



MAXIMA
Microfinance

គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ "ម៉ាក់ស៊ីម៉ា" ភីអិលស៊ី
MAXIMA Microfinance Plc.

27 October 2023

To all Maxima lenders and stakeholders,

As most of you may already be aware, The Guardian has recently published an article which placed Cambodia's microfinance sector to scrutiny because of alleged malpractices of named several microfinance institutions, many of which are recognizable institutions in the industry. According to such allegations, distress caused by their aggressive collection practices caused certain individuals to commit suicide. Kindly refer to this link of the said [article](#).

Maxima is not, in any way, related to these cases. Internally, we implemented measures to ensure that such scenarios will not likely happen, including:

- Providing our internal staffs with training on appropriate collection practices;
- Embedding such practices in our Employee Code of Conduct, and strengthening its implementation and monitoring;
- Regularly reviewing our incentive mechanism to ensure that it does not encourage aggressive collection practices;
- No foreclosure of any collateral (note that we have not foreclosed any collateral ever since);
- Implementing a thorough complaints mechanism process;
- Conducting an annual client satisfaction survey; and,
- Continuously adhering to Client Protection Principles, as evidenced by our CPP certification (obtained since 2019 and is currently ongoing renewal with MicroFinanza).

These issues stemmed from historically high average debt maintained by households while their income has deteriorated due to the pandemic and the recent global economic challenges. As the country continues to work its way to recovery, we expect to continue to face challenges in loan quality and repayments from our clients. However, we will continue to address these challenges keeping as foundation the welfare of our clients, all of which are aligned with the standards on client protection. In addition to this, we will continue to closely and consistently communicate challenges to our Board and shareholders, and through their leadership, take a cautious and balanced approach in ensuring that actions to be taken always prioritizes the best interest of our clients and all other stakeholders.

We express our most sincere condolences to the families and loved ones of the deceased. We at Maxima believe that the events that have transpired should never have happened, and we are one with you in ensuring that responsible and ethical practices are practiced at all times. We trust that the Cambodian Microfinance Association (CMA) and the National Bank of Cambodia (NBC) will take all appropriate measures to ensure a fair investigation and issue an official response regarding the matter. Should there be changes that will be required to further strengthen the practices of the sector, Maxima is always ready and committed to act accordingly.

We will continue to provide you updates, if any. Thank you for your unabated trust and support.

Sincerely,



TOMOHIRO ISOZAKI
Chief Executive Officer