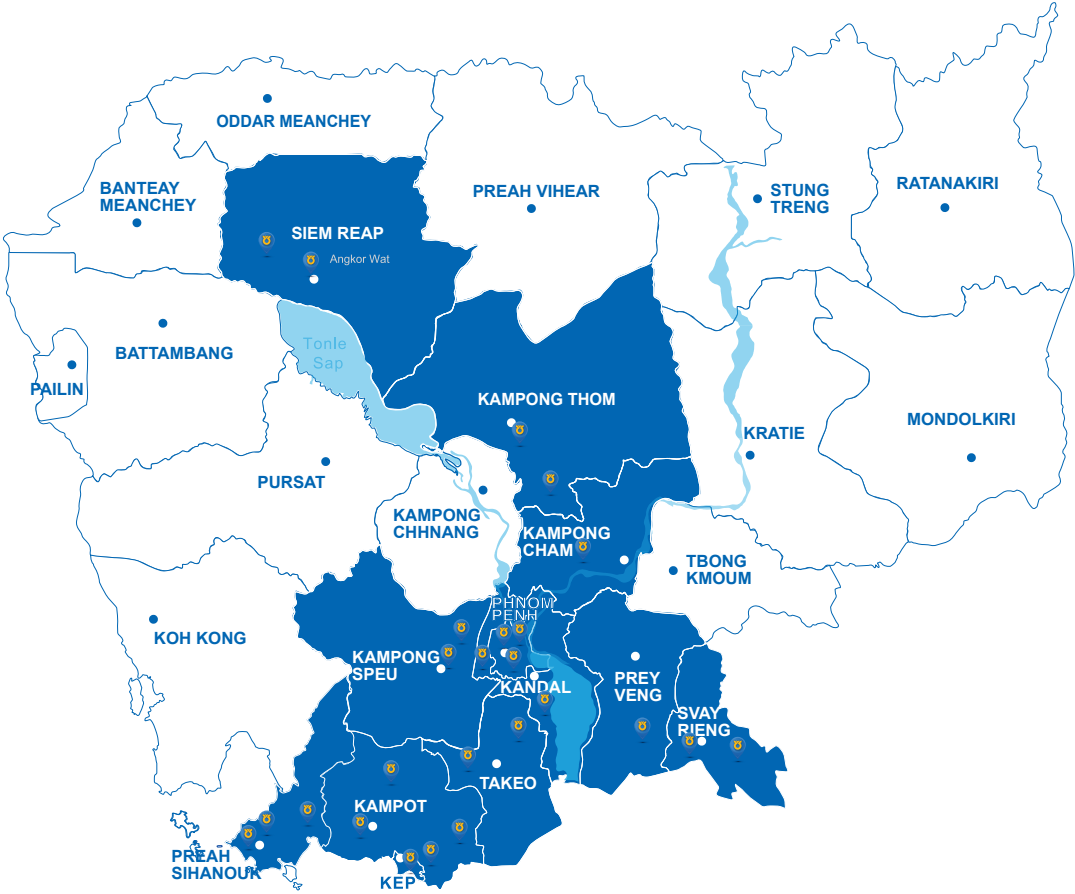




# ANNUAL 20 REPORT 23

# OPERATION MAP



Branch office of NongHyup  
Finance



Operating area of NongHyup  
Finance



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# CEO'S MESSAGE



## **NongHyup Finance (Cambodia) Plc. (“NHFC”, “Company”, “We”) Was Not Immune from the Sector Impact in 2023**

The Cambodian banking sector has experienced a dramatic decline in profitability, losing over \$416 million in net profit from 2022 to 2023. The total net profit of the sector plunged from \$916 million in 2022 to \$500 million in 2023, marking a historic 45% decrease. The fall comes after several near-record profit years in the banking sector in 2021 and 2022 driven by low interest rates, rising loan portfolio, and generous concessions during the COVID-19 pandemic.

With the relentless hike of the non-performing loan and the global hawkish monetary policy, NHFC was not insulated from these negative impacts, suffering negative growth of profits and loan outstanding in 2023.

### **Corporate Social Responsibility**

We always take CSR as important as business activities grounded on the belief that a business is responsible to the society around it. In 2023, we donated materials and budgets, with a total amount of US\$11,383 to various NGOs and public stakeholders to promote education and women’s protection.

## The Outlook for 2024 and Beyond

### On the Right Track, Centering on a More Resilient and Forward-Looking Perspective

Let's see what progress has been made in the overall organization since mid-2023

1

#### **Segregating Duties between Marketing & Sales and Loan Assessments**

We have undertaken organizational and operational reshuffles, segregating between the duty of loan marketing & sales, and loan assessment. The changes have enhanced rigorous loan screening and lending decisions, cultivating a high loan underwriting standard culture Companywide, which is considered a bedrock of sustainable loan business.

2

#### **Ushering in Sophisticated Creditworthiness and Collateral Assessment**

To operate efficient and balanced credit operations, NHFC has adopted the innovative risk management approach, subscribing to the credit scoring service, locally known as K-Score, equipping the staff with tools to gauge the credit's creditworthiness at the click of a button. Furthermore, we have re-assessed and developed several guidelines and loan/collateral assessment-related checklists to ensure that the critical features of the loan and its collateral securities are sufficiently checked and satisfied before granting the loans.

3

#### **Embarking on Competitive Pricing Marketing and Enacting Specialized Sales Team**

NHFC has launched a creditworthiness-based pricing and tenure scheme, offering clients the best terms and conditions of loans as long as they possess good creditworthiness. It is to attract and target clients with good credit, business prospects, and qualified collaterals to grow the balance sheet healthily. In this regard, we have enacted a Specialized Sales Team, acting as a think-tank for onboarding high-profile loan requests and supervising general branch sales staff in need.

4

#### **Harnessing Technology for Client Experience and Operational Efficiency**

With the continued evolution of consumer behaviors and industry business models, we introduced a Loan Origination System ("LOS") in mid-2023. It has enhanced the client's experience and operational efficiency. To maximize its full potential, we have kept improving several features of the LOS for the efficiency of loan assessment and approval.

5

#### **Enhancing the Internal Control System**

A well-functioning company needs to have an adequate and robust Internal Control System in place. In this regard, NHFC has prioritized functions of Compliance, Risk Management, and Internal Audit, reflecting several new assignments, especially the new enactments/revisions, into their working scopes in 2023. These will help keep the executive management and board of directors appraised of incidents and/or loopholes in daily business operations. They keep alerting and advising the business side to conduct operations in a balanced and compliant manner.



## Upskilling of Human Capital

The aforementioned operational process enhancements, loan competitive rates, sophisticated LOS, etc. are not a panacea; they are nothing but papers if not handled and overseen by properly trained and committed manpower. Therefore, NHFC has committed substantial investments in manpower training. We have rolled out an internal learning platform, dubbed Learning Management System (“LMS”), and a sophisticated internal communication platform, called Morningmate. These two smart platforms allow, among other things, NHFC to introduce various training programs and share the Company’s regulations, communications, and other tasks among the staff efficiently. In addition, NHFC has also offered various external training courses to the staff.

Finally, we would like to thank our board of directors for their tireless efforts in guiding the Company’s strategy, and we are grateful to our regulatory authorities, esteemed shareholders, and valued customers for their support.

Sincerely yours,

A handwritten signature in blue ink, consisting of stylized, fluid strokes that form the name 'KIM Seung Gon'.

**Mr. KIM Seung Gon**  
Chief Executive Officer

# NONGHYUP FINANCE OVERVIEW

## VISION, MISSION, CORE VALUE



01

## **Creativity**

Make us a pioneer

Creativity is one of our most prized assets. We believe that creativity should be relevant to the needs of NH Finance and of our clients to be effective.

02

## **Responsibility**

Make us a respected person

We all share responsibility for our company as a whole and for its results. We have social and environmental responsibility and we carefully protect the positive image of our company.

03

## **Honesty**

Make us proud

Honesty means straightforward in personal and business dealings. Dealing with cash every day, honesty is essential.

04

## **Dependability**

We are what we do, not what we say we'll do

Dependability is honoring our words and fulfilling our promises. Our people, clients and communities deserve our respect and expert abilities. When our job, big or small, is completed, our goal is to be remembered as a dependable colleague or partner that always delivers what we promise.

05

## **Humility**

Make us stronger

As we never know everything, we are continuously learning, sharing and widening our field of experience at every opportunity. When we see a half-full basket, we, at NH Finance, call it a half-empty basket because we know that this can only serve as a catalyst to making it full.

06

## **Services to people**

Make us great

Our greatness is not what we have but what we give.

# CORPORATE PROFILE

Is a subsidiary of NongHyup Bank Co., Ltd. (“NongHyup Bank”) in the Republic of Korea. NongHyup Bank is a pure local capital bank established in 1961 with 100% domestic capital and a specialized bank that manages the central and regional government’s deposit safe with the biggest nationwide branch network. It is well known for not only its outstanding financial services but also the role in promoting the well-being of the agriculture society in the Republic of Korea.

It has also been recognized as the most advanced cooperative financial institution around the world with its half-century proven track record in financial operations. NongHyup Bank has penetrated itself overseas through foreign branches in the United States and Vietnam, Microfinance Institutions in Myanmar and Cambodia, and representative offices in China and India.

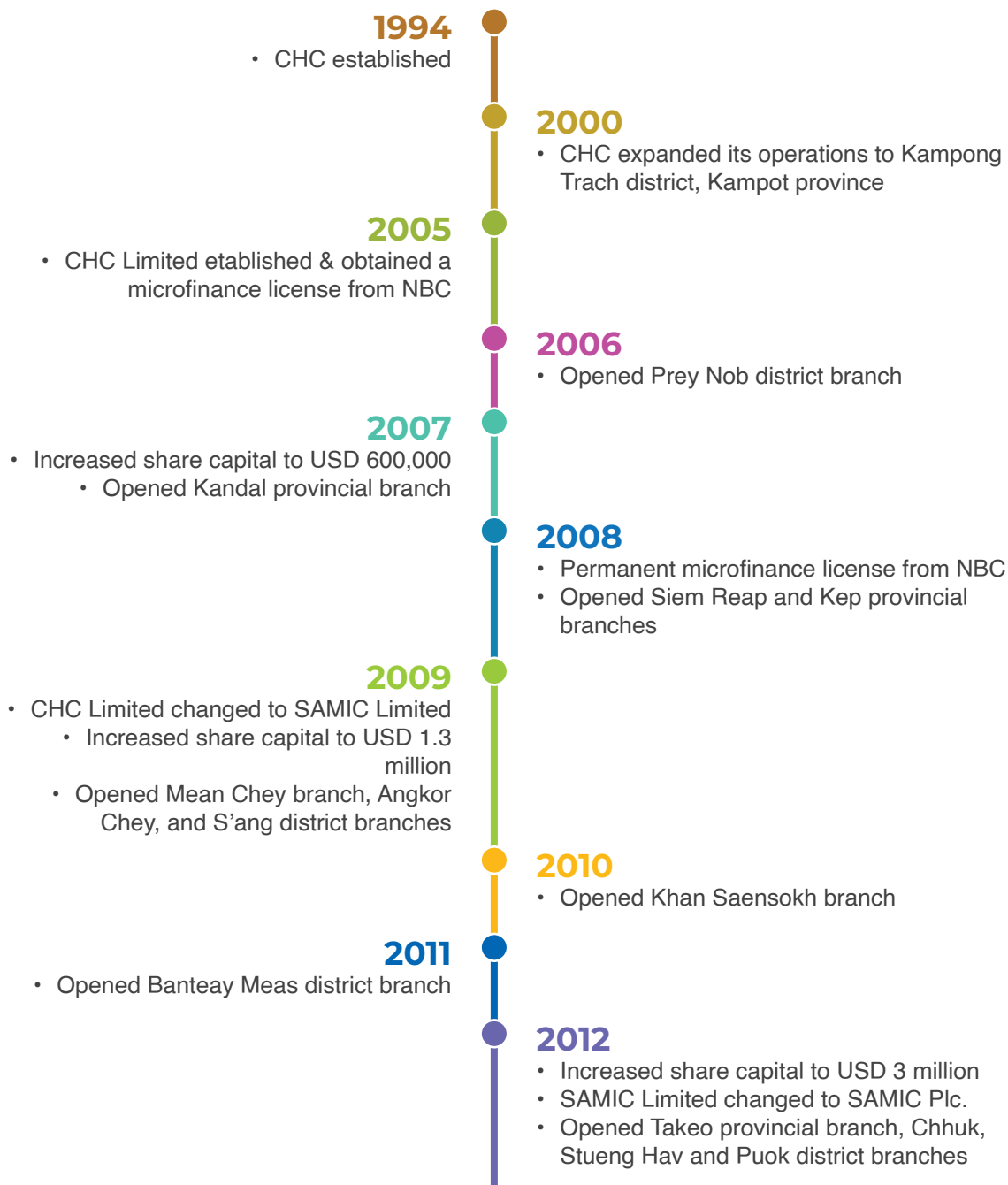
NongHyup Finance received a license from the National Bank of Cambodia on 8 August 2018 to operate the microfinance in Cambodia after NongHyup Bank had acquired 100% shares from SAMIC Plc. It is currently operating in Phnom Penh and 11 provinces of Kandal, Kampong Speu, Takeo, Kampot, Kep, Preah Sihanouk, Siem Reap, Kampong Thom, Prey Veng, Svay Rieng and Kampong Cham. These operating areas are expected to grow in the future.

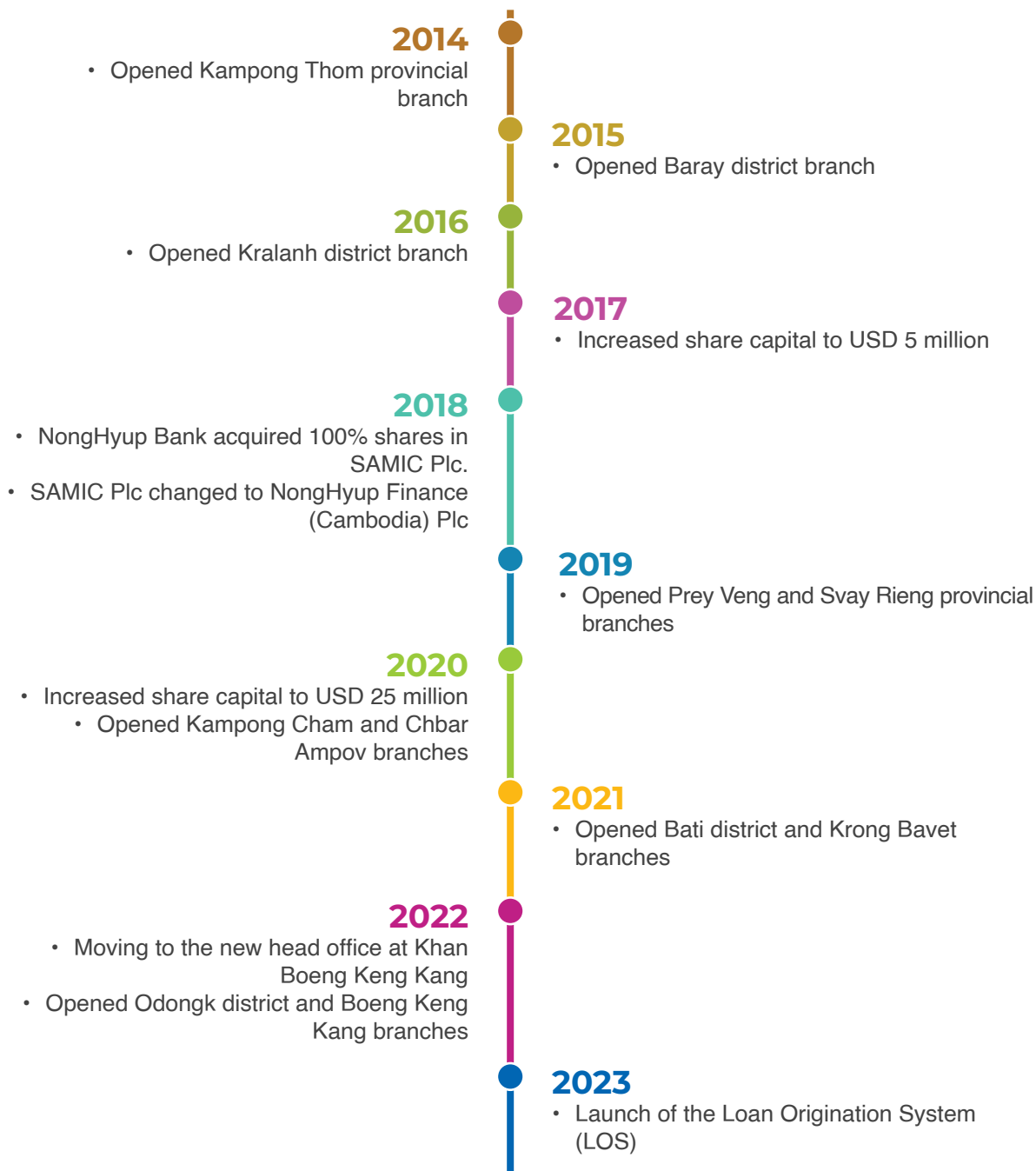
NongHyup Finance provides financial services to economically challenged Cambodians and low-medium income earners living in the rural and urban areas; and its clients are dominantly female. Micro-loans perform well among clients living in rural areas and making their living on micro/ small businesses and agriculture activities such as rice cultivation, animal husbandry, and other similar businesses within their communities. Small and medium loans are more popular among those who live in urban areas and are provided to the clients who need to initiate new businesses and / or expand their existing businesses for more profitability with sustainable growth.

NongHyup Finance has strived to develop itself to become a well-known microfinance institution in Cambodia with a strong commitment to helping Cambodian people, especially those living in rural areas, to overcome poverty and to improve their living standards. NongHyup Finance has the full capability to serve a wide range of products and services to different groups of clients across the country. In addition to loans as its core business product, NongHyup Finance has participated in social and community development through the delivery of training services to clients according to their particular needs including agriculture training, financial literacy training.



# COMPANY'S MILESTONES





# CORPORATE GOVERNANCE

Sound corporate governance practices are at the heart of our success. NongHyup Finance operates within an integrated governance framework formulated after taking into consideration the corporate governance framework issued by the National Bank of Cambodia and other corporate governance best practices.

The Board of Directors (the “BoD”), composed of three members and led by a chairman, is responsible for the high-level governance of the Company and for developing effective governance frameworks to meet challenges, both in the short and long term. The two BoD Level Committees - Audit and Risk - are responsible for providing oversight and guidance to NongHyup management.

At the management level, the Chief Executive Officer manages the day-to-day business of the Company and is supported by the Chief Financial Officer, Chief Operations Officer and Chief Risk Officer. Three Management Committees - Credit and Products, ICT and MIS and Procurement - are in place.

The Board and Management understand the importance of having clear governance guidelines to maintain a free, fair, and transparent environment at all levels of the Company. The Management is committed to reviewing and improving existing systems to provide transparency and accountability to ensure that best practices are maintained and enhanced according to good corporate governance principles.



# BOARD OF DIRECTORS



**Mr. JEONG Do Yeong**

Chairman

Mr. Jeong Do Yeong was appointed as Chairman of the BoD of the Company on 02 April 2024. This appointment was made after he was promoted to the General Manager of the Global Business Department of NongHyup Bank in 2024.

He was the Team Head of the Government Complex Seoul Branch in 2016, Team Head of the Global Business Department in 2017, General Manager of the Wonju Innovation City Branch in 2020, and General Manager of Cheolwon County Office in 2022.

Mr. Jeong holds a Bachelor's degree in Economics from Konkuk University, Seoul, Korea.



**Mr. KIM Seung Gon**

Member

Mr. Kim Seung Gon was appointed as a member of the BoD of the Company on 30 December 2021.

Prior to his appointment, he had held various management positions with NongHyup Bank in the Republic of Korea for over 12 years. He was Team Head of the Treasury Department in his recent position and his previous positions with NongHyup Bank included Deputy General Manager of Gangnam Corporate Banking Center, Secretary of Secretariat Office, and Senior Manager of the Capital Trading & Investment Department.

Mr. Kim obtained his MBA in Finance graduated from Korea Advanced Institute of Science and Technology (KAIST) in Seoul of Korea in 2013 and his BSc in Agriculture from Seoul National University in Seoul of Korea in 2001.





**Mr. PAIK Jin Kyu**

Member

Mr. Paik Jin Kyu was appointed as a member of the BoD of the Company on 28 June 2023.

He has 16 years of professional banking expertise since he joined NH Group in 2006. He worked as a FX & Derivatives Trader and Senior Manager of International Business Department.

Mr. Paik obtained BBA in Communication from Yonsei University and MBA in Finance from KAIST, one of the top public universities in Korea. He is also a CFA Charter Holder.



**Mr. KIM Kwang Hwan**

Independent Member

Mr. Kim Kwang Hwan was appointed as an Independent Member of the BoD of the Company on 28 June 2023. He is also the Chairman & CEO of the Founder Barun (Cambodia) Accounting & Consulting Co., Ltd.

He worked at Korea Exchange Bank (Seoul, Korea) from 1981 to 2004, at KFCC (Seoul, Korea) from Feb 2005 to Sep 2005, at Citi Bank (Seoul, Korea) from 2006 to 2007, at NSRIA Co., Ltd (Cambodia), at Sunbird International Co., Ltd (Cambodia) from 2015 to 2016, at Woori Accounting Ltd from 2016 to 2017, at SM Global Accounting & Consulting Co., Ltd (Cambodia) from 2017 to 2022.

Mr. Kim holds a Bachelor's degree in Management from Dong-Guk University and many certificates and Licenses such as the USCPA exam in California State, in March 2023, a CPA certificate from Delaware State in August 2012, a KICPAA affiliate member in November 2013, a CPA License from the State of Montana in August 2019, and KICPAA active member in August 2020.



### **Mr. AN Bunnarith**

Independent Member

Mr. An Bunnarith was appointed as an Independent Member of the BoD of the Company on 28 June 2023. He is also a qualified arbitrator registered with the National Commercial Arbitration Centre ("NCAC").

During the course of his profession, he has advised and represented numerous local and foreign investors and companies in Cambodia in a wide range of legal practices specifically real estates, constructions, commercial and corporate, investment, joint ventures and M&A, and commercial dispute including arbitration and litigation.

Before becoming the member of the BoD of the Company, he has worked in a law firm in Singapore. Bunnarith is the first Cambodian counsel who succeeded in getting the NCAC arbitral award recognized by the Court of Singapore.

Bunnarith is also an adjunct lecturer at Royal University of Law and Economics and Paragon International University, lecturing Business Law, Contract Law, International Commercial Law, Investment Law and Comparative Law.

He holds a Master of Commercial Law from Melbourne Law School, the University of Melbourne, Australia, a Bachelor of Art in International Studies Program from Royal University of Phnom Penh, Cambodia and an English Based Bachelor of Law from Royal University of Law and Economics.

# BOARD COMMITTEES

## Audit Committee

- Mr. KIM Kwang Hwan : Chairman
- Mr. JEONG Do Yeong : Member
- Mr. AN Bunnarith : Member

## Role and Responsibilities

- Ensure the transparency, accuracy, and integrity of financial reports;
- Assess, review and comment on the accounting method and system of the Institution;
- Review and recommend on internal control and internal audit and report any weaknesses to management for improvement and adjustment;
- Advise the Board to appoint an external auditor or rater and participate and monitor the external audit of the Institution;
- Review and advise the objectives and effectiveness of the audit policies and procedure;
- Supervise Internal Audit Manager who reports directly to the Committee on audit matters;
- Responsible for the recruitment and performance valuation of the Internal Audit Manager of the Institution; and
- Report directly to the Board.

# BOARD COMMITTEES

## Risk Committee

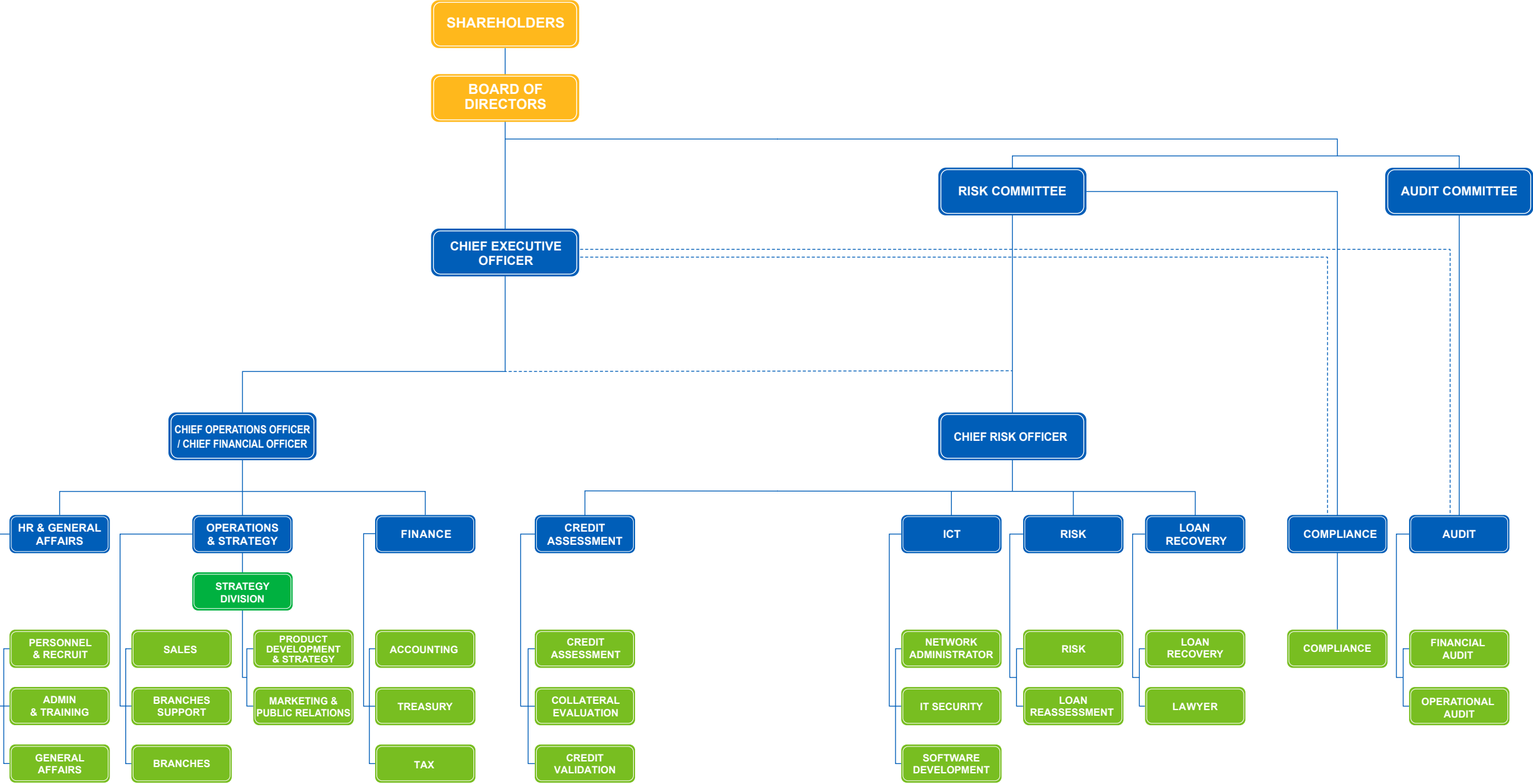
- Mr. AN Bunnarith : Chairman
- Mr. JEONG Do Yeong : Member
- Mr. KIM Kwang Hwan : Member

## Role and Responsibilities

- Ensure the risk minimization of the Institution;
- Advise and direct the Risk Manager on defining all relevant risks of the Institution and keep updating regularly;
- Propose a proper policy, procedure and mechanism to protect and mitigate the risks;
- Monitor the risk mitigation system implemented by key management;
- Review and recommend on the risk reports;
- Implement other tasks as assigned by the Board related to the risk of the Institution;
- Responsible for the recruitment and performance valuation of the Risk Manager of the Institution; and
- Report directly to the Board.



# ORGANIZATION CHART (As of Jan 2024)



# MANAGEMENT (As of January 2024)

## EXECUTIVE TEAM



### Mr. Kim Seung Gon

Chief Executive Officer

Mr. Kim was appointed as Chief Executive Officer of the Company on 30 December 2021.

Prior to his appointment, he had held various management positions with NongHyup Bank in the Republic of Korea for over 12 years. He was Team Head of the Treasury Department in his recent position and his previous positions with NongHyup Bank included Deputy General Manager of Gangnam Corporate Banking Center, Secretary of Secretariat Office, and Senior Manager of the Capital Trading & Investment Department.

Mr. Kim obtained his MBA in Finance graduated from Korea Advanced Institute of Science and Technology (KAIST) in Seoul of Korea in 2013 and his BSc in Agriculture from Seoul National University in Seoul of Korea in 2001.



### Mr. Paik Jin Kyu

Chief Operations & Chief Financial Officer

Mr. Paik was appointed as Chief Operations Officer of the Company in January 2023 and appointed as Chief Operations Officer/Chief Financial Officer in 2024.

He has 16 years of professional banking expertise since he joined NH Group in 2006. He worked as a FX & Derivatives Trader and Senior Manager of International Business Department.

Mr. Paik obtained BBA in Communication from Yonsei University and MBA in Finance from KAIST, one of the top public universities in Korea. He is also a CFA Charter Holder.



### Mr. Hwang Sangmin

Chief Risk Officer

Mr. Hwang was appointed as Chief Risk Officer of the company in January 2024. Before joining the company, Mr. Hwang spent 3 years with the National Agriculture Cooperative Federation (NACF), 11 years with NongHyup Bank. His latest position with NongHyup Bank was Deputy Chief Representative in Hochiminch Office.

Mr. Hwang holds bachelor's degrees in Law from Yonsei University. Besides, he holds a Certificate of Loan Officer and Credit Analyst from Korea Banking Institute.

## MANAGEMENT TEAM



### **Mr. Sa Sok**

Senior HR & General Affairs Manager

Sok was appointed as finance Manager in 2014, and Senior Finance Manager in 2018, then as a Senior HR & General Affairs Manager in January, 2024.

Mr. Sok has more than 10 years of work experience in financial sector. His previous positions included Promotion and Underwriting Officer at CHC-MEADA, General Trainer at Credit Mutuel du Kampuchea (CMK).

Sok holds an MBA in Finance and Banking and a BBA in Mathematics. He is currently a ACCA candidate at Cam-Ed Business School.



### **Mr. Pel Chivita**

Credit Assessment Manager

Chivita was appointed as Operations Manager of NongHyup Finance (Cambodia) Plc in January 2019 and then as Credit Assessment Manager in January 2024 .

Before joining NongHyup Finance, he used to hold various positions with a number of well-known organizations such as HKI, FAO, GRET and CEDAC as Program Coordinator, National Agriculture Advisor, Project Manager and Farmer Community Facilitator, respectively. Chivita has 14 years of extensive experience in managing projects relevant to agriculture, rural development, market linkage, agricultural value chains, agriculture cooperative, agriculture credit, marketing and research.

Chivita holds a Master Degree of Business Administration specialized in Agriculture and Rural Development from Royal University of Agriculture (RUA) of Cambodia. He also holds a Bachelor Degree in Agriculture specialized in Agronomy Science from Preah Leap National College of Agriculture.

Chivita attended various exposure visits and trainings in the related fields including the topics on voucher schemes and agricultural inputs, village and farm diagnosis, participatory learning and action for mutual self-empowerment, agriculture cooperative, microfinance management and product development for banking and financial services.



### **Ms. Park Seulgi**

Finance Manager

Seulgi joined the Company in January 2022 as Strategy Unit Manager, and HR Manager in May 2023, and then as a Finance Manager in January 2024. She also work as an Assistant to CEO of NongHyup Finance (Cambodia) Plc. from 2018 to 2019.

Before joining the Company, she was a consultant at VDB Loi Limited and SM Global Accounting & Consulting Co., Ltd.

Seulgi holds a Bachelor's degree in Law from the Royal University of Law and Economics (RULE) and diplomas in Cambodian Business Law and diploma in Cambodian Tax from CamEd Business School. She is an ACCA affiliate.



### **Mr. Kang Menglieng**

ICT Manager

Menglieng was appointed as the Acting ICT Manager of the Company in March 2023 after working as Deputy ICT Manager from July 2019.

Menglieng has over 12 years in the financial sector and Software Development. His held positions as a Software Developer, Software Unit Manager, and Deputy ICT Manager.

Menglieng holds a Bachelor's degree in Information Technology from Norton University, Microsoft Power BI from IFA Institute, and Professional Accounting Skills from Cambodia Microfinance Association (CMA). Menglieng attended various training programs and workshops related to the financial sector.



### **Mr. Say Salorn**

Loan Recovery Manager

Salorn was appointed as the Loan Recovery Manager of the Company in June 2023. Prior to his appointment, he has almost 10 years of experience with the company in various positions such as Branch Support Unit Manager, Provincial Manager, and Branch Manager. Before joining the company, he worked as a credit officer at AMK Microfinance from 2008 to 2013.

Salorn holds two degrees in Banking and Finance field is Master's degree in 2014 and a bachelor's degree in 2009 from Build Bright University and addition, he attended various training courses related to his roles.



### **Mrs. Chheav Kimna**

Risk Manager

Kimna joined the Company in 2010 as Secretary to the Chief Executive Officer and was later promoted to the Head of the Company Secretary Department in 2016 as we continued to expand. In 2022, she oversaw and led the General Affairs Department to ensure the efficient and effective operation of the institution. In 2024, she has been taking charge of the Risk Department, aiming to ensure sound risk management and mitigation of the institution.

Kimna gained professional work experience with various international organizations before joining the banking industry. With many years of extensive experience overseeing and managing the Company's administration, she has brought her solid experience to execute assignments that contribute to the business expansion and to supervise her growing team.

Kimna graduated with her Bachelor's Degree in two areas of specialization: Economics and English Literature. Besides, she has attended various training courses relating to her job duties, including Certified Expert in SME Finance from the Frankfurt School of Finance & Management, Germany.



### **Mr. Yem Pheanith**

Internal Audit Manager

Pheanith was appointed as Internal Audit Manager in September 2022 after his over 14 years of service with NH Finance (Cambodia) Plc. Before this appointment, he held various positions in the company including Deputy Internal Audit Manager, Internal Audit Unit Manager, Senior Internal Audit Officer, Internal Audit Officer, Compliance Officer, and Credit Officer. Before joining the Company, he was a primary school teacher from 2004 to 2007.

Pheanith holds BBA in Finance and Banking from Cambodian University for Specialties and a Master degree in Accounting and Auditing from Norton University. Moreover, he has attended various trainings related to management, auditing and leadership.



### **Mr. Kung Chansen**

Operations & Strategy Manager

Chansen was appointed as Operation & Strategy Manager in January 2024 after his over 15 years of services with NH Finance (Cambodia) Plc. Before joining the Company, he was a public teacher. In his continual services with the Company, he held various positions including Credit Officer, Credit supervisor, Branch Manager, Provincial Manager, Operations Unit Manager, Deputy Operations Manager, Senior Deputy Operations Manager, and Credit Assessment Manager in June 2022.

Chansen has built his strong capacity in credit operations throughout his career path of the recent years. He holds a Master degree in Management from the National University of Management and a Bachelor degree in English Literature from Khemarak University. Furthermore, he attended various trainings and workshops-both internal and external-including business and products development, credit analysis, credit assessment, collateral valuation, leadership, project management, facilitation, and coaching. Chansen is a key trainer who play critical roles in delivery of trainings on various topics related to credit operations.



### **Mr. Chea Sopharith**

Compliance Manager

Sopharith was appointed as Compliance Manager on 01 September 2022. He has almost 10 years of experience in the microfinance sector, initially serving in the positions of Internal Auditor, Senior Internal Auditor, Senior Risk Officer, and Risk Unit Manager. He was then promoted as Risk Manager in January 2019.

He obtained a BBA degree in Accounting in 2009 from the National University of Management, a certificate in Regulatory Compliance from Institute of Banking and Finance (IBF) in 2019, and a certificate in Risk Management from Frankfurt Business School, Germany, in 2021.





# MANAGEMENT COMMITTEES

## Credit and Products Committee

- |  |            |
|--|------------|
| • Chief Operations Officer / Chief Financial Officer | : Chairman |
| • Finance Manager                                    | : Member   |
| • Operations & Strategy Manager                      | : Member   |
| • ICT Manager  | : Member   |
| • Credit Assessment Manager                          | : Member   |

## Role and Responsibilities

- Review credit policy, procedures, pricing, market and competition, credit risks, and compliance with regulations;
- Review the quality of products and services to ensure they are suited to the market need and competition status within the industry;
- Review the products policy, procedures, pricing, feature and specifications, product risk, and documents proposed by the responsible department(s);
- Review and analyze reports related to products and marketing research;
- Initiate and discuss new ideas on products development; and
- Perform other tasks assigned by Executives.



# MANAGEMENT COMMITTEES

## ICT Committee

- |  |            |
|--|------------|
| • Chief Operations Officer / Chief Financial Officer | : Chairman |
| • ICT Manager  | : Member   |
| • Finance Manager                                    | : Member   |
| • Operations & Strategy Manager                      | : Member   |
| • Risk Manager                                       | : Member   |

## Role and Responsibilities

- Review the current systems/ technologies to ensure the effectiveness of software support;
- Review and discuss the effective procedures for the security to the system including backup and disaster recovery plans;
- Define project priorities and assessing strategic fit for ICT proposals;
- Assist in governance, risk and control framework and monitoring key ICT processes;
- Review and provide recommendation for significant hardware specifications and ICT infrastructure;
- Participate in reviewing and rectifying the software requirements from various departments to ensure standard report format and process;
- Review the effectiveness of implementing ICT policies and procedures and discuss the updating proposal; and
- Perform other tasks assigned by Executives.

# MANAGEMENT COMMITTEES

## Procurement Committee (PC)

- Senior HR & General Affairs Manager : Chairman
- ICT Manager : Member
- Finance Manager : Member

## Role and Responsibilities

- Review the quotations and recommend the award of contract for any purchase of goods or services following procurement procedures stated in the Finance and Accounting Manual;
- Review the quotations based on the selection criteria stated in the Finance and Accounting Manual;
- Develop a Term of Reference (ToR) for any purchases of goods or services having technical complexity; and
- Perform other procurement-related tasks assigned by Executives.

# BUSINESS OVERVIEW

## OPERATIONS PERFORMANCE HIGHLIGHT

### Key Operational Performance

Indicators	2023	2022	2021
City/Provinces	15	15	13
Districts	93	90	77
Communes	541	512	459
Villages	2,371	2,348	1,945
Branch offices	25	27	25
Active accounts	14,369	17,682	17,373
Gross loan outstanding (USD)	63,831,245	73,930,980	55,770,414
Average outstanding loan size (USD)	4,442	4,181	3,210
Loan disbursements (USD)	23,436,944	53,504,938	40,435,987
Disbursement clients	3,755	9,266	10,742
Average disbursement loan size (USD)	6,242	5,774	3,764
PAR ratio (30 days)	10.42%	1.88%	1.50%

# BUSINESS OVERVIEW

## Key Financial Performance

Indicators	2023	2022	2021
Total income (USD)	13,858,526	12,450,464	9,764,710
Total expense (USD)	16,230,419	9,414,183	6,842,327
Net profit (USD)	(2,371,893)	3,036,281	2,922,383
Total borrowings (USD)	50,000,000	60,087,588	33,037,274
Total assets (USD)	85,943,515	96,859,121	66,476,812
Total equity (USD)	32,926,854	35,298,748	32,262,467
Paid-up capital (USD)	25,000,000	25,000,000	25,000,000
Operational Self-Sufficiency (OSS)	85.39%	133.05%	142.33%
Financial Self-Sufficiency (FSS)	98.20%	123.49%	135.53%
Return on Assets (ROA)	(2.61%)	3.72%	4.40%
Return on Equity (ROE)	(6.95%)	8.99%	9.49%

## Key Social Performance

Indicators	2023	2022	2021
<b>Responsibility to Clients</b>			
Average loan size/GNI per capital	261.3%	264.6%	216.9%
Percentage of female clients	64.2%	67.3%	71.6%
Percentage of group loans	2.9%	11.9%	22.7%
Client retention rate (6 months definition)	81.5%	90.0%	92.6%
Credit history checked (Credit Bureau)	100%	100%	100%
<b>Human Resource Management</b>			
Total staff	364	415	336
Female staff	112	126	111
Field staff	192	241	191
Credit officers	138	168	133
Staff retention rate	71.9%	99.8%	83.6%
Average years of staff service	4	4	4
<b>Taxes and NSSF Paid</b>			
Tax on salary and fringe benefits (USD)	271,081	266,141	224,867
Withholding tax (USD)	644,422	301,055	101,371
Tax on profits (USD)	0	820,136	762,839
NSSF paid	100,935	57,028	36,359

# PRODUCTS AND SERVICE



## Micro Loan (\$100 – \$3,000)

The purpose of microloans is to serve low-income people and socio-economic activities in rural and urban areas to improve their standard of living. This product targets those who make their living on micro / small businesses and agriculture activities such as rice cultivation, animal husbandry and other similar businesses in their communities. This loan product is provided in two currencies - Khmer Riel and US dollars. In general, the Khmer Riel currency serves more clients in the Village Bank and Group Solidarity Lending.

## Small Business Loan (\$3,001 – \$30,000)

The purpose of this small business loan is to help clients initiate new businesses and/or expand their existing ones for more profitability with sustainable growth. This loan product is provided to clients-in both rural and urban areas—who have regular micro/small businesses in several sectors. It is provided in two currencies—Khmer Riel and US dollars.



## SME Loan (\$30,001 – \$100,000)

SME Loan has been designed for existing and new clients or entrepreneurs who initiate new businesses or expand their existing businesses. This loan product is offered in US dollars only.



## WASH Loan

(\$100 – \$3,000)

WASH Loan is designed for economically challenged people and medium-income earners to improve clean water and sanitation facilities such as latrine construction, well installation, water pipe connection, pumping machines, water tanks, water jars, water filters and other water and sanitation-related facilities.

## Staff Loan

Staff Loan has been designed for all eligible employees where there is a serious need or where emergency relief is required for housing improvement and personal consumption.



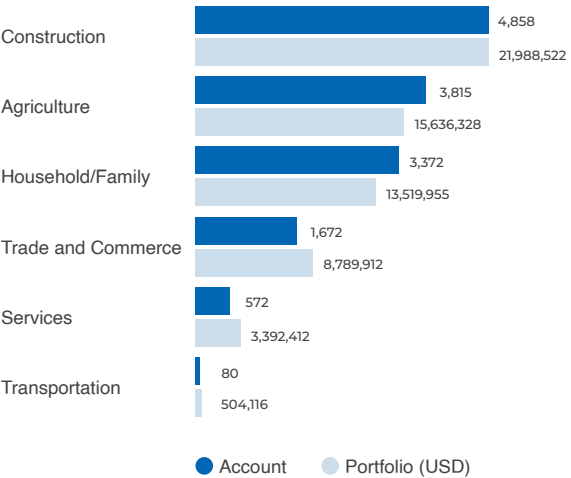
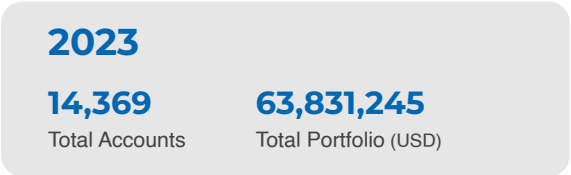
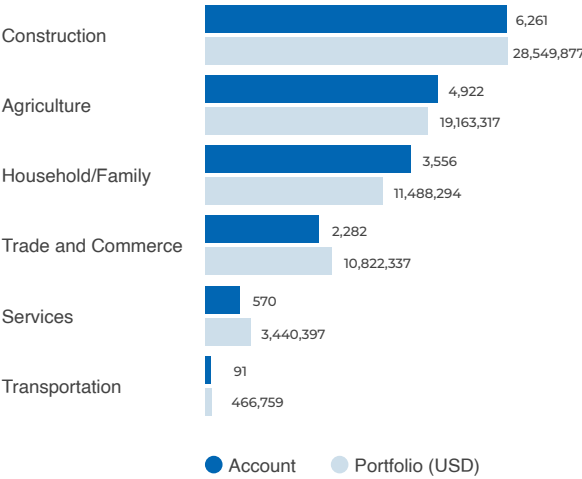
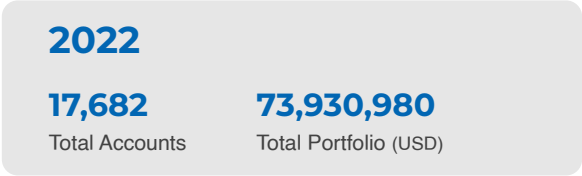
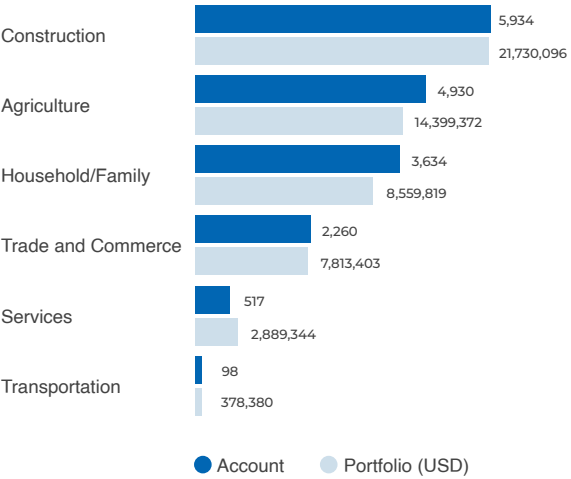
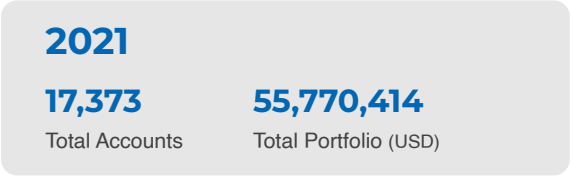
## Housing Loan

(Up to 80% of housing price/collateral value Max.\$300,000)

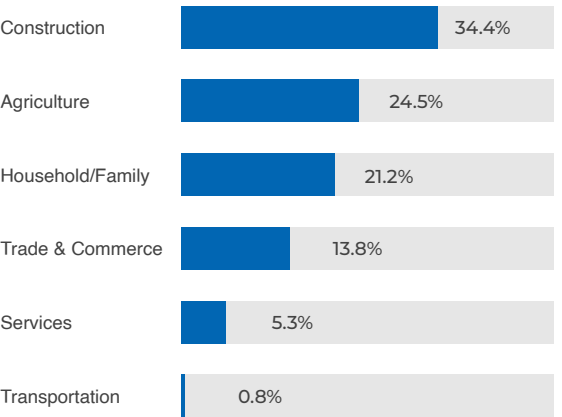
An affordable housing loan has been established by NongHyup Finance in response to the population growth and the real estate market. A housing loan is a long-term loan designed by NongHyup Finance to be used for purchasing a house.

# BUSINESS PERFORMANCE

## Loan By Sector



### Graph\_Loan By Sector 2023





## Loan By Product

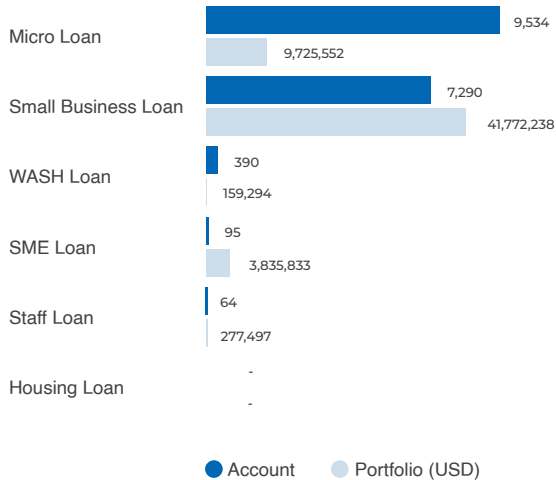
**2021**

**17,373**

Total Accounts

**55,770,414**

Total Portfolio (USD)



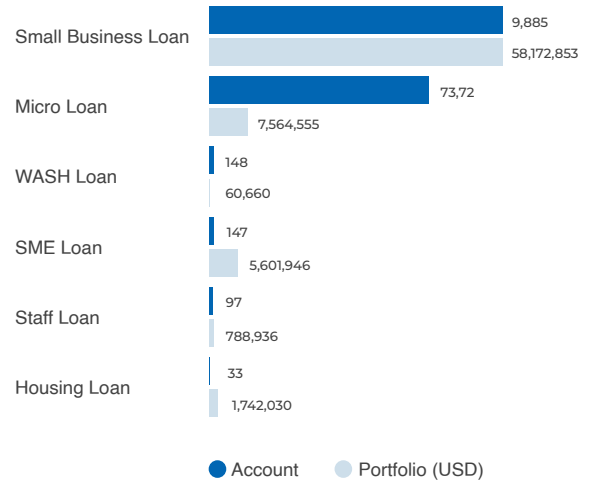
**2022**

**17,682**

Total Accounts

**73,930,980**

Total Portfolio (USD)



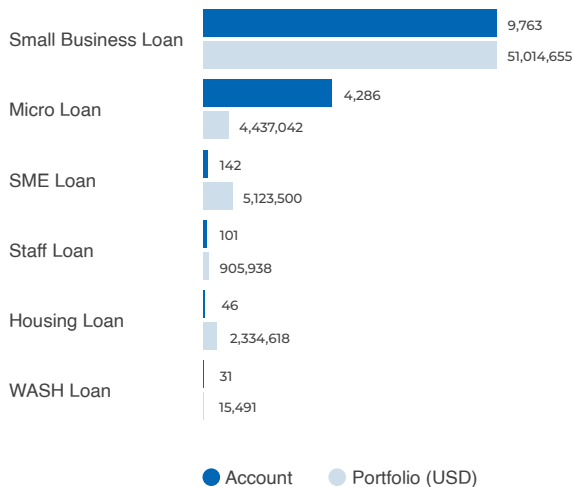
**2023**

**14,369**

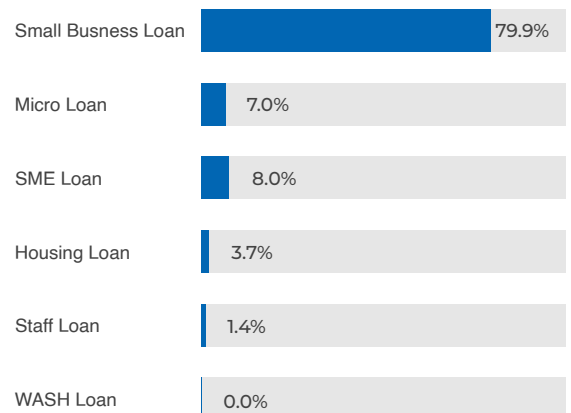
Total Accounts

**63,831,245**

Total Portfolio (USD)



### Graph\_Loan By Product 2023



# SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

## CLIENT PROTECTION PRINCIPLES

**01**

### **Appropriate Product Design and Delivery**

NongHyup Finance designs and develops products and services based on customers' needs that do not harm.

**02**

### **Prevention of Over-indebtedness**

NongHyup Finance provides loans to customers with appropriate repayment analysis and customer historical verification through the Credit Bureau of Cambodia before disbursing loans.

**03**

### **Transparency**

NongHyup Finance discloses to clients complete, accurate, and understandable information in Khmer language about the costs, product specifications, obligations, and rights of the customers before they decide to accept our services.

**04**

### **Responsible Pricing**

NongHyup Finance offers product pricing with reference to the market pricing base ensuring that there is no discriminatory pricing and does not charge excessive fees from customers.

**05**

### **Fair and Respectful Treatment of Clients**

NongHyup Finance is committed to respecting and treating both existing clients and potential clients through excellent customer service with acceptable staff behaviors to reflect NongHyup Finance's code of conduct.

**06**

### **Privacy of Client Data**

NongHyup Finance ensures all client data are private and secured by using an appropriate technology system. All client data will not be disclosed unless required by law or permitted by the client.

**07**

### **Mechanisms for Complaints Resolution**

NongHyup Finance collects complaints and feedback from customers through the process of standard complaints resolution. Phone calls, e-mails, complaint boxes and customer surveys will be conducted to collect data from customers to improve the products and services.

# ENVIRONMENTAL DATA AT A GLANCE

To monitor and report on the internal environmental performance, the Company has adopted a simple carbon accounting for this purpose.

## Environmental Performance Indicators

### Materials

		2023	2022	2021
Office Papers	Ream (500 pages)/FTE*	5.14	5.35	5.64
Plastic Bags	Kg/FTE	1.52	1.34	1.20

### Water Consumption

		2023	2022	2021
State Water Supply	m <sup>3</sup> /FTE	14.38	18.35	19.84
Bottled Drinking Water	Barrel (20 liters)/FTE	8.96	6.30	6.50
Bottled Drinking Water	Case (24 bottles)/FTE	1.81	2.11	1.75

### Energy

		2023	2022	2021
State Grid Electricity	KWh/FTE	1242.32	786.30	585.32
Generator – Gasoline	Liter/FTE	0.90	1.73	0.88

**Business Travel**

		<b>2023</b>	<b>2022</b>	<b>2021</b>
Motor Vehicles – Diesel	Liter/FTE	22.45	32.85	28.35
Motorcycles – Gasoline	Liter/FTE	50.80	56.20	51.75
Bus	Km/FTE	259.66	202.50	131.95
Air Travel	Km/FTE	60.88	33.82	50.86

**CO<sub>2</sub> Emission**

		<b>2023</b>	<b>2022</b>	<b>2021</b>
State Grid Electricity	Kg CO <sub>2</sub> E**/kWh	516,804.40	342,825	206,031

\* FTE is the abbreviation of Full-Time Equivalent which means an average number of full-time employees during a reporting period. For the year ended 31 December 2023, the total number of employees was 364 (2022: 415) and FTE was 416 (2022: 436).

\*\* Kg CO<sub>2</sub>E is the abbreviation of kilogram Carbon Dioxide Equivalent which is used to convert a CO<sub>2</sub> activity into CO<sub>2</sub> emission. The kg CO<sub>2</sub>E for the state grid electricity for Cambodia is issued by the International Energy Agency.

# OTHER SOCIAL ACTIVITIES

Besides the financial business, NHFC has participated in social and community activities through charity programs:

## Local Communities

Year to Year, NHFC always continues with social activities and as a role model, sharing best practices with the public and cultivating strong relationships with stakeholders, NHFC delivered 30 chairs, 4 boxes of A4 paper, and 4 office desks to 3 communes in Kampot and Kep province.



## Contribution to the AFESIP Cambodia Orgainzation

This second time that NHFC has supported AFESIP Cambodia, an NGO focusing on the welfare of victimized women and girls across the Kingdom. NHFC and represented NH Bank from the Republic of Korea jointly donated school stationary and 1 tonne of rice, 50 boxes of instant noodles, 50 boxes of canned fish, 50kg of sugar, 50kg of salt, 30 bottles of soybean oil, 50 boxes of soy sauce, 50 boxes of fish sauce, and cash package \$5,000, on 08 August 2023.



# STAFF AND STAFF DEVELOPMENT

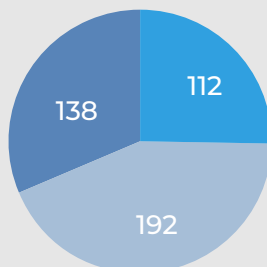
## STAFF

2023



364

Total staff

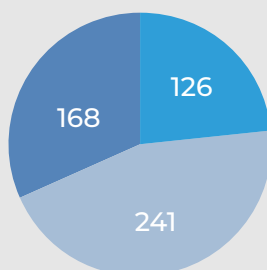


2022



415

Total staff



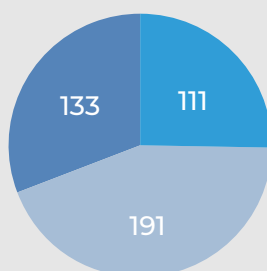
- Female Staff
- Field Staff
- Credit Officers

2021



336

Total staff





# STAFF CAPACITY BUILDING



To strengthen the staff's competency, skills, and knowledge and improve staff performance, the Company provides external and internal training to its staff every year.

In 2023, the Company provided 102 training sessions for 7,729 participants focusing on effectively implementing various policies and procedures and 20 external training courses related to technical skills to improve the organization's performance and stay relevant within a rapidly changing environment.



**10 YEARS  
SENIORITY**

# 5<sup>th</sup> YEAR CELEBRATION

08 August 2023 is the 5th year celebration of the NHFC established in Cambodia. NHFC took the honor to join this meaningful event from Mr. LEE Seok Yong, President and CEO of NH Bank.





# LOAN ORIGATION SYSTEM (LOS)

Based on technological advances and to facilitate better credit operations, especially providing good customer service. In 2023, NHFC selected the Loan Origination System (LOS), which makes it easy for all COs to evaluate loans by simply entering the data on the tablet, and all those who have the authority can verify the documents, approve or reject the loan application, and use for other purposes related to operations of NHFC.

Indeed, LOS is very popular and advantageous for all BFIs using in operations because it facilitates better credit operations, reduces the printing of documents and costs, saves time on loan evaluation, modernizes the operations, solves all problems related to loan evaluation, and facilitates the operations of loan disbursement.



# FUNDER, AND BUSINESS PARTNERS

## FUNDER

**NH** Bank

## BUSINESS PARTNERS

**Wing**

**CAMBOPAY**  
*Simplify your life*

**true**  
money

**អេស៊ីលីដា**  
ACLEDA BANK

**ABA BANK**  
NATIONAL BANK OF CANADA GROUP

# AUDITED FINANCIAL STATEMENTS

The financial statements of NH Finance for the year ended 31 December 2023 have been audited by Deloitte (Cambodia) Co., Ltd whose audit opinion issued on 24 April 2024 is unqualified.

The following balance sheet and income statement are extracted from the audited financial statements for the year ended 31 December 2023.

## STATEMENT OF FINANCIAL POSITION

(Extracted from the audited financial statements for the year ended 31 December 2023)

ASSETS	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Cash on hand	82,428	336,718	70,959	292,138
Deposits and placements with the NBC	13,711	56,009	2,239	9,218
Deposits and placement with banks	20,220,428	82,600,448	19,586,268	80,636,665
Statutory deposits with the NBC	1,250,000	5,106,250	1,250,000	5,146,250
Loan to customers	58,183,960	237,681,477	72,383,442	298,002,631
Investment in equity instrument	10,000	40,850	10,000	41,170
Deferred tax assets	703,577	2,874,112	207,912	855,974
Property and equipment	2,153,878	8,798,592	2,635,628	10,850,880
Intangible Assets	152,815	624,249	128,926	530,788
Other assets	762,514	3,114,870	583,747	2,403,288
<b>TOTAL ASSETS</b>	<b>83,533,311</b>	<b>341,233,575</b>	<b>96,859,121</b>	<b>398,769,002</b>

## LIABILITIES AND EQUITY

### 31 December 2023

### 31 December 2022

	USD	KHR'000	USD	KHR'000
<b>Liabilities</b>				
Borrowings	50,079,705	204,575,595	60,087,588	247,380,600
Current tax liabilities	3,944	16,111	761,095	3,133,428
Other liabilities	394,456	1,611,353	711,690	2,930,028
<b>Total liabilities</b>	<b>50,478,105</b>	<b>206,203,059</b>	<b>61,560,373</b>	<b>253,444,056</b>
<b>Equity</b>				
Share capital	25,000,000	101,540,000	25,000,000	101,540,000
Donated capital	93,637	378,013	93,637	378,013
Retained earnings	7,878,340	31,998,699	9,617,840	39,148,044
General Reserves	83,229	335,995	83,229	335,995
Regulatory Reserves	-	-	504,042	2,055,852
Currency translation differences	-	777,809	-	1,867,042
<b>Total Equity</b>	<b>33,055,206</b>	<b>135,030,516</b>	<b>35,298,748</b>	<b>145,324,946</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>83,533,311</b>	<b>341,233,575</b>	<b>96,859,121</b>	<b>398,769,002</b>

# STATEMENT OF COMPREHENSIVE INCOME

(Extracted from the audited financial statements for the year ended 31 December 2023)

	31 December 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Interest income	13,351,066	54,872,881	12,284,077	50,205,023
Interest expense	(3,999,707)	(16,438,796)	(1,689,723)	(6,905,898)
<b>Net interest income</b>	<b>9,351,359</b>	<b>38,434,085</b>	<b>10,594,354</b>	<b>43,299,125</b>
Fee and commission income	71,126	292,328	74,230	303,378
Fee and commission expense	(32,671)	(134,278)	(50,474)	(206,287)
<b>Net fees and commission income</b>	<b>38,455</b>	<b>158,050</b>	<b>23,756</b>	<b>97,091</b>
Credit impairment losses	(5,307,386)	(21,813,356)	(243,522)	(995,274)
Other income	26,831	110,275	92,157	376,646
Other gain/(losses)-net	60,439	248,404	(76,129)	(311,139)
<b>Net other operating expense</b>	<b>(5,220,116)</b>	<b>(21,454,677)</b>	<b>(227,494)</b>	<b>(929,767)</b>
Personnel expenses	(3,985,971)	(16,382,341)	(4,024,252)	(16,447,118)
Depreciation charge	(851,831)	(3,501,025)	(643,944)	(2,631,799)
Amortization charge	(22,709)	(93,334)	(17,497)	(71,510)
Other operating expenses	(2,043,836)	(8,400,166)	(1,875,765)	(7,666,252)
<b>(Loss)/Profit before income tax</b>	<b>(2,734,649)</b>	<b>(11,239,408)</b>	<b>3,829,158</b>	<b>15,649,770</b>
Income tax benefit/(expense)	491,107	2,018,450	(792,877)	(3,240,488)
<b>(Loss)/Profit for the year</b>	<b>(2,243,542)</b>	<b>(9,220,958)</b>	<b>3,036,281</b>	<b>12,409,282</b>
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Currency translation difference	-	(1,089,233)	-	1,478,373
<b>Total comprehensive income for the year</b>	<b>(2,243,542)</b>	<b>(10,310,191)</b>	<b>3,036,281</b>	<b>13,887,655</b>



# HEAD OFFICE AND BRANCH ADDRESSES

## PHNOM PENH

### Head Office (HO)

Building N°388A, E1, E2, E3 Preah Monivong Blvd. Corner Street N° 352, Sangkat Boeng Keng Kang Ti Mouy, Khan Boeng Keng Kang, Phnom Penh

Tel: 023 998 226 / 023 996 023

### Khan Boeng Keng Kang Branch (BKK)

Building N°388A, E0, Preah Monivong Blvd. Corner Street N°352, Sangkat Boeng Keng Kang Ti Mouy, Khan Boeng Keng Kang, Phnom Penh

Tel: 071 411 25 26 / 071 411 24 06

### Chbar Ampov Branch (CBA)

N° 578A, E0, E1, E2, E3, National Road N° 1, Phum Deum Slaeng, Sangkat Chbar Ampov Ti Pir, Khan Chbar Ampov, Phnom Penh

Tel: 071 333 63 02 / 071 333 92 76

## KANDAL PROVINCE

### Kandal Provincial Branch (KD)

N°8A1, National Road N°4, Svay Chrum village, Baek Chan commune, Angk Snuol district, Kandal province

Tel: 071 336 66 80 / 071 336 66 86

### S'ang District Branch (SA)

National Road N°21, Preaek Run village, Preaek Koy commune, S'ang district, Kandal province

Tel: 071 336 66 90 / 071 336 66 91

## KAMPONG SPEU PROVINCE

### Kampong Speu Provincial Branch (KS)

National Road N° 4, Phum Peanicheakkam, Sangkat Rokar Thum, Krong Chbar Mon, Kampong Speu province

Tel: 071 336 67 60 / 071 332 20 63

### Odongk District Branch (OD)

Okarong village, Veang Chas commune, Odongk district, Kampong Speu province

Tel: 071 411 27 88 / 071 411 20 28

## TAKEO PROVINCE

### Takeo Provincial Branch (TK)

Prey Sraong village, Angk Ta Saom commune, Tram Kak district, Takeo province

Tel: 071 336 67 40 / 071 336 67 41

### Bati District Branch (BT)

National Road N°2, Smau Khnhei village, Trapeang Sab commune, Bati district, Takeo province

Tel: 071 418 03 33 / 071 411 09 09

## KAMPOT PROVINCE

### Kampot Provincial Branch (KP)

Trapeang Thum village, Trapeang Thum commune, Tuek Chhou district, Kampot province

Tel: 071 336 66 03 / 071 336 67 17

### Kampong Trach District Branch (KT)

Kampong Trach Ti Muoy village, Kampong Trach Khang Kaeut commune, Kampong Trach district, Kampot province

Tel: 071 336 66 10 / 071 336 66 04

### Banteay Meas District Branch (BM)

Tuk Meas village, Tuk Meas Khang Lech commune, Banteay Meas district, Kampot province

Tel: 071 336 66 40 / 071 336 66 41

### Chhuk District Branch (CK)

National Road N° 3, Chheu Teal village, Chhuk commune, Chhuk district, Kampot province

Tel: 071 336 67 10 / 071 555 83 46

## KEP PROVINCE

### Kep Provincial Branch (KEP)

National Road N° 33, Damnak Chang'aeur village, Sangkat Prey Thum, Krong Kep, Kep province  
Tel: 071 336 66 23 / 071 336 66 24

## PREAH SIHANOUK PROVINCE

### Preah Sihanouk Provincial Branch (PSN)

Phum 3, Sangkat 3, Krong Preah Sihanouk, Preah Sihanouk province  
Tel: 071 336 66 60 / 071 336 66 62

### Prey Nob District Branch (PN)

National Road N° 4, Veal Meas village, Veal Renh commune, Prey Nob district, Preah Sihanouk province  
Tel: 071 336 66 70 / 071 336 66 71

### Stueng Hav District Branch (STH)

Phum 3, Tomnob Rolok commune, Stueng Hav district, Preah Sihanouk province  
Tel: 071 336 67 30 / 071 336 67 31

## SIEM REAP PROVINCE

### Siemreap Provincial Branch (SR)

Phum Banteay Chas, Sangkat Sla Kram, Krong Siemreap, Siemreap province  
Tel: 071 336 66 50 / 071 336 66 52

### Puok District Branch (PK)

N° 1228, Kouk Chuon village, Puok commune, Puok district, Siemreap province  
Tel: 071 336 67 20 / 071 336 67 21

## KAMPONG THOM PROVINCE

### Kampong Thom Provincial Branch (KTH)

Kdei village, Sangkat Prey Ta Hu, Krong Stueng Saen, Kampong Thom province  
Tel: 071 336 67 50 / 071 336 67 51

### Baray District Branch (BR)

Prey Ta Trav village, Ballangk commune, Baray district, Kampong Thom province  
Tel: 071 336 66 97 / 071 336 67 52

## PREY VENG PROVINCE

### Prey Veng Provincial Branch (PV)

N° 345, Prasat village, Prasat commune, Kampong Trabaek district, Prey Veng province  
Tel: 071 333 01 16 / 071 333 01 17

## SVAY RIENG PROVINCE

### Krong Bavet Branch (BV)

Phum Tuol Ampil, Sangkat Chrak Mtes, Krong Bavet, Svay Rieng province  
Tel: 071 333 01 18 / 071 333 01 19

### Svay Rieng Provincial Branch (SVR)

Phum Chong Preaek, Sangkat Svay Rieng, Krong Svay Rieng, Svay Rieng province  
Tel: 071 41 88 333 / 071 555 94 49

## KAMPONG CHAM PROVINCE

### Kampong Cham Provincial Branch (KPC)

National Road N° 7, Prey Totueng village, Chrey Vien commune, Prey Chhor district, Kampong Cham province  
Tel: 071 333 63 28 / 031 423 23 33

✉ [info@nhfinance.com.kh](mailto:info@nhfinance.com.kh)

🌐 [www.nhfinance.com.kh](http://www.nhfinance.com.kh)

📍 Building N° 388A, E<sub>2</sub> E<sub>3</sub>, Monivong Blvd. Corner Street N° 352,  
Sangkat Boeng Keng Kang Ti Muoy, Khan Boeng Keng Kang, Phnom Penh.

☎ (855) 23 998 226 | 23 996 023

📘 NongHyup Finance Cambodia