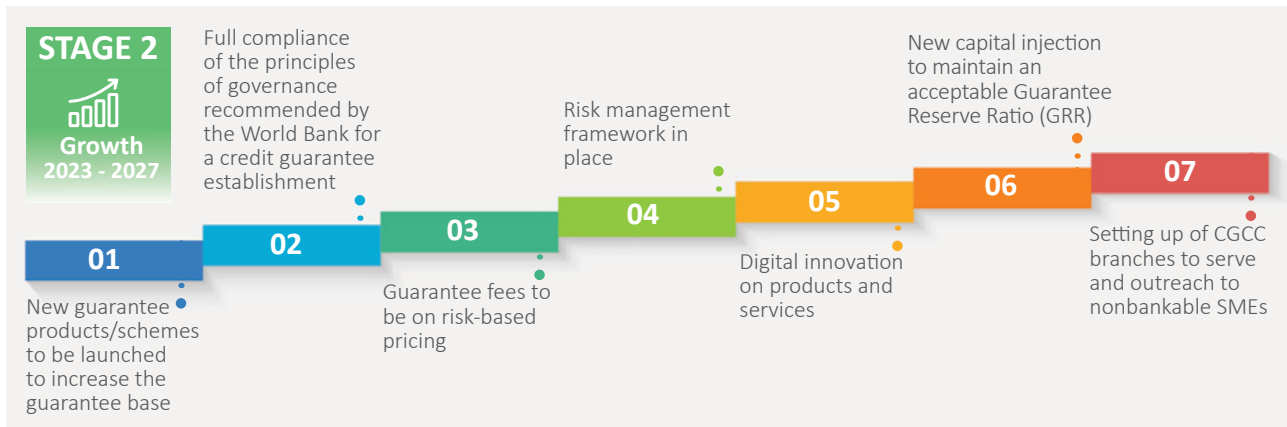
Although the volume of guarantees increased, we started to experience some of the guaranteed loans turning non-performing. At the end of 2022, our NPL ratio was 1.3% amounting to about \$707,000 with amount of claims pay-out about \$40,000 (Claims Pay-Out is due when the loans are classified as "Loss"). The NPL ratio is satisfactory as it is below our projections and also below industry ratio of 3.1%.

Two guarantee schemes were launched in 2022 i.e. Women Entrepreneur Guarantee Scheme (WEGS) and Co-Financing Guarantee Scheme for Tourism (CFGS-TR). Both schemes are to support the Government's strategic initiatives to support women entrepreneurs and the recovery of the tourism related businesses.

CGCC is now part of the credit guarantee fraternity in the Asian region. We will be a member of the Asian Credit Supplementation Institution Confederation (ACSIC) in 2024 after 2 years as observers. The ACSIC is Asia's largest organization designed for credit guarantee and consists of 17 credit guarantee institutions from 12 Asian countries. The objective of ACSIC is to promote sound development of the credit supplementation system for small businesses through exchange of information and experiences, discussion and interchange of personnel amongst the institutions. This collaboration will benefit CGCC in the long term in building its capability as a sound credit guarantor from the experiences of ACSIC.

What is Expected in 2023

Based on our strategic plans, 2023 is the start of the 2nd stage of the company i.e. *GROWTH* stage which is targeted to be until 2027. This stage has the following milestones that are targeted to be achieved (not in sequential order):



As a start, CGCC will be ready to be a Bond Guarantor for corporate bonds listed in the Cambodia Securities Exchange (CSX). CGCC will be the first Cambodian company to guarantee corporate bonds. As a state-owned enterprise, CGCC's guarantee for bonds is targeted to attract more investors into the capital market. Thus, CGCC intends to play a role in supporting the larger segment of SMEs or large firms, if they raise funds via Bonds. In addition, corporate bonds can be another form of investment for institutions besides bank deposits.

New guarantee schemes driven by SDG goals, will be developed to support the Agriculture sector, Green Financing and Tourism-related via individual guarantee scheme or as a portfolio scheme structured with PFIs. A more diversified approach will be taken to support more MSMEs to grow their business and to increase the guarantees.

In terms of Technology, our Guarantee Management System will be implemented and setting up the next phase for digitalizing our processes. PFIs will have a new approach in applying for guarantees and reporting monthly to CGCC.

We are committed to carrying out more outreach activities and jointly with PFIs to promote better understanding of credit guarantees. As part of developing the growth of MSMEs, CGCC will play a part in improving their financial literacy to be aligned with the goals of the National Bank of Cambodia (NBC).

Besides developing the growth of MSMEs, CGCC will play a role in being a socially responsible institution. CSR activities will be organized to support underprivileged communities to improve their livelihoods.

Note of Appreciation

I would like to thank everyone in my team for their continued commitment and tireless contributions to CGCC's performance in the past year and the present year. I admire your team spirit and determination in building this company to the next levels.

I wish to extend my deepest appreciation to our PFIs for their cooperation and support to reach out to MSMEs by providing guaranteed loans to grow their business. I am also grateful for the collaboration with SME Associations who have brought us closer to the MSMEs. I am confident that we will be able to strive for greater heights in all our future undertakings.

Lastly, my sincere appreciation to our Board of Directors for their guidance and support. Also, to the Ministry of Economy and Finance and other stakeholders eg. other Ministries, NBC, development partners and other regulatory bodies.

Yours sincerely,
Wong Keet Loong
Chief Executive Officer

BOARD OF DIRECTORS



H.E. Ros Seilava, Chairman

H.E. Ros Seilava is currently a Secretary of State of the Ministry of Economy and Finance, Secretary General of the General Secretariat of the Public Financial Management Reform Program Steering Committee, and a Member of the Supreme National Economic Council. He also serves as Chairman of the Agricultural and Rural Development Bank. He joined the Ministry of Economy and Finance in 1994.

From 2006-2008, he was an Advisor to the Executive Director of the World Bank in Washington D.C. He received his BA in Social Science from Penza's Institute of the Pedagogy, the former USSR, in 1987-1992. In 2002, he obtained his Master of International Affairs (MIA) in Economic Policy Management from Columbia University, New York, USA.

H.E. Dr. Mey Vann

H.E. Mey Vann is currently a Secretary of State of the Ministry of Economy and Finance and the Secretary General of the General Secretariat of the Non-Bank Financial Services Authority. He started his career with the Ministry of Economy and Finance in 1994. In 1999, he was appointed as an assistant to a Secretary of State of the ministry.

He was promoted to be the Director of the Financial Industry Department in 2002 and the Director General in 2013. He completed his Ph.D. in Business Administration at PRESTONE University in the U.S. in 2009 and received his master's degree in Political Economy from D'Auvergne University in France, and a bachelor's degree in Economics and Business Law in Cambodia.



H.E. Yea Bunna

H.E. Yea Bunna is currently the Under Secretary of State of the Ministry of Industry, Science, Technology and Innovation. Based on his experiences in improving productivity for Micro, Small, and Medium Enterprises, he was assigned to be a member of the Board of Directors of Credit Guarantee Corporation of Cambodia.

H.E. Yea Bunna has more than 20 years of experience in the Manufacturing Industry and MSME development sector as well as Foreign Direct Investment promotion; H.E. Yea Bunna obtained his master's degree in Business Administration, majoring in Finance at the National University of Management in Cambodia in 2006 and received a bachelor's degree of Economic Science at the former Faculty of Economics of Cambodia in 1989.





Mr. Kith Sovannarith

Mr. Kith Sovannarith is currently the Director General of Banking Supervision, National Bank of Cambodia (NBC). He started his career at NBC in 1998. In 2011 he was posted as Advisor to the Executive Director of Southeast Asia Voting Group of International Monetary Fund based in Washington D.C. Upon returning to the NBC in 2013, he was promoted to Deputy Director of Onsite Supervision. Mr. Kith Sovannarith is also the chairman of the Institute of Banking and Finance (IBF). Mr. Kith Sovannarith holds a Bachelor of Commerce (Economics and Finance) from Deakin University in Australia, and a Master of Science in Professional Banking and Finance from University of Luxembourg in Luxembourg.

Mr. Sok Voeun

Mr. Sok Voeun is currently the Chief Executive Officer of LOLC (Cambodia) Plc. He is also a member of the Certified Management Accountant (CMA), a member of the Institute of Public Accountants, and a chairman of the Cambodia Microfinance Association. Mr. Sok Voeun has more than 20 years of experience in microfinance and banking sectors; covering digital and product development, leadership, and management over credit, risk, finance, and human resource. Mr. Sok Voeun obtained his master's degree in Business Administration, majoring in Finance and Banking, from Build Bright University in Cambodia in 2005 and a bachelor's degree in Economic Science in Management of Enterprise at the former Faculty of Law and Economics in 2000.



Mr. Wong Keet Loong

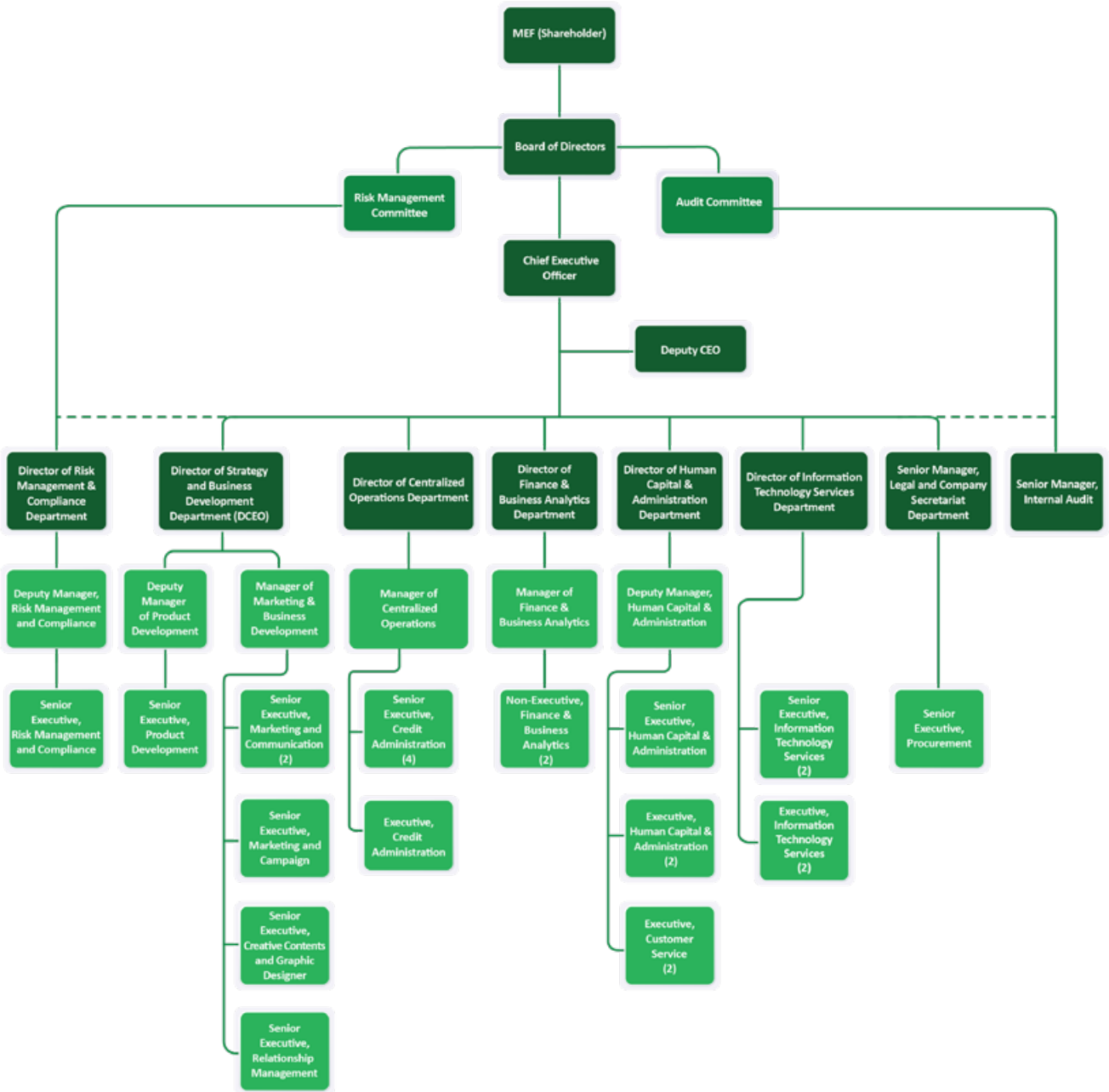
Mr. Wong Keet Loong is the Chief Executive Officer of CGCC. He has more than 25 years of Banking experience in Retail and Commercial Banking. He joined CGCC on 01 October 2020 to set up the company. Prior to joining CGCC, he was at CGC Malaysia for more than 5 years in Sales & Business Development, structuring credit guarantee schemes and promoting the growth of SME's access to financing. He has a vast experience in credit guarantees and has been invited to share his experience in Sri Lanka, Zimbabwe, Indonesia, and neighboring countries. Mr. KL Wong is also a member of the Association of Chartered Certified Accountants (ACCA) since 1994.

Mr. No Lida

Mr. No Lida is the Deputy Chief Executive Officer of CGCC. He started his career with the Ministry of Economy and Finance in 2007. He was promoted to the Deputy Director of the Financial Market and Institutions Department of the General Department of Financial Industry in 2017. He formulated and implemented various policies to support the financial sector development. He was also a member of the ASEAN+3 Taskforce to enhance Cambodia's regional financial integration with the rest of ASEAN+3 countries. He received a Master in Public Administration from Lee Kuan Yew School of Public Policy in Singapore and a Master of International Studies from Yonsei University in the Republic of Korea.



ORGANIZATIONAL STRUCTURE



MANAGEMENT TEAM





Mr. Wong Keet Loong

Chief Executive Officer

Mr. KL Wong has more than 25 years of Banking experience in Retail and Commercial Banking. He joined CGCC on 01 October 2020 to set up the company. Prior to joining CGCC, he was at CGC Malaysia for more than 5 years in Sales & Business Development. He has vast experience in credit guarantees and has been invited to share his experience in Sri Lanka, Zimbabwe, Indonesia, and neighboring countries. He is also a member of ACCA since 1994.



Mr. No Lida

Deputy Chief Executive Officer and Director of Strategy and Business Development Department

Prior to his role at CGCC, Mr. No Lida worked for the General Department of Financial Industry of the Ministry of Economy and Finance for over 10 years. He formulated and implemented various policies to support the financial sector development. He received a Master in Public Administration from Lee Kuan Yew School of Public Policy in Singapore and a Master of International Studies from Yonsei University in the Republic of Korea.



Mr. Nhim Soriya

Director of Finance and Business Analytics Department

Mr. Nhim Soriya has more than 15 years of experience in accounting and finance functions of local and international businesses in Cambodia and Myanmar. He is skilled in numerous fields including budgeting and cash flow management, financial and management reports, monitoring accounts and credit control, employment laws/contracts, business contracts, taxation, compliance, policies development, and business process re-engineering. He holds a Bachelor of Business Administration and is an ACCA affiliate and a certified Tax Agent.



Mr. Mourng Sokbou

Director of IT Services Department

Prior to joining CGCC, Mr. Sokbou has over 13 years of experience working in the banking industry in various management and operations roles, managing over 100 technical employees to maintain ABA bank, one of top Cambodia's banks, system secure, compliant, and running 24/7 in accordance with standard IT governance framework. Mr. Sokbou holds a master's degree in information technology from the National University of Management and acquires multiple online technology certifications.



Mr. BUT Vanny

Director of Human Capital and Administration Department

Prior to joining CGCC, Mr. BUT Vanny worked for the General Department of Financial Industry of the Ministry of Economy and Finance of Cambodia for over 10 years in the areas of financial sector development. He also has over 8 years of experience in the private sector. He was a member of the ASEAN+3 Taskforce by regularly attending the ASEAN+3 Taskforce Meetings. He received a Master of Business Administration from the Phnom Penh International University.



Mr. Aing Sovannara

Director of Risk Management and Compliance Department

Mr. Aing Sovannara has almost 20 years of experience, including 10 years in the financial sector, spanning across multiple functions such as Risk, Compliance, Operations, and Customer Experience. Prior to joining CGCC, he was at SBI Ly Hour Bank, leading the Risk Division, which includes the Risk, Compliance, Credit, and Loan Recovery Departments. Mr. Aing earned triple Master's Degrees in Infrastructure Engineering from Gembloux Agro-Bio Tech University in Belgium, in Business Administration from RULE, and in International Management from Audencia Business School in Nantes, France.



Mrs. Lim Chanthida

Director of Centralized Operations Department

Mrs. Lim Chanthida has more than 15 years of experiences in local and international banks across different roles from Accountant, SWIFT System Management, Credit Operations and Control, Operational Risk Management, Customer Service, and Account Relationship and Project Management. Prior to joining CGCC, she was Head of Credit Operations at Hong Leong Bank. Mrs. Chanthida obtained a Master's Degree in Management from Pannnasastra University and Bachelor's Degrees in Professional Communication from Institute of Foreign Languages and in Accounting from Royal University of Law and Economics.



Mrs. Saray Phomra

Senior Manager of Legal and Company Secretariat Department

Mrs. Phomra has over 10-year experience as a legal adviser, with expertise in banking and finance, insurance, corporate laws and regulations, and in-depth practical knowledge of contract laws. Before joining CGCC, she was Head of Banking & Finance. She has worked for local and international law firms, advising clients on large project financing transactions, M&As, and financial institution licensing. She holds a Master's Degree in law from the University of Lyon 3, France.



Mrs. Kim Sophay

Senior Manager of Internal Audit Department

Mrs. Sophay possesses 12 years of experience in the banking industry, specializing in internal control and internal audit function. Prior to joining CGCC, she was Deputy Head of Internal with a local bank, and before that she worked with two regional banks in Cambodia. Mrs. Sophay holds two Bachelor's Degrees in Banking and Finance from Norton University and in English from the Institute of Foreign Languages (IFL). She is currently pursuing an internal auditor certification from the Institute of Internal Auditors (IIA).

CGCC DEPARTMENTS' ACHIEVEMENTS

The staff of CGCC from the respective 8 departments such as Strategy and Business Development, Information Technology Services, Risk Management and Compliance, Legal and Company Secretariat, Centralized Operations, Finance and Business Analytics, Human Capital and Administration, and Internal Audit. They aspire to build up CGCC to support the development of Micro, Small, and Medium Enterprises (MSMEs) and financial inclusion.





STRATEGY AND BUSINESS DEVELOPMENT DEPARTMENT

“ We drive CGCC’s business growth and ensure that the company’s objectives are met. ”



Domestic Stakeholder Relation

- *Signed Credit Guarantee Agreements to become partners with 5 Participating Financial Institutions (PFIs) including Chip Mong Bank, Cambodia Asia Bank, Cambodian Public Bank, DGB Bank, and CIMB Bank.* The signing increased CGCC’s PFIs to 25.
- *Signed an MOU with Biogas Technology and Information Center (BTIC).* CGCC and BTIC agreed to jointly identify opportunities for collaborative activities and programs to assist biogas technology and investment through appropriate risk-sharing facilities and to take forward identified collaborative opportunities in bridging knowledge gaps of the biogas value chain among partners and relevant stakeholders.
- *Signed an MOU with Credit Bureau of Cambodia (CBC).* CGCC and CBC agreed to strengthen financial inclusion for women and SMEs through the promotion of a credit guarantee support scheme and the adoption of data analytics in credit decision-making by financial institutions across Cambodia. The cooperation between CBC and CGCC will expand access to credit, by providing more transparent loan assessment to women and SMEs.



International Partners Relation

- *Signed an MOU with Credit Guarantee Malaysia (CGC Malaysia).* The MoU enables CGCC and CGC Malaysia to collaborate on the exchange of information, policy consultation, and assistance with regard to credit guarantee services.
- *Signed an MOU with Korea Credit Guarantee Fund (KODIT).* The MoU enables CGCC and KODIT to collaborate on the exchange of information, policy consultation, and assistance with regard to credit guarantee services.



Outreach Platform

- *Published 4 quarterly Newsletters.* The Newsletter provided the up-to-date quarterly guarantee progress, events, and activities of CGCC, as well as useful articles to raise awareness about the credit guarantee.
- *Published 12 monthly Factsheets.* The Factsheet includes key monthly updated statistics of CGCC’s guarantees.
- *Conducted 2 Roadshows to various provinces in Cambodia to raise awareness about the credit guarantee and access to guaranteed loans for business owners and the PFI’s staff at the provincial branch levels.* During the two roadshows, CGCC met with 100 business owners and 417 PFI’s staff.
- *Conducted 1 Seminar to raise awareness about credit guarantees and access to guaranteed loans.* There were 100 participants in the seminars.
- *Co-organized 7 seminars to improve financial literacy and capacity building among small and medium enterprises on various topics.* There were 530 participants in the seminars.



Product Development

- *Launched Women Entrepreneurs Guarantee Scheme (WEGS).* WEGS is specifically designed for women and women-owned businesses, aiming to narrow the gap between the supply and demand for financing by providing a higher guaranteed coverage of 80% and a lower guarantee fee for all sectors with favorable credit guarantee features.
- *Launched Co-Financing Guarantee Scheme for Tourism Sector (CFGS-TR).* CFGS-TR aims to support the recovery and survival of businesses in the tourism sector which was impacted by the Covid-19 pandemic. CFGS-TR is in line with the policies of the Royal Government of Cambodia to support the survival and economic recovery during and after the COVID-19 pandemic.

INFORMATION TECHNOLOGY (IT) SERVICES DEPARTMENT

“ We design and develop CGCC’s information technology. ”



IT Policy

- *Developed and got approval from the Board of Directors on the IT Policy.* The Policy aims to improve and promote innovation, information security, IT operations, and system management.



Core System Implementation - Guarantee Management System

- *Developed the core system of the Guarantee Management System, which is expected to be completed in 2023.* The IT department of CGCC leads the system analysis, system architecture design, customization, and implementation planning with the vendor, while other departments provide user requirements, data validation, and end-user training. The system will improve CGCC’s guarantee management processes, enhance data accuracy, and improve reporting capabilities, resulting in increased customer satisfaction and reduced operational costs.



Supporting Business Operations System

- *Developed a hybrid operational system integrating seamlessly with the existing infrastructure of the business.* The system is designed to automate routine tasks while still allowing for manual intervention when necessary. Moreover, the system has improved the accuracy of data entry and processing, reducing errors and ensuring data integrity. It also allows for greater visibility and transparency into the business’s operations, enabling managers to track performance and identify areas for improvement.
- *Developed analytic reports and dashboards that provide real-time insights into various aspects of the business’s operations.* These reports are designed to be user-friendly and customizable, allowing managers to access the information quickly and easily they need to make rational decisions.
- Implemented auto chatbot solution on CGCC Website aiming at enhancing customer experience, providing faster support, and reducing the workload on customer support agents.



Cybersecurity

- Improved the cybersecurity posture of CGCC by identifying and recruiting competent cybersecurity professionals to assess and improve CGCC’s cybersecurity resilience.
- Conducted a thorough analysis of current cybersecurity needs and identified the skill sets that were required to address security challenges.

RISK MANAGEMENT AND COMPLIANCE DEPARTMENT

“ We make sure that CGCC’s risk exposure is well monitored and managed. ”



Policies and Guidelines

- Developed and enhanced the Risk Management Framework (RMF) and Risk Appetite Framework (RAF) to manage risks.
- Put in place the Delegation of Approving (DA) Authority for Credit Guarantee and the Credit Risk Policy. The Delegation of Approving (DA) Authority for Credit Guarantee aims at improving the efficiency of credit guarantees approval and issuance of letter of guarantee.
- Developed credit risk policy setting out relevant risk appetite and process flow in providing the credit guarantee. This policy puts together the processes related to credit risk, such as the PFI Selection Process, each scheme eligibility criteria, the credit guarantee granting criteria, and the credit monitoring as a standard reference for internal process flow and decision-making regarding credit guarantee.



Supporting Business Operation

- Risk Management and Compliance Department (RMC) makes sure that CGCC’s risk exposure is well monitored and managed by identifying the types of risks that the organization faces, measuring the likelihood of them happening, and the impact they would have on CGCC. Then we put in commensurate mitigation controls to manage those risks accordingly. RMC also monitors those risks on a regular basis and recommends adjustments to the controls should it be deemed necessary.

LEGAL AND COMPANY SECRETARIAT DEPARTMENT

“ We ensure that CGCC complies with applicable laws and regulations. ”



Legal Affairs

- The legal team is responsible for providing legal consultation or legal advice to all departments, employees, and management of the Company to ensure compliance with the applicable laws and regulations and that the interests of the Company are legally protected. In addition, the legal team reviews agreements between CGCC, PFIs, and/or stakeholders, commercial contracts with suppliers, and documents from relevant departments of the Company, to ensure that all those documents are in line with the applicable laws and regulations. The legal team is also responsible for conducting legal analysis and research and drafting agreements/contracts, memorandum of understanding, letters, and necessary documents for the Company’s use.



Company Secretary

- To be in line with the Company’s constitutional document and for a good corporate governance, the company secretary provides support to the Board of Directors and Executive Committee (EXCO) of the Company for the implementation of their duties. Since the establishment of CGCC, the company secretary has organized 12 Board of Directors’ meetings and 13 EXCO meetings.



Procurement

- Established a procurement committee (PC) and a procurement unit (PU) to comply with applicable laws and regulations governing the state-owned enterprise. The establishment of these PC and PU is to ensure that the procurement process is transparent, accountable, and efficient.
- In 2022, PU run bidding for 50 projects to source suppliers with a total amount of USD 371,228.

CENTRALIZED OPERATIONS DEPARTMENT

“ We support guarantee applications and the issuance of letters of guarantee to our PFIs. ”



Credit Administration

- CGCC has taken efforts to assist PFIs in submitting guarantee applications to CGCC to ensure efficient and accurate application to CGCC.
- Committed to a turnaround time (TAT) of less than 5 working days to issue a Letter of Guarantee (LG) after receiving a satisfactory guaranteed application from PFIs. CGCC has proactively supported the PFIs on guarantee applications to shorten the TAT and increase the number of guarantee applications. The average CGCC's TAT in 2022 is 2.95 days.
- Provided training new PFI and existing PFIs on how to fill in the GAF and submit loan supporting documents to CGCC, monthly report submission and claim submission.
- Set up guarantee application process flow, claim submission process and settlement, reporting and conduct testing on Guarantee Management System (GMS) in order to provide automation solutions to PFI. This automation will increase the volume of loans processed per case, reduce TAT, and reduce manual efforts of checking eligibility of loan through straight-through processing system.
- Designed operational manual including PFI application guidelines, guarantee application form guideline, monthly report guideline, loan monitoring guideline, claim request form and loan recovery and claim procedure to roll out CGCC's guarantee schemes.



Loan Monitoring and Reporting

- Closely monitored and followed up on monthly repayment of guaranteed loans and actions taken by PFIs to prevent loans from turning to NPL.
- Set up loan monitoring system including report of non-performing loan (NPL).
- Reviewed and processed restructuring proposals from PFIs.



Claim Management and Recovery

- Assisted PFIs in submitting the claim to CGCC to ensure the accuracy and completeness of documentations as well as the compliance with term and conditions of the claim request to CGCC prior settling claim to PFI.
- Committed to a TAT of less than 30 working days to settle the first Claim after receiving a satisfactory documentation from PFIs.

FINANCE AND BUSINESS ANALYTICS DEPARTMENT

“ We manage CGCC’s financial reporting and management. ”



Annual Business Plan and Budget

- CGCC prepared 2022 annual business plan and budget and obtained approval from Board of Directors and Ministry of Economy and Finance. The 2022 annual business plan and budget was continuously monitored and adjusted to keep it relevant. The revised 2022 annual budget was approved by Board of Directors and Ministry of Economy and Finance in August 2022.
- The annual business plan and budget for 2023 was prepared and obtained approval from Board of Directors and Ministry of Economy and Finance on 07th December 2022.



Financial Statements and Audited Financial Reports

- The financial statements of CGCC have been prepared in accordance with the provisions of the Cambodian International Financial Reporting Standards (“CIFRSs”) as required by Law on Accounting and Auditing and relevant regulations.
- Baker Tilly (Cambodia) Co., Ltd is selected as an independent auditor for the financial year ended 31st December 2022. The auditor expresses audit opinion with a true and fair view of the financial position of the Company as of 31 December 2022, and of its financial performance and its cash flows for the financial period from 1 January 2022 to 31 December 2022 in accordance with the CIFRSs.



Tax Audit

- General Department of Taxation (GDT) has conducted limited tax audit on CGCC for transactions period from 01st January 2021 to 31st March 2022. GDT issued a letter to CGCC on 27th February 2023 confirming clean audit result.



Financial Indicator

- Income from investment is the key source of income to support business expenses and growth of CGCC’s fund. The main investment is term deposits with banks and microfinance institutions approved by the Board of Directors. At end of 2021, the term deposit placed by CGCC is KHR 790 billion (approximately USD193.91 million) and interest income is approximately USD9.68 million (which is 98.86% of total incomes). At end of 2022, The interest income is approximately USD14.06 million (which is 96.38% of total incomes). The term deposit placed by CGCC with banks and microfinance is rounding to KHR838 billion (approximately USD203.98 million). CGCC also invests KHR8 billion (approximately USD1.94 million) in a 3-year Techo International Airport Guaranteed Bond in January 2022.

HUMAN CAPITAL AND ADMINISTRATION DEPARTMENT

“ We take care of CGCC’s staff welfare and development. ”



Human Resources (HR) Management

- In 2022, CGCC comprises of 8 departments and 42 staffs. From January to December 2022, CGCC has recruited a total of 24 staffs.
- Human Resource Management System (HRMS) was set up to improve the productivity and efficiency of a business through efficient management of HR processes, primarily by consolidating data and automating manual and repetitive tasks.



Policies and Guidelines

- Developed Guidelines on Employees’ Compensation, Benefits, and Entitlements to adapt to the market changes and requirements of CGCC.
- Developed various memorandums to set out clear procedures for human resource related matters including (1) Memorandum On Employee Training and Development, (2) Memorandum On Operational Travel for Employees, (3) Memorandum On Internal Employment, (4) Memorandum On Work from Home, (5) Memorandum On Employee Referral Program , (6) Memorandum On Employee Office Parking, and (7) Memorandum On Cell Phone Allowance for Employees was established to provide the monthly cell phone allowance for employees of CGCC.



Compliance with Regulatory Framework

- Established a State Property Inventory Commission to manage and control the state properties under CGCC as a state-owned enterprise.
- Established a Staff Social Committee to promote and support for the Employee Engagement Projects and Corporate Social Responsibility Projects in CGCC.

INTERNAL AUDIT DEPARTMENT

“ Our goal is to add value to the organization and contribute to its success. ”

- Internal Audit (IA) Department was set up in December 2022 to provide independent and objective assurance on the adequacy and effectiveness of internal control system.
- IA reports independently to the Board Audit Committee (BAC) and is independent of the activities and operations of other business and support units.
- IA is also mandated to assist the BAC and management in effectively discharging their responsibility in identifying, assessing risks, giving recommendation to mitigate risks, strengthening the internal control system, and ensuring due diligence in the entire process of corporate governance.
- IA scope of coverage all business and support units. The selection of the units to be audited from the audit universe is based on an annual audit plan that has been approved by the BAC. The annual audit plan is developed based on assessment of risks, exposures, and strategies of the company.
- IA scope of work is established in accordance with the relevant regulatory guidelines of The Institute of Internal Auditors’ (IIA), and International Standards for the Professional Practice of Internal Auditing.

CGCC GUARANTEE SCHEMES



BUSINESS RECOVERY GUARANTEE SCHEME (BRGS)



BRGS aims to support businesses including Micro, Small and Medium Enterprises (MSMEs) and Large Firms to enhance their access to formal loans for both working capital and investment or business expansion. BRGS is in line with the policies of the Royal Government of Cambodia to support the survival and economic recovery during the COVID-19 pandemic.

Scheme Size	USD 200 million (USD 150 million-MSMEs & USD 50 million-Large Firms)	
Scheme Period	Until full utilization	
Type of Guarantee	Individual Loan Guarantee	
Eligible Loan	<ul style="list-style-type: none"> All types of loan facility (term loan, overdraft, trade facility, etc.) New loans ONLY, not for refinancing Both secured and unsecured loans Exclude loans in the Negative List 	
Guarantee Coverage	Agriculture Sector	80% of Loan Principal Amount
	Industry Sector	80% of Loan Principal Amount
	Service Sector & Non-Priority Sector	70% of Loan Principal Amount

Guarantee Fee Per Annum	Priority Sector	1% of Outstanding Guaranteed Loan	
	Non-Priority Sector	1.5% of Outstanding Guaranteed Loan	
Guarantee Tenure	Maximum of 7 years		
Guaranteed Loan Interest Rate	PFI's Prescribed Interest Rate		
Maximum Loan Amount (USD) Equivalent	Loan Purposes	MSME	Large Firm
	Working Capital	USD 300,000	USD 500,000
	Investment/Business Expansion	USD 500,000	USD 700,000
Single Borrower Guarantee Limit	USD 500,000 for MSME		
	USD 1,000,000 for Large Firm		

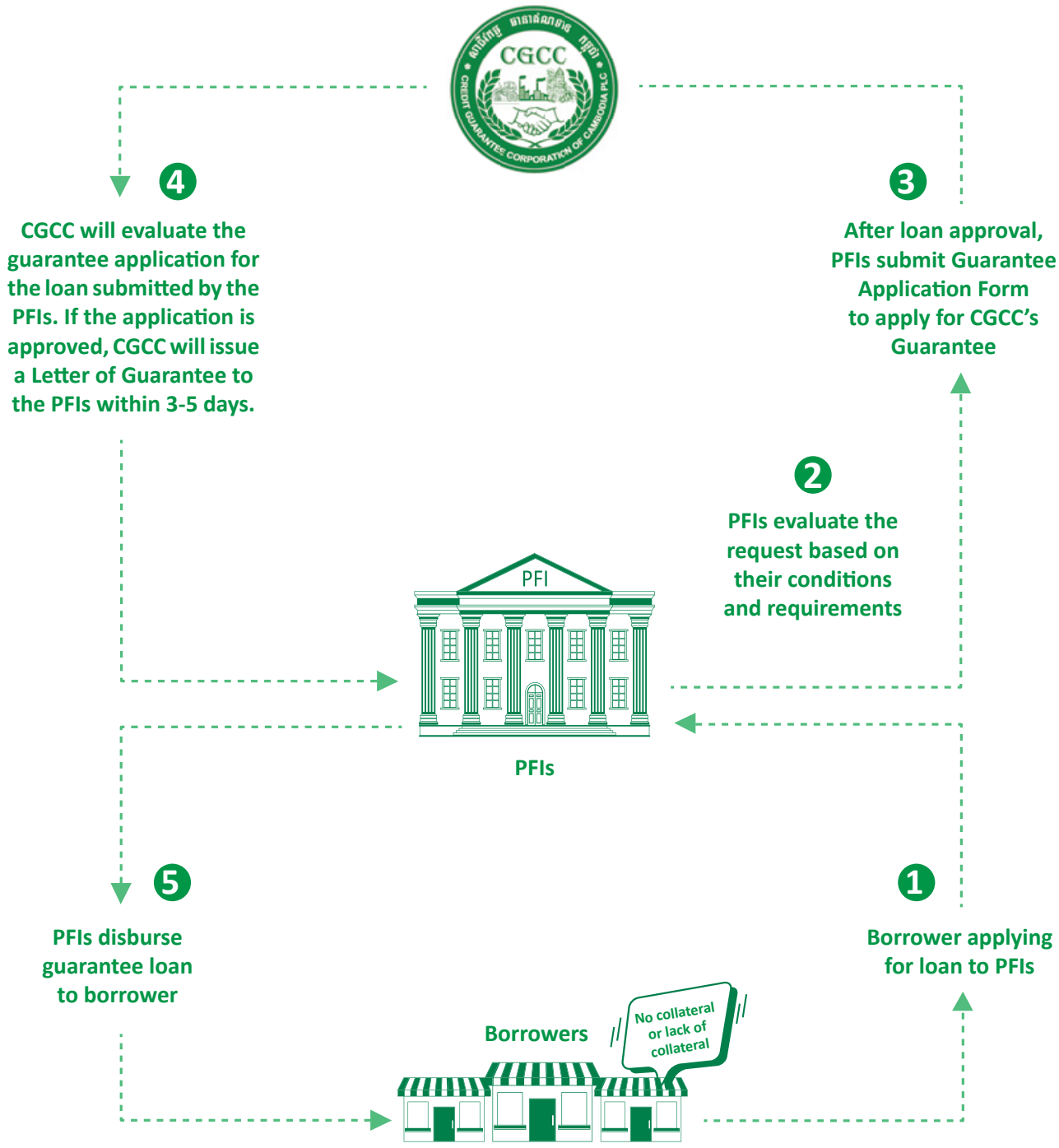
WOMEN ENTREPRENEURS GUARANTEE SCHEME (WEGS)



WEGS is specifically designed for women and women-owned businesses, aiming to narrow the gap between the supply and demand for financing by providing a higher guaranteed coverage of 80% and a lower guarantee fee for all sectors with favorable credit guarantee features.

Scheme Size	USD 30 million	Guarantee Fee for the Second year onward	1% of Outstanding Guaranteed Amount		
Effective Date	17 April 2023	Guarantee Tenure	Maximum of 7 Years		
Type of Guarantee	Individual Loan Guarantee	First-Year Interest Rate Ceiling (Inclusive of First-Year Guarantee)	For Bank	KHR Loan USD Loan	8% 9%
Eligible Loan	<ul style="list-style-type: none"> • All types of loan facility (term loan, overdraft, trade facility, etc.) • New loans ONLY, not for refinancing • Both secured and unsecured loans • Excluding loans in the Negative List 		For MDI & MFI	KHR Loan USD Loan	10% 11%
Guarantee Coverage	80% of Outstanding Loan Principal	Maximum Loan Amount (USD)	Loan Purposes		MSME
Guarantee Fee for the first year	1% of Outstanding Guaranteed Amount (50% of this fee will be subsidized)		Working capital	USD 300,000	
		Investment/Business Expansion	USD 500,000		
		Other Conditions	Other conditions of the WEGS, including loan restructuring, loan recovery, and claim procedure, are specified in the Credit Guarantee Agreement.		

PROCESS FLOW OF BRGS & WEGS



CO-FINANCING GUARANTEE SCHEME FOR TOURISM SECTOR

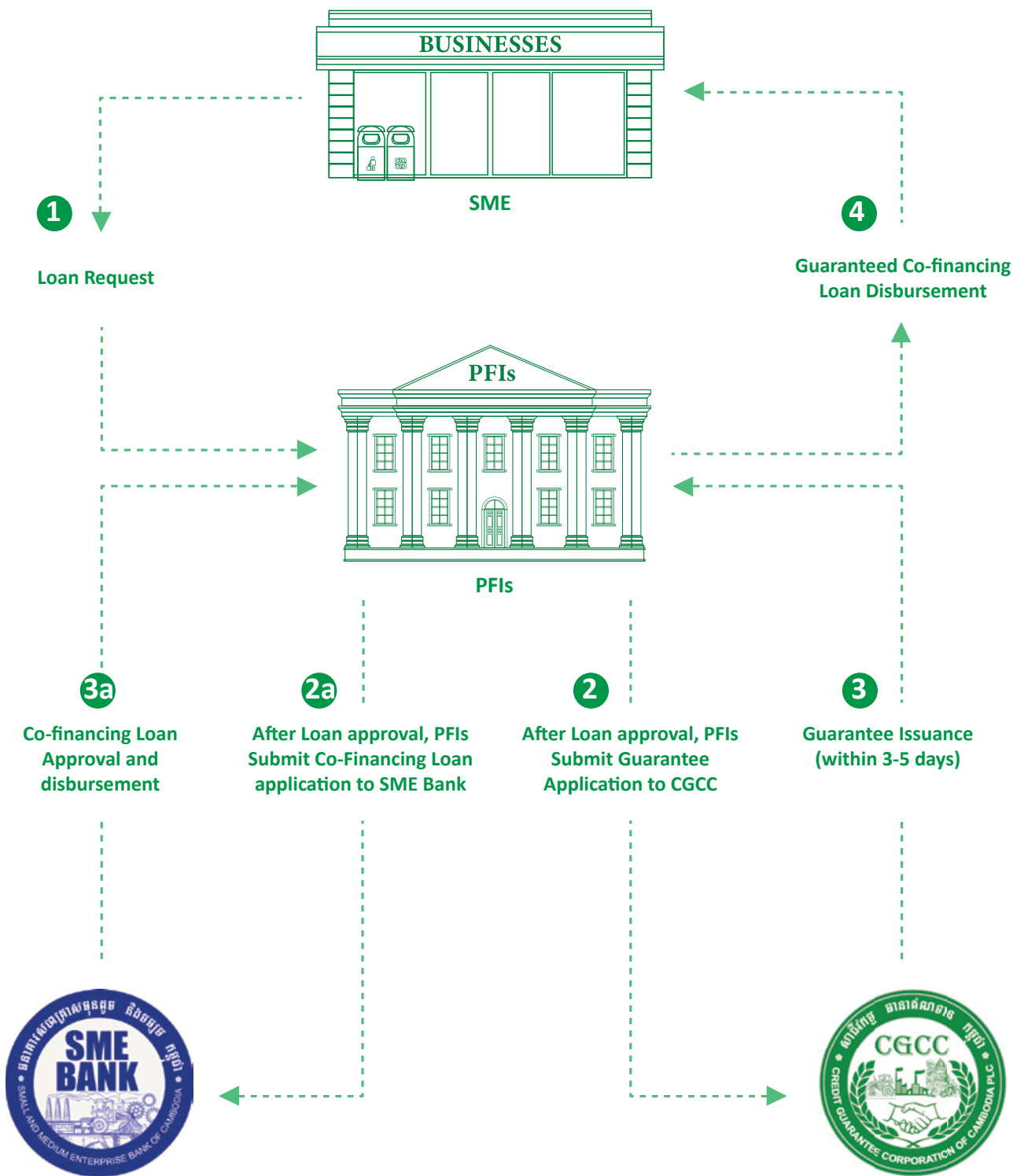


Co-Financing Guarantee Scheme for Tourism (CFGs-TR) is a sub-credit guarantee scheme under the Co-Financing Guarantee Scheme (CFGs) offered by the CGCC to Participating Financial Institutions (PFIs) on the loans lent out under the Tourism Recovery Co-Financing Scheme (TRCS) of SME Bank of Cambodia. CFGs-TR aims to support the recovery and survival of businesses in the tourism sector which was impacted by the Covid-19 pandemic.

Scheme Size	USD 50 million
Scheme Period	From 22 September 2021 until full utilization of scheme size
Type of Guarantee	Individual Loan Guarantee
Eligible Loan	<ul style="list-style-type: none"> • Term loan ONLY • New loans ONLY, not for refinancing • Both secured and unsecured loans
Guarantee Coverage	80% of Outstanding Guaranteed Loan
Guarantee Fee Per Annum	1% of Outstanding Guaranteed Loan

Guarantee Tenure	Maximum of 7 Years
Loan Purpose	For targeted Tourism related businesses to improve and recover the tourism sector
Eligible Sectors	Tourism Sector
Guaranteed Loan Interest Rate	PFI's prescribed interest rate under TRCS of SME Bank of Cambodia
Maximum Loan Amount (USD)	USD 400,000

PROCESS FLOW OF CFGS-TR



EVENTS AND ACTIVITIES



PARTNERSHIP WITH PARTICIPATING FINANCIAL INSTITUTIONS

As of the end of 2022, CGCC has collaborated with 25 banks and micro-finance institutions (MFIs) which are the participating financial institutions (PFIs). As a government-backed institution with adequate capital in its account, CGCC is set to provide a wide range of guarantees on loans disbursed to Cambodian-owned businesses across the country.

The increased number of PFIs will provide borrowers with a more diverse choice of financial institutions across the country to seek financing under the CGCC's guarantee schemes. CGCC supports PFIs on loan disbursement to borrowers who are deemed able to repay them but lack collateral, by providing guarantees of 70% to 80% of the loan principal.



Signing Ceremony with Cambodian Public Bank
<https://www.cgcc.com.kh/en/article/6742/>



Signing Ceremony with Chip Mong Bank
<https://www.cgcc.com.kh/en/article/4864/>



Signing Ceremony with DGB Bank
<https://www.cgcc.com.kh/en/article/9808/>



Signing Ceremony with Cambodia Asia Bank
<https://www.cgcc.com.kh/en/article/5691/>



Signing Ceremony with CIMB Bank
<https://www.cgcc.com.kh/en/article/10300/>

SIGNING CEREMONY WITH PARTNERS

CGCC, BTIC and UNIDO Establishing Strategic Partnership Promoting Commercial Biogas Technologies in Cambodia to Combat Climate Change

On 24 January 2022, Credit Guarantee Corporation of Cambodia Plc. (CGCC) entered into a Memorandum of Understanding (MoU) with the Biogas Technology and Information Center (BTIC). The partnership which was jointly established by the Royal University of Agriculture (RUA) and the United Nations Industrial Development Organization (UNIDO) through the project “Reduction of Greenhouse gas emission through Promotion of Commercial Biogas Plants”, funded by the Global Environment Facility (GEF) – as a key project for UNIDO’s ongoing Programme for Country Partnership in Cambodia. This cooperative partnership aims to promote investments in commercial biogas technologies in Cambodia.

Under the framework of the MOU, the two parties have agreed on the objective to jointly identify opportunities for collaborative activities and programs to assist biogas technology and investment through appropriate risk-sharing facilities and to take forward identified collaborative opportunities in bridging knowledge gaps of the biogas value chain among partners and relevant stakeholders. This initiative will support and enable access to financial resources for commercial biogas technology investment for the interested investors or promoters.

CGCC Investing 8,000 Million Riels (Approximately \$2 Million) in the CAIC’s Bond to Support the Development of Techo International Airport

On 27 January 2022, a signing ceremony for “Techo International Airport Guaranteed Bond” was held between Cambodia Airport Investment Co., Ltd. (CAIC) represented by Mr. Charles Vann, Director, and Credit Guarantee Corporation of Cambodia Plc. (CGCC) represented by Mr. Wong Keet Loong, CEO, presided over by Neak Oknha Dr. Pung Kheav Se, Chairman of Overseas Cambodian Investment Corporation Ltd. (OCIC), and H.E. Mey Vann, Secretary of State of Ministry of Economy and Finance & member of CGCC’s Board of Directors for the investment of 8,000 Million Riels in Techo International Airport Guaranteed Bond.



<https://www.cgcc.com.kh/en/article/5263/>



<https://www.cgcc.com.kh/en/article/5392/>

CGCC and CBC Partnership to Promote SME and Women's Access to Finance

On 11 August 2022, Credit Guarantee Corporation of Cambodia (CGCC) and Credit Bureau (Cambodia) Co., Ltd. (CBC) signed a Memorandum of Understanding to strengthen financial inclusion for women and SMEs through the promotion of credit guarantee schemes and the adoption of data analytics in credit decision-making by financial institutions across Cambodia. The cooperation between CBC and CGCC will expand access to credit, by providing more transparent loan assessment to women and SMEs. Through this collaboration, the two institutions also commit to cooperating in financial education and awareness activities to promote financial inclusion in the country.



<https://www.cgcc.com.kh/en/article/9419/>

CGCC and CGC (Malaysia) Signing a MOU to Collaborate on Credit Guarantee Development

On 21 October 2022 in Kuala Lumpur, Malaysia, Credit Guarantee Corporation Cambodia (CGCC) and Credit Guarantee Corporation Malaysia Berhad (CGC) signed a Memorandum of Understanding (MoU) agreeing on a collaboration to enhance the development of credit guarantee services and the growth of MSME in Malaysia and the Kingdom of Cambodia. The MoU will enable CGCC and CGC to collaborate on the exchange of information, policy consultation, and assistance with regard to credit guarantee services.



<https://www.cgcc.com.kh/en/article/10000/>

CGCC and Korea Credit Guarantee Fund Signing a MOU to Enhance the Development of Credit Guarantee and Financial Support for Asian's SME

On 09 November 2022 in Daegu, Republic of Korea, with the approval of H.E. Akka Pundit Sopheacha Deputy Prime Minister, Minister of Economy and Finance Guarantee Corporation Cambodia (CGCC) and Korea Credit Guarantee Fund (KODIT) signed a Memorandum of Understanding (MoU) agreeing on a collaboration to support the development of credit guarantee system for the growth of small and medium enterprises (SMEs) of the Kingdom of Cambodia and the Republic of Korea. The MoU will enable CGCC and KODIT to collaborate on the exchange of information, policy consultation, and assistance with regard to credit guarantee services.



<https://www.cgcc.com.kh/en/article/10071/>

OUTREACH ACTIVITIES



Joint Conference to Promote Credit Guarantee Scheme and Support Women-Led MSMEs as Part of Covid-19 Recovery

A conference on the financial inclusion of women entrepreneurs in Cambodia, co-hosted by the UN Development Programme (UNDP) and the Credit Guarantee Corporation of Cambodia (CGCC), was held in Phnom Penh on 25 March 2022 to discuss existing challenges in financial inclusion and harness collective intelligence and knowledge on enhancing access to finance for women-led micro, small, and medium enterprises (MSMEs). During this event, CGCC announced the official launching of the “Women Entrepreneurs Guarantee Scheme” with the support of development partners and CGCC’s PFIs.



Access to Finance for Women Entrepreneurs

On 01 April 2022, Mr. Wong Keet Loong, CEO of CGCC, attended the “Access to Finance” Program Launching, co-organized by Young Entrepreneurs Association of Cambodia, Association of Banks in Cambodia, and Cambodia Microfinance Association. Ms. Pin Manika, CGCC’s Marketing and Business Development Manager also attended as a panelist in the panel discussion on “Access to Finance for Women Entrepreneurs”.



CGCC Participating in the Discussion on “SMEs and FinTech Joining Hands to Promote Economic Recovery.”

On 03 May 2022, Mr. No Lida, Deputy Chief Executive Officer of CGCC, participated as a speaker in the panel discussion on “SMEs and FinTech Joining Hands to Promote Economic Recovery”, organized during the MoU signing ceremony between Cambodia Asia Bank (CAB) and SME Bank of Cambodia on SMEs Co-Financing Scheme Phase II. Mr. No Lida shared the importance of narrowing the financing gap between demand and supply for the economic development and CGCC’s mission of providing credit guarantees to banks/MFIs on loans made to businesses to share the risk with lenders and to improve financial inclusion.

CGCC Sharing Tips to Access to Guaranteed Loans for Women Entrepreneurs

On 16 June 2022, Mr. Wong Keet Loong, Chief Executive Officer of CGCC, participated as a panelist in the Women Entrepreneurs Forum on “Access to Finance and Markets for Women’s Business Growth”. Mr. Wong shared the participation of CGCC in supporting financial inclusion for women entrepreneurs, especially in assisting them to get guaranteed loans.

In the panel discussion on “Increase access to information on financial products and services”, Mr. Wong emphasized the importance of credit guarantees, acting as part of collaterals, to assist women entrepreneurs in obtaining loans from CGCC’s Participated Financial Institutions (PFIs).



Dissemination Workshop on Access to Credit Guarantee for Businesses in Tourism Sector

On 24 June 2022, Mr. Wong Keet Loong, CEO of CGCC, together with CGCC’s colleagues participated in the dissemination workshop on “Access to Loans with Credit Guarantees for Businesses in the Tourism Sector”. This dissemination workshop was organized by the Ministry of Tourism and presided over by H.E. Song Tong Hab, Secretary of State of the Ministry of Tourism, with the participation of the management of the Ministry of Tourism, associations, federations, and the business owners in the Tourism Sector.



Conference on “Credit Guarantee Schemes’ Potential to Strengthen SME’s Financial Inclusion in Cambodia”

Ministry of Economy and Finance (MEF) and Credit Guarantee Corporation of Cambodia (CGCC) co-organized a Conference on “Credit Guarantee Schemes’ Potential to Strengthen SME’s Financial Inclusion in Cambodia” on 18 August 2022, presided over by H.E. Ros Seilava, Secretary of State, Ministry of Economy and Finance, and Chairman of CGCC, and H.E. Dr. Chea Serey, Assistant Governor and Director General of Central Banking, National Bank of Cambodia, with the participation of representatives from the Government, development partners, financial institutions, business associations, and business owners, especially SMEs, of more than 100 participants.

(Continue to next page)



The Conference aimed to discuss using credit guarantees to strengthen SME's financial inclusion, raise awareness of credit guarantees, and share experiences and lessons learned from guaranteed loan disbursements.

H.E. Ros Seilava, Secretary of State, highly appreciated today's Conference, which was an important forum to raise awareness of the credit guarantees through the discussion and experience sharing among related stakeholders. H.E. Secretary of State said, "The Government launched the public credit guarantee scheme by establishing CGCC more than one year ago. As of July 2022, CGCC has supported the disbursement of about \$57 million new loans with credit guarantees to businesses that lack collateral through the Participating Financial Institutions (PFIs). Even though this \$57 million is a small amount, it is the starting of new lending practices that do not rely on collateral in Cambodia's credit market."



CGCC Sharing about Credit Guarantee Schemes and Benefits for Members of BNI Cambodia

On 21 September 2022, Ms. Pin Manika, Manager of Marketing and Business Development of CGCC, participated as a guest speaker in the weekly meeting of the BNI Cambodia Chapter Brilliant and presented on CGCC's credit guarantee schemes to more than 30 business owners. This sharing session was organized to promote credit guarantee schemes to potential business owners and to provide solutions for them on financial support response to the challenges of lack of collateral when applying for loans.



CGCC Sharing the Credit Guarantee Schemes at the Dissemination of New Measures and Legal Framework and Measures of the Ministry of Tourism

On 30 September 2022, Mr. No Lida, Deputy Chief Executive Officer of CGCC, participated as a speaker and shared about the Credit Guarantee Schemes at the Seminar on "Applying for Tourism Licenses via CamDx and Dissemination of New Measures and Legal Framework of the Ministry of Tourism" in Siem Reap Province, presided over by H.E. Song Tong Hap, Secretary of State of the Ministry of Tourism, with the participation of officials from Ministry of Tourism, and representatives from associations of tourism and travel agents.



Annual Microfinance Conference 2022 on “Strengthening Responsible Growth in the Context of the Post COVID-19 Economic Recovery.”

On 28 October 2022, CGCC had the honor to join the CMA’s Annual Conference on “Strengthening Responsible Growth in the context of post-COVID-19 Economic Recovery” at Sokha Hotel, Siem Reap Resort & Convention Center, presided over by H.E. Rath Sovannorak, Assistant Governor and Director of Banking Supervision of National Bank of Cambodia (NBC) and H.E. Dr. Huot Pum, Under the Secretary of State of the Ministry of Economy and Finance (MEF) along with the presence of other MFIs in Cambodia.



<https://www.cgcc.com.kh/en/article/10016/>

“CGCC Raising Awareness on Credit Guarantee at FinTech Stage of Cambodia Tech Expo 2022.”

CGCC was pleased to co-sponsor the FinTech Stage of Cambodia Tech Expo 2022 and would like to congratulate the success of this EXPO which was held on 11-13 November 2022 at The Koh Pich Convention and Exhibition Center, with the participation of many national and international guests. “Cambodia Tech Expo 2022” is the first Tech Expo in Cambodia which was held as an official sideline event of the 40th and 41st ASEAN Summit hosted by Cambodia.



<https://www.cgcc.com.kh/en/article/10060/>

Study Tour to Agricultural Cooperatives and Microfinance Institutions’ Branches in Kampong Cham Province

From 20 to 21 December 2022, CGCC team joined the Study Tour to Kampong Cham Province, co-organized by Cambodia Microfinance Association (CMA), and the Cambodia Agricultural Cooperative Alliance (CACA) to Agricultural Cooperatives (ACs) and branches of Microfinance Institutions (MFIs) in Kampong Cham to understand the situations and the access to finance challenges of ACs for developing and enhancing agricultural loan products and building network between ACs, MFIs, and related stakeholders.



<https://www.cgcc.com.kh/en/article/10469/>

ENGAGEMENT WITH STAKEHOLDERS

CGCC's Board of Directors Meetings in 2022

In 2022, Board of Directors' Meetings of CGCC were organized 5 times physically and virtually, in the presence of H.E. Ros Seilava, Secretary of State of the Ministry of Economy and Finance, and the chairman of the CGCC's Board of Directors, along with the presence of other 6 Board of Directors' members including H.E. Mey Vann, Representative of Ministry of Economy and Finance (MEF), H.E. Yea Bunna, Representative of Ministry of Industry, Science, Technology and Innovation (MISTI), Mr. Kith Sovannarith, Representative of National Bank of Cambodia (NBC), Mr. Wong Keet Loong, Chief Executive Officer of CGCC, Mr. Sok Voeun, Representative of private sector, and Mr. No Lida, Deputy Chief Executive Officer of CGCC.

CGCC's Board of Directors' Meeting is regularly organized to review, evaluate, and seek recommendations and decisions on CGCC's activities and progress, especially the credit guarantee schemes of CGCC, in order to ensure transparency and efficiency.

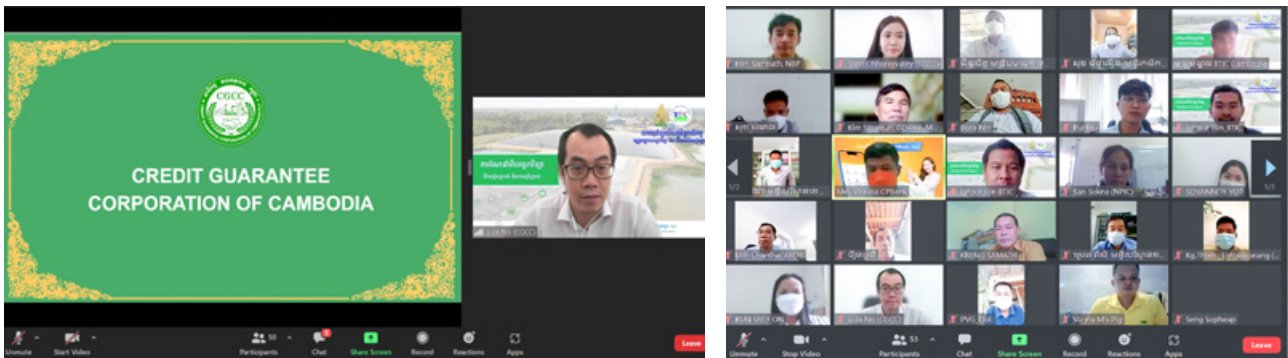


CGCC's EXCO Meeting to Update CGCC's Progress and Discuss Strategies for CGCC

CGCC held the regular monthly Executive Committee (EXCO) meetings. The meeting aims to discuss the strategic business plan 2022 and review the progress and action plans 2022 of each department. The meeting was attended by the CEO, DCEO, and all department heads of CGCC. In 2022, EXCO meetings were held 11 times.



Financing for Commercial Biogas Adoption – Credit Guarantee’s Intervention



On 15 March 2022, Mr. No Lida, Deputy Chief Executive Officer of CGCC, was invited as a speaker to a webinar on “Introductory to Commercial Biogas Technology” organized by Biogas Technology & Information Center (BTIC) Cambodia, under the topic “Financing for Commercial Biogas Adoption- Credit Guarantee’s Intervention”. The purpose of this webinar was to raise public awareness of biogas technology and access to finance for the biogas project.

Mr. No Lida presented to a wide range of audiences about CGCC, CGCC’s credit guarantee schemes, credit guarantee procedures, and benefits of credit guarantee, as well as CGCC’s strategy and partnership with related stakeholders including PFIs, development partners, and business associations. CGCC is strongly committed to working together with other stakeholders to promote access to finance for clean energy businesses.

CGCC’s Capacity Training and Team Building 2022

Providing employees with the opportunity to expand their knowledge and skills is one of CGCC’s top priorities in addition to its mission to improve the financial inclusion and develop SMEs in Cambodia. To enhance CGCC’s human resource capacity, the backbone of company’s progressing, CGCC organized the capacity training and team building on 18-20 March 2022 at Sihanouk Ville Province, with the support from the United Nations Capital Development Fund (UNCDF). From the training and team building, CGCC staffs got the opportunity to gain understanding of each other that is beneficial to the working purpose, to practice on leadership skill through recreation activities. There was also the team building in entertainment activities to strengthen friendships and teamwork.



CGCC, BTIC, and Canada Bank Visiting a Pig Farm Under the Commercial Biogas Technologies Project

CGCC and Canada Bank, one of CGCC's Participated Financial Institutions (PFIs), with the coordination from the Biogas Technology and Information Center (BTIC), conducted the field visit on 24 May 2022 to a farm raising fattening pigs that has a potential of getting loans guaranteed by CGCC in Samaki Mean Chey district, Kampong Chhnang Province.

This pig farm has been using lagoon digesters for biogas production under the "Reduction of Greenhouse gas emission through Promotion of Commercial Biogas Plants", which has been implemented by BTIC and supported by the United Nations Industrial Development Organization (UNIDO).



Courtesy Visit by CGCC to NBC to Discuss on Expanding more Support to Improve Financial Inclusion

On 7 June 2022, CGCC team, led by Mr. Wong Keet Loong, CEO of CGCC, paid a courtesy visit to H.E. Dr. Chea Serey, Assistant Governor and Director General of Cambodia (NBC), at the NBC. Mr. Wong was very grateful for the warm welcome of H.E. Dr. Chea Serey and updated H.E. Dr. Chea Serey about CGCC's latest progress to support SMEs and improve financial inclusion. H.E. Dr. Chea Serey praised the progress made by CGCC and expressed her support for CGCC's mission to provide guarantees on loans disbursed by banks and microfinance institutions (MFIs) to businesses, especially SMEs that lack collateral.

This courtesy visit was an excellent opportunity for CGCC to know more about NBC and discuss synergies between NBC, financial institutions, and CGCC in improving financial inclusion and financial literacy amongst micro, small, and medium enterprises in Cambodia.



CGCC's Study Visit to Malaysia to Explore more Understanding on Related Institutions of Credit Guarantee in Malaysia



On 20 and 21 October 2022, CGCC delegates led by H.E. Dr. Mey Vann Secretary of State of Ministry of Economy and Finance (MEF), and Chairman of Board of Risk Committee of CGCC, Datuk Michael Lor, Advisory of MEF, Mr. Wong Keet Loong, CGCC's CEO, and along with CGCC's management team, conducted a study visit to Malaysia to explore more understanding on related topics of credit guarantee from three institutions such as the Credit Guarantee Corporation of Malaysia Berhad (CGC), Danajamin Nasional Berhad, and Bank of Negara Malaysia.

CGCC Participation in the Asian Credit Supplementation Institution Confederation (ACSIC)

From 7 to 11 November 2022, CGCC's management attended the 34th ACSIC organized by KOREA CREDIT GUARANTEE FUND (KODIT) in Daegu, Republic of Korea, participated by ACSIC members and other international related institutions such as Asian Development Bank Institute, Global Green Growth Institute, European association of Guarantee Institutions, SME Finance Forum. During this confederation, members of ACSIC got the chance to present about their progress of credit guarantee as well as the intervention mechanism during COVID-19. Meanwhile, CGCC also shared with the confederation on CGCC's introduction and credit guarantee progress. Moreover, the confederation also discussed topics such as: challenge of start ups, digital implementation to support SMEs, and sustainable development.



Training on “Procedure of Debt Securities Issuance” for CGCC Provided by SERC

On 22 November 2022, the training on “Procedure of Debt Securities Issuance” was held at the CGCC's head office, highly presided over by H.E. SOU Soheat, Delegate of the Royal Government of Cambodia in charge as the Director General of Securities and Exchange Regulator of Cambodia (SERC), participated by CGCC's managements and related staffs, led by Mr. Wong Keet Loong, CGCC's CEO.

This training aimed to provide the general regulations and the procedure of debt securities issuance to CGCC. CGCC plans to contribute to the development of the bond market by providing bonds guarantee.



Exposure Visit to a Demonstration Site, Biogas-Based Power Plant of a Pig Farm in Preah Sihanouk Province

On 13 December 2022, Mr. No Lida, CGCC’s Deputy Chief Executive Officer, led CGCC’s team to a Biogas-based power plant of a pig farm in Prey Nub District, Preah Sihanouk Province, and shared about CGCC’s credit guarantee schemes to the delegation, honorably participated by H.E. Tin Ponlok, Secretary of State of the Ministry of Environment, and Dr. Sar Chetra, Deputy Secretary General of the Ministry of Agriculture, Forestry and Fisheries. This site visit was coordinated by the United Nations Industrial Development Organization (UNIDO).



Through this visit, the participants particularly banks gain a better understanding of how biogas-based power plants would benefit farm operations in both economic and environmental aspects. This will encourage banks to create loan products with favorable conditions for business owners in this sector, meanwhile, CGCC is pleased to contribute to providing credit guarantees to support more guaranteed loan disbursement for environment-friendly businesses.



CGCC Annual Staff Retreat 2022

CGCC provides all staff with opportunities beyond knowledge and working experience development, as all staff is valuable and indispensable in achieving CGCC’s vision. As such, CGCC organized the annual staff retreat to Koh Rong Sanloem on December 9 to 11, 2022, to strengthen productivity and solidarity, and to appreciate all staff’s efforts in credit guarantee development.

This annual staff retreat has brought the opportunity for all staff to have a closer understanding of each other and to share working experience with joyful and good cooperation. CGCC hopes that this meaningful retreat will strengthen solidarity, efficiency, and productivity, contributing to the development of CGCC, in line with the vision to improve financial inclusion and develop SMEs in Cambodia.



IMPROVING FINANCIAL LITERACY

CGCC supports the Accelerating SMEs' Financial Literacy through the "I'm Financially Literate Program"

Improving Financial literacy is one of the key missions that CGCC has been thriving to achieve for SMEs' development in Cambodia. In September 2022, "I'm Financially Literate (IFL)" program, initiated by Sathapana Bank, co-supported by CGCC was launched in partnership with likeminded partners such as Khmer Enterprise and Manulife Cambodia, to improve financial literacy for entrepreneurs' business development and Cambodia's economy. More than 100 business owners, mostly SMEs were selected through the selection process to attend this program which was organized in 5 cohorts, started from September 2022 to end of December 2022.



The program was aimed to promote and improve financial literacy for women entrepreneurs in SMEs and MSMEs by providing networking opportunities and training sessions in areas like project management, financial management, marketing, sales, and more. Through this program, CGCC was delighted to contribute to creating a community classroom where SMEs and MSMEs could come together to learn and networking, also sharing the best practice/experiences for capacity building and accelerated the long-term entrepreneurship conceptual & practical.



Maybank and CGCC Co-organizing Capacity Building and Capability Workshops



Maybank Cambodia in collaboration with CGCC organised two workshops in September and November 2022 in efforts to strengthen the capacity and capabilities of around 100 SMEs and financial advisors by providing business insights and knowledge as well as new skills, techniques and technologies to improve their business operations. These SME Building Capacity & Capability workshops give SMEs the opportunities to connect with like-minded peers across industries to develop new insights into building and strengthening their businesses.

Mr. Wong Keet Loong, Chief Executive Officer of CGCC, said, *“Our partnership with Maybank has enabled both parties to help improve financial literacy to build SMEs’ business operations and provide upskilling and growth opportunities to all the participants. These workshops aim to serve as a platform to fuel the SME growth further in Cambodia”.*

He added that Maybank and CGCC will continue to support local SMEs through financing facilities, business support instruments, and technical advisory based on best practices to support SME growth, productivity, and innovation, as well as enhance the competitiveness of SMEs.

All entrepreneurs were exposed to various topics including business registration in Cambodia, the importance of financial discipline, branding and digital marketing, as well as the aspects of managing human resources, presented by subject-matter-experts and professionals by law firms, business consultants, advertising agencies and financial institutions.



SEMINARS AND ROADSHOWS

Seminar on “Loans with Credit Guarantees to Support the Development of SMEs” in Battambang and Siem Reap Province



CGCC and Canadia Bank co-organized seminars on “Loans with Credit Guarantees to Support the Development of SME” on 05 July 2022 in Battambang Province and on 07 July 2022 in Siem Reap Province to introduce CGCC’s guarantee schemes and the benefits for both banks and MSMEs in improving access to finance as well as to introduce the bank’s guaranteed loan products to the business owners in these 2 targeted provinces.

Participants in these seminars included business owners with the coordination of the Cambodia Women Entrepreneurs Associations (CWEA), Young Entrepreneurs Associations of Cambodia (YEAC), and Cambodia Association of Travel Agents (CATA), as well as CGCC team led by Mr. No Lida, DCEO of CGCC, and Canadia Team led by Mr. Song Kimhong, Head of SME Business Division of Canadia Bank.



Seminar on “Loans with Credit Guarantees to Support the Development of SMEs” in Siem Reap and Battambang Province on 07 and 05 July 2022.



Dissemination Seminar on “Guaranteed Loans to support SMEs Development in Tourism Sector.”



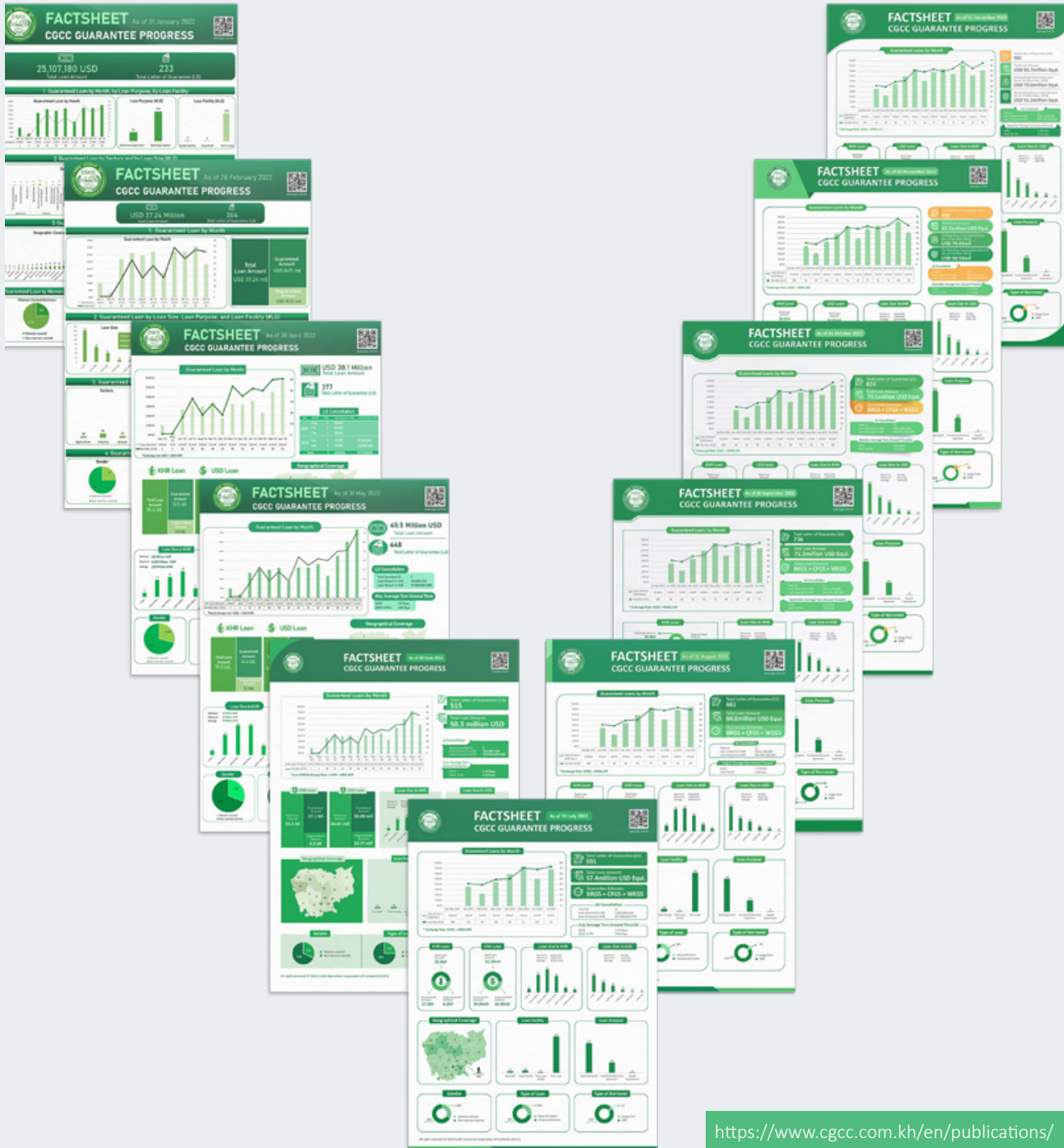
On 01 September 2022, Ministry of Economy and Finance and CGCC organized a Dissemination Seminar on “Guaranteed Loans to support SMEs Development in Tourism Sector” in Kampot Province, in collaboration with the Ministry of Tourism, through the provincial department of tourism, and SME bank, which was participated by more than 50 business owners in the tourism sector. This seminar was presided by Mrs. Chin Sopheakla, Deputy Director of Kampot Provincial Department of Tourism, Mr. No Lida, Deputy CEO of CGCC, and Mr. Neav Sokun, Chief Operation Officer of SME Bank.

SMEs also learned about government’s financial supporting mechanisms on favorable loans conditions such as low-interest rate through SME Bank and guaranteed without collateral by CGCC. SMEs can request for guaranteed loans for their tourism related businesses through CGCC’s “Co-Financing Guarantee Scheme for Tourism Sector” that acts as collaterals for business loans in the tourism sector through “Tourism Recovery Co-financing Scheme” of SME Bank.



OUR PUBLICATIONS

Fachsheet



<https://www.cgcc.com.kh/en/publications/>

Newsletter



<https://www.cgcc.com.kh/en/publications/>

Annual Report



<https://www.cgcc.com.kh/en/publications/>

Leaflets



2022 DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

**CREDIT GUARANTEE CORPORATION OF
CAMBODIA PLC. "CGCC"
(Co. 0003ET/2020)
(Incorporated in Cambodia)**

**DIRECTORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022**

DIRECTORS' REPORT



The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

PRINCIPLE ACTIVITIES

The principal activity of the Company is the provision of credit guarantee services.

RESULTS

	USD	KHR'000
Profit for the financial year	9,141,548	37,361,507

DIVIDEND

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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 debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or the amount of allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so 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 methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) 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; and
- (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

In the opinion of the Directors, no contingent liabilities or other liabilities of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors,

- (i) the results of the operations of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

H.E. ROS SEILAVA
H.E. MEY VANN
H.E. YEA BUNNA
Mr. KITH SOVANNARITH
Mr. WONG KEET LOONG
Mr. SOK VOEUN
Mr. NO LIDA

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There is no significant event subsequent to the end of the financial year.

AUDITORS

The auditors, Messrs. Baker Tilly (Cambodia) Co., Ltd., have expressed their willingness to continue in office.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors of the Company are responsible for ascertaining that the financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the financial year then ended. In preparing these financial statements, the directors of the Company are required to:

- (i) adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"), which are supported by reasonable and prudent judgement and estimates, and then apply them consistently;
- (ii) comply with the disclosure requirements of CIFRSs or, if there have been any departures from such standards, in the interest of fair presentation, ensure that this has been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records that enable the Company to prepare its financial statements under CIFRSs and an effective system of internal controls;
- (iv) prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Company will continue operations in the reasonable future; and
- (v) effectively control and direct the Company and be involved in all material decisions affecting its operations and performance, and ascertain that such matters have been properly reflected in the financial statements.

The directors confirm that the Company has complied with the above requirements in preparing its financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

In the opinion of the Board of Directors, the accompanying financial statements are in accordance with Cambodian International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors,


H.E. ROS SEILAVA
Chairman

Date: 27 March 2023

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022		2021	
		USD	KHR'000	USD	KHR'000
ASSETS					
Cash and cash equivalents		5,635,439	23,201,102	3,731,892	15,203,728
Investment in securities at amortised cost	5 (a)	1,943,160	8,000,000	-	-
Other receivables	5 (b)	8,351,091	34,381,442	9,098,611	37,067,741
Term deposits	6	200,596,954	825,857,660	193,912,610	789,999,973
Intangible assets	7	126,000	518,742	60,000	244,440
Property and equipment	8	591,878	2,436,762	329,593	1,342,762
Right-of-use assets	9	239,072	984,259	-	-
TOTAL ASSETS		217,483,594	895,379,967	207,132,706	843,858,644
LIABILITIES AND EQUITY					
LIABILITIES					
Other payables	10	821,283	3,381,233	328,456	1,338,130
Expected credit losses for guarantee schemes	11	480,597	1,978,618	37,263	151,809
Current income tax liabilities		19,717	81,175	6,583	26,819
Severance pay	12	37,604	154,816	30,612	124,713
Lease liabilities	9	253,053	1,041,820	-	-
TOTAL LIABILITIES		1,612,254	6,637,662	402,914	1,641,471
EQUITY					
Share capital	13	200,000,000	810,000,000	200,000,000	810,000,000
Exchange differences	14	(931,380)	10,215,150	(931,380)	1,051,525
Retained earnings		16,802,720	68,527,155	7,661,172	31,165,648
TOTAL EQUITY		215,871,340	888,742,305	206,729,792	842,217,173
TOTAL EQUITY AND LIABILITIES		217,483,594	895,379,967	207,132,706	843,858,644

The accompanying notes form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	1.1.2022 to 31.12.2022		3.11.2020 (date of incorporation) to 31.12.2021	
		USD	KHR'000	USD	KHR'000
Guarantee income	15	502,665	2,054,392	61,510	250,223
Other income	17	25,497	104,206	49,919	203,070
Total operating incomes		528,162	2,158,598	111,429	453,293
Personnel expenses (inclusive of key management)	18	(1,320,453)	(5,396,691)	(860,501)	(3,500,518)
Marketing expenses	19	(200,727)	(820,371)	(38,977)	(158,558)
Administrative and operating expenses	20	(2,569,917)	(10,503,251)	(587,504)	(2,389,966)
Expected credit losses for guarantee schemes	11	(443,471)	(1,812,466)	(37,261)	(151,578)
Total operating expenses		(4,534,568)	(18,532,779)	(1,524,243)	(6,200,620)
Finance costs		(17,007)	(69,508)	-	-
Profit / (loss) before tax and investment		(4,023,413)	(16,443,689)	(1,412,814)	(5,747,327)
Investment income	16	14,060,261	57,464,287	9,684,481	39,396,469
Related investment expenses	16	(836,511)	(3,418,820)	(601,884)	(2,448,464)
Investment profit		13,223,750	54,045,467	9,082,597	36,948,005
Profit before tax		9,200,337	37,601,778	7,669,783	31,200,678
Income tax expense	21	(58,789)	(240,271)	(8,611)	(35,030)
Profit for the year/period		9,141,548	37,361,507	7,661,172	31,165,648
Other comprehensive income, net of tax					
<i>Items that will not be reclassified to profit or loss</i>					
Exchange differences		-	9,163,625	(931,380)	1,051,525
Total comprehensive income for the year/period		9,141,548	46,525,132	6,729,792	32,217,173

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital		Retained earnings		Exchange differences		Total equity	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000
At 1 January 2022	200,000,000	810,000,000	7,661,172	31,165,648	(931,380)	1,051,525	206,729,792	842,217,173
Profit for the financial year	-	-	9,141,548	37,361,507	-	-	9,141,548	37,361,507
Other comprehensive income for the financial year	-	-	-	-	-	9,163,625	-	9,163,625
Total comprehensive income	-	-	9,141,548	37,361,507	-	9,163,625	9,141,548	46,525,132
At 31 December 2022	200,000,000	810,000,000	16,802,720	68,527,155	(931,380)	10,215,150	215,871,340	888,742,305
						-		
At 3 November 2020	200,000,000	810,000,000	-	-	-	-	200,000,000	810,000,000
Profit for the financial period	-	-	7,661,172	31,165,648	-	-	7,661,172	31,165,648
Other comprehensive income for the financial period	-	-	-	-	(931,380)	1,051,525	(931,380)	1,051,525
Total comprehensive income	-	-	7,661,172	31,165,648	(931,380)	1,051,525	6,729,792	32,217,173
At 31 December 2021	200,000,000	810,000,000	7,661,172	31,165,648	(931,380)	1,051,525	206,729,792	842,217,173

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022		2021	
		USD	KHR'000	USD	KHR'000
Cash flow from operating activities					
Profit before tax		9,200,337	37,601,778	7,669,783	31,200,678
<i>Adjustments for non-cash items:</i>					
Depreciation of property and equipment	8	96,093	392,732	1,902	7,737
Depreciation of right-of-use asset	9	42,189	172,426	-	-
Expected credit losses from guarantee schemes	11	443,471	1,812,466	37,261	151,578
Net unrealised foreign exchange loss		2,212,706	9,043,329	239,591	974,656
Finance cost on lease liabilities	9	17,007	69,508	-	-
Severance pay		6,992	28,576	30,612	124,530
Interest income		(14,060,261)	(57,464,287)	(9,684,481)	(39,396,469)
Operating loss before changes in workings capital		(2,041,466)	(8,343,472)	(1,705,332)	(6,937,290)
Other receivables		(1,388,326)	(5,674,088)	1,186,473	4,826,572
Other payables		478,971	1,957,554	349,412	1,421,408
Net cash generated used in operations		(2,950,821)	(12,060,006)	(169,447)	(689,310)
Interest income received		14,825,775	60,592,942	(631,355)	(2,568,352)
Interest paid		(17,007)	(69,508)	-	-
Income tax paid		(41,602)	(170,027)	(2,028)	(8,250)
Net cash generated from/(used in) operating activities		11,816,345	48,293,401	(802,830)	(3,265,912)
Cash flows from investing activities					
Purchase of property and equipment	8	(358,378)	(1,464,691)	(331,495)	(1,348,522)
Purchase of intangible asset	7	(66,000)	(269,742)	(60,000)	(244,080)
Investment in securities at amortised costs	5 (a)	(1,943,160)	(8,000,000)	-	-
Term deposits		(7,339,704)	(29,997,370)	(194,140,192)	(789,762,301)
Net cash used in investing activities		(9,707,242)	(39,731,803)	(194,531,687)	(791,354,903)
Cash flows from financing activities					
Repayment of lease liability - Principal portion	9	(28,208)	(115,286)	-	-
Net cash generated from financing activities		(28,208)	(115,286)	-	-
Net increase/(decrease) in cash and cash equivalents during the financial year		2,080,895	8,446,312	(195,334,517)	(794,620,815)
Cash and cash equivalents at the beginning of the financial year /period		3,731,892	15,203,728	200,000,000	810,000,000
Exchange differences		(177,348)	(448,938)	(933,591)	(175,457)
Cash and cash equivalents at the end of the financial year/period		5,635,439	23,201,102	3,731,892	15,203,728

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Credit Guarantee Corporation of Cambodia Plc. “CGCC” (“the Company”) is a state-owned enterprise established by a Sub-Decree No. 140 ANKR.BK dated 1 September 2020. The Company operated under the technical and financial guidance of the Ministry of Economy and Finance (“MEF”). The Company was incorporated on 3 November 2020 and domiciled in the Kingdom of Cambodia.

The registered office is located at Ministry of Economy and Finance, Street 92, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia and operating office of the Company are located at 19th Floor, Building S, OCIC Boulevard, Sangkat Chroy Changvar, Khan Chroy Changvar, Phnom Penh, Cambodia.

The principal activity of the Company is the provision of credit guarantee services.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issued by the Board of Directors on 27 March 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

An English version of the financial statements have been prepared from the statutory financial statements that are in the Khmer Language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language statutory financial statements shall prevail.

The financial statements have been prepared in accordance with the provisions of the Cambodian International Financial Reporting Standards (“CIFRSs”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with CIFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Company’s financial statements are disclosed in Note 4.

(b) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollar (“USD”), the Directors have determined the USD to be the Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

The translations of USD amounts into KHR presented in the financial statements are included solely to comply with the Law on Accounting and Auditing and have been using the prescribed official annual closing and average exchange rate of USD1 to KHR4,117 and USD1 to KHR4,087 respectively, for the financial year ended 31 December 2022 (2021: KHR4,074 and KHR4,068) as announced by the National Bank of Cambodia.

These convenience translations should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate.

(c) Property and equipment

All items of property and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

Dismantlement, removal or restoration costs are included as part of the cost of property and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a property and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Assets under construction included in property and equipment are not depreciated as these assets are not available for use.

Depreciation is calculated on a straight-line basis to write off the cost of all other property and equipment over their expected useful lives. The annual depreciation rates are as follows:

	Annual depreciation rate
Leasehold improvement	20%
Furniture and fixture	20%
Office equipment	20%
Computer and equipment	20%
Motor vehicle	20%

The residual values, estimated useful lives and depreciation method of property and equipment are reviewed, and adjusted as appropriate, at each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(d) Leases

(i) Definition of lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

(ii) Lessee accounting

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Company presents right-of-use assets and lease liabilities as separate lines in the statement of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and to remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(f) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Company remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

For a contract that contains a lease component and additional lease and non-lease components, such as the lease of an asset and the provision of a maintenance service, the Company allocates the consideration payable on the basis of the relative standalone prices, which shall be estimated if observable prices are not readily available.

Short term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(e) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Company are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

	Annual amortisation rate
Software	20%

The amortisation rates are reviewed annually.

(f) Impairment of non-financial assets

At each reporting period, the Company assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through profit or loss or through comprehensive income), and
- those to be measured at amortised cost.

Recognition of financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest (“SPPI”).

Debt instruments

Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the cash flow characteristics of the asset. The Company reclassifies debt investments when and only when the business model for managing those assets changes.

There are three measurement categories into which the Company classifies the debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (“SPPI”) are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in investment income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) Fair value through other comprehensive income (“FVOCI”)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of comprehensive income and recognised in investment income. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in investment income and impairment expenses are presented as separate line item in the statement of comprehensive income

(iii) Fair value through profit or loss (“FVTPL”)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in the statement of comprehensive income and presented net within investment income in the period which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of comprehensive income following the derecognition of the investments. Dividends from such investments continue to be recognised in the statement of comprehensive income as other income when the Company’s right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in investment income in the statement of comprehensive income.

Impairment of debt instruments and financial guarantee contracts

The Company assesses on a forward looking basis the expected credit loss (“ECL”) associated with its debt instruments carried at amortised cost and FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has three types of financial instruments that are subject to the ECL model:

- Investment in securities at amortised cost
- Other receivable
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of CIFRS 9, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the differences between presents value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of financial instrument.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guarantee debt instrument less any amount that the Company expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for the other receivables and financial guarantee contract issued

At each reporting date, the Company measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instrument has not increased significantly since initial recognition. For all financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(ii) Simplified approach for other receivables

The Company applies the CIFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all other receivables.

Significant increase in credit risk (“SICR”)

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date with the risk of default as the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- Default risk

The Company shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default as at the date of initial recognition.

- Forward looking information

When more forward looking than past due information is available, it must be used to assess SICR. Because credit risk typically increases significantly before a financial instrument becomes past due or other lagging customer-specific factors (for example, a modification or restructuring) are observed.

- **Past due information**

When information that is more forward looking than past due status is not available, the Company may use past due information to determine SICR.

- **Collective assessment**

Some factors or indicators may not be identifiable on an individual financial instrument level. In such a case, the factors or indicators should be assessed for appropriate portfolio of financial instruments to determine SICR

- **Low credit risk at reporting date**

Financial instrument with low risk at reporting date could be considered as no SCIR.

- **Non funded product consideration**

For financing commitments, using changes in the risk of a default occurring on the financing to which a financing commitment relates. For financial guarantee contracts, an entity considers changes in the risk that the specified debtor will default on the contract.

- **Derecognition of SICR**

Financial instruments that move from stage 2 back to stage 1 need to have a history of timely payment performance against the modified contractual terms.

Macroeconomics information (such as unemployment rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Company defines a financial instrument as default, which fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Company defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Company considers the following instances:

- the debtor is in breach of the financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Modification of loans and financing

The Company writes off financial asset or otherwise modifies the contractual cash flows of loans and financing to the customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering among others, the following factors:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amount the borrower is expected to be able pay;
- whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the loan;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate;
- change in the currency the loan is denominated in; and
- insertion of collaterals, other securities or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new EIR for the asset. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in the income statement as a modification gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying based on the revised cash flows of the financial asset and recognised a modification gain or loss in the income statement. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

Reclassification of financial assets

The Company reclassifies financial assets when and only when the business model for managing those assets changes.

Derecognition of financial asset

A financial asset is derecognised when there is substantial modification of terms and conditions or factors other than substantial modification.

(a) Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference recognised as a derecognition gain or loss. The newly recognised financing is classified as Stage 1 for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate ("EIR"), the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to receive that cash flows from the assets have expired, or when they have been transferred and either (i) the Company neither transfers nor retains substantially all the risks and rewards of ownership.

(h) Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities designated at fair value, which are held at FVTPL. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at FVTPL. Financial liabilities at FVTPL are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial liabilities are derecognised when extinguished.

i) Recognition and initial measurement

Other financial liabilities measured at amortised cost

Other financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, other financial liabilities are remeasured at amortised cost using the effective interest method.

ii) Derecognition

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

(i) Offsetting financial instrument

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingents on future events and must be enforceable in the normal course of business and in the events of default, insolvency or bankruptcy.

(j) Other receivables

Trade receivable are amounts due from customers for services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using effective interest method, less loss allowance. See accounting policy Note 2(g) on impairment of financial assets.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(l) Other payables

Trade and other payables represents liabilities for goods or services provided to the Company prior to the end of financial period which are unpaid. Trade and other payable are classified as current liabilities unless payment is not due within 12 months after reporting period. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade and other payables are subsequently measured at amortise cost using effective interest method.

(m) Financial guarantees contracts

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The fair value of a financial guarantee at the time of issuance is zero because all guarantees are agreed on arm’s length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premium is recognised.

Subsequently the financial guarantee contracts are measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of CIFRS 15.

(n) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at all proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the services in the ordinary course of the Company's activities. Revenue is shown net of value added tax, returns, rebates and discounts and amounts collected on behalf of third parties and after eliminating sales within the Company.

- Guarantee income is recognised on an accrual basis proportionately over the period of the respective guarantees.
- Interest income is recognised using effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables are recognised using the original effective interest rate.
- Other interest income, including recognised of premiums or accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.

(q) Grant

Grant is recognised when there is a reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Grant is recognised in the profit or loss on a systematic basis over the periods in which the Company recognises as expense/asset the related costs for which the grant is intended to compensate.

The grant is from United Nations Capital Development Fund and is presented as deferred income in the statement of financial position.

(r) Employee benefits

Salaries, annual bonuses, severance pay, pension fund, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the dates the fair value was determined.

(u) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. ADOPTION OF NEW CIFRSs AND AMENDMENTS/ IMPROVEMENTS TO CIFRSs

3.1 Amendments/ Improvements to published standards that are effective

The Company has applied the following amendments/ improvements for the first time for the financial year beginning on 1 January 2022:

Amendments/ Improvements to CIFRSs

CIFRS 3	Business Combinations
CIFRS 9	Financial Instruments
CIFRS 16*	Leases
CIAS 16	Property, Plant and Equipment
CIAS 37	Provisions, Contingent Liabilities and contingent Asset

* Early adopted the amendments to CIFRS 16 Leases

The adoption of amendments/ improvements listed above did not have any impact on the current period or any prior period and is not likely to affect the future periods.

3.2 Standards and amendments/ improvements that have been issued but not yet effective

The Company has not adopted the following new standards and amendments/ improvements that have been issued but not yet effective:

<u>Amendments/ Improvements</u>		Effective for financial periods beginning on or after
CIFRS 1	First-time Adoption of Cambodian International Financial Reporting Standards	1 January 2023
CIFRS 3	Business Combinations	1 January 2023
CIFRS 7	Financial Instruments: Disclosures	1 January 2023
CIFRS 9	Financial Instruments	1 January 2023
CIFRS 15	Revenue from Contracts with Customers	1 January 2023
CIFRS 16	Leases	1 January 2024
CIAS 1	Presentation of Financial Instruments	1 January 2023/ 1 January 2024
CIAS 7	Statement of Cash Flows	1 January 2023
CIAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
CIAS 12	Income Taxes	1 January 2023
CIAS 16	Property, Plant and Equipment	1 January 2022/ 1 January 2023
CIAS 19	Employee Benefits	1 January 2023
CIAS 32	Financial Instruments: Presentation	1 January 2023
CIAS 36	Impairment of Assets	1 January 2023
CIAS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023
CIAS 38	Intangible Assets	1 January 2023

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial period include the following:

(a) Functional currency

Judgement is applied in determining the functional currency wherever the indications are mixed. The Company uses, in hierarchy, revenue indicators as the primary basis, followed by purchase and operating expense indicators, and in the events that those indicators are not conclusive, the currency in which borrowings and funds are raised for financing operations.

(b) Measurement of expected credit losses allowance

The measurement of ECL allowance for financial assets measured at amortised cost and at FVOCI, and guarantee schemes is an area that requires the use of significant assumptions about future economic conditions and credit behaviour of customers. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL detailed in Note 24(a). Areas of significant judgements involved in the measurement of ECL are detailed as follows:

- Determining criteria for significant increase in credit risk; and
- Choosing appropriate models and assumptions for the measurement of ECL.

(c) Measurement of income tax

Significant judgement is required in determining the Company's estimation for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Company is disclosed in Note 21.

(d) Depreciation and useful lives of property and equipment

As disclosed in Note 2(c) to the financial statements, the Company reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Company's property and equipment are disclosed in Note 8 to the financial statements

(e) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

5. INVESTMENT IN SECURITIES AT AMORTISED COSTS AND OTHER RECEIVABLES

(a). INVESTMENT IN SECURITIES AT AMORTISED COSTS

Non-current At gross amount	2022		2021	
	USD	KHR'000	USD	KHR'000
As at 1 January	-	-	-	-
Addition for the year	1,943,160	8,000,000	-	-
	1,943,160	8,000,000	-	-

Investment securities at amortised cost is an investment in an unlisted corporate bond subscribed on 27 January 2022 with a term of three years and annual coupon rate of 5.5% (2021: nil).

(b). OTHER RECEIVABLES

Non-current	2022		2021	
	USD	KHR'000	USD	KHR'000
Accrued interest income	680,616	2,802,096	-	-
Current				
Trade receivable	5,013	20,639	8,800	35,851
Accrued guarantee fee	3,418	14,071	1,769	7,207
Accrued interest income	7,558,726	31,119,275	9,083,878	37,007,719
Prepayment	85,285	351,118	4,094	16,679
Other receivables	18,033	74,243	70	285
	8,351,091	34,381,442	9,098,611	37,067,741

6. TERM DEPOSITS

Term deposits are with financial institutions with maturity term from 6 months to 36 months (2021: maturity term 12 months) and earned interest ranging from 4.75% to 7.50% per annum (2021: 6.50% to 7.75%).

7. INTANGIBLE ASSETS

Cost	Software work in progress	
	USD	KHR'000
At 3 November 2020	-	-
Additions	60,000	244,080
Exchange difference	-	360
At 31 December 2021/1 January 2022	60,000	244,440
Additions	66,000	271,722
Exchange difference	-	2,580
At 31 December 2022	126,000	518,742

8. PROPERTY AND EQUIPMENT

	Leasehold improvement	Furniture and fixture USD	Office equipment USD	Computer & equipment USD	Motor vehicle USD	Work in progress	Total USD
Cost							
At 1 January 2022	-	505	450	26,097	-	304,443	331,495
Transfer	-	-	-	304,443	-	(304,443)	-
Additions	177,483	72,206	4,456	51,743	52,490	-	358,378
At 31 December 2022	177,483	72,711	4,906	382,283	52,490	-	689,873
Accumulated depreciation							
At 1 January 2022	-	17	15	1,870	-	-	1,902
Depreciation charged for the financial year	17,748	6,380	253	70,837	875	-	96,093
At 31 December 2022	17,748	6,397	268	72,707	875	-	97,995
Carrying amount							
At 31 December 2022	159,735	66,314	4,638	309,576	51,615	-	591,878
At 31 December 2022 (KHR'000)	657,629	273,015	19,095	1,274,524	212,499	-	2,436,762
Cost							
At 3 November 2020 (date of incorporation)	-	-	-	-	-	-	-
Additions	-	505	450	26,097	-	304,443	331,495
At 31 December 2021	-	505	450	26,097	-	304,443	331,495
Accumulated depreciation							
At 3 November 2020 (date of incorporation)	-	-	-	-	-	-	-
Depreciation charged for the financial period	-	17	15	1,870	-	-	1,902
At 31 December 2021	-	17	15	1,870	-	-	1,902
Carrying amount							
At 31 December 2021	-	488	435	24,227	-	304,443	329,593
At 31 December 2021 (KHR'000)	-	1,988	1,772	98,701	-	1,240,301	1,342,762

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

Leases as lessee

The Company leases an office space from Business Development Center, an entity under the Ministry of Economy and Finance which is the related party to the company. Lease contract runs for a period of 5 years and contained extension option. Extension option is negotiated before the expiry of lease term on different terms and conditions.

Information on the leases in which the Company is a lessee is presented below:

Right-of-use assets and lease liabilities:

	Office Space	
	USD	KHR'000
Cost		
At 1 January 2022	-	-
Addition	281,261	1,149,514
Exchange difference	-	8,438
At 31 December 2022	281,261	1,157,952
Accumulated depreciation		
At 1 January 2022	-	-
Depreciation charged for the financial year	42,189	172,426
Exchange difference	-	1,267
At 31 December 2022	42,189	173,693
Carrying amount		
At 31 December 2022	239,072	984,259
Minimum lease payments:		
- No later than 1 year	60,288	248,206
- Later than one year but not later than 5 years	244,920	1,008,336
	305,208	1,256,542
Less: Future finance charges	(52,155)	(214,722)
Present value of minimum lease payments	253,053	1,041,820
Present value of minimum lease payments		
- Not later than 1 year	40,433	166,463
- Later than one year but not later than 5 years	212,620	875,357
	253,053	1,041,820
Movement of lease liabilities:		
At 1 January 2022	-	-
Addition	281,261	1,157,952
Interest charged during the financial year	17,007	69,508
Repayment of lease liabilities	(45,215)	(184,794)
Exchange difference	-	(846)
At 31 December 2022	253,053	1,041,820

The Company determines the incremental borrowing rate by using the readily available rate which was published by General Department of Taxation at 8.28%. The management believes the rate has similar payment profile to the lease.

10. OTHER PAYABLES

	2022		2021	
		KHR'000	USD	KHR'000
Guarantee fee due unearned	390,889	1,609,290	112,307	457,539
Deferred income- Grant	67,076	276,152	99,961	407,241
Other tax liabilities	24,935	102,657	10,506	42,801
Accruals	268,401	1,105,007	61,993	252,559
Other payable	69,982	288,127	43,689	177,990
	821,283	3,381,233	328,456	1,338,130

11. EXPECTED CREDIT LOSSES FOR GUARANTEE SCHEMES

	USD	KHR'000
At 1 January 2022	37,263	151,809
Allowance made during the financial year	443,471	1,812,466
Exchange differences	(137)	14,343
At 31 December 2022	480,597	1,978,618
At 3 November 2020	-	-
Allowance made during the financial period	37,261	151,578
Exchange differences	2	231
At 31 December 2021	37,263	151,809

12. SEVERANCE PAY

	USD	KHR'000
At 1 January 2022	30,612	124,713
Provision made during the financial year	6,992	28,786
Exchange differences	-	1,317
At 31 December 2022	37,604	154,816
At 3 November 2020 (date of incorporation)	-	-
Provision made during the financial period	30,612	124,530
	-	183
At 31 December 2021	30,612	124,713

Employees employed under a fixed duration contract (“FDC”) are entitled to severance pay, proportional to their wages and the duration of the contract. The exact severance amount may be determined in a collective bargaining agreement, but if it is not, the severance pay will be set at 5% of the wages employees have been entitled to during the duration of their contract.

13. SHARE CAPITAL

	No of shares	Par value /share KHR	Total KHR
Ordinary shares, issued and fully paid At 1 January 2022 / 31 December 2022	810,000	1,000,000	810,000,000,000
USD Equivalent			200,000,000
Ordinary shares, issued and fully paid At 3 November 2020 (date of incorporation) / 31 December 2021	810,000	1,000,000	810,000,000,000
USD Equivalent			200,000,000

The shares are held by the Minister of Economics and Finance, in accordance with Royal Decree NS/RKM/0696/03 dated 17 June 1996 and Sub-Decree No. 140 ANKR.BK dated 1 September 2020.

14. EXCHANGE DIFFERENCES

Exchange differences arise from the translation of the financial statements from USD amounts into KHR as per Note 2(b).

15. GUARANTEE INCOME

	1.1.2022 to 31.12.2022		3.11.2020 (date of incorporation) to 31.12.2021	
	USD	KHR'000	USD	KHR'000
Gross credit guarantee fee billed	779,853	3,187,259	172,210	700,550
Decrease / (increase) of guarantee fee due unearned	(278,582)	(1,151,751)	(112,307)	(457,539)
Increase / (decrease) of accrued guarantee fees	1,649	6,864	1,769	7,207
Exchange difference	(255)	12,020	(162)	5
Guarantee income charged during the year	502,665	2,054,392	61,510	250,223

16. INVESTMENT INCOME

	1.1.2022 to 31.12.2022		3.11.2020 (date of incorporation) to 31.12.2021	
	USD	KHR'000	USD	KHR'000
Interest income from deposits with financial institutions	13,961,039	57,058,767	9,684,481	39,396,469
Interest income from investment in securities	99,222	405,520	-	-
	14,060,261	57,464,287	9,684,481	39,396,469

Related investment expense represents withholding tax on interest income from term deposits during the financial year of USD836,511 (for the financial period from 3.11.2020 (date of incorporation) to 31.12.2021: USD601,884).

17. OTHER INCOME

	1.1.2022 to 31.12.2022		3.11.2020 (date of incorporation) to 31.12.2021	
	USD	KHR'000	USD	KHR'000
Other income- Grant	25,497	104,206	49,919	203,070

18. PERSONNEL EXPENSE (INCLUSIVE OF KEY MANAGEMENT)

	1.1.2022 to 31.12.2022		3.11.2020 (date of incorporation) to 31.12.2021	
	USD	KHR'000	USD	KHR'000
Wages and salaries	339,924	1,389,269	134,823	860,501
Other expenses related to staff	41,740	170,591	-	-
Other benefits	21,456	87,691	18,553	75,474
Provision for seniority indemnity	13,359	54,598	6,081	24,738
Unallocated bonus	150,000	613,050	-	-
Key management personnel (Note 23)	753,974	3,081,492	701,044	2,851,847
	1,320,453	5,396,691	860,501	3,500,518

19. MARKETING EXPENSES

	1.1.2022 to 31.12.2022		3.11.2020 (date of incorporation) to 31.12.2021	
	USD	KHR'000	USD	KHR'000
Seminar expenses	72,462	296,152	4,097	16,667
Advertisement and publicity expenses	64,031	261,695	32,239	131,148
Travelling and business mission Expenses	27,644	112,981	-	-
Business networking expenses	5,851	23,913	1,047	4,259
Sponsorship and corporate social responsibility expenses	22,129	90,441	-	-
Other marketing expenses	8,610	35,189	1,594	6,484
	200,727	820,371	38,977	158,558

20. ADMINISTRATIVE AND OPERATING EXPENSES

	1.1.2022 to 31.12.2022		3.11.2020 (date of incorporation) to 31.12.2021	
	USD	KHR'000	USD	KHR'000
Net unrealised currency translation loss / (gain)	2,212,706	9,043,329	239,591	974,656
Short-term lease & related management expenses	91,903	375,608	285,282	1,160,527
Depreciation of property and equipment	78,345	320,196	1,902	7,737
Depreciation of right-of-use asset	42,189	172,426	-	-
Software, applications and related IT expenses	34,200	139,775	6,892	28,037
Depreciation of leasehold improvement	17,748	72,536	-	-
Technical and professional service expenses	17,589	71,886	15,144	61,606
Net realised foreign exchange loss / (gain)	13,744	56,172	10,963	44,597
Other tax expenses	11,091	45,329	5,760	23,432
Maintenance and non-capitalize expenses	6,458	26,394	10,755	43,751
Other administrative and operating expenses	43,944	179,600	11,215	45,623
	<u>2,569,917</u>	<u>10,503,251</u>	<u>587,504</u>	<u>2,389,966</u>

21. INCOME TAX EXPENSE

	1.1.2022 to 31.12.2022		3.11.2020 (date of incorporation) to 31.12.2021	
	USD	KHR'000	USD	KHR'000
Gross credit guarantee fee billed	779,853	3,187,259	172,210	700,550
Income tax using statutory rate 5%	38,993	159,364	8,611	35,030
Exchange differences	62	254	-	-
	<u>39,055</u>	<u>159,618</u>	<u>8,611</u>	<u>35,030</u>
Interest income from Non-financial institutions	98,670	403,264	-	-
Income tax using statutory rate of 20% on interest income of non-financial institution	19,734	80,653	-	-
Total income tax expense for the year/period	<u>58,789</u>	<u>240,271</u>	<u>8,611</u>	<u>35,030</u>

Under the Cambodian Law on Taxation and with the instruction No. 19362GDT dated 23 November 2021 issued by General Department of Taxation on tax obligation for institutions providing credit guarantee services, the Company has an obligation to pay:

- Corporate income tax at 5% of the gross credit guarantee fees received in the tax year in relation to the credit guarantee services.
- Corporate income tax at 20% of any taxable profits that are not attributable to credit guarantee activities.

Interest income earned from deposits with financial institutions, grant and subsidiary are not subject to tax on profit in accordance with the Company's request letter No. 015/22 CGCC submitted to the Ministry of Economy and Finance dated on 25 January 2022 and approved by the Minister of Ministry of Economy and Finance dated on 31 January 2022.

22. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

23. RELATED PARTY DISCLOSURE

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and an entity that provides key management personnel services to the Company. The key management personnel include all the Directors of the Company, all executive committees and state controller (assigned by the Shareholder as an advisor to the Company).

The Company's related parties include key management personnel as well as the Government of Cambodia and its related entities as the Company is wholly-owned by the Government of Cambodia.

Significant transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year/period.

	1.1.2022 to 31.12.2022		3.11.2020 (date of incorporation) to 31.12.2021	
	USD	KHR'000	USD	KHR'000
General Department of Customs and Exercise				
Short-term lease	71,357	291,636	285,282	1,160,527
Business Development Center of Ministry of Economy and Finance				
Payments services related to finance lease	29,678	121,293	-	-
Key management compensation				
Director's remuneration	128,618	525,662	146,712	596,824
State-controller	15,552	63,561	12,960	52,721
Other expenses related to directors	4,050	16,552	-	-
<i>Key management compensation (excluding directors and state-controller)</i>				
Wages and salaries	571,185	2,334,433	499,253	2,030,961
Provision for seniority indemnity	32,016	130,849	24,531	99,792
Other benefits	2,553	10,435	17,588	71,548
	753,974	3,081,492	701,044	2,851,846

24. FINANCIAL INSTRUMENTS

Categories of financial instruments

Other receivables (excluding prepayment), cash and cash equivalents, term deposits, other payables (excluding guarantee fee due unearned, deferred income – grant and tax liabilities) and expected credit losses for guarantee schemes are categorised as amortised cost.

The Company's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Company's overall financial risk management objective is to ensure that the Company creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control system and adherence to the Company's financial risk management policies.

Financial risk management objectives and policies

(a) Credit risk

Credit risk is the risk of financial loss to the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises from its operating activities (other receivables) and from its investing activities including deposits with financial institutions.

For other receivables and other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Company would have to pay if the guarantees were to be called upon. For credit related commitments and contingencies, the maximum exposure to credit risk is full amount of the undrawn credit facilities granted to customers.

Expected Credit Loss ("ECL")

The Company uses three categories for financial instruments in recognising ECL which reflect the credit risk and how the loss allowance is determined for each of those categories. A summary of assumptions underpinning the Company's ECL model is as follows:

Category	Definition of category	Basis for recognising ECL
Stage 1 (Performing)	<u>Financial Guarantees</u> Newly issued	12 month ECL
Stage 2 (Underperforming)	<u>Financial Guarantees</u> - All restructured and rescheduled accounts; - Accounts with Significant PD change; - Accounts with related Non Performing Loan ("NPL"); - Watchlist accounts.	Lifetime ECL
Stage 3 (Impaired)	<u>Financial Guarantees</u> i. Obligatory triggers: - 90 days past due; - Leakage, cessation of contracts or cessation of business ii. Rating downgrade as follows: - Default in paying principal or interest according to the repayment schedule - Cease operation/filing of bankruptcy - Winding up order (upon notice, includes borrowers and parties who provide source of repayment) - Material fraud with publicised news or upon appointment of financial advisor.	Lifetime ECL

Maximum exposure to credit risk

	USD	KHR'000
<u>At 31 December 2022</u>		
<i>Credit risk exposures of on-balance sheet assets</i>		
Other receivables	8,265,806	34,030,323
Cash and cash equivalents	5,635,439	23,201,102
Investment in securities at amortised cost	1,943,160	8,000,000
Term deposits	200,596,954	825,857,660
	<u>216,441,359</u>	<u>891,089,085</u>
<i>Credit risk exposures of off-balance sheet item</i>		
Financial guarantees	54,265,994	223,413,097
Total maximum credit risk exposure	<u>270,707,353</u>	<u>1,114,502,182</u>
<u>At 31 December 2021</u>		
<i>Credit risk exposures of on-balance sheet assets</i>		
Other receivables	9,094,517	37,051,062
Cash and cash equivalents	3,731,892	15,203,728
Term deposits	193,912,610	789,999,973
	<u>206,739,019</u>	<u>842,254,763</u>
<i>Credit risk exposures of off-balance sheet item</i>		
Financial guarantees	14,905,025	60,723,072
Total maximum credit risk exposure	<u>221,644,044</u>	<u>902,977,835</u>

(b) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the Company can be required to pay:

	Carrying amount		Within 1 year Total or on demand		Between 1 and 5 years
	USD	KHR'000	USD	USD	USD
<u>At 31 December 2022</u>					
Other payables	338,383	1,393,123	338,383	338,383	-
Expected credit loss for guarantee schemes	480,597	1,978,618	480,597	480,597	-
Severance pay	37,604	154,816	37,604	37,604	-
	<u>856,584</u>	<u>3,526,557</u>	<u>856,584</u>	<u>856,584</u>	<u>-</u>
<u>At 31 December 2021</u>					
Other payables	105,682	430,548	105,682	105,682	-
Expected credit loss for guarantee schemes	37,263	151,809	37,263	37,263	-
Severance pay	30,612	124,713	30,612	-	30,612
	<u>173,557</u>	<u>707,070</u>	<u>173,557</u>	<u>142,945</u>	<u>30,612</u>

(c) Foreign currency risks

The Company is exposed to foreign currency risk on transactions that are denominated in a currency other than the functional currency of the Company. The management monitors the foreign currency exposure on an on-going basis.

Whilst the Company's operating results are subject to the effect of change in exchange rate, the Company's constantly monitors the net effect of its transactions in the same currency to minimise the exposure to foreign currency exchange risk.

The Company's unhedged financial assets and liabilities that are not denominated in its functional currency are as follows:

	Khmer Riel	United States Dollar	TOTAL USD
<u>At 31 December 2022</u>			
<u>Financial assets</u>			
Cash and cash equivalents	1,321,984	4,313,455	5,635,439
Other receivables	8,239,479	26,327	8,265,806
Investment in securities at amortised cost	1,943,160	-	1,943,160
Term deposits	200,596,954	-	200,596,954
	212,101,577	4,339,782	216,441,359
<u>Financial liabilities</u>			
Other payables	-	(338,383)	(338,383)
Expected credit losses for guarantee schemes	(45,186)	(435,411)	(480,597)
Severance pay	-	(37,604)	(37,604)
	(45,186)	(811,398)	(856,584)
Net asset/(liability) position	212,056,391	3,528,384	215,584,775
KHR'000 equivalents	873,036,162	14,526,357	887,562,519
<u>At 31 December 2021</u>			
<u>Financial assets</u>			
Cash and cash equivalents	2,348,878	1,383,014	3,731,892
Other receivables	9,084,234	10,283	9,094,517
Term deposits	193,912,610	-	193,912,610
	205,345,722	1,393,297	206,739,019
<u>Financial liabilities</u>			
Other payables	-	(105,682)	(105,682)
Expected credit losses for guarantee schemes	(3,702)	(33,561)	(37,263)
Severance pay	-	(30,612)	(30,612)
	(3,702)	(169,855)	(173,557)
Net asset/(liability) position	205,342,020	1,563,152	206,912,576
KHR'000 equivalents	836,563,389	6,368,281	842,961,835

Sensitivity analysis for foreign currency risk

The following table set out the analysis of the exposure to assess the impact of a 1% change in the exchange rates:

	USD Increase/(Decrease)	KHR Increase/(Decrease)
<u>At 31 December 2022</u>		
Khmer Riel		
Strengthened by 1%	(515,075)	(2,120,564)
Weakened by 1%	515,075	2,120,564
<u>At 31 December 2021</u>		
Khmer Riel		
Strengthened by 1%	(504,030)	(2,053,418)
Weakened by 1%	504,030	2,053,418

(d) Fair value

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The carrying amount of all financial assets and liabilities are approximate to their fair value due to the relatively short-term nature of these financial instruments.

25. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support its businesses and maximises shareholder value. The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year.

26. COMMITMENTS

(a) The Company has made commitments for the following capital expenditure:

	2022		2021	
	USD	KHR'000	USD	KHR'000
Software work in progress	297,000	1,222,749	363,000	1,478,862

(b) Lease commitment-as lease

Short-term lease	-	-	71,216	290,134
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27. COMPARATIVE FIGURES

The Company was incorporated on 3 November 2020 and accordingly, comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and other related notes are not entirely comparable with the current financial year of 12 months.

Certain comparative figures have been reclassified to conform to the current year's presentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CREDIT GUARANTEE CORPORATION OF CAMBODIA PLC. "CGCC"

(Incorporated in Cambodia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CREDIT GUARANTEE CORPORATION OF CAMBODIA PLC. "CGCC" ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company or the financial year for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 42.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and the requirements of Kampuchea Institute of Certified Public Accountant and Auditors' Code of Ethics for Certified Public Accountants and Auditors ("KICPAA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ethical requirements of KICPAA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

The management of the Company is responsible for the other information. The other information comprises the Directors' Report (but does not include the financial statements of the Company and our auditors' report which we obtained prior to the date of this auditors' report, and other sections included in the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Company 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 of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements of the Company 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 that we 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 on this regard.

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

The management of the Company is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Cambodian International Financial Reporting Standards. The management is also responsible for such internal controls as the management determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the 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 the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of the Company is 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 of the Company 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 judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Company, 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 the management.
- conclude on the appropriateness of the 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 of the Company 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 statements of the Company, 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.



Baker Tilly (Cambodia) Co., Ltd.
Certified Public Accountants

Oknha Tan Khee Meng
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia

Date: 27 MAR 2023

PFIS' OVERVIEW



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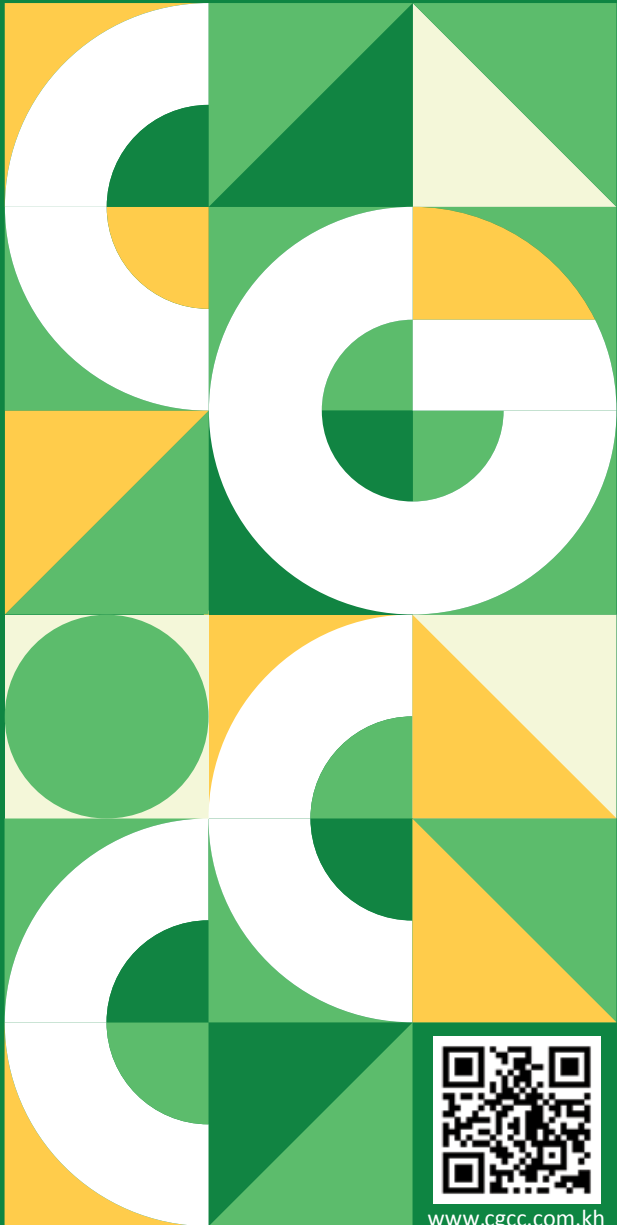


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