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FAMILY Microfinance Plc.

ANNUAL REPORT

2022



www.familymfi.com

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



FAIRNESS

Judgments with open-minded and transparency.



ACCOUNTABILITY

Take high responsibility with cares.



MORALITY

Apply the highest moral and ethical standards.



INTEGRITY

Building integrity and honesty in staff perspective.



LOYALTY

the more you trust the more you growth.



YES

Yes, we can.

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OUR CORPORATE PROFILE



1. ABOUT FAMILY MICROFINANCE PLC.

Family Microfinance established in October 2018 as a private microfinance institution regulated by the National Bank of Cambodia (NBC) to provide financial solutions to individuals and enterprises in Cambodia. Our two shareholders, Mr. WU CHEN and Mr. WU TZU YUN, are the first Taiwanese businessmen to move forward in Cambodia. They have been operating well in Cambodia for more than 20 years and are one of the first batch of foreign-funded companies in Cambodia. Because of the growth of business in Cambodia and their large contribution to the economic and social development of Cambodia, they have become Cambodian citizen and started Family Microfinance.

Family Microfinance offers excellent customer service, client protection and provides competition and innovation of loan products to businessmen, entrepreneurs, vendors, farmers and own family businesses. Family Microfinance has been established with our core value to help poor people who have difficulty requesting finance services 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, is a chairman of Family Microfinance since 2018 and to the Audit Committee, Remuneration & Nomination Committee and Risk Committee as well. He has graduated from Griffith University in Australia, 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, Shonestone Plc, JL Cambodia Charity Association, And One Belt One Road Opportunity Ltd.



Mr. WU Tzu Yun
Board of Director

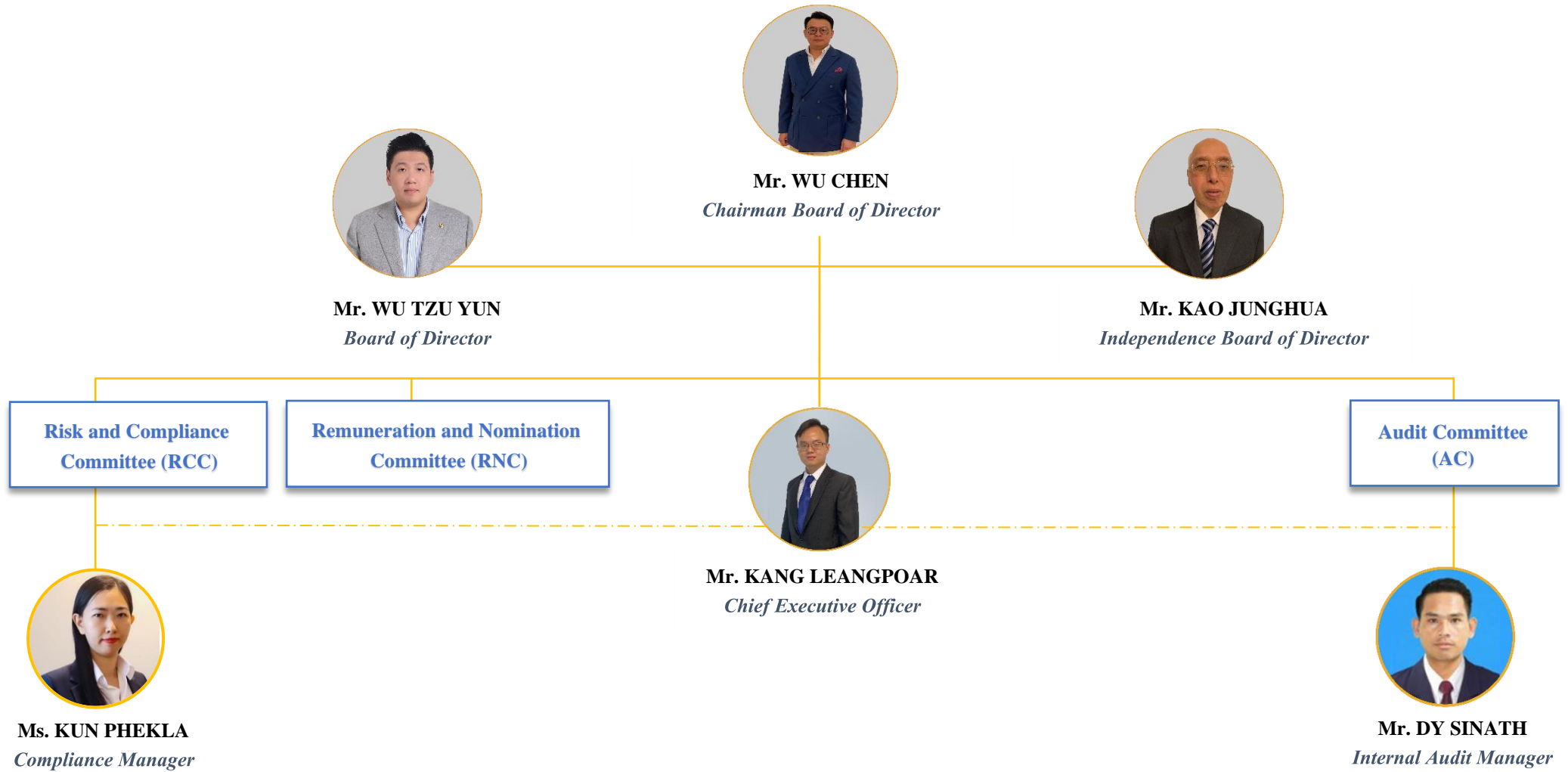
Mr. Wu Tzu Yun, is the Board of Director of Family Microfinance. since 2018. He also sits on the Board of several companies, including Matsu Biotechnology Corporation, JL Cambodia Charity Association, Rotary Club of Taichung Taixin. He was Vice General Manager of Taiwan Ji Qi Shoe Co., Ltd and General manager of Matsu Property Co., Ltd. In addition he had graduated from Griffith University in Australia major Marketing and Media.



Mr. KAO Junghua
Independence Board of Director

Mr. KAO Junghua is an Independent Director of Family Microfinance. He brings many years of experience in banking sector at oversea especially in Taiwan to the Board of Director of Family Microfinance. Before joining with Family Microfinance, he sits on the Board of several companies, including Taiwan Small & Medium Enterprise Guarantee Fund, Bank Taiwan Securities. He was Vice General Manager of Taiwan Ji Qi Shoe Co., Ltd, Jing-Du Construction Co., Ltd and Chief Executive Officer of JL Cambodia Charity Association. In addition, he was a Branch Manager of Land Bank of Taiwan.

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 AND COMPLIANCE COMMITTEE

The Board of Directors of the Company has established a Committee of the Board to be known as the Risk and Compliance Committee ("RCC") to meet requirements of governance to deliver best practice for the company. This committee will assist the Board in monitoring the risk and compliance 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 and compliance related issues and serve as a resource to management by overseeing risk and compliance across the entire Company and across all type of risk and compliance.

Meeting:

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

Membership:

The RCC 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 RCC 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



Over the past few years, the world including Cambodia was impacted by the spread of the COVID-19 pandemic. Major economic drivers including garment manufacturing, tourism, construction and real estate slowed down to a certain extent. Meanwhile, inflation was on the rise while the production chain, exports and imports could not operate smoothly. To restore our economic growth and enable businesses to reopen, the Royal Government of Cambodia has rolled out a number of policies. The vaccination program, which included basic doses and boosters, for people across the country, has been a tremendous success if compared with other countries in the region. The COVID-19 mortality rate in Cambodia is also low. This program has allowed Cambodia to reopen its borders and welcome local and foreign visitors quickly.

At the meantime, Family Microfinance continues develop the strong financial foundation, built on products and services, and continue expand business based on

long term strategic plan. Under the long-term business objective, the Family Microfinance keeps on its transformation process by upgrading talent pool quality, widening services range, broadening customer base, enhancing infrastructure and providing digital Family Microfinance solutions in order to meet the market demand. Moreover, in 2022 Family Microfinance has started to upgraded the loan request through the website, the process is not only improved the turnaround time but also facilitate customer in apply for loan. We have also enhanced extend that further with e-KYC module to make this service commitment for greater financial inclusion in the country.

We believe that the development in supervisory and regulatory framework is the one of the key elements to influent the Family Microfinance business model and strategy; therefore, we have implemented and reached the regulatory requirement, continue to closely monitor the regulatory ratio and maintain the position of Riel lending to meet 10% of total loan portfolios.

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



According to the World Bank's most recent Global Economic Prospects report, the global economy is entering a marked slowdown after a strong recovery in 2021 due to new threats from COVID-19 variants as well as an increase in inflation, debt and income inequality that may threaten the recovery in emerging and developing economies. As pent-up demand fades and global fiscal and monetary assistance is removed, it is predicted that global GDP would significantly slow from 5.5 percent in 2021 to 4.1 percent in 2022 and 3.2 percent in 2023.

The economist claims that there are six main factors that contribute to Cambodia's economic growth, including the country's political situation, the resumption of tourism, the successful management of Covid-19, state intervention in changing livelihoods, state fiscal policy and state intervention in the riel's exchange rate with the US dollar. Additionally, NBC has predicted that despite significant external problems, the Cambodian economy will develop at roughly 6% in 2023. The gain was brought on by a

6.9% increase in the apparel industry, a 14.3% increase in non-apparel manufacturing, and an 18.5% increase in the value of agriculture, construction, and tourism.

The National Bank of Cambodia and the Royal Government of Cambodia are taking meticulous measures to mitigate risks and maintain financial stability in order to support rapid credit expansion even during the COVID-19 pandemic. In the meantime, Family Microfinance has been crucial in maintaining Cambodia's standard of living. Family Microfinance is continuing to establish a solid financial platform, built on products and services, and is also expanding its operations in accordance with a long-term strategic strategy in line with the long-term company goal.

Finally, I would like to express my sincere thanks and gratitude to our shareholders, board of directors and senior management committee for their leadership and supports. Also, I would like to send my recognition to all Family Microfinance staffs who have worked very hard and highly committed to perform their jobs with ethic and responsibility. Furthermore, I would like to thank Family Microfinance's customers and business partners for supporting Family Microfinance. I am grateful to Royal Government and National Bank of Cambodia for all kind supports and guidance to Family Microfinance during the year and prosperous years to come.

Signature



Mr. Kang Leangpoar
Chief Executive Officer

OUR OPERATION MANAGEMENT & STRATEGY

1. OUR MANAGEMENT ORGANIZATION CHART & CORPORATE GOVERNANCE



❖ DISCIPLINARY COMMITTEE (DC)

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 (CC)

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 : Chairman
- 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) : Chairman
- Marketing Manager : Member
- HR & Admin Manager : Member
- Credit Manager : Member
- Compliance Manager : Member

❖ INFORMATION TECHNOLOGY COMMITTEE (ITC)

The Information Technology Committee (ITC), headed by Chief Executive Officer (CEO), is created to assist the Executive Management in implementing IT strategy that has been approved by the Board. It includes prioritization of IT-enabled investment, reviewing the status of projects (including, resource conflict), monitoring service levels and improvements, IT service delivery and projects.

Meeting:

A formal meeting on other matters stated in the duties set above shall be held in 2 times per year. The Chairperson of the Information Technology Committee may convene additional meeting if deemed necessary.

Membership:

The CC members are following:

- Chief Executive Officer : Chairman
- Compliance Manager : Member
- IT Manager : Member
- Credit Manager : Member
- Finance 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 10 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 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 since 2019.



Ms. KUN Phekla
Compliance Manager

Ms. KUN Phekla is graduated from Norton University of Business Administration in Accounting in 2019. She finished course on Anti-Money Laundering and countering Financing of Terrorism from Phnom Penh Business School in 2017. She also finished course about the Understand the Compliance Procedure & Process, Analyze and Address the Compliance Risks and Issues, Set Out the Specific Compliance Control, and Design Effective Compliance Monitoring Tools and Risk Dashboard from Cambodia Institute of Bank. In banking industries, she used to work at Advanced Bank of Asia Limited (ABA) as a head of AML Unite, Union Commercial Bank PLC (UCB) as a compliance officer, and Fides Services Cambodia Ltd as external auditor. She appointed by Family Microfinance Plc. as Compliance Manager in December 2022.



Ms. HOR Chakriya
Finance Manager

Ms. HOR Chakriya pursuing Master's degrees in Business Administration at Cambodian University for Specialties and Bachelor's degree of Banking and Finance in 2011 from Cambodian University for Specialties, Associate Degree Accounting and Finance in 2015 from Institute of Finance and Accounting. She worked as Accountant officer at JCM-NIPPON PRIVATE Co., Ltd for 5 years. She worked as Accounting Manager: at GS Millennium Limited for 3 years. Hereafter, she worked as Finance Manager of at Cambodian Family Economic Organization for 1 years, and she worked as Accounting Supervisor at SEN SOK TOWN for 3 years.



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. Chuon Punlok
HR & Admin Manager

Mr. Chuon Punlok joined with Family Microfinance in 2022 as the Head of Human Resources and Administration, responsible for recruitment, staff benefit and payroll and also administration. Prior to joining With Family Microfinance Institution, he had extensive experience in human resources and administration. In 2021, he worked for family Business called OneAdd Printing Co., Ltd, where he served as Head of Human Resources and Administration. In 2020 He worked at A.L.L Golden Luck Co., Ltd (AG Lottery) as a sales Manager. From 2015-2017 He worked at EFG (Express Food Group) Under RMA-Company. From 2011- 2015, He worked at NVC Cooperation Co., Ltd (Vital premium water).



Mr. SORN Lardy
Credit Manager

Mr. SORN Lardy graduated Bachelor's degree in Accounting from HUMAN RESOURCE of University (HRU). And Association degree in English Literature at Cambodia University for Specialty (CUS). Currently, he is working with FAMILY Microfinance Plc as Senior Credit Officer and he was gradually promoted to Credit Manager in May, 2022. He had experiences in financial sector for more than 14 years. He joined Chamroeun Microfinance Limited in June, 2008 as a credit officer; and he was gradually promoted to Chief Credit Officer and then to branch Manager. He joined Smile Finance Plc, in June, 2010 as a Chief Credit Officer; and he was gradually promoted to branch Manager and he joined a local organization that operate credit in January, 2015 as a branch Manager.

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'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 usage requirement 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: Ms. Sao Sophy

Ms. Sao Sophy 42 years old, she has three children living in Phum Borey Kamakar, Sangkat Toek tla, Khan Sen Sok, Phnom Penh. She is a grocery seller. Due to her limited income, she decided to apply for a loan from Family Microfinance to expand her business by buying more groceries for sale.



She applied for \$2,000 loan with Family Microfinance to grow her small business. Even her business is small, after she gets the loan, she has enlarged her business by buying more groceries and add more household material with daily household used tool, offer more choice for her customers to buy. Now, she can earn more money and buy more food, support her children to school and make some improvement for her home.

She is very happy with Family Microfinance for good service, ethical and professional staff, which makes her more confident to apply for loan and get low interest rate suitable for her condition.

Finally, she thanked Family Microfinance for giving her an opportunity to get the fund that she can use it to expand her business and improve her family living standard.

➤ **Customer: Ms. Chheav Rotana**

Ms. Chheav Rotana 30 years old, living in Phumi Prey Khang Tbound, Songkat Pou Sen Chey, Phnom Penh. Currently, she is working at Songkat Choum Chav Ti 1. The current salary can't sustain her family expense and need. So, she decided to request business loan from Family Microfinance and start up a new small Cafe Shop located near her workplace.



Because of the surrounding area of her Cafe Shop has a lot of people especially young teenager and workers, plus her connection well with her neighbour and people surrounding, her Cafe Shop is running very well. Within a short period of time, she can now double her income and earn more money to buy more coffee material to expand her coffee business. She also uses extra income to buy more furniture and refrigerator for her family to use.

Finally, Ms. Chheav Ratana thanked Family Microfinance for providing her with a loan to expand her business and wished Family Microfinance to grow and develop more products to help more people in need.

5. COMPANY SOCIAL ACTIVITY

❖ Sport Event

Sport develops strategic thinking, analytical thinking, leadership abilities, goal-setting and risk-taking, which are crucial for human health. As a result, Family Microfinance has planned a "Sports and Health" cycling event for all of the family's employees to join in September 2022. Because riding can significantly reduce your risk of developing serious illnesses including arthritis, diabetes, obesity, depression, heart disease, stroke, and some illnesses. For people of all ages, biking is a safe, enjoyable, and low-impact form of exercise.

All the staff is tired after the cycling which took around 2 hours but they are very happy and excited. Family Microfinance believes that when employees are healthy, they can do more work and be more efficient.



❖ Charity to Flood Province

In October 2022, Microfinance Institution Plc., the National Bank of Cambodia, and other microfinance institutions joined forces with the Royal Government of Cambodia to alleviate the burden and provide food to the affected people in Kampong Thom Province. Due to the floods, 556 families were affected. For this reason, in order National Bank of Cambodia and microfinance to provide food for the flood victims in each family, there is rice, noodles, fish sauce and soy sauce. In that, we not only supply to the families but we also provide to pagodas, hospitals, schools, etc.

Family Microfinance always contributes and helps our community and society to alleviate the suffering of the people who are experiencing difficulties. We understand the importance of sustainable development for society, especially in helping the vulnerable, promoting inclusive growth, social empowerment and community building.



❖ Charity to Primary School

Seeing the important of education and to participate in helping the education sector in Cambodia, Family Microfinance has contributed several benches to one of the local government school named Prek Leap Primary School.

These benches will place at the public area in the school and also in the garden area where students can sit and read the book and they can relax after they play.

We will continue to support the need of other schools not only in Phnom Penh will also expand our assistance to other school in province in line with our vision and mission. We believe that our contribution will play an important role in helping the growth of our school and education in Cambodia.



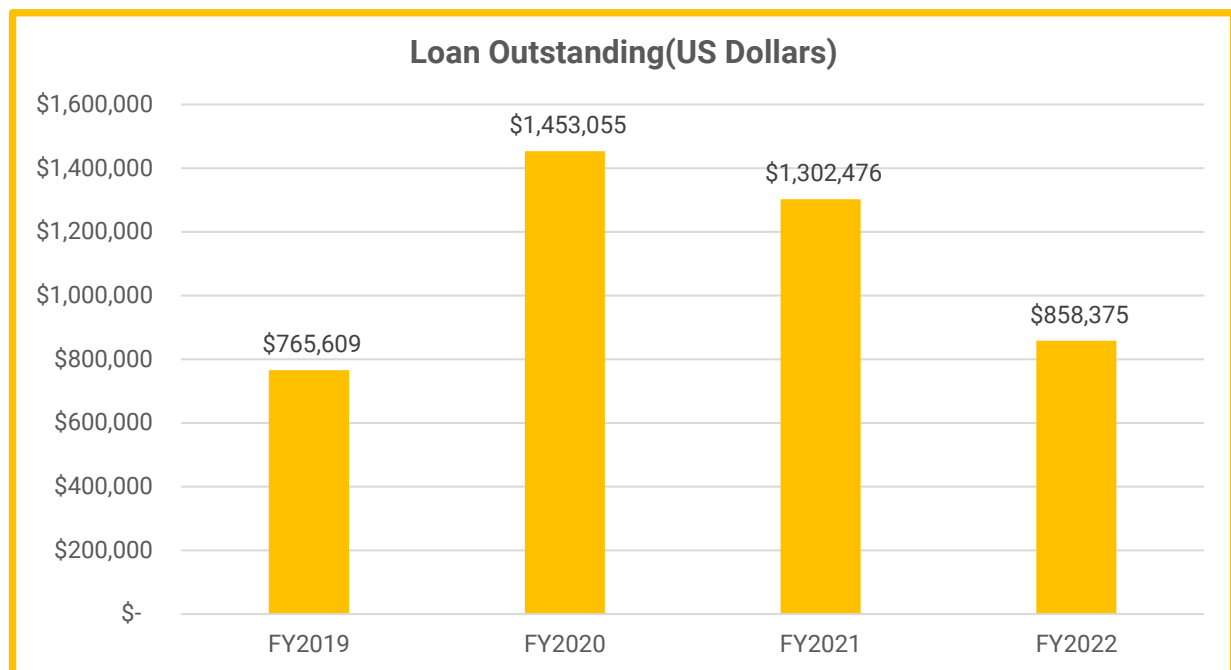
OUR FINANCIAL PERFORMANCE

1. PERFORMANCE HIGHLIGHT

Loan Outstanding

As 2022 was the year with worldwide crises of Covid-19, Family Microfinance still provide loan disbursement to customers with our various loan products. For the year 2022, our loan outstanding decrease around 34% comparing to previous year 2021 with total loan portfolio USD 858,375.

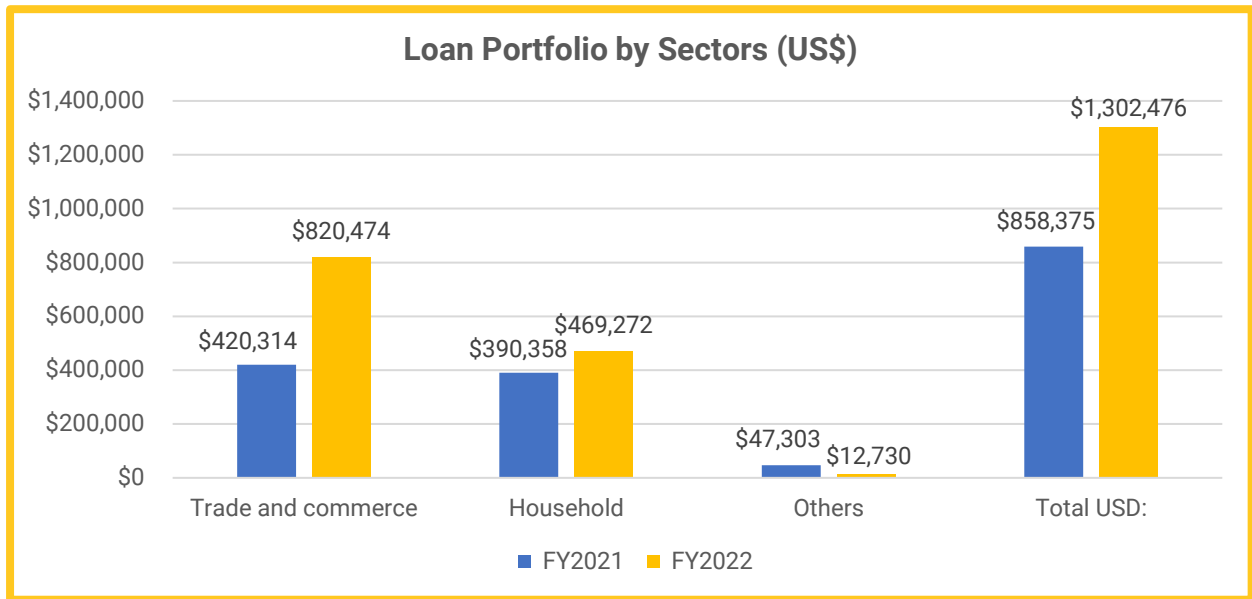
Loan	FY2021	FY2022	Net Decrease	Change (%)
Loan Outstanding (US\$)	1,302,476	858,375	(444,101)	-34.10%



Loan Portfolio by Sector (US\$)

Most of our loan disbursement during the year are Trade and Commerce, Household Sector and others. Among all the sector, Trade and Commerce ranks on the top follow by household as a second. Compare to 2021, Trade and Commerce decrease around 95% while Household decrease around 20%.

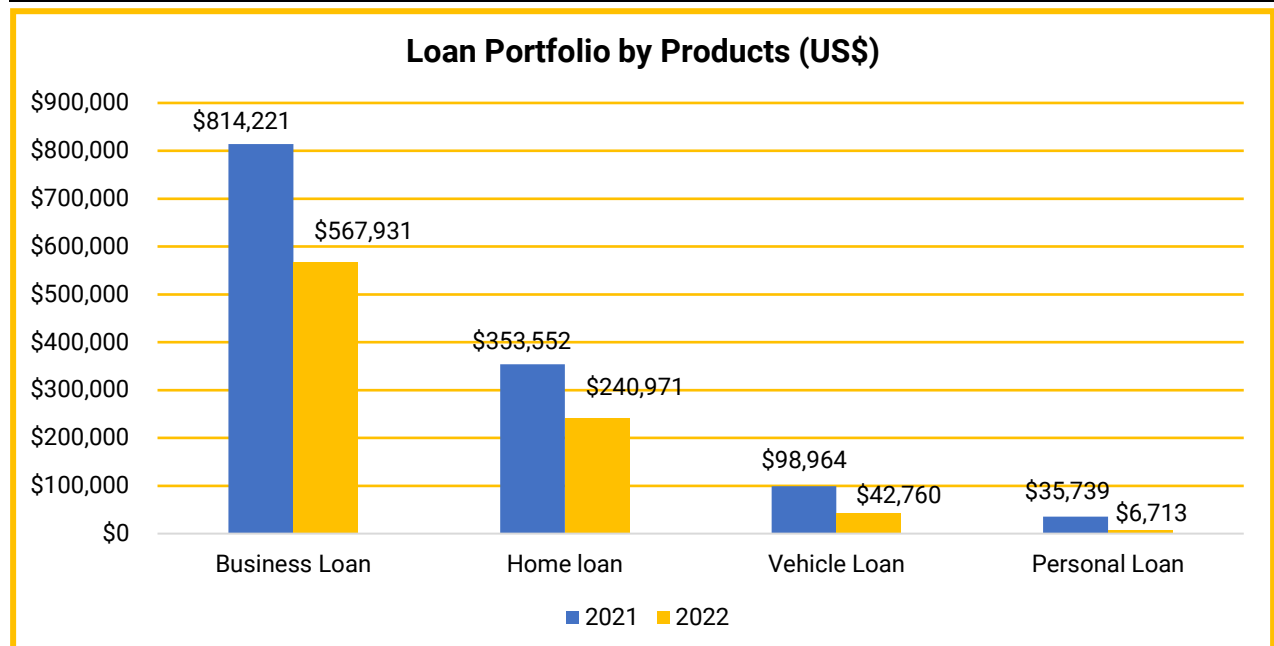
No	Sector	FY2021	FY2022	Change (Amount)	Change (%)
1	Trade and Commerce	\$820,474	\$420,314	(\$400,160)	-95.21%
2	Household	\$469,272	\$390,358	(\$78,914)	-20.22%
3	Others	\$12,730	\$47,303	\$34,573	73.09%
Total USD:		\$1,302,476	\$858,375	(\$444,101)	-51.74%



Loan Portfolio by Products:

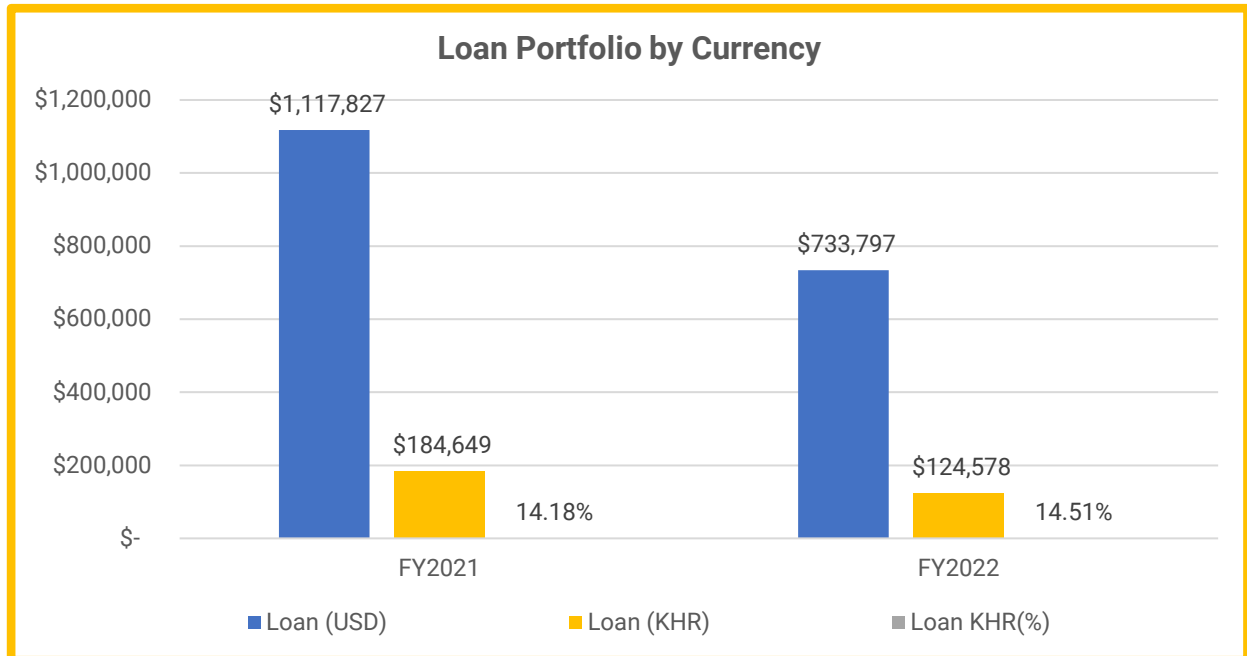
Our loan products are business loan, mortgage loan, vehicle loan and personal loan. Business loan is the biggest loan of our loan products with around 66%. In contrast, personal loan is the lowest loan of our loan products with only around 1%. Compare to 2021, Personal loan is the biggest drop among all the loan products which around -81%.

No	Products	FY2021	FY2022	Change (Amount)	Change (%)
1	Business Loan	\$814,221	\$567,931	-\$246,290	-30.25%
2	Home loan	\$353,552	\$240,971	-\$112,581	-31.84%
3	Vehicle Loan	\$98,964	\$42,760	-\$56,204	-56.79%
4	Personal Loan	\$35,739	\$6,713	-\$29,026	-81.22%
Total USD:		\$1,302,476	\$858,375	-\$444,101	-34.10%



Loan Portfolio by Currency:

With total loan portfolio amount \$858,375 which 85.49% are loan in USD and 14.51% are loan in KHR comply to NBC requirement with only 10%. Although our loan outstanding decrease, total loan disbursement still increases from 14.18% to 14.51%.



Profit & Loss Summary

Because of the economic crisis impacted by the COVID-19 that affect our Cambodia's economic and business of our Cambodia people and for this reason, Family Microfinance has struggled to provide loan to customer. As a result, our loan outstanding has hugely dropped by 34.10% which also decrease our profit for the year 2022.

In addition to this, because of the variance of our Financial Report between External Auditor and our internal Financial Report that also has made a dramatic adjustment on our profit, making our financial loss to (\$185,122) which is around 540% decrease compared to last year.

Profit & Loss Summary (US\$ '000)	FY2021	FY2022	Change (%)
Net Interest Income	207,467	140,364	-32.34%
Other Income	13,245	13,930	5.17%
Net Operating Income	220,712	220,712	-30.09%
Operating Expense	(316,412)	(325,604)	2.91%
Allowance for impairment losses on Loan	137,505	(13,812)	-110.04%
Gain/Loss for the year	41,805	(185,122)	-542.82%

Balance Sheet Summary

Family Microfinance's total assets had decreased around 15% compared to last year. However, our liabilities have been dropped by 6.66% compared to last year. In side that, our borrowing has been dropped by around 12% because Family Microfinance has made some loan repayment to borrower.

Balance Sheet Summary (US\$)	FY2021(US\$)	FY2022(US\$)	Change (%)
Asset	1,509,487	1,274,999	-15.53%
Loan Portfolio	1,302,476	858,375	-34.10%
Liabilities	741,642	692,276	- 6.66%
Borrowing Balance	730,117	636,000	-12.89%
Equity	767,845	582,723	-24.11%

Key Ratio Indicators:

The following is our key ratio indicators for the year 2022. Our Return on Equity suffers a huge drop to around 31% compared to last year due to the loss in income statement. Our Return on Asset also drop this year to around 14% and debt to asset is increased around 5% compared last year. However, Family Microfinance still maintain a good solvency ratio of 31% which is higher than the requirement from National Bank of Cambodia that requires only 15%.

Key Ratio Indicators	FY2021	FY2022
Return on Equity	5.44%	-31.77%
Return on Asset	2.77%	-14.52%
Debt Asset Ratio	49.13%	54.30%
Solvency Ratio	43.15%	31.00%
Non-Performing loan to Gross Loan Portfolio	23.76%	77.04%

2. DIRECTOR'S REPORT

The directors hereby submit the report and the audited financial statements of the Company for the financial year ended 31 December 2022.

DIRECTORS

The names of directors of the Company who served during the financial period and up to the date of this report are as follows: -

Wu Chen	Chairman
Wu Tzu Yun	Director
Kao Jung Hua	Independent Director

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible to ascertain that 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 2022 and of its financial performance and its cash flows for the financial year then ended. In the preparation of these financial statements, the directors are required to:

- (i) adopt appropriate accounting policies in compliance with Cambodian International Financial Reporting Standards for Small and Medium-Sized Entities ("CIFRS for SMEs"), supported by reasonable and appropriate judgments and estimates and then apply them consistently;
- (ii) comply with disclosure requirements of CIFRS for SMEs and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements or, if there have been any departure 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 controls;
- (iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operation 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 directors confirm that the Company has complied with the above requirements in preparing the financial statements.

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying financial statements of the Company are drawn up in accordance with CIFRS for SMEs so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the results of its operations and its cash flows for the year then ended.

PREPARATION OF THE FINANCIAL STATEMENTS

In the preparation of the financial statements, the directors have taken regard of the following matters: -

- (i) all material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements;
- (ii) adequate allowance for impairment losses on receivables and other current and non-current assets, if required, has been made;
- (iii) known bad debts had been written off, if any;
- (iv) existing methods of valuation of assets or liabilities is not misleading or inappropriate;
- (v) there are no known circumstances that would render any amount stated in the financial statements to be misleading;
- (vi) 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 directors, to affect substantially the results of the operations of the Company for the financial period in which this report is made;
- (vii) the results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature;
- (viii) no contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

APPROVAL OF THE FINANCIAL STATEMENTS

The directors hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the financial year then ended in accordance with CIFRS for SMEs.



Wu Chen
 Chairman
 Date: **16 MAY 2023**

3. INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of Family Microfinance Plc., which comprise the statement of financial position of the Company as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 06 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”) and guidelines of the National Bank of Cambodia.

Basis of Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISA”). Our responsibilities under those standards are further described in *the Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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 the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code.

Information Other than the Financial Statements and Auditors’ Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors’ Report, but does not include the financial statements of the Company and our auditors’ report thereon.

Our opinion on the financial statements of the Company does not cover the Directors’ Report 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 Directors’ Report and, in doing so, consider whether the Directors’ Report 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 Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Director for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRS for SMEs. The directors are also responsible for such internal controls as the directors determine are 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 of the Company, the directors are 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 directors either intends to liquidate the Company or to ceases operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 CISA 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 a part of an audit in accordance with CISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: -

- identify and assess the risks of material misstatement of the financial statements of the Company, 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 director.

- 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 auditors' report to the related disclosures in the financial statements of the Company 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 auditors' 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 of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements denominated in the functional currency of United States Dollar ("USD"). The translation of the financial statements from USD into Khmer Riel ("KHR") using the closing and average rates as at 31 December 2022 and for the year then ended, respectively, is presented for the purpose of additional analysis and it does not form an integral part of the audited financial statements. The translation has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express any opinion on it.

Crowe (KH) Ltd.




Onn Kien Hoe
Director

Date **16 MAY 2023**

4. AUDITED FINANCIAL STATEMENT

❖ STATEMENT OF FINANCIAL POSITION

	Note	31 December 2022		31 December 2021	
		USD	KHR'000	USD	KHR'000
Assets					
Current assets					
Cash on hand	5	893	3,676	3,010	12,263
Balances with other banks	6	336,327	1,384,658	138,440	564,005
Loans to customers - net	7	12,687	52,232	5,430	22,121
Other assets	8	29,237	120,369	3,722	15,163
Statutory deposit with National Bank of Cambodia	9	75,000	308,775	75,000	305,550
Current assets		454,144	1,869,710	225,602	919,102
Non-Current assets					
Loans to customers – net	7	811,656	3,341,588	1,271,322	5,179,367
Property and equipment - net	10	9,199	37,872	12,563	51,182
Non-current assets		820,855	3,379,460	1,283,885	5,230,549
TOTAL ASSETS		1,274,999	5,249,170	1,509,487	6,149,651
Liabilities and Equity					
Liabilities					
Current Liabilities					
Other liabilities	12	56,276	231,687	11,349	46,236
Borrowings	13	300,000	1,235,100	730,117	2,974,497
Income tax payable		-	-	176	717
Current liabilities		356,276	1,466,787	741,642	3,021,450
Non-Current Liabilities					
Borrowings	13	336,000	1,383,312	-	-
Non-Current Liabilities		336,000	1,383,312	-	-
TOTAL LIABILITIES		692,276	2,850,099	741,642	3,021,450
Equity					
Share capital	14	1,500,000	6,000,000	1,500,000	6,000,000
Accumulated losses		(1,133,440)	(4,612,902)	(816,993)	(3,319,583)
Regulatory reserve	15	216,163	882,418	84,838	345,693
Currency translation reserves		-	129,555	-	102,091
Total equity		582,723	2,399,071	767,845	3,128,201
Total equity and liabilities		1,274,999	5,249,170	1,509,487	6,149,651

AS AT 31 DECEMBER 2022**❖ STATEMENT OF COMPREHENSIVE INCOME****FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	31 December 2022		31 December 2021	
		USD	KHR'000	USD	KHR'000
Interest income	16	140,364	573,668	207,467	843,976
Interest expense	17	(47,009)	(192,126)	(39,551)	(160,893)
Net interest income		93,355	381,542	167,916	683,083
Other income	18	13,930	56,932	13,245	53,881
Personnel cost	19	(195,843)	(800,410)	(198,232)	(806,408)
Depreciation and amortization expense	20	(5,105)	(20,864)	(7,432)	(30,234)
Other Operating expense		(76,283)	(311,769)	(69,152)	(281,309)
(Loss)/Profit from operation		(169,946)	(694,569)	(93,655)	(380,987)
Impairment allowance on					
-Loans and advance		(11,656)	(47,638)	137,505	559,370
-Accrued interest income		(2,156)	(8,812)		
(Loss)/Profit before tax		(183,758)	(751,019)	43,850	178,383
Income tax expense	21	(1,364)	(5,575)	(2,045)	(8,319)
Net profit/(loss) for the year		(185,122)	(756,594)	41,805	170,064
Total comprehensive income/(loss) for the year		(185,122)	(756,594)	41,805	170,064

❖ STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022		31 December 2021	
		USD	KHR'000	USD	KHR'000
Cash Flows for Operating Activities					
(Loss)/profit before income tax		(183,758)	(751,019)	43,850	178,382
Adjustments for:					
Depreciation of equipment	10	5,105	20,864	7,393	30,075
Loss on equipment	10	-	-	111	452
Write off equipment	10	60	245	-	-
Interest expense	17	47,009	192,126	39,551	160,893
Amortization expense	11	-	-	39	159
Impairment allowances on:					
-loans and advances		11,656	47,638	(137,505)	(559,370)
-accrued interest income		2,156	8,812	-	-
Operating loss before working capital changes		(117,772)	(481,334)	(46,561)	(189,409)
Working capital changes:					
- loans and advance to customers		440,753	1,814,580	148,321	603,370
- other assets		(27,671)	(113,922)	(2,997)	(12,192)
- other liabilities		44,927	184,964	(23,120)	(94,052)
Net Cash Flows From/(For) Operation		340,237	1,404,288	75,643	307,717
Income tax paid		(1,540)	(6,294)	(2,047)	(8,327)
Net Cash Flows from Operating Activities		338,697	1,397,994	73,596	299,390
Cash Flows for Investing Activities					
Purchase of equipment	10	(1,801)	(7,415)	-	-
Cash Flows for Investing Activities		(1,801)	(7,415)	-	-
Cash Flows for Financing Activities					
Repayment of borrowings		(384,117)	(1,569,886)	(150,000)	(610,200)
Interest paid for borrowings	17	(47,009)	(192,126)	(39,551)	(160,893)
Additional borrowings		290,000	1,193,930	100,000	406,800
Net Cash Flows for Financing Activities		(141,126)	(568,082)	(89,551)	(364,293)
Net Increase in Cash and Cash Equivalents		195,770	822,497	23,596	96,130
Cash And Cash Equivalents At Beginning of The Financial Year		141,450	576,268	117,854	476,720
Translation Difference		-	(10,431)	-	3,418
Cash And Cash Equivalents At End of The Financial Year		337,220	1,388,334	141,450	576,268

❖ STATEMENT OF CHANGES IN EQUITY

❖ FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share Capital		Accumulated Losses		Regulatory Reserve		Currency Translation Reserves	Total	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
Balance as at 1 January 2022	1,500,000	6,000,000	(816,993)	(3,319,583)	84,838	345,693	102,091	767,845	3,128,201
Net profit for the year	-	-	(185,122)	(756,594)	-	-	-	(185,122)	(756,594)
Transfer from regulatory reserve, representing total transaction with owners	-	-	(131,325)	(536,725)	131,325	536,725	-	-	-
Currency translation differences	-	-	-	-	-	-	27,464	-	27,464
Balance as at 31 December 2022	1,500,000	6,000,000	(1,133,440)	(4,612,902)	216,163	882,418	129,555	582,723	2,399,071

❖ 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
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



គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ ហ្វាមីលី ម.ក
FAMILY Microfinance Plc.

| **“ Make Your Family Better ”**



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