



# ANNUAL REPORT 2020



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INTEAN POALROATH RONGROEURNG LTD

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# VISION MISSION AND VALUE



## VISION

To be the leading  
Cambodian Microfinance  
Institution serving the  
agriculture sector.



## MISSION

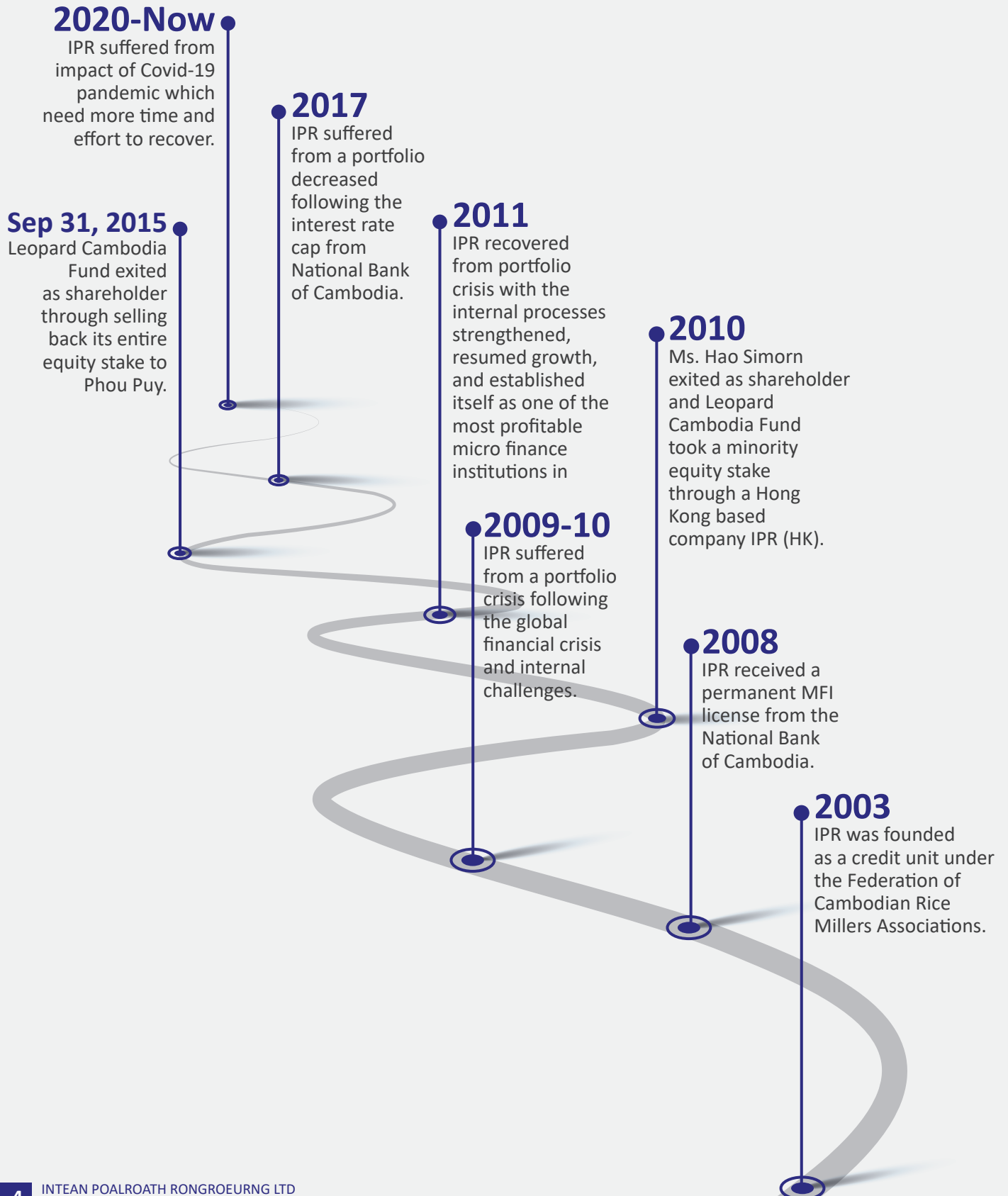
To provide convenient  
financial services adapted  
to agriculture-related  
business in order to  
improve the economic  
conditions of farmers  
while sustaining the  
institution's profitable  
growth.



## VALUE

- . Integrity and Honesty
- . Accountability
- . Teamwork
- . Transparency

# COMPANY BACKGROUND



# CHAIRMAN'S MESSAGE



**Mr. OKNHA PHOU PUY**  
**CHAIRMAN OF THE BOARD**  
**OF DIRECTORS**

Cambodia's banking sector continues to play an important role in driving the country's economy. Competition within the sector, particularly among microfinance players, has indeed been tougher.

In 2020, IPR has seen a positive trend in its overall performance, thanks to our dedicated team from the Management to our field staff members. IPR will continue to strive in recovering and improving ourselves amidst this current pandemic that affect almost any sector.

IPR has been more flexible in diversifying its product offerings to adapt to the changing needs of our clients from time to time. We design our products to

satisfy both rural and urban population through continuous reviews and adjusting of terms and conditions based on the market trend.

Nonetheless, IPR will remain focused on its mission toward the agricultural sector that is the backbone of Cambodia's economy. With that being said, for IPR's future growth, agriculture sector will continue to be the main market segment for IPR in terms of its credit portfolio, in addition with other segments.

More importantly, we have developed a more comprehensive business model along the agricultural value chain with complementary cooperation partners. Our unique combination of profitability, low leverage, agricultural focus, and positive social impact on rural farmers makes us an attractive investment proposal, and with the introduction of more product choices, we hope to expand our reach to more consumer base that align with the current economic state.

IPR remains a strong base microfinance in terms of equity and clear strategic market positioning. Its profitability has improved and with our dedicated team, IPR will strive to continue achieving financial health and long-term growth.

I extend the continued gratitude and appreciation to our Board members, our business partners, our valuable clients, and IPR executive management team and all levels of IPR employees for their continued commitment and dedication.

Sincerely Yours,



**Oknha PHOU Puy**  
**Chairman of the Board of Directors**

# CEO'S MESSAGE



**HORT BUNSONG**  
**CHIEF EXECUTIVE OFFICER**

Microfinance operators have been challenging with more changes in regulations since 2017, fundraising challenge for smaller institutions in particular, and is even competitive in the market. The 2020 is even tougher for not only microfinance sector, but all sectors due to COVID-19 pandemic. Garment and footwear factories and tourism sector, which faced potential risks since previous year, also worsen. Microloan clients' earnings, which repayment is mainly from these sectors, are in shortfall. This caused more NPL of the entire banking sector and loan reschedule preparations for specific applications.

As noticed last year, more microfinance players turned to be more commercial, switched to more larger lending size and business segments. The annual growth rate of the whole sector is still in a remarkable trend. According to CMA, by the end of 2020 the reported number of microfinance institutions are 69, of which 6 are microfinance deposit-taking institutions, 63 are microfinance institutions,

7 leasing companies and 7 rural credit operators. Number of microfinance institutions in 2020 is dropped from 83 players in 2019. The number of rural credit operators is also significantly dropped from 245 in 2019 to 7 in 2020. However, the gross outstanding portfolio and deposit, including 6 banks of these reported institutions together continues to increase to \$ 14.56 billion (double of \$ 7.2 billion in 2019) and \$ 10.575 billion (almost 3 folds versus \$ 3.77 billion in 2019) respectively. The total outstanding portfolio and savings above are excluded the figures from other commercial banks and specialized banks.

As for IPR, the gross outstanding portfolio is slightly increased, even under tougher external factors, from US\$ 5.8 million to 6.5 million since IPR has been trying to adapt with the market environment through modification of existing and designing new product offerings in response to the changing customers' behaviour. The total gross portfolio is increased by 12%, while outreach is decreased by 3% as IPR starting to diversify its market segments with larger loan amount. IPR rescheduling ratio during the period 2020 is 2.7% versus the industry benchmarking, which included 6 banks and 6 MDIs, at 6%.

IPR's NPL by 2020 ending is improved to 2.3%, compared with 3.7% by 2019, to the total outstanding portfolio, while the industry benchmarking is 2.1%. 2020's written-off ratio is much lower than 2019 about 2.6 folds. The return on assets and return on equity are also improved to 6.7% and 7.0%, compared with 4.3% and 4.6% by 2019 respectively. In terms of return on equity, IPR is much lower than sector average on account of IPR's much lower leverage. However, the earnings from assets management in terms of IPR's ROA is considered to be of highly efficient compares with the whole microfinance sector.

IPR is still very organic growth among microfinance players. Its leverage by 2020 is 0.05 times to its equity which reflect a strong financial position and be attractive room for external funding investors.

In response to the tougher competitive market environment and challenging with other external factors, IPR is being adopting to those situation and changes. Products modification and designs need to be reviewed more often. IPR also continues to focus on strengthening and improvement of its internal processes and other business strategies for more productivity and sustainability. operational process with digitalized ways and platforms is required and to pursue further.

On behalf of IPR's management, I sincerely thank all staff members, the Board of Directors and the Shareholder for the support and guidance. I wish you all to continue the effort and cooperation.

Sincerely Yours,

**HORT BUNSONG**  
**Chief Executive Officer**

# BOARD OF DIRECTORS

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**MR. OKNHA PHOU PUY**  
**CHAIRMAN**

**Mr. Oknha PHOU Puy** is the Founder and Chairman of the Board of Directors of IPR since inception, prominent Cambodian Agriculture Entrepreneur, particularly in rice milling; chairman and CEO of Baitang (Kampuchea) Plc, operator of the largest rice miller in Cambodia.



**MR. HSU MING-YEE**  
**INDEPENDENT DIRECTOR**

**Mr. HSU Ming-Yee** has been a director of IPR since 2015 and the chair of IPR Audit and Risk Committee since 2019. He is an independent microfinance consultant and investor. He used to work as Adviser, then as Head of Operations department at IPR from 2011 to 2014. Before engaging with IPR, Mr. HSU Ming-Yee worked for ADA, a Luxembourg NGO specialized in microfinance, where he coordinated the set-up of the Luxembourg Microfinance and Development Fund and managed its investment portfolio in Asia and East Africa. Prior to ADA, he worked for the European Commission in Malaysia and for the Central Bank of Luxembourg. Mr. HSU Ming-Yee has published works on banking stability, the US personal savings rate and microfinance funding.



**MRS. POK NIVILAY**  
**INDEPENDENT DIRECTOR**

**Ms. POK Nivilay** serves as an independent director since April 2016. She has a long and distinguished career in Sales & Marketing, Communication and Accounting. She previously worked as Head of Marketing and Communications; Key Accounts Manager; Sales Support Manager; and a TV host. Ms. Nivilay holds Master and Bachelor degrees in Business Administration, majoring in General Business Management.



**MR. PECH SANY**  
**INDEPENDENT DIRECTOR**

**Mr. Pech Sany** was appointed as an independent director of IPR since January 2020. Beside IPR, he is currently a Deputy CEO in Charge of Operation Department and Admin and Finance Department.

Mr. PechSany has more than two decades' banking experience to his name. He held various positions with NBC, RDB project and other Commercial Bank, starting from Supervision and Examination Department of NBC, Credit Officer of RDB, Chief Bureau in charge of MIS, Chief Bureau of R&D, Vice Head of Accounting and Finance Department and Head of Project Management Unit. He has obtained a Master degree in Finance from the National University of Management in 2004 and a Bachelor degree in Banking from the University of Banking, Vietnam in 1991.

# EXECUTIVE MANAGEMENT

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**MR. HORT BUNSONG**  
**CHIEF EXECUTIVE OFFICER**  
**(Resigned 31 Dec 2020)**

**Mr. HORT Bunsong** is currently the CEO, serving this function from the inception stage of the Company. He is the founding personnel in the creation of IPR in developing initial infrastructure required for the Company registration and obtainment of microfinance license. His prior experiences include general management, public relations, and education.



**Miss. PHOU SOVANCHAN**  
**CHIEF EXECUTIVE OFFICER**  
**(Appointed 1 Jan 2021)**

**Miss. PHOU Sovanchan** was appointed as Chief Executive Officer since 01 January 2021. Previously, she worked as Compliance Officer at IPR, serving this function since July 2019. Prior to that, she had worked as a trainee assistant to CEO for 6 months during 2018.

Sovanchan has obtained a Master degree in International Business from Grenoble Ecole de Management, and a Bachelor's degree in Accounting and Finance from CamEd Business School, while at the same time, obtained a Certified Accounting Technician (CAT) certificate from the same school. During her second year of Master's degree, that required remote study, Sovanchan began her work at IPR started in July 2019, where she worked as a Compliance Officer. During, that same year, she obtained a Regulatory Compliance Certificate from The Institute of Banking and Finance, an institution owned by The Association of Banks in Cambodia.



**MR. CHENG VANNET**  
**HEAD OF OPERATION**

**Mr. CHENG Vannet** served as Head of Operation at IPR since September 2019. He joined IPR in January 2010 and held various positions including Loan Recovery Manager, Main Branch Manager, Credit Manager, Acting Head of Operations and Head of Internal Audit. Prior to joining IPR, he worked as Credit Officer and Operations Manager with other MFIs.

Mr. Vannet obtained Master's Degree of Business Administration majoring in Management from Panha Chiet University in 2014 and He also graduated Bachelor's Degree of Economics majoring in Rural Economic Development from RULE in 2002. He also has attended several training courses related to microfinance.



# EXECUTIVE MANAGEMENT

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## MR. HAY KIMKHORN

### HEAD OF FINANCE AND ADMINISTRATION

**Mr. HAY Kimkhorn** serves as Head of Finance and Administration of IPR since 2009. He has been working with IPR for over 15 years since 2006 in different roles such as Branch Assistant, Branch Manager, and Head of Operation. Before joining IPR, he worked as a Bookkeeper of another MFI.

Mr. Kimkhorn holds a BBA in Finance and Accounting and MBA in Management from University of Management and Economic (UME), Battambang Province. He also has attended several training courses related to microfinance.



## MR. PHOUK COVITH

### ACTING HEAD OF INFORMATION TECHNOLOGY

**Mr. PHOUK Covith**, joined IPR as IT Manager in February 2020. Prior to joining IPR, He performed as IT Manager at Lyhour Exchange in 2018. And Senior Supervisor at Prudential Life Assurance Cambodia in 2017. And 2015, He worked for Amret MFI as Senior Programmer. From 2012 to 2014, He led a lot of projects to join I-ENVEX-2014 event at Malaysia.

He holds Bachelor's Degree of Computer Sciences of Norton University. His expertise with MFI and Life Assurance are developing and managing Core System, MIS Report, Data Warehouse, In-House Application and Support.



## MR. SENG KAKADA

### ACTING HEAD OF INTERNAL AUDIT

**Mr. SENG Kakada** was appointed as the Internal Audit Manager at IPR. in May 2020. Prior to joining IPR, he worked as a Senior Credit Officer at SAMIC Microfinance Plc. From 2014 to 2017. In 2019, he also continued his work at Canadia Bank as a Credit Analyst from April 2019 to April 2020. He has more than 6 years of work experience in the financial sector.

Mr. Kakada holds a Master's degree in Finance and Banking from Norton University and a Bachelor's degree in Finance and Banking from the University of Human Resources.

# SHAREHOLDERS AND LENDERS

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## SHAREHOLDER

**Mr. Oknha PHOU Puy**  
is a private Cambodian individual  
shareholder and main founder of  
INTEAN POALROATH RONGROEURNG Ltd.

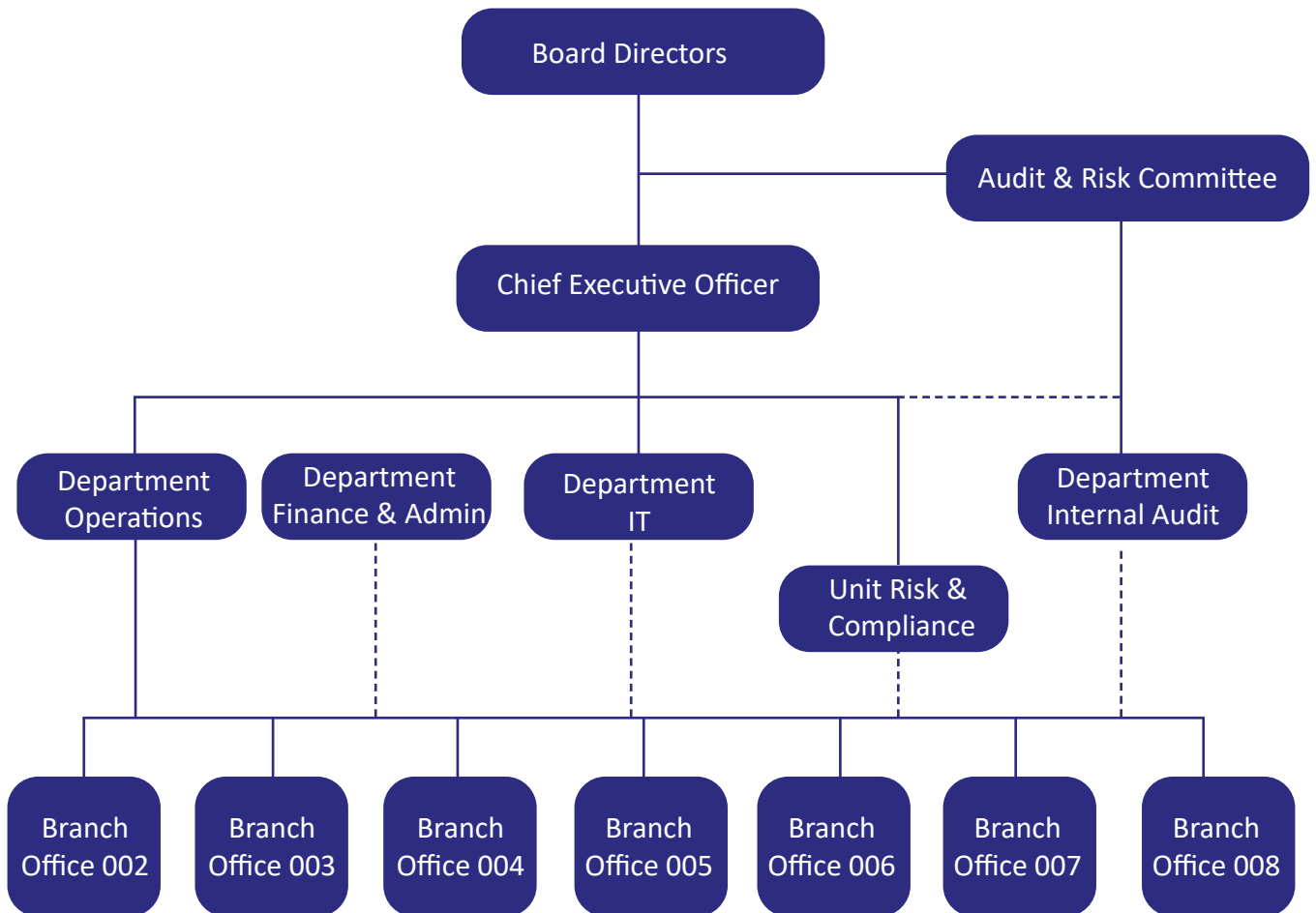
## LENDERS

**Mr. HSU MING-YEE,**  
citizen of the Grand Duchy of  
Luxembourg, passport number H5NJ9N3,  
and he is a director of the board of  
INTEAN POALROATH RONGROEURNG Ltd.

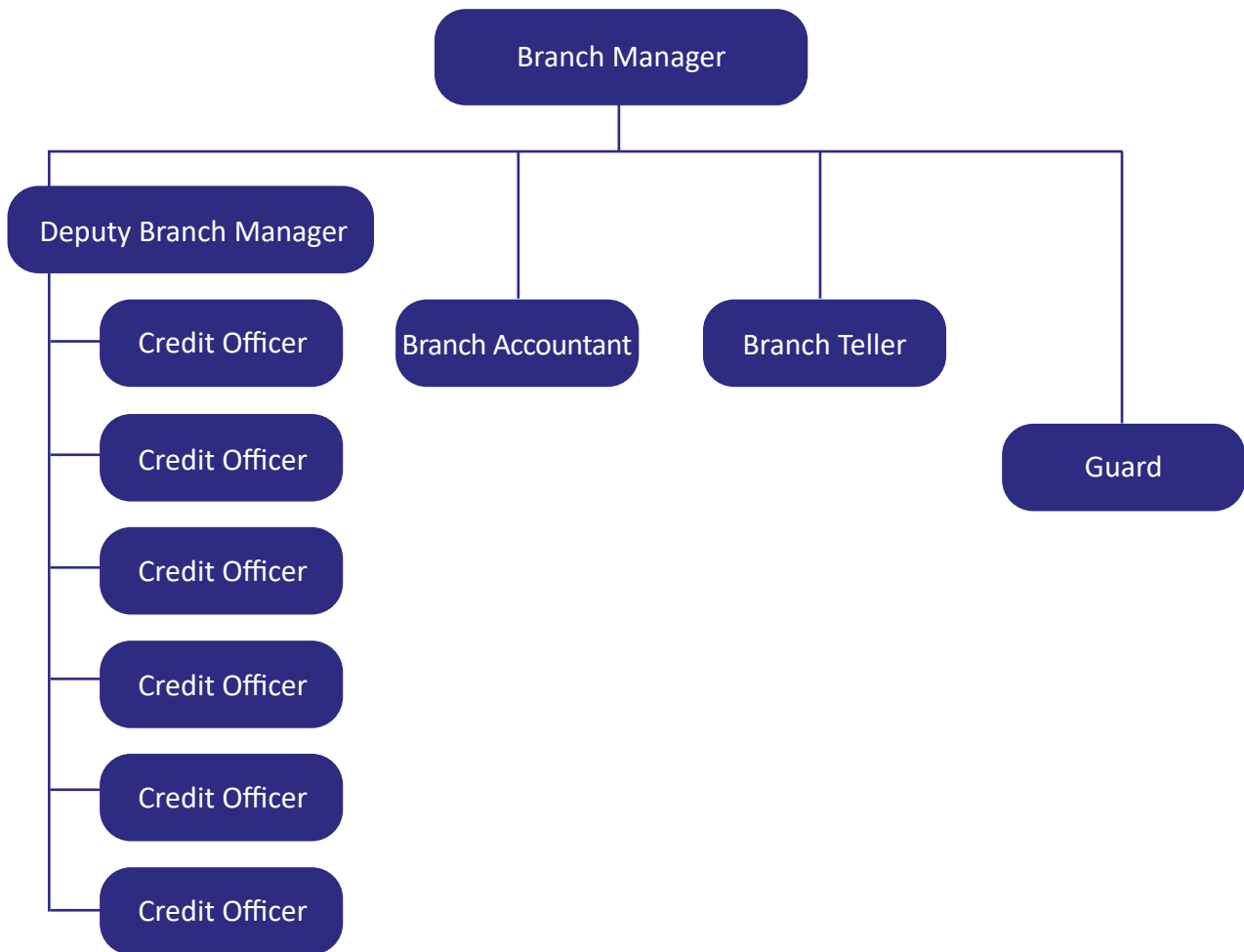




# ORGANIZATIONAL CHART



# BRANCH STRUCTURE



# CLIENTELE AND PRODUCT

IPR continue adjusted its credit policy and procedures and developed other relevant policies in adaptation to the concept of CPP standards for day-to-day operations and practices in all IPR's branches. Existing loan products were modified and new loan products were developed to suit the clients' needs, in particular the middle and low-income people in the rural areas of Cambodia. The diversification of different loan products aims to meet a larger segment of customers. The list of new loan products with targeted clientele is as bellowed:

No	PRODUCT DESCRIPTION	Target's Clientele
01	Agriculture Loan	Farmers who want to purchase agricultural inputs such as seed, fertilizer, pesticide, drainage's petrol, etc.
02	Agri-equipment/ investment Loan	Individuals who need Agri-equipment for family farming needs/for family business purpose.
03	Asset Loan	Individuals who want to purchase additional farming land(s) to expanding farming activity; and who wants home improvement
04	Business Loan	Any small and medium size businesses, and production enterprises who needs loan to support their operations.
05	Revolving Credit Line	Any small and medium size businesses, and production enterprises who needs loan to support their operations.
06	Home Appliance Loan	Homeowners who need loan for personal/family needs related to housing appliances such as refrigerator, washing machines, air-conditioner, TV, furniture, smart phone, etc.
07	Motorbike Loan	Individuals, in either urban or rural areas, who needs loan to purchase an ownership of motorbike
08	Toanchet Loan	Individuals who needs loan for legally emergency use.
09	Bridging Loan	Individuals, businesses and enterprises who are short of liquidity within a short period of time, while waiting for cash inflows from their contracted clients.



**2020'S  
PERFORMANCE**

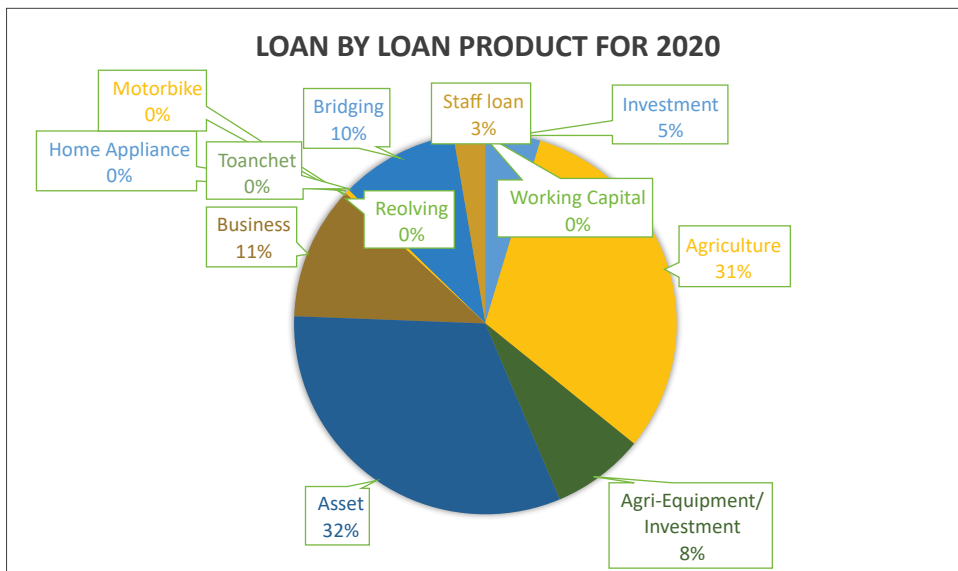
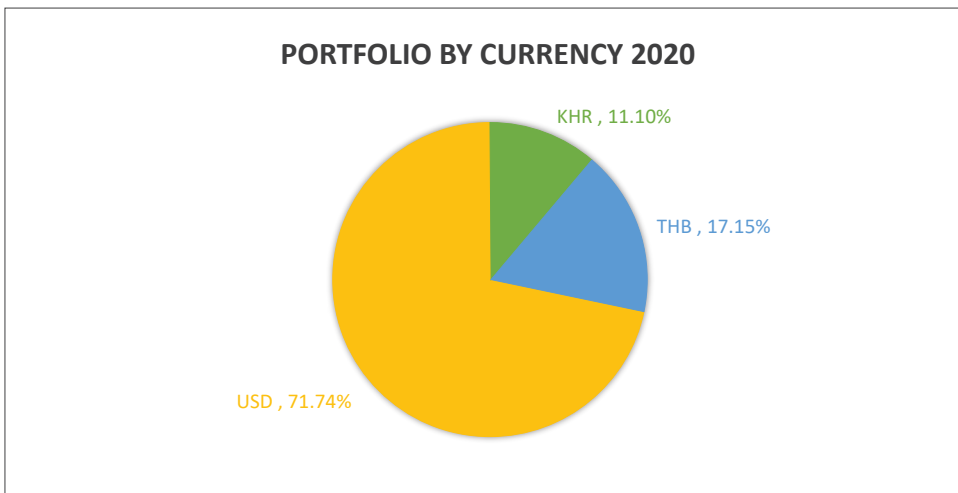
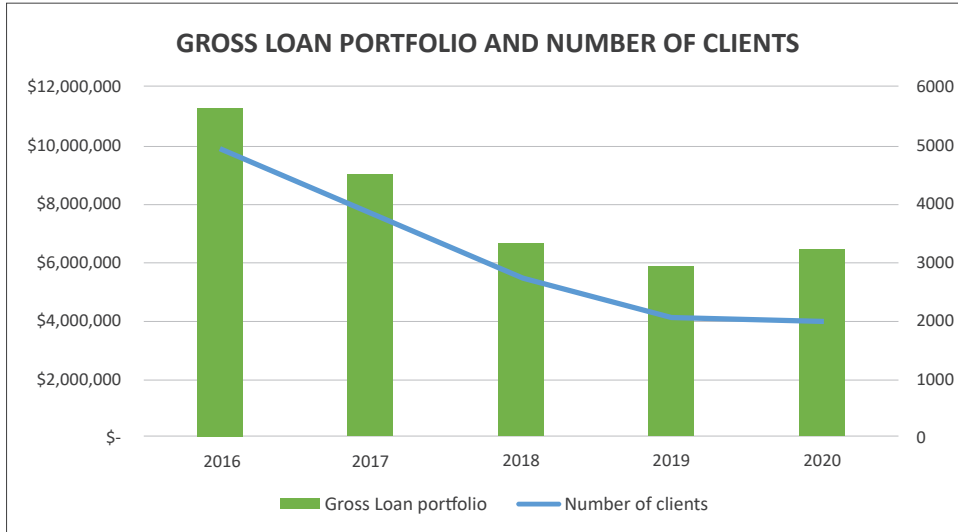
# KEY FIGURES

INDICATORS	Measure	Audited 2020	Audited 2019	Audited 2018
Operating provinces	-	8	7	7
Operating districts	-	38	35	39
Operating communes	-	164	150	161
Operating villages	-	526	526	605
Staff	-	76	78	91
Outstanding borrowers	-	1,987	2,056	2,746
Gross loan portfolio	US\$	6,457,611	5,811,548	6,686,032
Net profit	US\$	509,474	311,876	162,354
Total assets	US\$	7,862,044	7,334,626	7,265,766
Total equity	US\$	7,486,936	6,977,462	6,665,586
Women borrowers	%	86.71	88.81	89.84
Rural borrowers	%	95.22	96.64	97.82
Agriculture loans	%	49.28	57.01	82.67
Portfolio at risk (PAR>30 days)	%	2.29	3.67	9.27
Write-offs	%	2.05	5.76	4.37
Yield on portfolio	%	20.42	19.20	20.90
Cost of fund ratio	%	0.47	0.78	2.21
Operating expense ratio	%	14.9	14.9	12.1
Return on assets (ROA)	%	6.7	4.3	1.8
Return on equity (ROE)	%	7.0	4.6	2.4
Leverage ratio	%	5	5	9
Operational self-sufficiency	%	<b>186</b>	<b>138</b>	<b>116</b>

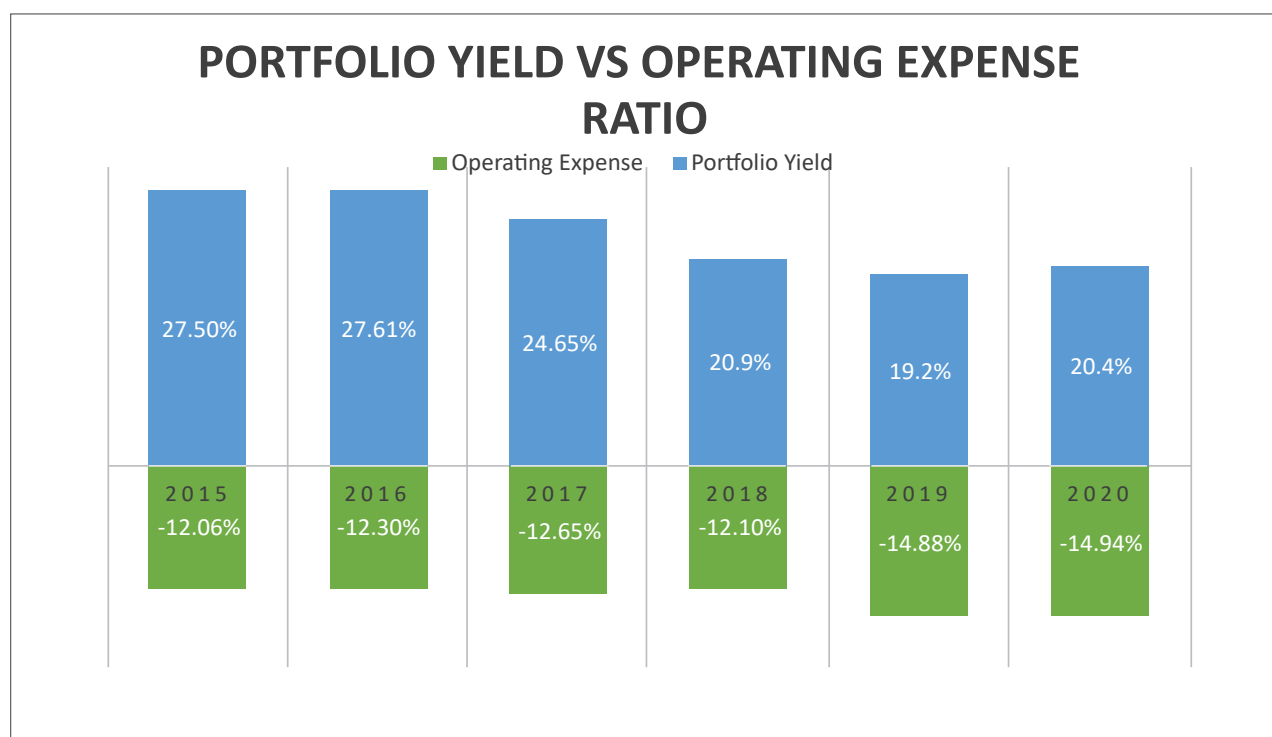
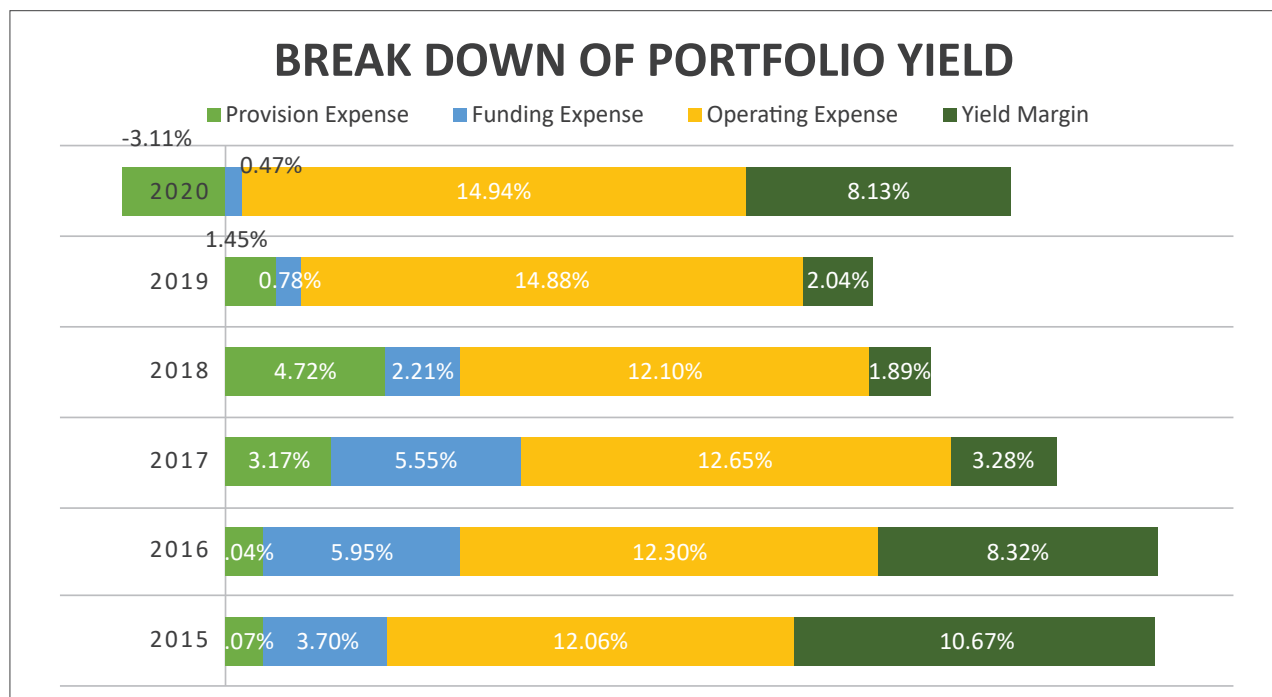


# PERFORMANCE

## LOAN PORTFOLIO



## FINANCIAL RATIO



# CLIENT'S STORIES



**Mrs. Soy Saveth, with her husband, Mr. Srey Seurn** (in the photo). They are one of the successful clients of IPR at Pursat Province. By the end of 2020, the client was under the 4th loan cycle. The couple's main businesses are livestock (cows and goats) and growing fragrant coconuts (800 trees).

Their first loan was during 2013, and the amount was \$1,000. It was used for purchasing cows for livestock. The business grew and they continued the second loan to purchase more cows. Until 2016, the couple decided to expand their assets by taking loan from IPR for \$4,000, to purchase a farm land. 3 years later in 2019, they continued to borrow 12,000,000 KHR (= \$3,000) in order to expand their business by purchasing fragrant coconut trees to grow for sales. Throughout their loan cycle, the client has been able to afford for family health care, good food and family trip. More importantly they are able to continue providing for their children's education. Besides that, Mrs. Saveth was also able to spend extra for house repairment.

Mrs. Soy Saveth and her husband expressed their happiness for being trusted by IPR in continuing to provide credit for them to grow their business from a small farm to a larger one.



**MR. Srey Seurn,  
PURSAT PROVINCE**



**Mrs. Chey Pov, with her husband, Mr. Phen Thorn** (in the photo). They are indeed one of the successful clients of IPR's Branch at Samlot District, Battambang Province. The client has borrowed from IPR for 2 cycles by the end of 2020. The couple's main income is from farming cassava, durian and pepper.

Their first loan was during 2019, and the amount was \$3,500. The loan was used in order to grow corns and soybeans. A year after, they wanted to grow their business and with their capacity, they had renewed a second loan at IPR for the same amount with the purpose to build water system for growing durian and pepper. Throughout their loan cycle, the client has been able to continue providing for their children's education, and their whole family's needs with good food, healthcare, hygiene facility (proper toilet) and extra expense to renovate their home. Aside from that, as her business grew, Mrs. Chey Pov was able spend on items such as new clothes for their family as well.

Mrs. Chey Pov expressed her thanks to IPR for her loans that enabled her to grow her business.



**MR. Phen Thorn,  
SAMLOT DISTRICT**





**MR. Buntheurn,  
PHNOM PROEK DISTRICT**

**Mrs. Seng Kheurn, with her husband, Mr. Buntheurn** (in the photo). They are indeed one of the successful clients of IPR's Branch at Phnom Proek District, Battambang Province. The client has borrowed from IPR for 3 cycles by the end of 2020. The couple's business is huge in the farming sector, including growing corns, cassava, mango and beans.

Their trading currency is mainly in Thai Baht thus during 2017, they started their loan at IPR of THB 210,000 (= \$6,700 approx.) for purchasing corns and cassava for trading and some small farming. As their capacity grew, they continued a second cycle with IPR by taking the same amount in 2018, in order to grow cassava themselves. Until 2019, the couple has expanded their business to growing mango, and they have renewed a third cycle of loan with IPR with a higher amount of THB 300,000 (= \$9500 approx.) in order to build water system for their mango farm.

Throughout their loan cycle, the client has been able to continue providing for their children's education, and their whole family's needs with good food, healthcare, hygiene facility (proper toilet) and travel expense.

**Mrs. Seng Kheurn** has added that she remains at IPR due to good client service and friendly staffs.



# INTERNAL AUDIT AND CONTROL

Internal Audit is a dynamic profession involved in evaluating and improving the effectiveness of risk management, control, and governance processes in IPR. Internal Auditors work with management to systematically review systems and operations. These reviews aimed at identifying how well risks are managed including whether the right processes are in place, and whether agreed procedures are being adhered to. Internal Audit can also identify areas where efficiencies or innovations might be made.

Internal Audit Department has three staffs including one Internal Audit Manager and two operational auditors.

In 2020, Internal Audit Department conducted 3 audited cycles in each branch. As a result, the risk score and rating for each branch is either acceptable or supplementary issue.

In the same year, the department organized two meetings with Audit and Risk Committee to discuss about the findings and action plan for next year.

As the secretary of Audit and Risk Committee, Acting Head of Internal Audit regularly send the risk limit and risk registration on a monthly basis and quarterly basis to Risk Committee and the Board of Directors for review and provide constructive recommendations.

Internal Audit Department moreover has put in place the **“Internal Audit Worksheet and Rating System” for non-performing loan and written off loan**. The new system identifies specific risks on loan recovery, loans follow-up and assess the effectiveness of the management of bad loan of each branch.



# STAFF AND CAPACITY BUILDING

INDICATORS	2020	2019	2018
<b>Staff Information</b>			
<i>Number of Total Staff</i>	76	78	91
<i>Number of Management</i>	14	13	16
<i>Percentage of Office Staff</i>	55%	56%	56%
<i>Percentage of Field Staff</i>	45%	44%	44%
<b>Staff Education</b>			
<i>Master's degree</i>	7%	6%	7%
<i>Bachelor's degree</i>	50%	51%	56%
<i>Association and under</i>	43%	43%	37%

## List of Trainings and Workshops in 2019

### Internal Trainings

1. Orientation and training on new recruited staff
2. Training on Credit Policy and Procedure, Credit Assessment and Selling Skill
3. Refresh training on ICT Policy
4. Digital Signature
5. VPN Remote Access
6. Instruction of reschedule loan
7. Abacus Data Posting guideline
8. Refreshment on AML/CFT Policy

### External Trainings and Workshops

1. IFRS Course Bundle
2. CBC Member Working Committee
3. Updated Tax Law and Obligation of Accountant and Auditor
4. Basic Computer and Excel for Job
5. Risk Based Internal Audit
6. Effective Branch Management



**IPR'S  
CORPORATE  
RESPONSIBILITY**



# TAX PAID REPORT

INDICATORS	(\$) 2020	(\$) 2019	(\$) 2018
<i>Patent Tax</i>	3,679.18	3,680.98	4,202.72
<i>Signboard Tax</i>	426.88	485.74	240.00
<i>Transportation Tax</i>	98.89	99.00	98.89
<i>Tax on Salary</i>	24,100.02	20,667.85	20,941.05
<i>Prepayment Profit Tax</i>	13,678.17	13,243.41	17,325.39
<i>Withholding Tax on Rental</i>	9,779.27	10,262.38	10,860.28
<i>Withholding Tax on Service (residence)</i>	11,417.06	9,080.97	8,577.04
<i>Withholding Tax on Service (non=residence)</i>	1,768.26	1,729.85	1,816.94
<i>Withholding Tax on Interest (residence)</i>	3,294.12	4,211.56	4,581.50
<i>Withholding Tax on Interest (non-residence)</i>	-	2,275.71	16,789.28
<i>Tax on Profit</i>	48,493.21	48,219.50	117.96
<i>Stamp Duties Tax</i>	-	-	-
<i>Others Tax</i>	-	-	5,619.14



**2020**  
**AUDITED**  
**FINANCIAL**  
**STATEMENT**

# REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting their report together with the audited financial statements of Intean Poalroath Rongroeng Ltd. (“the Company”) for the year ended 31 December 2020.

## PRINCIPAL ACTIVITY

The Company is principally engaged in the provision of micro-finance services. Those services comprise granting credit for poor and low-income households and small enterprise operating in the Kingdom of Cambodia.

## FINANCIAL RESULTS

The financial results of the Company were as follows:

	2020 US\$	2019 US\$	2020 KHR'000 (Note5)	2019 KHR'000 (Note5)
Profit before income tax	663,902	393,549	2,706,728	1,594,661
Income tax expense	(154,428)	(81,673)	(629,603)	(330,939)
Net profit for the year	509,474	311,876	2,077,125	1,263,722

## SHARE CAPITAL

There were no changes in the registered and paid up share capital of the Company during the year.

## DIVIDENDS

No dividend was declared or paid, and the Directors do not recommend any dividend to be paid for the year.

## RESERVES AND PROVISIONS

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

## BAD AND DOUBTFUL LOANS

Before the financial statements of the Company were prepared, the Board of Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

At the date of this report, the Board of Directors are not aware of any circumstances, which would render the amount written off for bad loans, or the amount of allowance for doubtful loans in the financial statements of the Company, inadequate to any material extent.

## **ASSETS**

Before the financial statements of the Company were prepared, the Board of Directors took reasonable steps to ensure that any current assets, other than loans, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realise.

At the date of this report, the Board of Directors are not aware of any circumstances, which would render the values attributed to the current assets in the financial statements of the Company misleading.

## **VALUATION METHODS**

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

## **CONTINGENT AND OTHER LIABILITIES**

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

- a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- b) any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Board of Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Company for the financial year were not, in the opinion of the Board of Directors, materially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Board of Directors, to affect materially the results of the operations of the Company for the current financial year in which this report is made except for the significant event disclosed in Note 27.

## **EVENTS SINCE THE REPORTING DATE**

At the date of this report, except as disclosed in Note 28 of the financial statement, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

## THE BOARD OF DIRECTORS

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

- **Oknha Phou Puy**                      **Chairman**
- **Mr. Hsu Ming Yee**                      **Director**
- **Mrs. Pok Nivilay**                      **Director**
- **Mr. Pech Sany**                      **Director (appointed on 01 January 2020)**

## DIRECTORS' INTERESTS

The Directors who held office at the end of the year and his interests in the shares of the Company were as follows:

	2020		2019	
	Holding %	Number of shares	Holding %	Number of shares
<b>Oknha Phou Puy</b>				
25,955 ordinary shares of US\$ 119 each	100%	25,955	100%	25,955

## BOARD OF DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Board of Directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Board of Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Board of Directors are a member, or with a company in which the Board of Directors have a substantial financial interest other than as disclosed in the financial statements.

## RESPONSIBILITIES OF BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRSs for SMEs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified In the financial statements;

- oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- control and direct effectively the Company In all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

## APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 8 to 39 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with CIFRSs for SMEs.



*On behalf of the Board of Directors,*

Oknha Phou Puy  
*Chairman*

Phnom Penh, Kingdom of Cambodia

31 May 2021

# REPORT OF THE INDEPENDENT AUDITORS

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## To the Shareholder of Intean Poalroath Rongroeurng Ltd.

### *Opinion*

We have audited the financial statements of **Intean Poalroath Rongroeurng Ltd.** (“the Company”), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 39 (hereafter referred as “the financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRSs for SMEs”).

### *Basis for opinion*

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other information*

Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors set out on pages 1 to 4. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and those charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

For **KPMG Cambodia Ltd**



Guek Teav  
*Partner*

Phnom Penh, Kingdom of Cambodia

31 May 2021

# STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	31 December		31 December	
		2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>ASSETS</b>					
Cash and cash equivalents	6	1,345,813	1,720,364	5,443,814	7,010,483
Placement with other banks	7	12,500	12,500	50,563	50,938
Statutory deposits	8	154,432	154,432	624,677	629,310
Loans to customers, net	9	6,201,442	5,240,613	25,084,833	21,355,498
Other assets	10	40,988	42,812	165,796	174,459
Property and equipment	11	38,700	25,914	156,542	105,600
Intangible assets	12	-	-	-	-
Deferred tax assets, net	15A	68,169	137,991	275,743	562,313
		<u>7,862,044</u>	<u>7,334,626</u>	<u>31,801,968</u>	<u>29,888,601</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
<b>Liabilities</b>					
Borrowings	13	302,000	302,000	1,221,590	1,230,650
Other liabilities	14	18,856	24,827	76,273	101,170
Current income tax liability	15B	54,252	30,337	219,449	123,623
<b>Total liabilities</b>		<u>375,108</u>	<u>357,164</u>	<u>1,517,312</u>	<u>1,455,443</u>
<b>Shareholder's equity</b>					
Share capital	16	3,088,645	3,088,645	12,468,860	12,468,860
Retained earnings		4,398,291	3,872,369	17,782,257	15,638,550
Regulatory reserves	17	-	16,448	-	66,582
Currency translation reserves		-	-	33,539	259,166
<b>Total shareholder's equity</b>		<u>7,486,936</u>	<u>6,977,462</u>	<u>30,284,656</u>	<u>28,433,158</u>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<u>7,862,044</u>	<u>7,334,626</u>	<u>31,801,968</u>	<u>29,888,601</u>

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

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>Operating income</b>					
Interest income	18	1,237,253	1,164,133	5,044,280	4,717,067
Interest expense	19	(28,235)	(47,390)	(115,114)	(192,024)
Net interest income		1,209,018	1,116,743	4,929,166	4,525,043
Other income	20	170,833	269,550	696,486	1,092,217
<b>Net operating income</b>		<b>1,379,851</b>	<b>1,386,293</b>	<b>5,625,652</b>	<b>5,617,260</b>
Personnel expenses	21	(532,649)	(514,256)	(2,171,610)	(2,083,765)
Depreciation and amortisation		(16,552)	(22,909)	(67,483)	(92,827)
Other operating expenses	22	(355,123)	(367,232)	(1,447,836)	(1,488,025)
Reversal of/(Impairment loss on) loans to customers	9	188,375	(88,347)	768,005	(357,982)
<b>Profit before income tax</b>		<b>663,902</b>	<b>393,549</b>	<b>2,706,728</b>	<b>1,594,661</b>
Income tax expense	15C	(154,428)	(81,673)	(629,603)	(330,939)
<b>Net profit for the year</b>		<b>509,474</b>	<b>311,876</b>	<b>2,077,125</b>	<b>1,263,722</b>
<b>Other comprehensive income/(loss)</b>					
Currency translation difference		-	-	(225,627)	387,111
<b>Total comprehensive income for the year</b>		<b>509,474</b>	<b>311,876</b>	<b>1,851,498</b>	<b>1,650,833</b>

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

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital		Retained earnings		Regulatory reserves		Currency translation reserves		Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January 2019	3,088,645	12,468,860	3,567,594	14,403,601	9,347	37,809	-	(127,945)	6,665,586	26,782,325
<b>Transaction directly recorded in equity</b>										
Transfer from retained earnings to regulatory reserves	-	-	(7,101)	(28,773)	7,101	28,773	-	-	-	-
<b>Total comprehensive income</b>										
Net profit for the year	-	-	311,876	1,263,722	-	-	-	-	311,876	1,263,722
Currency translation difference	-	-	-	-	-	-	-	387,111	-	387,111
			311,876	1,263,722				387,111	311,876	1,650,833
At 31 December 2019	3,088,645	12,468,860	3,872,369	15,638,550	16,448	66,582	-	259,166	6,977,462	28,433,158
At 1 January 2020	3,088,645	12,468,860	3,872,369	15,638,550	16,448	66,582	-	259,166	6,977,462	28,433,158
<b>Transaction directly recorded in equity</b>										
Transfer from retained earnings to regulatory reserves	-	-	16,448	66,582	(16,448)	(66,582)	-	-	-	-
<b>Total comprehensive income</b>										
Net profit for the year	-	-	509,474	2,077,125	-	-	-	-	509,474	2,077,125
Currency translation difference	-	-	-	-	-	-	-	(225,627)	-	(225,627)
			509,474	2,077,125				(225,627)	509,474	1,851,498
At 31 December 2020	3,088,645	12,468,860	4,398,291	17,782,257	-	-	-	33,539	7,486,936	30,284,656

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

# STATEMENT OF CASH FLOW

For the year ended 31 December 2020

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>Cash flows from operating activities</b>				
Net profit for the year	509,474	311,876	2,077,125	1,263,722
<i>Adjustments for:</i>				
Income tax expense	154,428	81,673	629,603	330,939
Interest income	(1,237,253)	(1,164,133)	(5,044,280)	(4,717,067)
Interest expense	28,235	47,390	115,114	192,024
Unrealised (gains)/loss on foreign exchange	(21,203)	(75,377)	(86,445)	(305,428)
Depreciation and amortisation	16,552	22,909	67,483	92,827
Property and equipment write off	2,446	2,332	9,972	9,450
Impairment loss allowance on loans to customers	(188,375)	88,347	(768,005)	357,982
Provision for employee benefits	-	18,009	-	72,972
	(735,696)	(666,974)	(2,999,433)	(2,702,579)
<i>Changes in:</i>				
Loans to customers	(835,789)	452,395	(3,407,512)	1,833,105
Other assets	72,324	56,708	294,865	229,781
Other liabilities	(5,971)	10,139	(24,344)	41,083
	(1,505,132)	(147,732)	(6,136,424)	(598,610)
Interest received	1,251,291	1,238,646	5,101,513	5,018,994
Interest paid	(28,235)	(47,547)	(115,114)	(192,660)
Income tax paid	(60,691)	(13,181)	(247,437)	(53,409)
Payment for employee benefits	-	(18,009)	-	(72,972)
<b>Net cash generated from operating activities</b>	(342,767)	1,012,177	(1,397,462)	4,101,343
<b>Cash flows from investing activities</b>				
Acquisition of property and equipment	(31,784)	(5,096)	(129,583)	(20,649)
<b>Net cash used in investing activities</b>	(31,784)	(5,096)	(129,583)	(20,649)

# STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2020

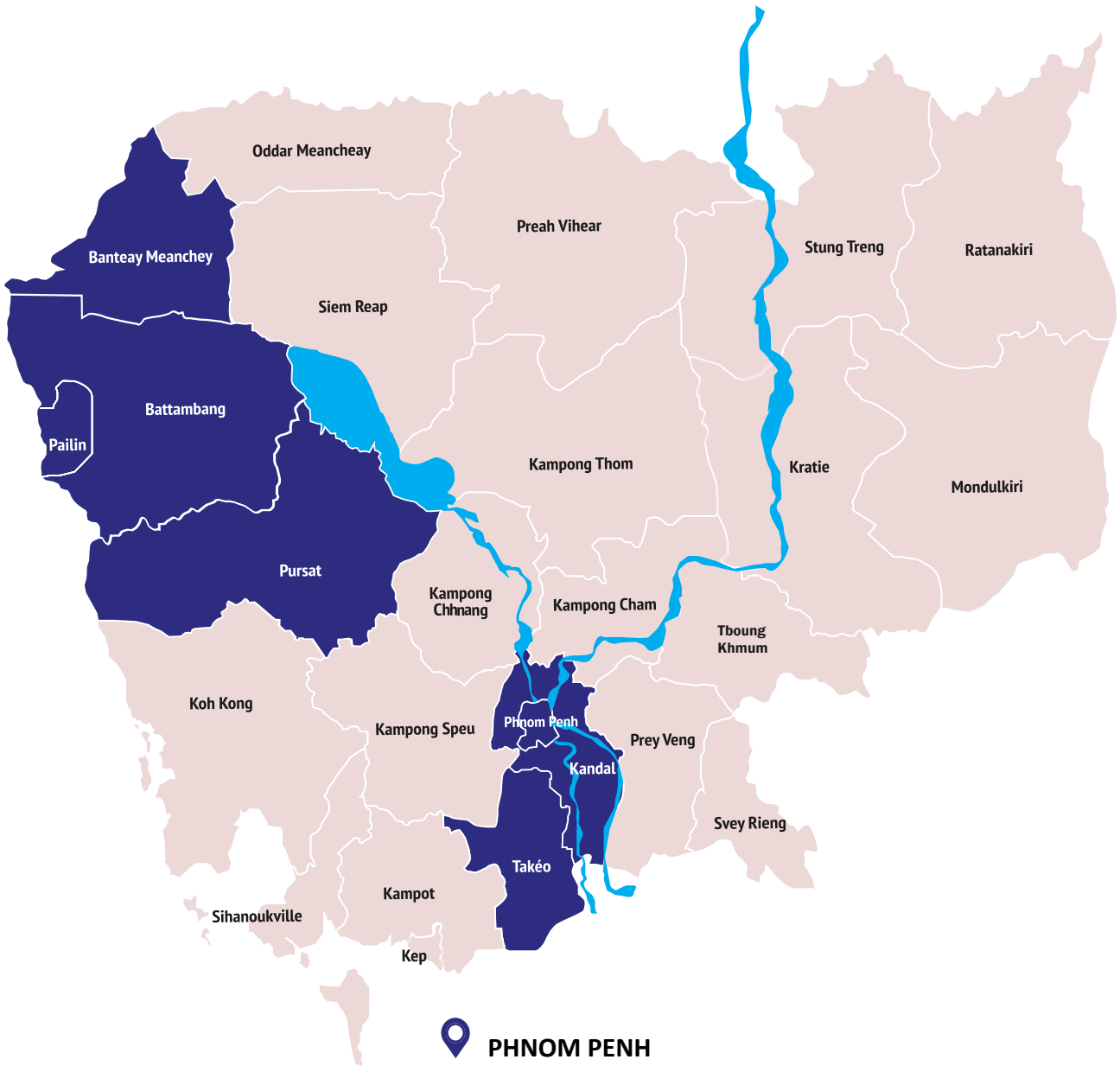
	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>Cash flows from financing activities</b>				
Repayments of borrowings	-	(283,335)	-	(1,148,073)
<b>Net cash used in financing activities</b>	-	(283,335)	-	(1,148,073)
<b>Net increase (decrease) in cash and cash equivalents</b>	(374,551)	723,746	(1,527,045)	2,932,621
<b>Cash and cash equivalents at 1 January</b>	1,720,364	996,618	7,010,483	4,004,411
Currency translation difference	-	-	(39,624)	73,451
<b>Cash and cash equivalents at 31 December (Note 6)</b>	1,345,813	1,720,364	5,443,814	7,010,483

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



# **CONTACT DETAILS**

# BRANCH NETWORK



Head Office: #779A, Kampuchea Kroam Blvd, Sangkat Tuek Laak 1,  
Khan Tuol Kouk, Phnom Penh.

**TAKAEV PROVINCE**  
▶ Takaev Branch

**BANTEAY MEANCHEY PROVINCE**  
▶ Banteay Meanchey Branch

**BAT DAMBANG PROVINCE**  
▶ Phnum Proek Branch  
▶ Bat Dambang Branch  
▶ Sampov Loun  
▶ Samlout Branch

**PURSAT PROVINCE**  
▶ Pursat Branch



# PROVINCIAL OFFICE DIRECTORY



## PHNOM PENH

### Head Office

#779A, Kampuchea Kraom Blvd, Sangkat Tuek Laak 1, Khan Tuol Kouk, Phnom Penh, Cambodia.

Tel: 023 990 237/ 070 999 739

E-mail: [info@iprmfi.com](mailto:info@iprmfi.com)

Website: [www.iprmfi.com](http://www.iprmfi.com)



## TAKAEV PROVINCE

### Takaev Branch

Kseung Village, Sangkat Roka Knong, Krong Doun Kaev, Takaev Province.

Tel: 070 999 233/ 070 999 235

E-mail: [bm002@iprmfi.com](mailto:bm002@iprmfi.com)



## PURSAT PROVINCE

### Pursat Branch

Khnach Romeas Village, Boeng Khnar Commune, Bakan District, Pursat Province.

Tel: 070 999 495/ 070 999 481

E-mail: [bm005@iprmfi.com](mailto:bm005@iprmfi.com)



## BATDAMBANG PROVINCE

### ▶ Phnum Proek Branch

Phnom Touch Village, Pech Chenda Commune, Phnum Proek District, Bat dambang province.

Tel: 070 999 323/ 070 999 325

E-mail: [bm003@iprmfi.com](mailto:bm003@iprmfi.com)

### ▶ Bat Dambang Branch

Anhchanch Village, Sangkat Ou Char, Krong Battambang, Battambang Province.

Tel: 070 999 694/ 070 999 692

E-mail: [bm006@iprmfi.com](mailto:bm006@iprmfi.com)

### ▶ Sampov Loun

Ta Sda Village, Ta Sda Commune, Sampov Loun District, Battambang Province.

Tel: 070 999 326/ 070 999 347

E-mail: [bm007@iprmfi.com](mailto:bm007@iprmfi.com)

### ▶ Samlout Branch

Ta Sanh Khang Chheung Village, Ta Sanh Commune, Samlout District, Battambang Province.

Tel: 070 999 734/ 070 999 726

Email: [bm010@iprmfi.com](mailto:bm010@iprmfi.com)



## BANTEAY MEANCHEY PROVINCE

### Banteay Meanchey Branch

Ou Snguot Village, Banteay Neang Commune, Mongkol Borei District, Banteay Meanchey Province.

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