



# COMMITMENT TO HOUSING FINANCE FOR UNDERSERVED FAMILIES

ANNUAL  
REPORT **2016**

**1** FIRST  
FINANCE

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The figures in this annual report relate to First Finance Plc Cambodia, from 01 January 2016 to 31 December 2016.

## SHARED MESSAGE FROM THE CEO AND CHAIRPERSON

In 2016, we at First Finance continued to pursue our vision of helping Cambodians fulfill their dreams of homeownership. As one of the only companies in the world to do what we do, we took steps forward this year to build our brand and improve on our mission. As each year brings us closer to our goals, it also presents new challenges and information. This one was no different.

The market for mortgages continues to be affected by both the supply of affordable housing and the supply of income. Both have been under strain in the last few years according to the MEF Report in August 2016. With reduced crop yields there has been less reliable income in our target market and the prices of houses/land/construction materials increased dramatically with the construction boom. It is expected that both of these constraints will ease in 2018.

Like all MFIs, First Finance saw an increase in nonperforming loans in 2016. Though there have been challenges as per the report above, we must also recognise that it is our job to protect the clients as much as possible from shocks and ensure our shareholders continue to see their assets grow. While 2016 was not ideal, it has forced us to become more creative in how we plan to proceed.

Going forward, we have looked to improve in several ways:

First, we need to be better at understanding our clients and anticipating their needs and the challenges they will face. We need to see the macro of the Cambodia situation and also learn about how people manage their own family economy. To do this, we are bringing on board more client support staff - from online marketing to training managers to human resources staff. These new employees will help us connect better with our clients to ensure we are an asset to them and their communities.

We are also working to improve our efficiency. Automating and standardizing our business processes will help us provide better, more reliable services to our clients. We have restructured our loan policies and changed the lending process to streamline our operations.

In addition, we are always looking inwards to see what we can do better for our employees and the First Finance culture. Aligning our mission and vision, as well as promoting innovative leaders, will help keep us forward-focused for a long time.

Lastly, as a company with investors, we are looking more carefully at how we can maximize our profits and minimize risk to ensure strong future growth. By engaging with specialised affordable housing financiers globally, we hope to share what we learn as well as learn how different countries and

economies are working to overcome the challenges of housing for the poor.

We are excited for a year of growth at First Finance, where we can build on what we learned in 2016 and make First Finance a stronger company going forward.



**Lee-Anne Pitcaithly**  
Executive Chairperson



**Sothany Chun**  
Chief Executive Officer





A staff member explains a repayment method and other benefits to a client.

## ABOUT US

First Finance Plc is a joint venture company established between Cambodia-based First Home Plc, Singapore-based Phillip Capital, Luxembourg-based Insitor Fund, Cambodia-Laos Development Fund and Norway-based Norfund. The company was granted its license on 23 April 2009 by the National Bank of Cambodia, and became the first financial institution to specialize in housing finance in Cambodia. The company is focused on providing long-term Home Loans and Home Improvement Loans, and medium-term Home Equity Loans to underserved low and middle-income Cambodian households without access to formal commercial lending.

As the founding company of First Finance, First Home Plc has tested and refined its initial housing finance concept and has conducted studies on the market needs for housing loans. It has thus provided First Finance a foundation for growth and expansion.

### TARGET

Our target clients are low and middle-income Cambodians who seek to invest in their first homes. First Finance has branches in Phnom Penh, Siem Reap, Battambang and Kampong Cham. These branches also serve the provinces of Kandal, Kampong Speu, Pailin, Banteay Meanchey, Oddar Meanchey, and Tboung Khmum.

### VALUE PROPOSITION

The vast majority of Cambodian households have no access to formal housing finance. While commercial banks have begun to offer home loan products, they are more focused on wealthier Cambodians.

First Finance provides clients with loan products and services specific to their needs, with requirements that are in line with the realities of Cambodia. Clients can meet directly with our credit consultants in order to fully understand our products and the legal processes associated with purchasing their first homes.

### CORPORATE PHILOSOPHY

Our corporate philosophy is very simple:

**We think like customers and act like owners.**

Our approaches are even simpler:

- Offer market-driven products and services
- Provide simplified procedures and quick processing
- Operate with flexibility and transparency
- Demonstrate integrity and ethics in all business practices

### VISION

To help families from every socio-economic status in Cambodia live in dignity, security, happiness and stability through homeownership.

### MISSION

To build the economic stability of low-income Cambodian families by increasing access to home ownership.

### CORE VALUE-IRISE

#### Integrity

In order to see our clients achieve the vision of First Finance, we are honest and transparent in everything we do.

#### Response

We are always close enough to care and to respond to our clients' needs. We take ownership of our actions and we're open to feedback.

#### Innovation

We are creative in finding efficient solutions to better serve our clients.

#### Social Justice

We take pride in being respectful, being professional and treating our clients fairly.

#### Excellence

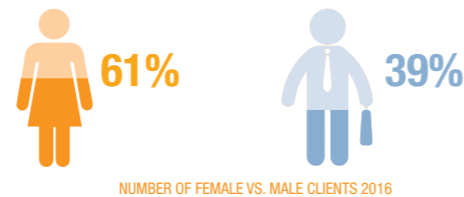
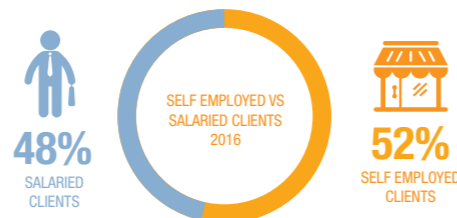
We strive to be the best at what we do.

# OUR RESULTS

2016 was a challenging year for the growth and operations of First Finance. The distinct challenges emerged both from external and internal factors; however, we maintained our commitment to support wealth creation and stability for underserved households: low to middle-income Cambodian families. By the end of 2016, our loan portfolio was \$19.7 million – a 8% contraction from 2015. People earning fewer than \$6 per day received 18% of our loans, while 38% of loans went to those earning less than \$12 per day. To improve our risk coverage over nonperforming loans, we made changes to our provision policy which negatively affected the profitability for the year of \$0.2 million. However, unlike most MFIs, we hold real property as collateral.

Consistent with decline in portfolio, our active loans slid by 5% to 2,176 and our loan portfolio size contracted to \$19,693,895. The number of loans to women still accounted for 61% of our loan portfolio in 2016. Self-employed, small business owners accounted for 52% of our borrowers. The majority of these people have no access to formal financing because of their employment status.

We serve Cambodian families in major cities and provinces with branches in Phnom Penh, Siem Reap, Banteay Meachey, Battambang and Kampong Cham. These branches also serve the provinces of Kandal, Kampong Speu, Takeo, Pailin, Oddar Meanchey, and Tboung Khmum. At First Finance, we continue to strive to reach our goal of effectively providing housing finance to low and middle-income Cambodian families.



Mrs. Phab Savong with her husband in front of their house.

In 2001 Mr. Long Savuth and his wife Mrs. Phab Savong moved from Banteay Meanchey to Siem Reap along with their son, Long Phira. They settled down in a rental room in Srangea commune, in Siem Reap.

The family has a total income of about \$420 per month. Mr. Savuth, 55, earns almost \$300 of it as a tuk tuk driver, and his son, who is now 26, earns \$120 per month as a clerk at Angkor Century Hotel. Mrs. Savong, now 48, takes care of their home.

Over time, they managed to save up a small amount of money to buy a piece of land in Creav commune, in Siem Reap. They were very happy with their piece of land, but did not know how to go about building a house.

Mr. Savuth contacted various banks and MFIs in search of help in this regard, but did not receive the response he expected. One day in 2013, he learned about First Finance on TV and at once called a credit consultant. It was a surprise to him that the consultant came to visit his land right away. They discussed his options, and he finally decided to take out a five-year, \$3,000 Home Improvement Loan on March 26, 2013 to build a small wooden house on his 8m x 20m property.

Concerns have gone and happiness has arrived during the past four years, as the family has gotten to enjoy the many benefits of homeownership. For nine years, the family paid \$50 per month in rent for their room, with nothing to show for it. Mr. Savuth said the rental property's environment was not nice, but the family had no desire to make it better since it was not their own house.

Now, he pays First Finance just \$80 per month and his family is close to owning its own home. He has turned his own house from a barren stretch of land to a green, plant-filled space full of trees. Once isolated, he now has friendly relationships with his neighbors. His wife is able to plant some vegetables to help provide income for the family. His son has also gotten a better job.

Recently, the family also took a Home Equity Loan to buy a car for driving tourists around Siem Reap. The property, which cost him \$3,600, is now worth \$9,900. The family is expanding their careers, as well as their family, as Phira's wife now lives with them in their comfortable and secure home.

# OUR STRATEGY

First Finance looks to the future with great optimism but also with an eye on the market. As always, we are looking at ways to improve on what we've accomplished in 2016 and to make improvements to benefit our clients, employees and investors. There will be changes to how First Finance operates in 2017 and beyond, stemming from what we have learned from this past year.

finding out new things about the field every day. We want to learn more about our clients' experiences and what we can do better.



## BE WHAT WE DREAM

We want to be the kind of company people dream of working for. We want to push our employees to do more than they ever thought was possible. We use a competitive incentive scheme, based on merit, to both attract new talent and maximize the abilities of our current staff. Our friendly, professional working environment sets us apart from the competition.

To better serve our clients, we want to align our vision and mission more closely. We want our staff to feel the same sense of accomplishment that our clients feel when they fulfill their dreams of homeownership. We operate transparently, and encourage staff to honestly report internal complaints and issues.



## PROTECT EQUITY AND ASSETS

The final part of our strategy involves the protection of the financial side of the business itself. We want to make sure we are maximizing profitability for our investors and shareholders, and doing it in a way that ensures happy customers and no unnecessary risks. We will minimize our operating costs, better manage nonperforming loans, and make sure management are held accountable. We will also make sure we have accurate information for all of our partners.

Our field is not without risk, so we are developing and implementing ways to better recognize, handle and respond to those risks, whether they be financial, operational, political or environmental.



## CLIENT RESPONSE

In the future, we would like to be even more valuable to our clients, and we plan to add to our current services to better serve them and First Finance itself. Possible additions could include advising clients on the housing market, offering small business advice, working with partners to offer special deals, or helping with risk management. This will help us become a complete housing solutions partner to those we serve.

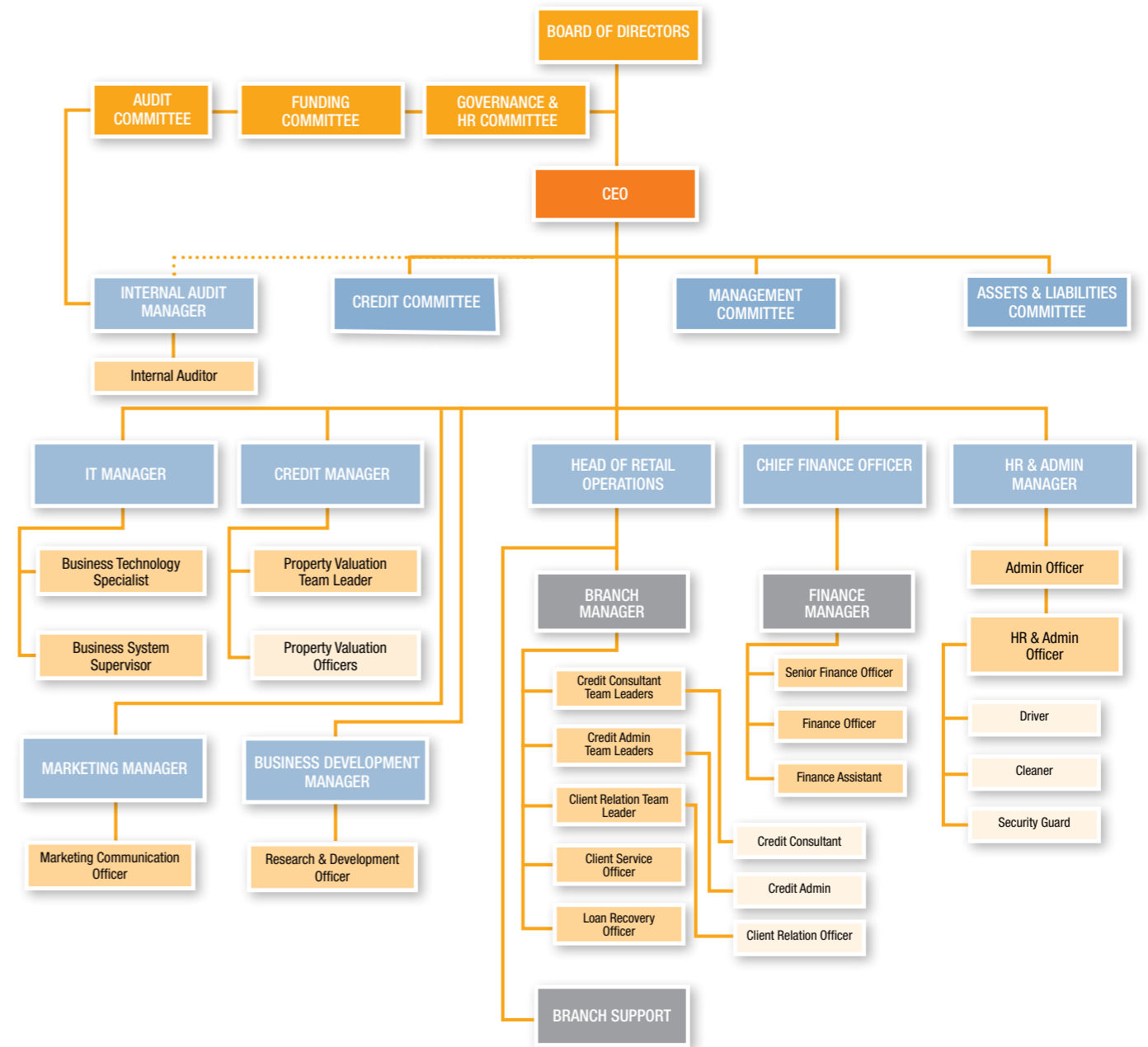
In addition to new services, we seek to build on the trust our clients have in us. Our partnership with our clients and their communities will mean designing new products to benefit them, as well as offering rewards at the client and community level.



## MORE EFFICIENT PROCESSES

For the ease and efficiency of staff and clients alike, First Finance plans to make more of our processes and operations automated. This will include more e-documenting, as well as standardizing procedures and processes all across First Finance. This will help us collect and distribute high-quality, accurate information. We are also looking at ways to encourage and promote innovation. As one of few companies in the world to do what we do, we are

# ORGANIZATIONAL CHART



# PRODUCT HIGHLIGHTS

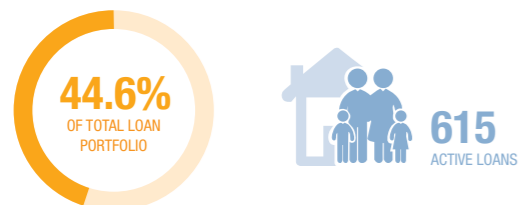
As of 31 December 2016, we have more than 2,176 active loans worth \$19.7 million in loan portfolio.

Currently, we offer four different products:

## HOME LOAN

A First Finance Home Loan provides an opportunity for low and middle-income families to own their first homes. They can borrow up to 85% of the home's value to repay over a term of up to 15 years. This loan is offered at a competitive rate, and also allows the client to have up to 3 co-borrowers (siblings).

More than 615 active loans have been used by low and middle-income families to improve their living standards through owning their own houses. These loans cover 44.6% of our total loan portfolio.



## HOME IMPROVEMENT LOAN

A Home Improvement Loan is one of our main products, providing long-term financing solutions for those who want to construct a new house on pre-owned land, or renovate an existing home.

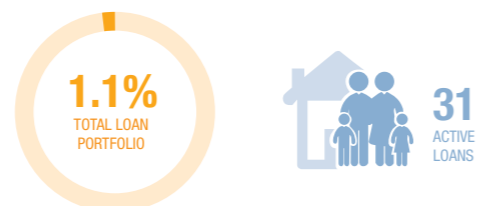
With features of long-term repayment up to 15 years and financing amount of up to 100% of the total planned construction or renovation, there are more than 962 active loans, representing 37.1% of our total loan portfolio.



## LAND LOAN

A Land Loan is one of our main products, providing long-term financing solutions for those who purchase land for home construction.

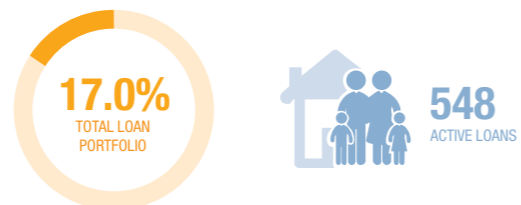
With features of long-term repayment up to 15 years and financing amount of up to 65% of the total cost, this product has more than 31 active loans, representing 1.1% of our total loan portfolio.



## HOME EQUITY LOAN

A Home Equity Loan can be added to the existing housing finance product lines to help First Finance's existing and potential clients buy necessary household items and to extend or start a business. This loan allows clients to release the equity in their home in order to pursue financial opportunities.

This features repayment terms of up to 10 years. This product has more than 548 active loan, representing 17% of our total loan portfolio.



If I didn't take the chance at that time, I would still be living in a rental house today.

Mr. Ouk Bunthoeun and his family alongside their Honda Dream, which they won from First Finance.

In 2003 Mr. Ouk Bunthoeun moved his family from Tramkna, in Takeo, to Phnom Penh in search of a better life. The small room they rented in Toek Thal, Khan Sen Sok, was fine for some time, until his family expanded to include their two sons. In addition, his sister came to live with the family as well. The room wasn't big enough for all five people.

Mr. Bunthoeun, his wife and his sister all work at the Flextime factory. He works in the office, and the two women sew clothes. Altogether, they earn around \$1,000 per month. They heard about First Finance through promotions and became part of the First Finance Family in December 2012 when they took out a 136-month Home Loan to buy a 4.5m x 10m property in Sangkat Tropang Krosang, Khan Posen Chey, Phnom Penh. A little over a year later, the family added a Home Improvement Loan for 86 months to improve on their two-story house, bringing the total of the loan to \$11,400.

Since then, the property's value has increased from \$14,080 to \$30,600, making the family very glad they took the chance to buy and improve their own home rather than to continue living in their rental room. Adding to the family's fortune, Mr. Bunthoeun won a 2016 Honda Dream from First Finance in a lucky draw contest the company held as part of its client engagement program in 2016.

Mr. Bunthoeun and his wife are happy to watch their sons, ages 10 and 5, grow up in a safe and secure home, big enough for all of them.



Mr. Ouk Bunthoeun's two-story house

# 2016 HIGHLIGHTS



## CONTRIBUTION TO OUR COMMUNITY

We all live under the same sky and share the same planet. On December 10th 2016, as part of this belief, First Finance staff ran a two-day retreat in Kampot province to give back to the environment. Through the re-planting of mangrove trees in Teuk Chhou district, First Finance hopes to be part of the redevelopment of the local eco-system and livelihoods.

## CONTRIBUTION TO OUR COMMUNITY

At First Finance, we like to reward our clients who have been with us. Paying off a mortgage is a great achievement and as such we like to personally honor these milestones. Through personalised messages from the CEO, the celebratory gift baskets, and vouchers for return clients, First Finance shows that we are proud to be a part of their achievement.



## NATIONAL PARTICIPATION

In March 2016 First Finance, as a member of the Cambodia Microfinance Association, participated in the Trade Fair that was hosted by the National Bank of Cambodia. The fair was part of the National Summit on the Development of Microfinance in Cambodia.



## PROTECTING OUR CLIENTS

We love helping our clients into their first house. Now we need to help them protect this asset. In 2016, First Finance provided more than 100 First Extinguishers to new home owners. With translated instructions and diagrams we are helping our clients to keep their families, and asset, safe.

In addition to the fire extinguishers First Finance has also given new motorbikes and household goods to lucky draw winners to thank them for their continued support of First Finance.







**SHOWING OUR STAFF SPIRIT**

As First Finance continues to grow, we also have to ensure we remain a family. For this year's annual workshop our slogan was 'You are the reason we stand strong'. Through our reliance on each other to do the right thing, and to be there to help, we can all be better for ourselves and our clients. Even though it was a serious event, lots of group work helped us have fun, get to know each other better and build stronger ties.



**WATER FESTIVAL**

Water Festival in Cambodia is always a big celebration. This year, First Finance decided we would like to share the celebrations in Battambang. At our promotion booth, we spent a lot of time speaking with families about how to access our services to help them achieve their dream of homeownership. We also provided games and a lucky draw to attract interest.

**NATIONAL CAREER FAIR**

Here at First Finance we are always on the look-out for new and dynamic staff. One of the places we like to find new staff is at the National Career Fair for recent college graduates and other people looking for new opportunities. We are always so excited to see the calibre of new graduates and help them fulfil their dreams.



**FIRST FINANCE IN THE MEDIA**



# STAFF TESTIMONIALS



CHAN Sonika | Finance Intern

I am Nika, 20, a junior student of Economics and Banking at RULE as well as a Finance Intern at First Finance. Studying with RULE's professors has given me a good background knowledge in finance, and my work at First Finance has helped me get to a whole new level professionally.

I joined First Finance in October 2016 after hearing about the company online and submitting my application. Working here is exciting and challenging. My colleagues have helped me make the transition from school to a real professional career. The culture here is amazing. Everyone here is friendly, warm and helpful, and I do not feel pressure in my working environment. My supervisor is very helpful when training me, corrects me gently when I encounter challenges and empowers me to handle my tasks. I really see the differences in myself since I've joined First Finance. I can communicate with new people, complete many tasks, adapt to flexibility, and handle last-minute work. I really appreciate the vision and mission of First Finance in terms of its contribution to homeownership for low-income Cambodians. What is more, I respect everyone here for their willingness to learn and improve their capacities to meet the needs of clients. Lastly, I am very grateful to First Finance for giving me the chance to serve the people of my country. I love First Finance.



CHANTY Veasna | Credit Consultant

I have been a Credit Consultant for First Finance since July 2015. I am from Kampong Cham and used to work for a microfinance institution that provided small loans to clients. I came to Phnom Penh seeking a new challenge to push myself in my career. I chose to work for First Finance because of its unique specialization in providing mortgages to low and middle-income Cambodians. I really like working here because all staff, from management to officers, treat each other like family. I do not feel the pressure of a hierarchy, but instead the support of a helpful partner. I am proud to be a Credit Consultant of First Finance, as I am able to help underserved Cambodian people who are in need of financial support to own a home. I am really happy to see my clients move from rental rooms to their own homes. I am glad that my work can contribute to my community.



The First Finance Family during our annual workshop.

## INVESTMENT PARTNERS

### SHAREHOLDERS:



### LENDERS:



# REPORT OF THE INDEPENDENT AUDITORS

Extracted from the audited financial statements as at and for the year ended 31 December 2016

## TO THE SHAREHOLDERS FIRST FINANCE PLC.

### OPINION

We have audited the financial statements of First Finance Plc (“the Company or “First Finance”), which comprise the balance sheet as at 31 December 2016, the income statement, the statements of changes in equity and cash flows for the year then ended, and notes, comprising 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 2016, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

### BASIS FOR OPINION

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

### OTHER INFORMATION

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of the Board of Directors and the annual report which is expected to be made available to us after that date.

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

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

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

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### AUDITORS’ 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 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 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 management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ 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 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For KPMG Cambodia Ltd

  
Nge Huy  
Partner



31 March 2017

## BALANCE SHEET

Extracted from the audited financial statements as at and for the year ended 31 December 2016

	2016		2015	
	US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>				
Cash on hand	3,689	14,892	2,815	11,401
Deposits with banks	7,171,167	28,950,001	1,685,566	6,826,542
Statutory deposits	180,102	727,072	180,102	729,413
Loans to customers	19,141,733	77,275,176	21,135,479	85,598,690
Other assets	496,431	2,004,092	320,888	1,299,596
Property and equipment	149,531	603,657	111,679	452,300
Intangible assets	-	-	32,973	133,541
Deferred tax assets	114,858	463,682	55,089	223,110
<b>TOTAL ASSETS</b>	<b>27,257,511</b>	<b>110,038,572</b>	<b>23,524,591</b>	<b>95,274,593</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Borrowings	19,756,303	79,756,195	16,438,371	66,575,403
Other liabilities	813,064	3,282,339	711,086	2,879,898
Provision for income tax	146,847	592,822	202,071	818,388
<b>Total liabilities</b>	<b>20,716,214</b>	<b>83,631,356</b>	<b>17,351,528</b>	<b>70,273,689</b>
<b>Equity</b>				
Share capital	2,926,955	11,816,117	2,289,370	9,271,949
Additional capital contribution and share premium	1,554,560	6,275,759	2,192,145	8,878,186
Retained earnings	2,059,782	8,315,340	1,691,548	6,850,769
<b>Total equity</b>	<b>6,541,297</b>	<b>26,407,216</b>	<b>6,173,063</b>	<b>25,000,904</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>27,257,511</b>	<b>110,038,572</b>	<b>23,524,591</b>	<b>95,274,593</b>

## INCOME STATEMENT

Extracted from the audited financial statements as at and for the year ended 31 December 2016

	2016		2015	
	US\$	KHR'000	US\$	KHR'000
Interest income	3,913,269	15,797,867	3,362,950	13,619,948
Interest expense	(1,660,495)	(6,703,418)	(1,364,024)	(5,524,297)
<b>Net interest income</b>	<b>2,252,774</b>	<b>9,094,449</b>	<b>1,998,926</b>	<b>8,095,651</b>
Other operating income	287,392	1,160,201	428,845	1,736,822
<b>Operating income</b>	<b>2,540,166</b>	<b>10,254,650</b>	<b>2,427,771</b>	<b>9,832,473</b>
Allowance for bad and doubtful loans	(563,491)	(2,274,813)	(400,411)	(1,621,665)
General and administrative expenses	(1,481,976)	(5,982,737)	(1,052,113)	(4,261,058)
<b>Profit before income tax</b>	<b>494,699</b>	<b>1,997,100</b>	<b>975,247</b>	<b>3,949,750</b>
Income tax expense	(126,465)	(510,539)	(181,483)	(735,007)
<b>Net profit for the year</b>	<b>368,234</b>	<b>1,486,561</b>	<b>793,764</b>	<b>3,214,743</b>

## STATEMENT OF CHANGES IN EQUITY

Extracted from the audited financial statements as at and for the year ended 31 December 2016

	Share capital US\$	Additional capital contribution and share premium US\$	Retained earnings US\$	Total US\$
At 1 January 2015	2,289,370	950,002	897,784	4,137,156
Net profit for the year	-	-	793,764	793,764
Converted from borrowing	-	1,242,143	-	1,242,143
At 31 December 2015	2,289,370	2,192,145	1,691,548	6,173,063
(KHR'000 equivalents )	9,271,949	8,878,186	6,850,769	25,000,904
At 1 January 2016	2,289,370	2,192,145	1,691,548	6,173,063
Net profit for the year	-	-	368,234	368,234
Transfers	637,585	(637,585)	-	-
At 31 December 2016	2,926,955	1,554,560	2,059,782	6,541,297
(KHR'000 equivalents)	11,816,117	6,275,759	8,315,340	26,407,216

## STATEMENT OF CASH FLOWS

Extracted from the audited financial statements as at and for the year ended 31 December 2016

	2016		2015	
	US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>				
Net cash generated from/ (used in) operating activities	2,186,424	8,826,593	(4,871,478)	(19,729,486)
<b>Cash flows from investing activities</b>				
Acquisition of property and equipment	(111,676)	(450,836)	(93,358)	(378,100)
Acquisition of intangible assets	-	-	(23,662)	(95,831)
Proceeds from disposal of property and equipment	52	210	8,200	33,210
Term deposits	(1,000,000)	(4,037,000)	-	-
Net cash used in investing activities	(1,111,624)	(4,487,626)	(108,820)	(440,721)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	5,000,000	20,185,000	3,759,387	15,225,517
Repayments of borrowings	(1,682,068)	(6,790,509)	(786,521)	(3,185,410)
Net cash generated from financing activities	3,317,932	13,394,491	2,972,866	12,040,107
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,392,732</b>	<b>17,733,459</b>	<b>(2,007,432)</b>	<b>(8,130,100)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>1,688,381</b>	<b>6,837,943</b>	<b>3,695,813</b>	<b>15,060,438</b>
<b>Currency translation difference</b>	<b>-</b>	<b>(21,949)</b>	<b>-</b>	<b>(92,395)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>6,081,113</b>	<b>24,549,453</b>	<b>1,688,381</b>	<b>6,837,943</b>

# BOARD AND LEADERSHIP



**LEE-ANNE PITCAITHLY**  
EXECUTIVE CHAIRPERSON

Ms. Lee-Anne Pitcaithly came to First Finance in 2014 as the Executive Chairperson, following eight years of international experience in Mobile Financial Services for the poor. Coming from a commercial management background and a career spent predominantly in commercial banking, utilities, and telecommunications, Lee-Anne brings a wide range of knowledge and skills to her role. Lee-Anne has previously held executive roles in WING Cambodia and Grameen Foundation (Uganda). Residing in Cambodia, Lee-Anne continues to work as an international consultant for Digital Financial Services.



**TALMAGE PAYNE**  
DIRECTOR

Shareholder Representative First Home Plc

Mr. Talmage Payne, a social entrepreneur and INGO leader, is currently the Cambodia Country Director for World Hope International. He is the founder of First Finance and several other social ventures. Talmage has lived in Southeast Asia most of his adult life, serving in both the non-profit and for-profit social impact sectors. He was global CEO of Hagar International (involved in the protection and recovery of survivors of human trafficking), and helped establish Hagar in nine countries using their integrated non-profit and for-profit models.

Talmage was the Country Manager for World Vision Cambodia and the founding Chair of VisionFund Cambodia. The Royal Cambodian Government has recognized his humanitarian work numerous times, twice awarding him the People's Medal, as well as the Royal Order of the Sahametri. Talmage has a BA in Economic Development from Wheaton College.



**NICHOLAS LAZOS**  
DIRECTOR

Shareholder Representative Insitor Fund

Mr. Nicholas Lazos is Co-founder and Director of Insitor Impact Asia Fund. Nicholas has worked in South and Southeast Asia for the last ten years, supporting social enterprises through their start-up stages. Nicholas leads all major equity investments and sits on the Board of Directors of portfolio companies. Prior to Insitor, Nicholas was General Manager of the first low-income housing solutions company in Cambodia, where he managed the startup and development of the company until it became fully operational. He holds dual degrees in Mathematical Methods in the Social Science program from Northwestern University.

# BOARD OF DIRECTOR



**ONG TEONG HOON**  
DIRECTOR

Shareholder Representative Phillip Capital

Mr. Ong Teong Hoon has more than 30 years of banking experience in Asia, including some in the microfinance sector. Mr Ong is a senior executive at Phillip Capital, one of Asia's leading financial houses and is currently a Director for Phillip Bank Cambodia and a Director at Kredit Microfinance Plc Cambodia. He is Chairman of the Methodist School in Cambodia and has held senior leadership roles in youth and detention rehabilitation programs. Mr Ong is also a founding board member of First Finance Plc and has journeyed with us through our rapid growth, challenges and successes. He is also an Associate of the Chartered Institute of Bankers in London.



**FAY CHETNA**  
DIRECTOR

Shareholder Representative Norfund

Ms. Fay Chetna is an Investment Director and the Head of Asia for Norfund. She is responsible for managing and leading Norfund's Asia portfolio. Prior to joining Norfund, Fay worked at the International Finance Corporation and The World Bank Group. Fay has experience within the field of development finance from transactions in Southeast Asia, Africa, Latin America and Eastern Europe. Fay is a graduate of the School of Advanced International Studies at Johns Hopkins University.



**BRAD JONES**  
INDEPENDENT DIRECTOR

Mr. Brad Jones has worked in senior management and executive roles in the banking and payments industries in Asia Pacific, Middle East and Australia. His experience includes establishing start-up businesses in challenging developing markets to operations management in multinational banks. Brad is currently the Chief Executive Officer of Wave Money, a mobile money joint venture in Myanmar with Telenor and Yoma Bank as shareholders. Previously he was the founding Managing Director for WING Cambodia and has also held senior leadership positions in mobile innovation for Visa. In addition to Brad's extensive corporate experience he has previously consulted to the World Bank Group, Grameen Foundation and DFID in the field of digital financial services. Brad holds a Bachelor of Commerce from Griffith University in Australia, and Post Graduate business qualifications from the University of Queensland.

## BOARD OF DIRECTOR



### VANNARATH VICHETH DIRECTOR

Shareholder Representative CLDF

Mr. Vannarath Vicheth joined the board of First Finance in 2016. He comes to this financial institution with over 10 years of international banking and investment experiences from USA, Europe and Cambodia. Currently, Vannarath is the investment manager of Emerging Markets Investment Advisors (EMIA), a Singapore-based private equity investment advisory firm. Prior to this, he held various management roles including CEO and Head of Corporate Finance Advisory at Cana Securities, the investment banking arm of Canadia Investment Holding Plc.

Mr. Vannarath attended Harvard University for the Master of Art in Management and also holds a Master's degree in Banking & Finance from ESCP Europe Business School. Vannarath is an Associate Member of CPA Australia.



### PAUL FREER INDEPENDENT DIRECTOR

Mr. Paul Freer has more than 20 years of senior-level experience in international banking as well as a successful background in project management, education and the not-for-profit sector in Cambodia. Paul spent his initial banking career in the UK before investing a further 15 years of his career working in Cambodia and the Lao PDR in senior management positions in both for-profit and not-for-profit organizations. Paul was previously CEO of Standard Chartered Bank in Cambodia, MD of Phongsavanh Bank in the Lao PDR and Head of Retail Banking with ANZ Royal Bank (Cambodia). He was also responsible for the entry of Maruhan Japan Bank into the Cambodian marketplace, where he was employed as Vice President and General Manager. Paul sits on the Finance and Facilities Committee of the International School of Phnom Penh and has undertaken independent banking and MFI consultancies with The World Bank and other organizations. Paul was recently appointed Chief Operating Officer at PiPay – a new electronic payment processing start-up operating in Cambodia. Paul holds a Postgraduate Diploma in Business Management from the Southampton Business School in the UK.



### JOSHUA MORRIS OBSERVER

Shareholder Representative CLDF

Mr. Joshua Morris is the founding Partner and Managing Director of Emerging Markets Investments (EMI), a Cambodian-based Investment Advisory business that manages the Cambodia-Laos Development Fund. Prior to founding EMI, Joshua was actively involved in private sector development and business consulting in Southeast Asia through his role as a co-founder of EMI's sister company, Emerging Markets Consulting.

Before relocating to Cambodia in 2004, Joshua held senior management positions in marketing and corporate development for technology start-ups and a NASDAQ-listed e-commerce business. Joshua holds an MBA from Harvard Business School (1998) and a BA cum laude from Harvard University (1992).



Mrs. Savong working in the vegetable garden in front of her home.

Siem Reap | Cambodia

MANAGEMENT TEAM







**SOTHANY CHUN**  
CEO

Ms. Sothany Chun started her career with World Vision Cambodia in 2002 as an internal auditor. From there Sothany quickly progressed through a number of roles, where she managed project design, proposal development, progress reviews and building connections with donors. In 2007 Sothany became Business Development Manager for VisionFund where she worked in fund acquisition, marketing, communication and product development. In 2008 she moved to WING, an ANZ (Australia) Bank startup mobile money transfer business, where she developed strategy and managed sales, including motivating and empowering over 900 WING commissioned-based agents. In April 2011 Sothany joined First Finance as a Chief Financial Officer and in August 2014 she was appointed CEO.

Sothany has a Bachelor's Degree in Management - Accounting, and a Master's in Organizational Development - MFI Management.

**NITHYA NINE**  
CFO

Mr. Nithya Nine graduated with a degree in Business Administration from the University of California at Berkeley and obtained his license as a Certified Public Accountant (CPA) in 2009. Including his 2 years experience with Fortune 500 companies, Nithya has more than 8 years experience of managerial accounting, auditing, risk management, and financial planning & analysis in various industries including financial services.



**SAKADA HENG**  
HEAD OF RETAIL OPERATIONS

Mr. Sakada Heng is the longest standing First Finance team member, starting as the Credit Admin Officer in 2009 when First Finance was granted its license. Sakada progressed through a number of roles, to become Phnom Penh Branch Manager in 2013 and was appointed to the role of Head of Retail Operations in May 2015. He has a detailed understanding of Phnom Penh, as he has lived here his entire life, but also has experience traveling abroad. Sakada has completed two Bachelor's degrees, one in Accounting/Finance and one in French language. He completed a Master's in Risk Management - Insurance, Finance and Banking.

**SETHA PHUON**  
CREDIT MANAGER

Mr. Setha Phuon obtained a Bachelor's Degree in Management from the University of Battambang in 2012. Prior joining First Finance, he served VisionFund Cambodia for more than five years as Provincial Branch Manager, District Branch Manager and Client Service Officer. He also taught physics and math at a secondary school for three years. He joined First Finance in March 2013 as a Branch Manager and has since become a Credit Manager.





**VANDY SAING**  
MARKETING MANAGER

Mr. Vandy Saing obtained his Bachelor's Degree in Management Information System from the National University of Management in 2002. Prior to joining First Finance he served as a Marketing and Communication Coordinator for two years and then as a Creative Service Manager for seven years at VisionFund Cambodia. There, he managed and developed branding strategy and marketing communication strategy. Vandy also has many years experience working with advertising agencies and NGOs. He joined First Finance as a Marketing Manager in March 2016.

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**SOPHYA FADETH LIM**  
BUSINESS DEVELOPMENT  
MANAGER

Ms. Fadeth Lim has a Bachelor's Degree in Economics and is currently pursuing her MBA at Limkokwing University, majoring in Finance. Prior to joining First Finance as Business Development Manager in March 2016, she spent five years working in Cambodia's financial industry and consumer electronics industry. She then moved to Singapore, where she spent another four years as a volunteer for fundraising and social works. Her fields of expertise include Sales, Marketing and Communication, PR, Fundraising and Project Management.



**SINETH CHREK**  
IT MANAGER

Mr. Sineth Chrek has more than 10 years of experience in infrastructure design and implementation, IT security implementation, MIS administration, IT strategy and project implementation in the field of microfinance and banking. He joined First Finance in April 2016 as an IT Manager. Prior to that, he served a in key role to engage IT and business people as a manager at Amret. He has also worked at VisionFund as a Technology and Application Support Manager.

He earned a Bachelor's Degree in Information Technology from a university in Phnom Penh.

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**VOLEAK VETH**  
FINANCE MANAGER

Ms. Voleak Veth has over seven years of experience in accounting and finance. Voleak has worked in accounting, insurance and the general business. She joined First Finance in 2012.

Voleak has completed a Bachelor's degree in Finance and Banking, a Master's in Business Administration and is currently pursuing her ACCA qualification.





**SAMBO CHHOUR**  
INTERNAL AUDITOR MANAGER

Mr. Sambo Chhour has more than six years of experience in the field of auditing. He has done assurance work, external audits and internal audits. He started his career at PriceWaterhouseCoopers Cambodia as an assistant auditor and became a senior auditor in 2007. After working at PWC, he became a senior internal auditor at First Finance. After finishing a two-year graduate study course in Applied Finance in New Zealand, he has become an internal audit manager. Sambo has both a Bachelor's and a Master's Degree in Finance and he is now pursuing his ACCA/CPA qualification.

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**SREY PEOU SRENG**  
HR AND ADMIN MANAGER

Ms. Srey Peou Seng has a Bachelor's Degree in Accounting and Master's Degree in Business Administration. She has worked for more than eight years in HR and Admin related roles in both non-profit organizations and the private sector. Prior to joining First Finance as HR and Admin Manager in October 2016, she served as a Human Resources Officer and Coordinator at Sihanouk Hospital Center of HOPE and HOPE Worldwide Medical Centers, where she managed recruitment and selection, performance management, training and development, the HR system, employee relations, employee benefits and compensation.



**MENGSE SEAN**  
LEARNING AND DEVELOPMENT  
MANAGER

Mr. Mengse Sean has had a dynamic career, filled with professional progress. For over 10 years he has held many positions, from entry-level all the way up to management. His areas of expertise include Learning & Development and Human Resources management, including recruitment, HR policy development, personnel admin and compensation & benefits. He is a highly patient and committed individual.

He earned a scholarship from the National University of Management in 2000, and graduated with his Bachelor's degree in 2004. He got his Master's in field of management in 2009.

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**CHHUON IN**  
BATTAMBANG BRANCH  
MANAGER

Mr. Chhuon In earned his Bachelor's degree in Banking and Finance from the University of Management and Economics in 2012. Prior to joining First Finance he served VisionFund Cambodia for eight years as a Senior District Branch Manager, Senior Risk and Quality Assurance Officer and Credit Officer. He performed an important role in portfolio growth management and risk management for the branch. He joined First Finance in December 2015 as a Credit Consultant Team Leader and has since become the Battambang Branch Manager.





# A15-17, STREET 271, SANGKAT TOMNUB TEK,  
KHAN CHAMKARMON, PHNOM PENH, CAMBODIA

Tel: 023 997 937

Email: [info@firstfinance.biz](mailto:info@firstfinance.biz)

Website: [www.firstfinance.biz](http://www.firstfinance.biz)