

Cambodian Community Savings Federation, Cambodia

Initiated through CARE International, the Cambodian Community Savings Federation (CCSF) began as an economic agricultural project in 1998 before transforming into an NGO and rural credit operator in 2002. A hybrid financial intermediary based in Battambang, CCSF acts not only as a federation of village-based, community financial institutions in Northwest Cambodia but also a direct microfinance service provider through its Small and Medium Enterprise (SME) program. As members of CCSF, so-called Community Based Microfinance Organizations (CBMIFOs) enjoy access to capital used to fund their retail operations, liquidity needs, and technical assistance. With a staff of 57 and a loan portfolio of 2.5 M USD, CCSF nurtured 33 CBMIFOs (with 7,590 active individual borrowers) and served 275 active SME clients (as of February 2010).

GIRAFE Rating

Rating

C++

Outlook

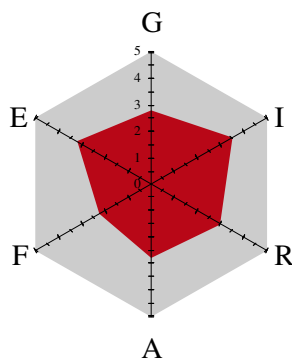
Stable

Date of the rating

March 2010

Valid until February 2011

Rating per evaluation area



Governance – Information – Risk –
Activities – Funding – Efficiency

Planet Rating Contact

James Soukamneuth

jsoukam@planetrating.com

+63 2 89 77 992

MFI Contact

Ms. Phal Pisey

Ratanak Commune, Battambang

+ 855 53 952 958

ccsf@online.com.kh

REF: JS/050910

Note: The scope of this rating is limited to CCSF and does not include its CBMIFO partners. CCSF and its CBMIFO members constitute a credit union network where the different parties are linked by ownership and cooperation agreements. The CBMIFOs take on the CCSF brand and loan products but remain free to define their own procedure and information systems. Either party may, at will or through mutual consent, choose to withdraw from the partnership. CCSF and its CBMIFO partners do not produce consolidated data or financial statements.

Rating highlights

- CCSF has shown a solid and stable profitability over the past few years, with ROA (absent donations) in the range of 6% since 2007.
- The federation benefits from a strong and committed management closely monitoring its financial bottom line and the health of its CBMIFOs.
- Low PAR 30 (of 1.1%) hides uneven portfolio quality and some concentration risk in its wholesale lending, coupled with high PAR 30 (8.7%) in the SME program.
- As a hybrid organization, the federation has no direct competitors to its CBMIFO clients. With no clear competitive advantages, however, its SME product offering faces direct competition from MFIs in Northwest Cambodia.
- The regulatory haze surrounding credit unions in Cambodia hampers more sympathetic interest in CCSF from international investors otherwise strongly active in the microfinance sector of Cambodia.

Outlook

Planet Rating assigns CCSF a stable outlook. To the extent the CBMIFOs continue to show solid performance, CCSF should generally benefit from its secretariat role. Efficiency gains from a more hands-off approach to its increasingly self-sufficient CBMIFOs balance with a needed recourse to commercial funding at market rates, along with stiff competition in the retail market placing pressure on margins for all microfinance operators in Cambodia.

Performance indicators

USD	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009	Feb. 2010
Assets	696,150	1,209,623	1,489,492	2,050,490	2,659,943	2,712,428
Loan portfolio	571,547	948,264	1,381,921	1,925,653	2,365,003	2,454,103
Outstanding deposits	62,786	110,367	146,857	232,953	323,283	341,952
Staff	48	51	50	56	56	57
ROE	(71.7%)	(7.7%)	10.5%	12.9%	13.6%	13.9%
ROA (without donations)	(24.7%)	(3.9%)	6.0%	6.6%	5.9%	5.8%
Liabilities / Equity	1.52x	0.76x	0.74x	1.14x	1.45x	1.40x
Portfolio yield	29.3%	28.0%	25.7%	25.5%	25.4%	24.3%
Operating expense ratio	57.5%	32.5%	19.1%	18.3%	17.0%	13.5%
Funding expense ratio	0.5%	0.8%	1.4%	2.2%	1.7%	3.8%
Loan Loss Provision expense ratio	1.7%	0.8%	2.7%	0.6%	0.4%	(0.0%)
PAR 31-365	0.1%	0.7%	6.9%	0.5%	0.8%	1.1%
PAR > 365	1.9%	0.3%	0.1%	0.1%	0.1%	0.1%
Write-off ratio	0.0%	1.4%	0.3%	0.1%	0.1%	0.0%