



គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ ហ្វាមីលី ម.ក
FAMILY Microfinance Plc.

ANNUAL REPORT

2021

Vision & Mission



Mission

To design innovative financial solutions and deliver good service to enrich a better quality of life.

Vision



To be the first choice and best strategic partner that offers innovative financial solutions and produces sustainable value for shareholders, employees and communities.



Core Value



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OUR CORPORATE PROFILE



1. ABOUT FAMILY MICROFINANCE PLC.

Family Microfinance Plc. is a microfinance institution regulated by the National Bank of Cambodia to provide financial solution to individual and enterprises in Cambodia. The National Bank of Cambodia (NBC) licensed Family Microfinance Plc. as microfinance in October 2018 with two shareholders as Mr. WU CHEN and Mr. WU TZU YUN. We offer excellent customer service, client protection, provide competition and innovation of loan products to businessmen, entrepreneurs, vendors, farmers and own family business. Family Microfinance has been established with our core value to help poor people who have difficulty to request for finance service from commercial banks as more capital to run and expand their businesses. We realize that our products and services together with professional and experienced staff will enable our customers and partners to achieve their business.

2. BOARD OF DIRECTOR



Mr. WU Chen
Chairman Board of Director

Mr. WU Chen was born in 1979 in Taiwan. In 1995, he went to study at Australia and graduated from Griffith University, major International Business. He also had joined many local and overseas conferences such as 30th Session of Council for Industrial and Commercial Development. He had won many awards overseas. In 2018, one of the most outstanding awards is the Top 10 Outstanding Enterprises Taiwan's 19th Golden Peak Award. Besides Family Microfinance, Mr. Wu Chen also manages many other businesses and investment companies including:

- ✚ TAIWAN JI QI SHOE CO., LTD.
- ✚ VIETNAM FOCUS GROUP
- ✚ J&L PROPERTY DEVELOPMENT CO., LTD.
- ✚ SHINESTONE PLC.
- ✚ JL CAMBODIA CHARITY ASSOCIATION
- ✚ ONE BELT ONE ROAD OPPORTUNITY LTD.



Mr. WU Tzu Yun
Board of Director

Mr. WU Tzu Yun was born in 1985 in Taiwan. He went to study in Australia in 1995 and graduated from Griffith University, Australia major Marketing and Media. Besides being director of Family Microfinance, Mr. Wu Tzu Yun also manages other businesses such as:

- ✚ TAIWAN JI QI SHOE CO., LTD.
Vice General Manager
- ✚ MATSU PROPERTY CO., LTD.
General Manager
- ✚ MATSU BIOTECHNOLOGY CORPORATION.
Director
- ✚ J&L PROPERTY DEVELOPMENT CO., LTD.
General manager
- ✚ FAMILY MICROFINANCE PLC.
Director
- ✚ JL CAMBODIA CHARITY ASSOCIATION.
Director
- ✚ ROTARY CLUB OF TAICHUNG TAIXIN.
Chairman

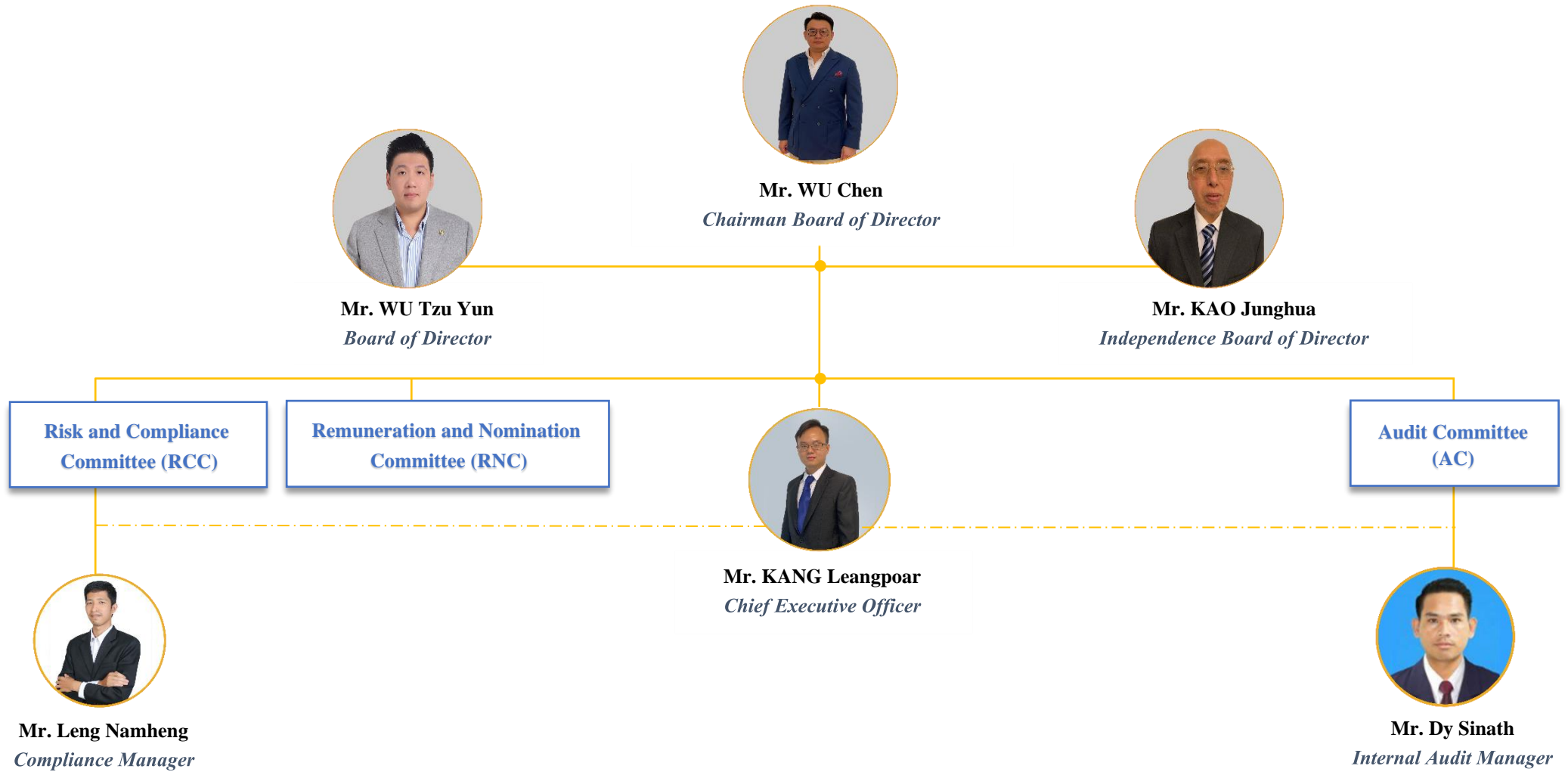


Mr. KAO Junghua
Independence Board of Director

Mr. KAO Junghua was born in 1949 in Taiwan and he was graduated from Tamkang University, Major Business Administration in 1975. He had many years of experience in banking sector at oversea especially in Taiwan. Before joining with Family Microfinance Plc. he had worked for many banks and companies such as:

- + LAND BANK OF TAIWAN.
Branch Manager
- + TAIWAN COMMERCIAL BANK.
Vice General Manager
- + JING-DU CONSTRUCTION CO., LTD.
Vice General Manager
- + BANK TAIWAN SECURITIES.
Director
- + TAIWAN SMALL & MEDIUM ENTERPRISE
GUARANTEE FUND – Director
- + JL CAMBODIA CHARITY ASSOCIATION.
CEO.

3. SHAREHOLDER ORGANIZATION CHART AND CORPORATE GOVERNANCE



❖ AUDIT COMMITTEE

This Committee is constituted to ensure safe and sound corporate governance and it is vested with necessary power as defined in its Charter to achieve its objectives. The powers and terms of reference of the Audit Committee are comprehensive and comply with the requirement as set out by Article 131 of the Law on Commercial Enterprise, as well as Article 8 of the National Bank of Cambodia's Prakas B7-08-211 on Governance in Bank and Finance Institutions. The Chairman of this committee is a Non-Executive Independent Director who also answers all queries from shareholders at general meeting.

The main objective is to ensure that the information provided to public regulations and to other shareholders is completely disclosed, transparent, accurate and reliable. Assessing the relevance of the accounting methods used to prepare the individual and consolidated accounts.

Meeting:

The AC meets as frequently as required.

Membership:

The Committee shall be appointed by the Board, but it shall be not less than three people (3) nor greater than five people (5). The Chairman of this committee shall be an independent director of the Company and all the member also independent from the management of the Company. The AC members are as follows:

- Independent Board : Chairman
- Board of Director : Member
- Internal Audit Manager : Member

❖ RISK COMMITTEE

The Board of Directors of the Company has established a Committee of the Board to be known as the Risk Committee ("RC") to meet requirements of governance to deliver best practice for the company. This committee will assist the Board in monitoring the risk management framework including the strategies, policies, procedures and systems. On top of that this Committee shall assist the Board and its other committees that oversee specific risk-related issues and serve as a resource to management by overseeing risk across the entire Company and across all type of risk.

Meeting:

Meeting shall be done when appropriate, but at least 2 times a year. The Chairman of the RC may convene additional meetings if deemed necessary.

Membership:

The RC shall be appointed by the Board and shall be comprised of 3 peoples. The chairman and the member shall be an independent from the management of the Company. The RC members are as follow:

- Independent Board of Director : Chairman
- Board of Director : Member
- Compliance Manager : Member

❖ REMUNERATION & NOMINATION COMMITTEE

The Board of Directors of the Company has established a Committee of the Board to be known as the Remuneration and Nomination Committee (“RNC”) to meet requirements of governance to deliver best practice for the company. This committee will assist the Board in monitoring the implementation of company staff policy and guidelines, including total staff remuneration and competence building for Senior Management and staff and recommend any changes.

Meeting:

The meeting shall be held when appropriate, but at least 3 (three) times a year. The Chairman of RNC may convene additional meetings if deemed necessary.

Membership:

The RNC members are as follows:

- Independent Board of Director : Chairman
- Board of Director : Member
- HR & Admin Manager : Member

4. CHAIRMAN MESSAGE



Cambodia's economy is forecast to grow 4.0% 2021 this year and 5.5% in 2022, as the economic recovery in major trading partner boosts demand for Cambodia's exports, according to an Asian Development Bank (ADB) report released by 28 April 2021. According to the Asian Development Outlook (ADO) 2021, industrial production is expected to rise 7.1% in 2021 and 7.0% in 2022 on the back of a rebound in the garments, footwear, and travel goods sector, as well as growth in other light manufacturing such as electronics and bicycles. Agriculture is expected to grow by 1.3 % in 2021 and 1.2% in 2022, underpinned by higher crop production after last year's flood damage, continued growth in aquaculture, and rising agriculture exports to the People's Republic of China.

Services will recover more slowly, expanding by 3.3% in 2021 and 6.2% in 2022. Efforts to contain a local outbreak of COVID-19 that began in February 2021 are dampening service sector activities. Travel restrictions are expected to remain in place for most of 2021, which means tourism is not expected to boost services this year. Real estate is expected to recover from last year's contraction, in line with a similar trend for the construction industry.

However, Banking and microfinance sectors are keeping a good performance. Cambodia's banking industry had seen robust growth in loans and deposits in 2021 despite the impact of the COVID-19 pandemic, according to a report of the National Bank of Cambodia (NBC) 27 January 2022.

Outstanding loans rose by 21.2 percent year-on-year to \$45.7 billion last year, while customers' deposits surged by 15.4 percent to \$38.5 billion. The growth was driven by rising loan demands in trade, housing, construction and manufacturing, among others, the central bank said, adding that the non-performing loan (NPL) was at a controllable rate of 2.4 percent. Cambodia has 56 commercial banks, 11 specialized banks, and dozens of microfinance institutions, with a total of 2,600 headquarters and branches as well as 3,512 automated teller machines (ATMs) throughout the country as report of the National Bank of Cambodia (NBC) 27 January 2022.

"The increase in deposits clearly reflects the confidence of the public members and investors in the banking sector. "In sum, the banking sector is very stable and has actively contributed to promoting the economic recovery and resilience."

Meanwhile Family Microfinance Plc had joined with Royal Government in the fight against Covid-19 pandemic by keeping offer our loan disbursement to client within all industrial and we also offered loan restructure of 35 client's total amount of USD 449,980 to help our customer during this difficult situation.

On behalf of the Board of Directors, I would like to express my gratitude to the National Bank of Cambodia and other competent authorities for their guidance and support during this Covid-19 pandemic.

On the other hand, I would like to thank the CEO, management and all the staffs for their hard work and commitment to achieve the goals of our institution even in this Covid-19 pandemic.

Signature

WU CHEN



Mr. WU Chen

Chairman

5. CEO MESSAGE



In 2021, Covid-19 pandemic is still the big concern and important topic all sectors same as Banking and Microfinance Industry. Business performance in the banking and financial sector remained strong in 2021 in terms of the quality of credit and deposits, despite the fallout from the Covid-19 outbreak that has hampered economic activity for two years, according to the National Bank of Cambodia (NBC).

As one of license microfinance institution in Cambodia, Family Microfinance Plc had a strong operational with good result as a profitable year of 2021. Our total asset had over 1.5 million within 1.4 million are loan outstanding and local borrowing amount USD 690,000 while our profitable amount USD 41,805. Family Microfinance Plc. had total loan portfolio amount USD 1,302,476 as of the year 2021 and 85.82 % are loan in USD while 14.18 % are loan in KHR it was comply with NBC regulatory. Our Return on equity is 5 % then Return on asset 3 % while debit asset ratio was only 48 %. Family Microfinance Plc. had maintained Solvency Ratio not less than 15 %, which was above the minimum requirement by the NBC as well as maintained at 41 % by 31 December 2021.

During this Covid-19 pandemic, we also try our best to help our client by providing loan restructure to 35 client's total amount of USD 449,980 of total loan outstanding.

As 2022 will coming soon, the Digital and Fin-Tech is the most popular payment of banking and microfinance institution. The digital banking and Fin-Tech payment had change customer concept with new technology instrument especially with young and people in the middle age. Family also had joined as partner with Wing Fin-Tech company with loan repayment through a lots of Wing agency within everywhere. Sooner we will develop our- in house system mean client can request their loan through Facebook page or website, check their loan outstanding so on.

At the end, we would like to express our sincere thanks to shareholder, Board of Directors, National Bank of Cambodia, and especially our clients for continuing to support us. A special thanks to our staff and managers for their strong commitment to support.

Signature



Mr. KANG Leangpoar

Chief Executive Officer

OUR OPERATION MANAGEMENT & STRATEGY

1. OUR MANAGEMENT ORGANIZATION CHART & CORPORATE GOVERNANCE



❖ DISCIPLINARY COMMITTEE

The Board of Directors has approved to establish a Disciplinary Committee (“DC”) for the adjudication, investigation, and when necessary, the subsequent discipline of any member found to be in violation of the Code of Ethics and internal rule and policy. The committee is established to review and the nature of compliant or issues related to staff and discuss among member in detail and to ensure the Code of Ethic, internal role and regulation are well aware by staff of the company.

Meeting:

Meeting shall be done when appropriate, but at least 2 times a year. The Chairman of the DC may convene additional meetings if deemed necessary.

Membership:

The DC members are as follows:

- Chief Executive Officer : Chairman
- HR & Admin Manager : Member
- Finance Manager : Member

❖ CREDIT COMMITTEE

The Board of Directors has approved to establish a Credit Committee (“CC”) for ensure the compliance with program government and healthy loan portfolio. The purpose of this committee is to approve credit guidelines allowed beyond the signing approving authority limit. In addition, this committee will monitor the credit risk management frameworks and policies in concerning with the Company business as whole.

Meeting:

The meeting shall be held at least once a month. The Chairman of the CC may convene additional meetings of deemed necessary.

Membership:

The CC members are following:

- Chief Executive Officer : Chairman
- HR & Admin Manager : Member
- Credit Manager : Member
- Finance Manager : Member

❖ BUSINESS DEVELOPMENT COMMITTEE (BDC)

The Board of Directors has approved to establish a Business Development Committee (BDC) to review and oversee the development and implementation of the Company's business plan and strategies, discussing the current marketing trend and competition and proposing new business opportunities to the Board to best meet the Company's vision and objectives for which the Board's approval is required.

Meeting

The committee will be held every month. The Chairperson of the committee or a majority of the members of the Committee may call a special meeting of the committee

Membership:

The Committee shall be comprised of the following members:

- Chief Executive Officer : Chairperson
- Compliance Manager : Member
- Credit Manager : Member
- Finance Manager : Member
- HR & Admin Manager : Member
- IT Manager : Member
- Marketing Manager : Member

❖ COMPLAINT MANAGEMENT COMMITTEE (CMC)

The Board of Directors has approved to establish a COMPLAINT MANAGEMENT COMMITTEE ("CMC") to ensure the compliance with government and implement the Consumer Complaints Management Framework (CCMF). The purpose of this Committee is to solve the consumer complaint under the Prakas on Resolution of Consumer Complaints and CCMF. In addition, this Committee will monitor the consumer complaint management framework in concerning with the company business as whole.

Meeting

A formal meeting stated in the Duties set below shall be held at 4 times per year. The Chairperson of the CMC may convene additional meeting if deemed necessary.

Membership:

Currently the members are as follows:

- Chief Executive Officer (CEO) : Chairperson
- Marketing Manager : Member
- HR & Admin Manager : Member
- Credit Manager : Member
- Compliance Manager : Member

2. TEAM MANAGEMENT



Mr. KANG Leangpoar
Chief Executive Officer

Mr. KANG Leangpoar graduated Bachelor of Accounting in 2011 from Vanda Institute, Associate Degree in Banking in 2011 from Center for Banking Studies and Bachelor of English Literature in 2012 from University of Cambodia. He graduated his Master in Finance, Banking and Insurance in 2015 from University of Nantes, France. He has more than 9 years of professional experience in Banking and Financial Sector in Cambodia and he also has served several senior management levels during his professional experience. He served as Business Manager at Cambodia Post Bank Plc. and before moving to the banking industry, he has 5 years of working experience in Cambodia Financial Market with several roles, including Head of Sale and Marketing, Chief Operating Officer and Deputy CEO at Cana Securities, a wholly-owned subsidiary of Canadia Bank Plc. He was a licensed Head of Operations, a qualified Securities Specialist and Head of Operations accredited by the Securities & Exchange Commission of Cambodia (SECC). Currently, he is Chief Executive Officer at Family Microfinance Plc.



Mr. HENG Vuthy
Finance Manager

Mr. HENG Vuthy is pursuing of ACCA program at Camed Business School. He received Bachelor Degree of Accounting and Finance at National Institute of Business. He worked as Senior accounting at Union Commercial Bank PLC for 3 years. Hereafter, he worked as Deputy Manager of Financial Accounting at Samrithisak Microfinance Plc for 2 years, and he worked as Deputy of Finance Manager at Chailease Royal leasing PLC for 2 years. Currently he is working as Finance Manager at Family Microfinance Plc, is responsibilities for accounting role, finance management role, treasury management role, budget forecasting role, cash management role, tax declaration role and accounting policies and procedures.



Mr. KHAN Sovannarith
Credit Manager

Mr. KHAN Sovannarith holds Master's degrees in Business Administration at NORTON University and Bachelor's degree of Management specialized in Accounting at CHEA SIM University of Kamchaymear. Currently, he is working with FAMILY Microfinance Plc as Credit Manager in June 2021. He had experiences in financial sector for more than 14 years. He joined PRASAC in September 2007 as a credit officer; and he was gradually promoted to Credit Compliance Officer, Performance Management Officer, Senior Performance Management. He joined SAMBAT Finance Plc in April 2015 as Credit Support Unit Manager; and he was gradually promoted to Manager of Branch Management. He joined KB Daehan Specialized Bank Plc as Credit Manager in October 2020.



Mr. KEO Vandet
IT Manager

Mr. KEO Vandet graduated with his Bachelor Degree of Computer Science in 2015. In professional background, he gained hands-on experience in one among the largest commercial bank and Microfinance on Core Banking System, Networking with various kinds of Technical Skills such as defining system work flow and process, secured banking/financial network infrastructure, and policy maker. In early 2019, he joined Family Microfinance Plc. as IT Unit Manager and one year later he was promoted to be IT Manager. He has initiated and set up Network Infrastructure for Production, Core Banking System for Production and UAT, and IT Policy as well as IS Policy for Family Microfinance Plc. since joined. He got over 6-year experience in Banking and Financial Sector including IT infrastructure, IT Security, Database & System Development, Project Management and Core Banking System. He also has joined many technologies trainings course.



Mr. DY Sinath
Internal Audit Manager

Mr. DY Sinath has been working for Family Microfinance Plc. since January 2021 by holding a position of Internal Audit Manager. Before working for Family Microfinance Plc., he had more than 8 years of experience as Credit Officer, Administration Officer, Internal Auditor, Senior Auditor, with other MFIs. He graduated Bachelor's Degree of Business Administration in 2014 at Institute of Management and Development and Presently, he is studying a Master degree of Business management at the Cambodian University for Specialties. In addition, he has attended in various training courses such as Financial Auditing at The Apollo Institute of Advance Sciences & Applied Business Co., LTD, Conducting Effective Audit Engagement, Fraud Interviewing Techniques, Introduction to Modern Internal Audit, Developing Risk Base Audit Plan, Best Practices in Internal Auditing, and many other courses.



Mr. LENG Namheng
Compliance Manager

Mr. LENG Namheng is graduated from Royal University of Law and Economic in 2019, majoring Business Management and finished IEAP English program from PUC in 2016. He finished Debating and Public Speaking class from PUC 2016 and used to compete many competitions in PUC and Royal University of Law and Economic. In banking industries, he used to work at Cathay United Bank (CUBC) and Foreign Trade bank of Cambodia (FTB) as Compliance and AML officer, and Wing Bank as Senior Compliance officer. Before moving to banking industry, he used to work as Teacher of English two years at American International school. Moreover, he used to volunteer in community such as Bring Me Hope and so on. He attended numerous professional courses including Compliance, Anti-money laundering, Management administration, Leadership, Practical Operational Risk Management and other Banking-related courses. He appointed by Family Microfinance Plc. as Compliance Manager On 11 October 2021.



Mrs. NGET Sreyneang
HR & Admin Manager

Mrs. NGET Sreyneang joined with Family Microfinance Institution in 2021 as the Head of Human Resources and Administration, who is responsible for such as recruitment, other benefits, staff declaration to the Ministry of Labor and Other administrations. Prior to joining With Family Microfinance Institution, she had extensive experience in human resources and administration. In 2020, she worked for a private company called Phnom Penh Digital Services, where she served as Head of Human Resources and Administration. From 2017 to 2019, she was an English teacher at BELTEI International School, Branch 7, teaching for Pre School 5. In 2016, she worked at Ratana Plaza Shopping Mall as an administrative and stock controller. She had graduated Bachelor degree of Business Law in 2016 from the University of Cambodia.

3. PRODUCT AND SERVICE

3.1. BUSINESS LOAN

Our business loan is designed for businessmen and entrepreneurs to start a new business or business expansion. All small and medium enterprises are able to access this type of loan for the investment capital or working capital for their business operation with the special rate offer. Our loan size ranges from small loan to medium loan with maximum amount of USD 150,000. With convenient required document and fast-approval process, customers can obtain our fund to use for business on time and achieve their goals.



Product Features:

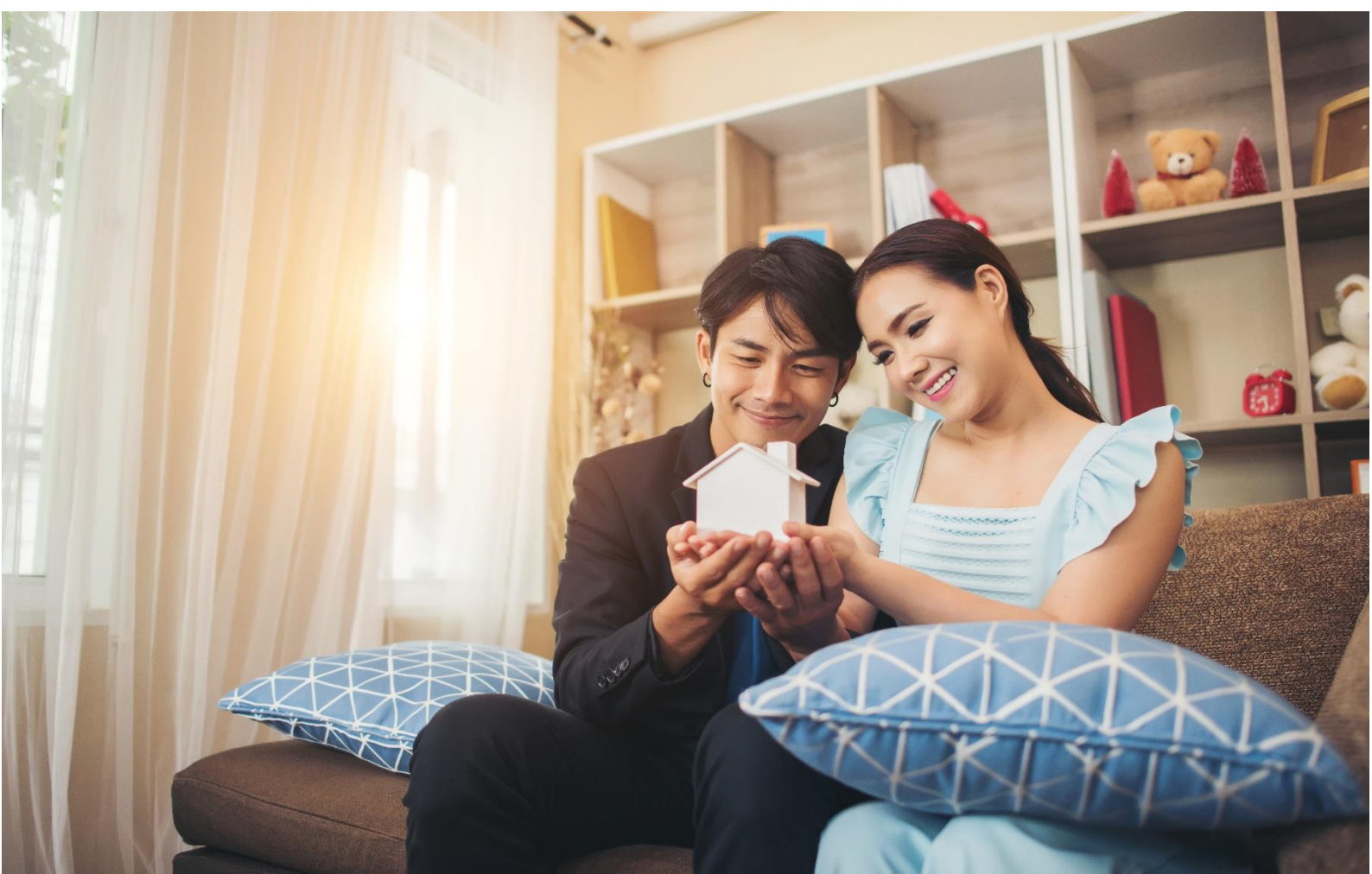
- Loan Term: up to 10 years
- Attractive interest rates with flexible repayment
- Fast loan approval request within 2 – 5 days
- Easy and convenient required documents

Required Documents:

- Both hard title & soft title are acceptable
- ID Card & other identity proof documents
- Employment Letter or business income documents

3.2. MORTGAGE LOAN

Owning a home is everyone's dream and with Family MFI Home Loan, we can make your dream home come true at any time. You can borrow up to 80% of the home value for up to a 20-year repayment term at a low and attractive interest rate. For example, if you want to buy a home with amount of USD 100,000, you just pay a down payment of USD 20,000, Family Microfinance will support a loan of USD 80,000 for 20 years with a low-interest rate.



Product Features:

- Loan Amount : \$10,000 - \$150,000
- Loan Term : up to 20 years
- Attractive interest rates with flexible repayment
- Fast loan approval within 2 – 5 days
- Easy and convenient required documents

Required Documents:

- Both hard title & soft title are acceptable
- ID Card & other identity proof documents
- Employment Letter or business income documents

3.3. VEHICLE LOAN

Make your dream come true with Family Microfinance by providing customers an easy and convenient way to get into the car they wish to have. All customers can make their vehicle dream become reality with an affordable monthly payment and without any collateral. Family Microfinance has cooperated with many car garages to provide easy way and faster process for customer to get car loan with our car garage partners.



Product Features:

- Loan Amount : \$10,000 - \$50,000
- Loan Term : up to 5 years
- Attractive interest rates with flexible repayment
- Fast loan approval within 1 – 3 days
- Easy and convenient required documents
- No Collateral Required

Required Documents:

- ID Card & other identity proof documents
- Employment Letter or business income documents
- Guarantor

3.4. MOTORBIKE AND TUK-TUK LOAN

Transportation with Tuk-Tuk or Motorbike is increasing every day. With Family Microfinance Plc.'s Tuk-Tuk and Motorbike loan, customer can easily get the motorbike for driving to work or purchase Tuk-Tuk for business to earn daily living.



HONDA PCX



SCOPY 2020



HONDA CLICK 2020



HONDA DREAM 2019

Product Features:

- Loan Amount : \$1,000 - \$6,000
- Loan Term : up to 3 years
- Attractive interest rates with flexible repayment
- Fast loan approval within 1 – 2 days
- Easy and convenient required documents
- No Collateral Required

Required Documents:

- ID Card & other identity proof documents
- Employment Letter or business income documents
- Guarantor

3.5. PERSONAL LOAN

Personal loan provides source of financing to individual to purchase household goods like material or furniture to beauty their houses or essential in everyday living (e.g., wood salon or air conditional). Without requiring collateral, customers can easily get the loan for their personal uses to make their living and life better.



Product Features:

- Loan Amount : \$500 - \$2,000
- Loan Term : up to 2 years
- Attractive interest rates with flexible repayment
- Fast loan approval within 1 – 2 days
- Easy and convenient required documents
- No Collateral Required

Required Documents:

- ID Card & other identity proof documents
- Employment Letter or business income documents
- Guarantor

3.6. AGRICULTURE LOAN

Provide loan to farmers and other self-employed individuals engaged in agricultural production. It can be used to purchase agricultural machinery and equipment, fertilizers and seeds, poultry and livestock, and other similar items. Family Microfinance provide flexible and convenient payment term to suit the situation of our farmer's business to support and make their living better.



Product Features:

- Loan Amount : \$1,000 - \$100,000
- Loan Term : up to 25 years
- Attractive interest rates with flexible repayment
- Fast loan approval within 2 – 5 days
- Easy and convenient required documents

Required Documents:

- Both hard title & soft title are acceptable
- ID Card & other identity proof documents
- Employment Letter or other business income documents

4. CUSTOMER SUCCESS STORIES

➤ Customer: Mr. Ly Bunsavat

Mr. Ly Bunsavat is operating for processing furniture and sell it to the market. He is currently living in Phum Sleng, Chreylos Commune, Ponhealeu, Kandal Province. As market demand and his business is growing, he has applied loan with Family Microfinance amount of USD 24,000 in order to buy more material such as wood to expand it production and make more good furniture to sell to the customers.



He has a clear business plan before applying for a business loan with Family Microfinance and after received the loan, now his business has grown very well and he has earned more revenue from her current business and also more income from selling furniture.

Mr. Ly Bunsarat thanked the Family Microfinance Plc. and praised the staff for their prompt service, ethics and professionalism. He added that after receiving the loan, she has earned more income between USD 2,000 and USD 3,000 per day, which improved his life, even in times of crisis economy due to Covid 19.

Lastly, he once again thanked Family Microfinance Plc. for providing an opportunity to achieve his dream and wished all the staff of Family Microfinance Plc. good health and prosperity. Thank you very much!!

➤ Customer: Mr. Ork Munnin

Mr. Ork Munnin, 47 years old, a widow with two children, living in #F04, Phum Prey Sa Khang Lech, Sangkat Prey Sa, Khan Dangkao, Phnom Penh City is selling grocery for earning daily living. However, the income from the sale of soft drinks was small so he

decided to use the loan with Family Microfinance in order to buy a Tuk Tuk for his family to earn more money.

He has applied for tricycle loan successfully with Family Microfinance and use the Tuk Tuk to transport customers to earn the transport fee in addition to his current income. He has feedback that he received good service, good staff, ethics and professionalism, which made him more confident and he promises to fulfill his obligations properly.



Finally, he thanked Family Microfinance Plc. for providing him a loan to achieve his dream and wished Family Microfinance Plc. prosper and create more products to help more people.

➤ **Customer: Mrs. DUONG Kunthy**

Mrs. DUONG Kunthy is a fruit seller at Odong market. She is currently living in Krang Ponley Village, Veang Chas Commune, Odong District, Kampong Speu Province. She applied for a loan from Family Microfinance Plc amount USD 25,000 to build a house. She has a clear plan for her business expenses before she applies for a home loan. After receiving the loan, she put some money into expanding her business selling fruits and earning more income and improving her business.

Mrs. DUONG Kunthy thanked the Family Microfinance for making her home dream come true. She like her home very much and now her family is living happily and conformably in the new home.



Lastly, she once again thanked Family Microfinance for providing an opportunity to achieve her dream and wished all the staff of Family Microfinance Plc. good health and prosperity. Thank you very much!!

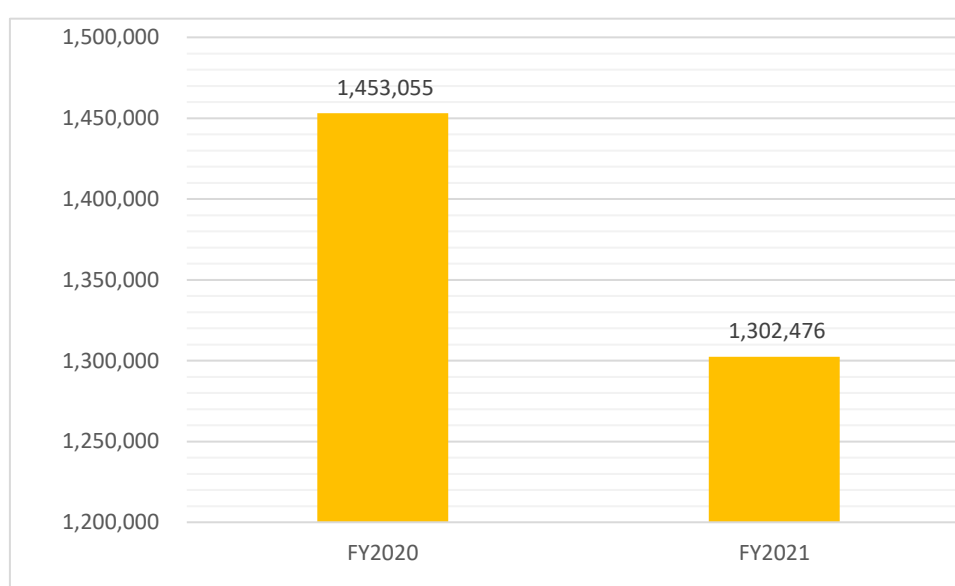
OUR FINANCIAL PERFORMANCE

1. PERFORMANCE HIGHLIGHT

Loan Outstanding

As 2021 was the year with worldwide crises of Covid-19, Family Microfinance Plc. was keeping the same loan disbursement within same loan product. Meanwhile our loan outstanding was little decrease as of 10.36% from previous year 2020.

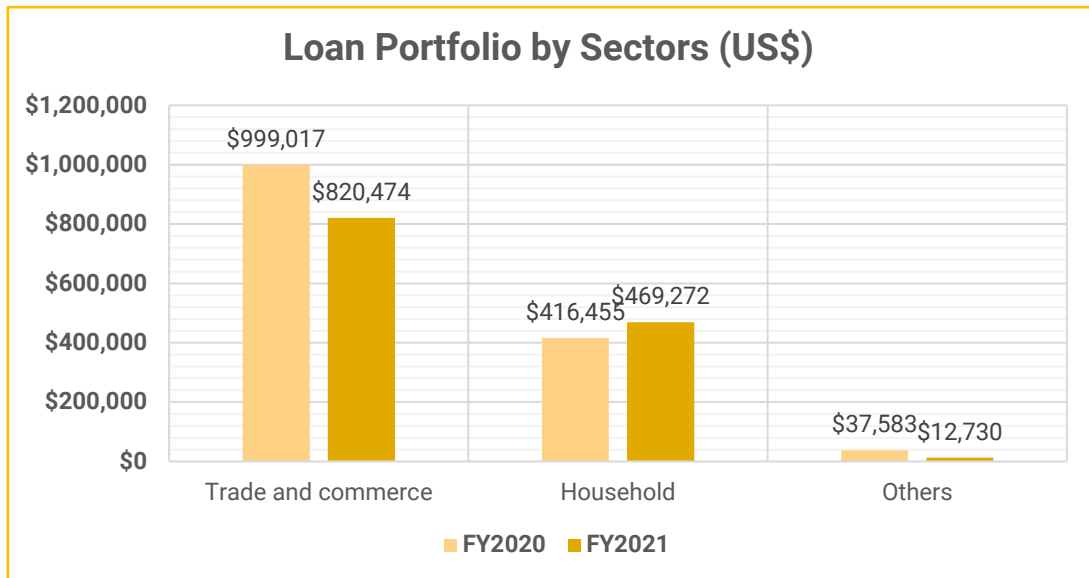
Loan	FY2020	FY2021	Net Decrease	Change (%)
Loan Outstanding (US\$)	1,453,055	1,302,476	(150,579)	-10.36%



Loan Portfolio by Product (US\$)

Family Microfinance Plc. has a lower its loan portfolio by 10.36% compared to the previous year as of USD 1,302,476 by the end of year 2021. Most of our loan disbursed during the year are Trade and commerce and Household Sector.

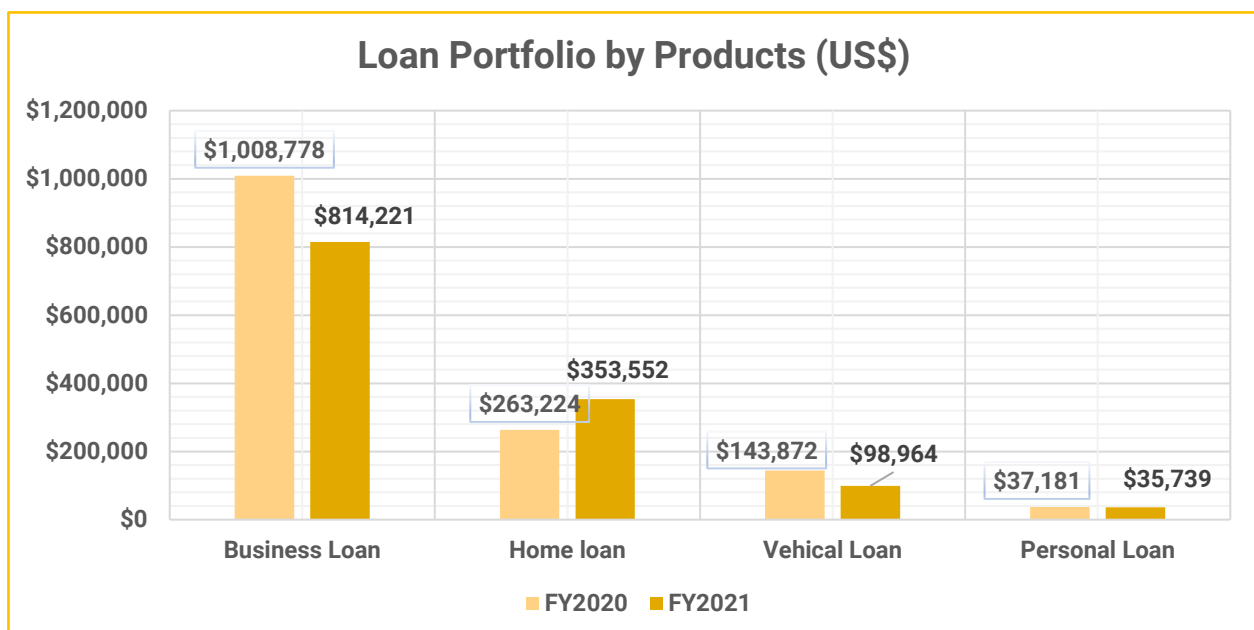
No	Sector	FY2020	FY2021	Change (Amount)	Change (%)
1	Trade and commerce	\$999,017	\$820,474	-\$178,543	-17.87%
2	Household	\$416,455	\$469,272	\$52,817	12.68%
3	Others	\$37,583	\$12,730	-\$24,853	-66.13%
Total USD:		\$1,453,055	\$1,302,476	-\$150,579	-10.36%



Loan Portfolio by Products:

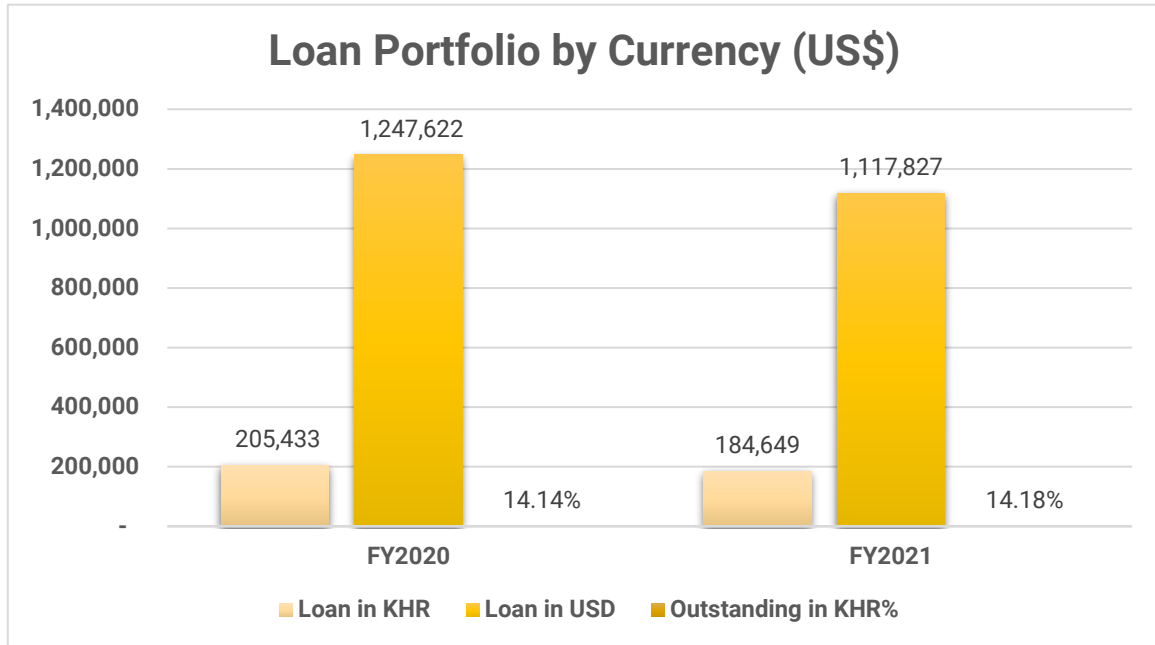
Family Microfinance Plc. Loans Outstanding decreased by 10.36% with amount \$150,579 during the year by different kind of products such as business loan, home loan, vehicle loan and personal loan.

No	Products	FY2020	FY2021	Change (Amount)	Change (%)
1	Business Loan	\$1,008,778	\$814,221	-\$194,558	-19.29%
2	Home loan	\$263,224	\$353,552	\$90,329	34.32%
3	Vehicle Loan	\$143,872	\$98,964	-\$44,908	-31.21%
4	Personal Loan	\$37,181	\$35,739	-\$1,442	-3.88%
Total USD:		\$1,453,055	\$1,302,476	-\$150,579	-10.36%



Loan Portfolio by Currency:

Family Microfinance Plc. had total loan portfolio amount \$1,302,476 as of the year 2021 and 85.82% are loan in USD while 14.18% are loan in KHR it was comply with NBC regulatory.



Profit & Loss Summary

In 2021 is the great year performance of Family Microfinance Plc. had earned profit as of 86.72% in amount USD 41,805 from last year 2020 loss amount USD 314,713. Meanwhile our Interest income had increase over 40.38% and Operating expense was decrease over 33.66% by the year 2021.

Profit & Loss Summary (US\$ '000)	FY2020	FY2021	Change (%)
Net Interest Income	147,785	207,467	40.38%
Other Income	17,350	13,245	-23.66%
Net Operating Income	165,135	220,712	33.66%
Operating Expense	(479,848)	(316,412)	-34.06%
Allowance for impairment losses on Loan	-	137,505	0.00%
Gain/Loss for the year	(314,713)	41,805	86.72%

Balance Sheet Summary

Family Microfinance's total assets had not much change only 0.55% amount USD 1,509,487 as of 31 December 2021. The local borrowing was decrease by 1.34% amount USD 730,117 compare to previous year amount USD 740,000.

Balance Sheet Summary (US\$)	FY2020	FY2021	Change (%)
Asset	\$ 1,501,253	\$ 1,509,487	0.55%
Loan Portfolio	\$ 1,453,055	\$ 1,302,476	-10.36%
Liabilities	\$ 40,819	\$ 11,525	-71.77%
Borrowing Balance	\$ 740,000	\$ 730,117	-1.34%
Equity	\$ 726,040	\$ 767,845	5.76%

Key Ratio Indicators:

As 2021 is the great profit year of Family Microfinance Plc. so all key ratio indicators had a positive percentage from last previous year since started operation. Return on equity is 5% then Return on asset 3% while debit asset ratio was only 48%. Family Microfinance Plc. had maintained Solvency Ratio not less than 15%, which was above the minimum requirement by the NBC as well as maintained at 41% by 31 December 2021.

Key Ratio Indicators	FY2020	FY2021
Return on Equity	-43%	5%
Return on Asset	-21%	3%
Debit Asset Ratio	49%	48%
Solvency Ratio	55%	41%
Non-Performing loan to Gross Loan Portfolio	13%	8%

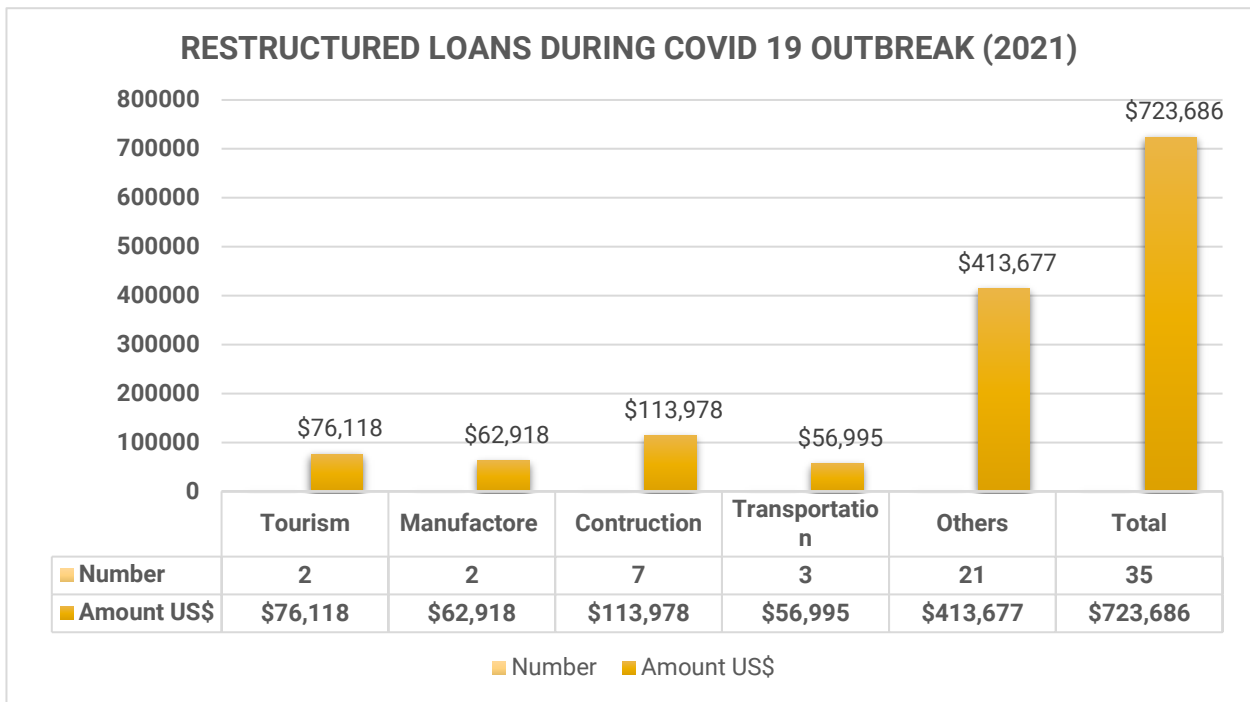
Restructured Loan during Covid-19

Year 2021, the Covid-19 impact on Microfinance to Client level: no work, no income, lack of capital, repayment pressure and family member got positive of Covid-19. MFI level: operation model challenge, difficulties in risk management and business development, staff protection and retention. Industry level: reshuffle of the industry with the exit of many MFIs from the market.

Government Support Tax relief, fee return and rent cut for enterprises. Increased amount of central bank lending. Rediscounted loans and subsidies for SMEs. Allowing banks to reschedule loans for SMEs. Tolerate the credit records of overdue clients due to the decrease in income.

In line with the letter from NBC on 28 June 2021 and 24 December 2020 on loan restructuring during Covid-19 outbreak and in order to support our customers whose businesses get impact by Covid-19, we have offered loan restructure of 35 client's total amount of USD 449,980 to ease the situation and help our customer during this difficult period.

RESTRUCTURED LOANS DURING COVID 19 OUTBREAK (2021)



2. DIRECTOR'S REPORT

The Board of Directors submits this report together with the financial statements of Family Microfinance Plc. ("the Company") as at 31 December 2021 and for the year then ended.

1. The Company

Family Microfinance Plc. ("the Company") is a public limited company incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce under registration number 00035393 on 31 July 2018. The Company's registered address is located at No. KH1-KH2, Street 105, Sangkat Toul Sangkae, Khan Reussey Keo, Phnom Penh, Kingdom of Cambodia.

2. Principal activities

The principal activity of the Company is engaged in all aspect of microfinance operation and provision of related financial service in Cambodia. There have been no significant changes in the nature of these activities during the financial year.

3. Results of operations

The results of the Company's operations for the year, and the state of its affairs as at that date, are set out in the accompanying financial statements.

The directors do not recommend the payment of any dividends in respect of the year.

4. Board of Directors

The members of the Board of Directors of the Company during the year and to the date of this report are as follows:

Name	Position
Mr. Wu Chen	Chairman and Chief Executive
Mr. Wu Tzu Yun	Director
Mr. Kao Jung Hua	Independent Director

5. Auditor

The financial statements as at 31 December 2021 and for the year then ended have been audited by the accounting firm of Grant Thornton (Cambodia) Limited.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended. When preparing the financial statements, the Board of Directors is required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- ii. comply with the disclosure requirements of the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”) and the guidelines of the National Bank of Cambodia (“the NBC”) 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;
- iii. maintain adequate accounting records and an effective system of internal control;
- iv. prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and,
- v. control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board of Directors confirms that the Company has complied with the above requirements in preparing the accompanying financial statements.

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the CIFRS for SMEs and guidelines of the NBC.

On behalf of the Board of Directors:



 WU CHEN

Mr. Wu Chen

Chairman

Phnom Penh, Kingdom of Cambodia

18 April 2022

3. INDEPENDENT AUDITORS' REPORT

To the Shareholders of Family Microfinance Plc

Opinion

We have audited the financial statements of Family Microfinance Plc (“the Company”), which comprise the statement of financial position as at 31 December 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”) and guidelines of the National Bank of Cambodia (“the NBC”).

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 Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together with ethical requirements that are relevant to our audit of financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company as at 31 December 2020 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those financial statements on 12 May 2021.

Other information

Management is responsible for the other information. The other information comprises the Report of the Board of Directors, but does not include the financial statements and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to that matter in accordance with the requirements of CISA 720 (revised).

Responsibilities of the Board of Directors for the financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS for SMEs, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 judgment and maintain professional skepticism 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 the directors.
- Conclude on the appropriateness of the directors’ 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 the Board of Directors 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grant Thornton
GRANT THORNTON (CAMBODIA) LIMITED
 Certified Public Accountants
 Registered Auditors



Ronald C. Almera
Ronald C. Almera
 Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
 18 April 2022

4. AUDITED FINANCIAL STATEMENT

❖ STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31 December 2021		31 December 2020	
		USD	KHR'000	USD	KHR'000
Assets					
Current assets					
Cash on hand	6	3,010	12,263	5,056	20,452
Balances with the National Bank of Cambodia	7	75,805	308,830	75,773	306,502
Balances with other banks	8	137,635	560,725	112,025	453,141
Loans to customers - net	9	5,430	22,121	6,428	26,002
Other assets	10	3,722	15,163	725	2,933
Current assets		225,602	919,102	200,007	809,030
Loans to customers – net	9	1,271,322	5,179,367	1,281,140	5,182,211
Property and equipment - net	11	12,563	51,182	20,067	81,171
Intangible assets – net	12	-	-	39	158
Non-current assets		1,283,885	5,230,549	1,301,246	5,263,540
		1,509,48			
Total assets		7	6,149,651	1,501,253	6,072,570
Liabilities and Equity					
Current liabilities					
Other liabilities	13	11,349	46,236	31,016	125,460
Borrowings	14	730,117	2,974,497	744,019	3,009,557
Income tax payable	23.4	176	717	178	720
Total liabilities		741,642	3,021,450	775,213	3,135,737
Equity					
Share capital	15	1,500,000	6,000,000	1,500,000	6,000,000
Accumulated losses		(816,993)	(3,319,583)	(892,070)	(3,625,297)
Regulatory reserve	16	84,838	345,693	118,110	481,343
Currency translation reserves		-	102,091	-	80,787
Total equity		767,845	3,128,201	726,040	2,936,833
		1,509,48			
Total equity and liabilities		7	6,149,651	1,501,253	6,072,570

❖ STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	For the year ended 31 December 2021		For the year ended 31 December 2020	
		USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Interest income	17	207,467	843,976	147,887	602,935
Interest expense	18	(39,551)	(160,893)	(5,971)	(24,344)
Net interest income		167,916	683,083	141,916	578,591
Reversal of/ (provision for) allowance for bad and doubtful loans	9	137,505	559,370	(159,881)	(651,835)
Other operating income	19	13,245	53,881	17,173	70,014
Personnel expense	20	(198,232)	(806,408)	(222,655)	(907,764)
Depreciation and amortization expense	21	(7,432)	(30,234)	(15,248)	(62,166)
General and administration expense	22	(69,152)	(281,309)	(74,361)	(303,170)
Profit/(loss) before income tax		43,850	178,383	(313,056)	(1,276,330)
Income tax expense	23	(2,045)	(8,319)	(1,657)	(6,756)
Net profit/(loss) for the year		41,805	170,064	(314,713)	(1,283,086)
Other comprehensive income /(loss)					
Currency translation differences		-	21,304	-	(21,150)
Total comprehensive income/(loss) for the year		41,805	191,368	(314,713)	(1,304,236)

❖ STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	For the year ended 31 December 2021		For the year ended 31 December 2020	
		USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Operating activities					
Profit/(loss) before income tax		43,850	178,382	(313,056)	(1,266,311)
Adjustments for:					
(Reversal of)/provision for allowance for bad and doubtful loans	9	(137,505)	(559,370)	159,881	651,835
Amortization of intangibles	12	39	159	3,089	12,594
Depreciation of property and equipment	11	7,393	30,075	12,159	49,572
Loss on fixed asset disposal		111	452	-	-

Interest expense	19	39,551	160,893	5,971	24,344
Operating loss before working capital changes		(46,561)	(189,409)	(131,956)	(527,966)
Changes in working capital					
Changes in:					
Loans to customers - net		148,321	603,370	(656,242)	(2,654,499)
Other assets		(2,997)	(12,192)	(32,316)	(130,718)
Other liabilities		(23,120)	(94,052)	25,202	101,942
Net cash generated from/ (used in) operations		75,643	307,717	(795,312)	(3,211,241)
Income tax paid		(2,047)	(8,327)	(1,657)	(6,756)
Interest paid		-	-	(1,952)	(7,896)
Net cash from / (used in) operating activities		73,596	299,390	(798,921)	(3,225,893)
Financing activities					
Repayment of borrowings		(150,000)	(610,200)	(500,000)	(2,038,500)
Drawdown of borrowings		100,000	406,800	1,240,000	5,055,480
Net cash (used in)/from financing activities		(50,000)	(203,400)	740,000	3,016,980
Net change in cash and cash equivalents during the year		23,596	95,990	(58,921)	(208,913)
Cash and cash equivalents as at 1 January		117,854	476,720	176,775	715,055
Currency translation differences		-	3,558	-	(29,422)
Cash and cash equivalents as at 31 December		141,450	576,268	117,854	476,720

❖ STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share Capital		Accumulated Losses		Regulatory Reserve		Currency Translation Reserves	Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
		(Note 2.3)		(Note 2.3)		(Note 2.3)	(Note 2.3)		(Note 2.3)
Balance as at 1 January 2021	1,500,000	6,000,000	(892,070)	(3,625,297)	118,110	481,343	80,787	726,040	2,936,833
Net profit for the year	-	-	41,805	170,064	-	-	-	41,805	170,064
Transfer from regulatory reserve, representing total transaction with owners	-	-	33,272	135,650	(33,272)	(135,650)	-	-	-
Currency translation differences	-	-	-	-	-	-	21,304	-	21,304
Balance as at 31 December 2021	1,500,000	6,000,000	(816,993)	(3,319,583)	84,838	345,693	102,091	767,845	3,128,201

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Share Capital		Accumulated Losses		Regulatory Reserve		Currency Translation Reserves	Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
		(Note 2.3)		(Note 2.3)		(Note 2.3)	(Note 2.3)		(Note 2.3)
Balance as at 1 January 2020	1,500,000	6,000,000	(466,903)	(1,891,891)	7,656	31,022	101,937	1,040,753	4,241,068
Net loss for the year	-	-	(314,713)	(1,283,085)	-	-	-	(314,713)	(1,283,085)
Transfer to regulatory reserve, representing total transaction with owners	-	-	(110,454)	(450,321)	110,454	450,321	-	-	-
Currency translation differences	-	-	-	-	-	-	(21,150)	-	(21,150)
Balance as at 31 December 2020	1,500,000	6,000,000	(892,070)	(3,625,297)	118,110	481,343	80,787	726,040	2,936,833

5. COMPANY SOCIAL ACTIVITY

❖ Sport Event at SKY TREE

Sport is very important for the health of the human body to work regularly and avoid various diseases that are easily transmitted. Therefore, on December 2021, Family Microfinance has orgnaized a "Sports and Health" event at Sky Tree building – Sun Shine Sport Club and has invited all the staff in the family to do the group exercise. There are various exercise we have done together including running, aerobic exercise, cycling and Yoga.

All the staff are a bit tired after the exercise which took around 1 hour but they are very happy and exercited. Family Microfinance believes that when employees are healthy, they can do more work and be more efficient.



❖ Charity at Pursat Province

On December 17, 2021, Family Microfinance Plc. organized a program to provide assistance to the poor children and orphan who were living in Pit Trang village, Trapeang Chong commune, Bakan District, Pursat Province. They were studying in difficult situation where there was no proper school, talbe and study material. We has brough them rice, noodles, fish sauce, sarong, book, pens, bags and other study materials. We also provide fund to the teacher who were trying hard to teach those children with volunteer and we also provide fund to Ta Lou Senchey District authority to support the local authority.

Family Microfinance Plc. always contribute and help our community and society. We understand the importance of sustainable development to society, particularly in aiding the vulnerable promote inclusive growth, empowering society and community building.





“Make Your Family Better.”

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 Family Microfinance Plc.