



# HOUSING SOLUTIONS PARTNER

ANNUAL REPORT 2021



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and Chairperson

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*The figures in this annual report relate to First Finance Plc Cambodia, from 01 January 2021 to 31 December 2021.*



**Hanco Halbertsma**  
Chairman

## Shared Message from the CEO and Chairperson

Dear friends of First Finance,

While the impact of the COVID-19 pandemic during 2020 diminished at the start of 2021, during the second and third quarters of 2021, the pandemic was back in full force, causing partial lockdowns and strict travel restrictions. Hence, again, this financial year was a unique and challenging year for our clients, our staff, and all involved in First Finance. Many people with micro and small businesses were affected and consequently, First Finance had to help around 250 [or 14%] of its clients by accepting a moratorium that temporarily adjusted their repayment

schedule to match their reduced income. Our management teams at Head Office and branches continued to support our COVID-impacted clients, their families, and businesses.

The situation improved in the fourth quarter of 2021 as restrictions lifted and many of the affected micro and small businesses could rebuild their livelihood and continue to service their loan from First Finance. Mainly thanks to a major new business effort during the fourth quarter, First Finance extended a relatively large volume of loans, which resulted in a 30% growth of the portfolio to US\$ 30 Million. This is an amazing achievement considering that 2021 was such a challenging year.

In parallel to managing the impact from COVID-19, we also put much effort into preparing First Finance for significant future growth, by following a dual strategy. On the one hand, we pushed for attracting larger and longer funding, and we also increased our sales through property developers. We worked with several international financial institutions to ensure larger funding facilities with a relatively long tenor and at a lower cost. We also made arrangements with many property developers with the objective of refinancing the loans that these property developers had extended to



**Sothany Chun**  
CEO

families for buying a house.

With the anticipated growth, First Finance will be able to continue to contribute to a positive social impact, which supports our mission and is therefore very important to us. We strongly believe that increasing access to homeownership through the provision of affordable finance will lead to more effective use of their property as collateral, which is a key driver of wealth creation. So far, 5,000 families have been able to buy, build or improve their homes. Over 65% of our clients are female and 40% of total clients are low-income families that earn less than US\$ 700 per month.

In 2021, to confirm and assess its commitment toward client protection, First Finance engaged M-Cril to conduct an independent review of its compliance with client protection standards, following a new Client Protection Pathway from CERISE and SPTF. CERISE and SPTF are international non-profit organizations that focus on Social Performance Management and Client Protection. These standards are (1) Appropriate products design and delivery; (2) Prevention of over-indebtedness; (3) Transparency; (4) Responsible pricing; (5) Fair and respectful treatment of

clients; (6) Mechanisms for complaint resolution; and (7) Privacy of client data. They awarded First Finance the Gold Level Certificate according to the New Client Protection Framework promoted by SPTF and CERISE.

Going forward, First Finance will continue to actively support low and middle-income families by providing them with long-term loans so they can reach economic stability by owning their own homes at an affordable cost. We appreciate the ongoing support from the Government and many property developers toward affordable housing, and our outlook for 2022 is positive. We are confident that our growth strategy will be a success so that our portfolio will grow and our financial performance will improve.

We are grateful to all our customers, members of staff, lenders, business partners, and shareholders who all contributed to the success of First Finance.

# 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 focuses on providing long-term Home Loans and Home Improvement Loans, and medium-term Home Equity Loans to

underserved low and middle-income Cambodian households who have little-to-no access to formal housing financial services. Most commercial banks only offer services to wealthier Cambodians.

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.

## CORPORATE PHILOSOPHY

Our corporate philosophy is very simple: **We think like customers and act like owners.**



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 low-middle-income families 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 through the provision of finance.

## CORE VALUES

### 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

At First Finance, we believe that helping people to become homeowners is the key to helping them improve their lives. The stability of homeownership allows a family to spend time and energy on other aspects of their life. Children can spend time studying, women can start businesses or go to work. The

connection to one's neighborhood and community becomes tighter. As those relationships grow, so does a family's self-respect. Homeownership is tightly connected to one's identity. A family's physical safety and security increase when they own their own home.

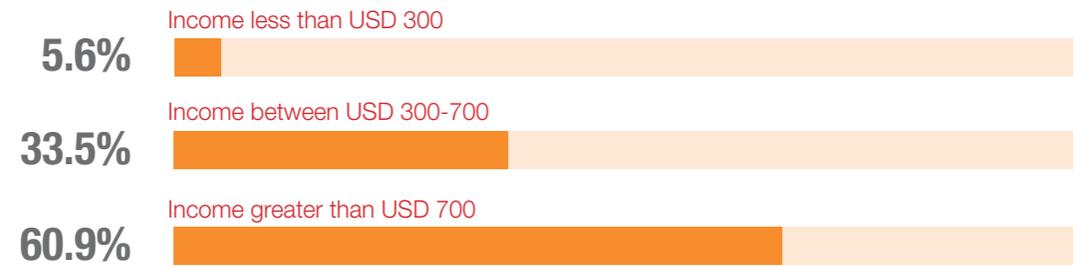
## CLIENT BY GENDER



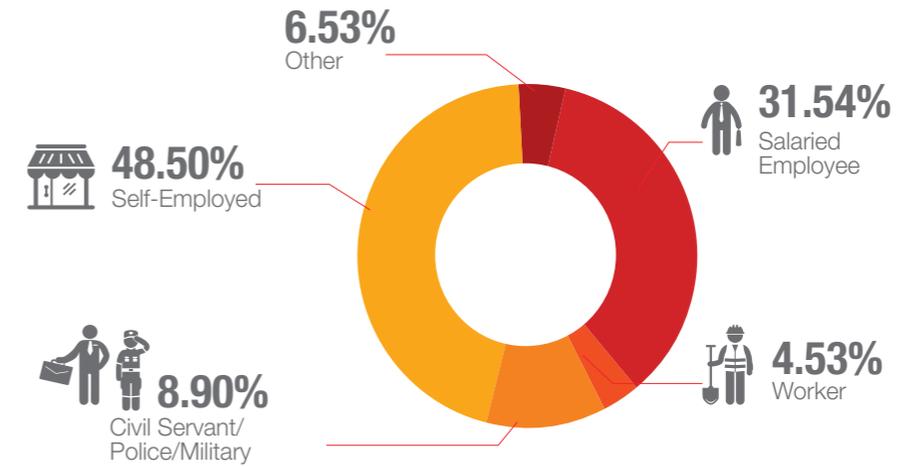
## TOTAL NUMBER OF ACTIVE CLIENTS



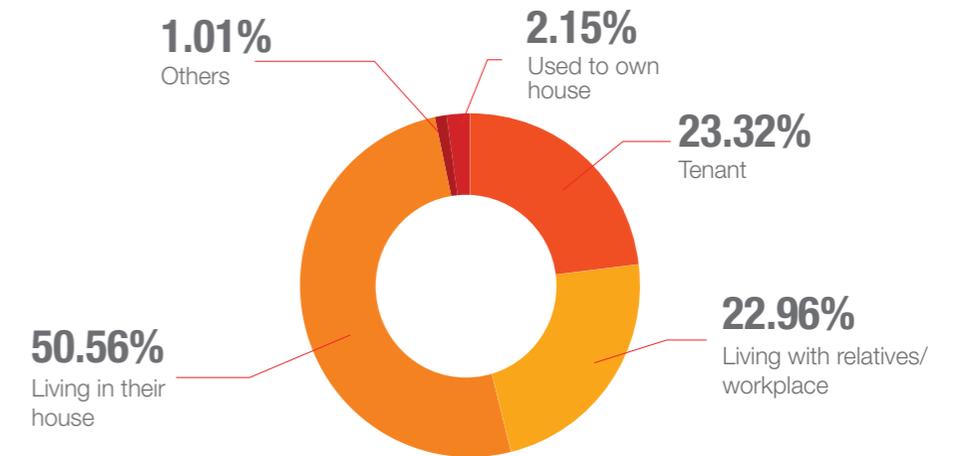
## CLIENT NUMBER BY MONTHLY INCOME



## PORTFOLIO BY INCOME SOURCE

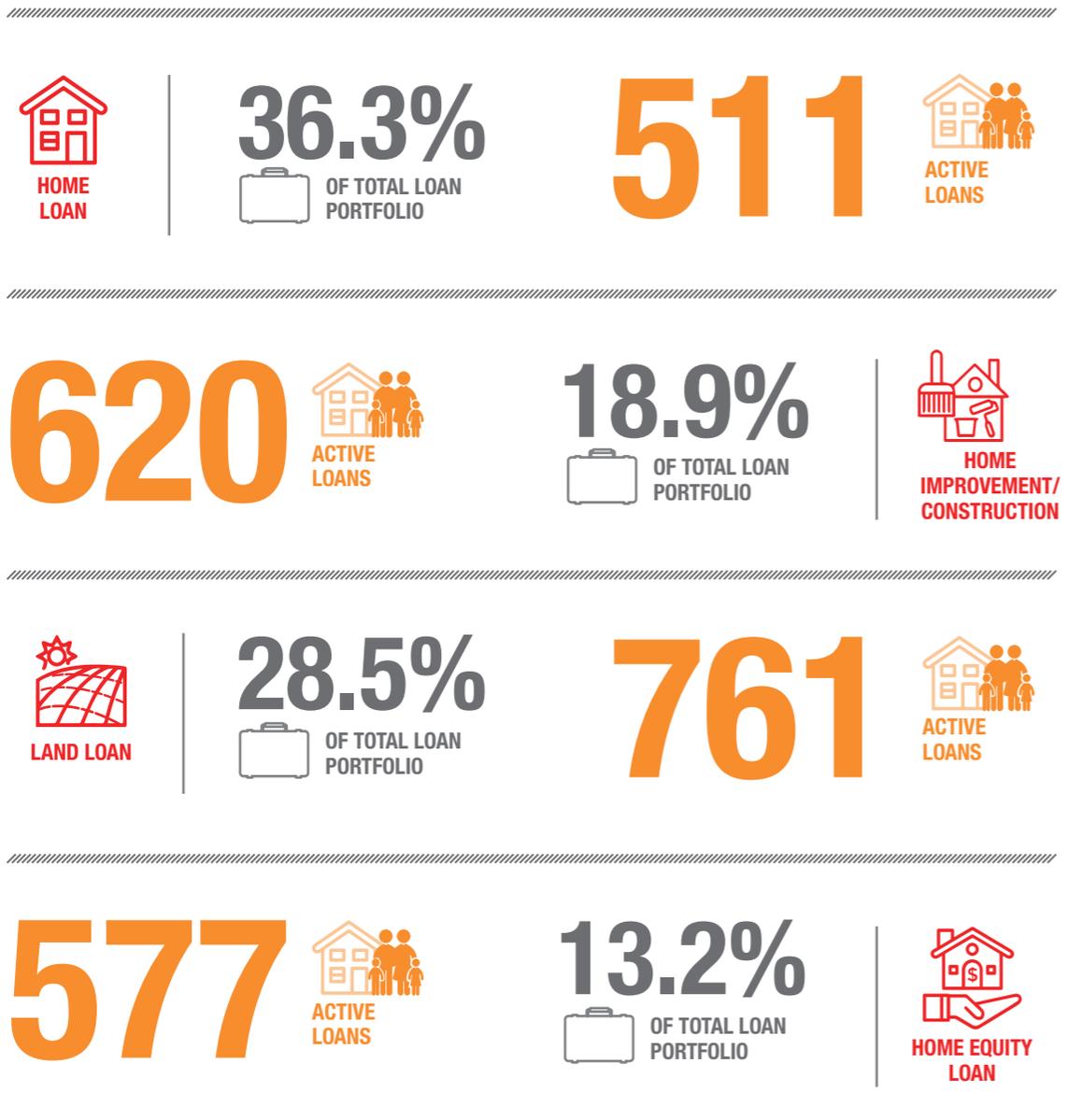


## PORTFOLIO BY CLIENT PROFILE



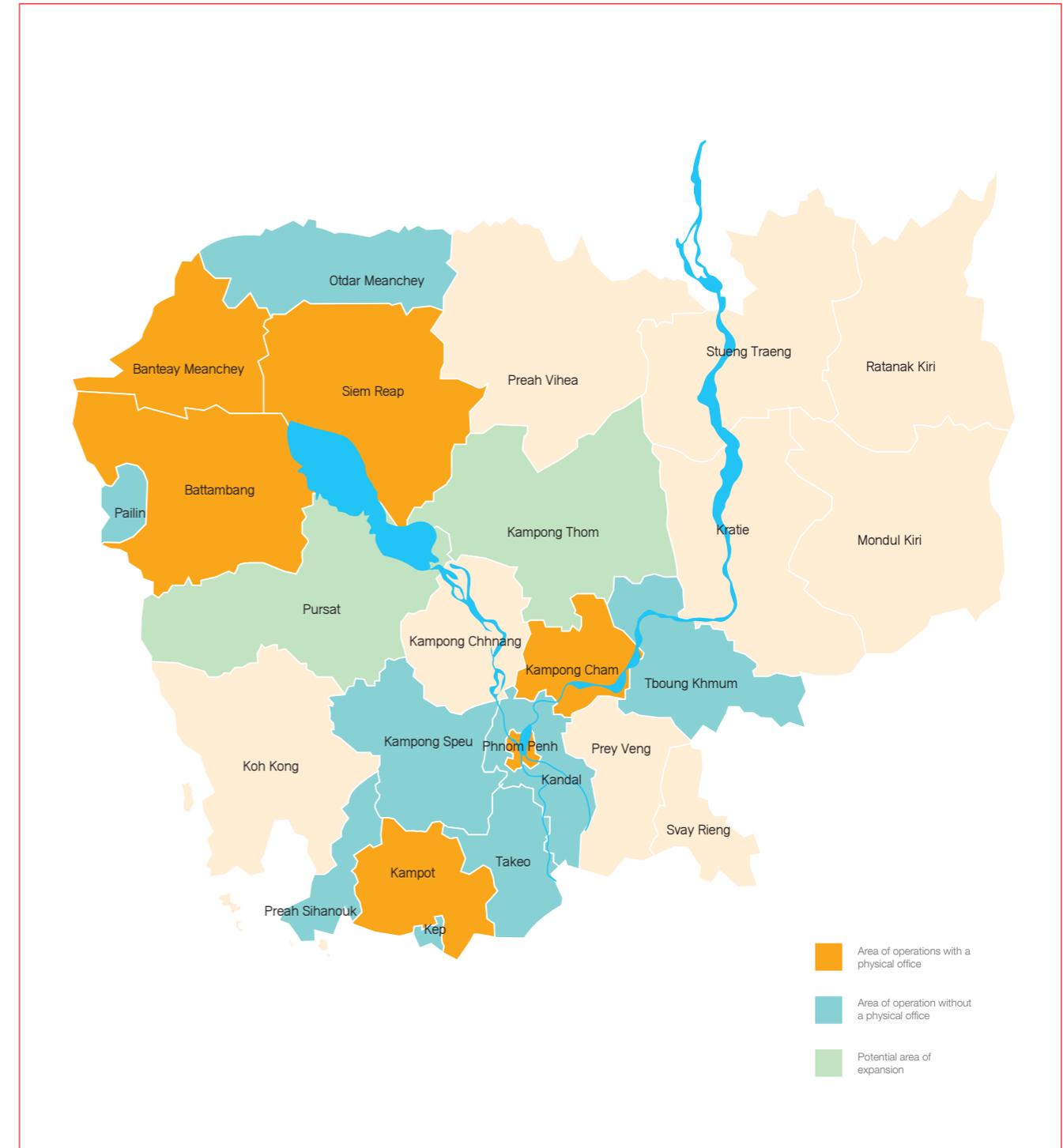
# Product Highlights

As of 31 December 2021, we have served 1,812 households, worth \$30.5 million in our loan portfolio. In 2021, we developed two new products. The first product targets First Finance partner property developers who currently have instalment options for their buyers. We offer the second product to small business owners who have invested in their first home and currently need capital to start or improve their business.



\* Home Equity Loans are offered to First Finance existing clients only.

# Areas of Operations



# First Finance received Gold level of Client Protection Certificate



less than \$700 a month account for 40%. Number of loans to self-employed accounted for 48.5% of total portfolio in 2021. These are microentrepreneurs, like street vendors, with no records, even when their income is similar to a salaried employee, they don't have any evidence to prove their income to a bank. First Finance focuses on this invisible segment, helping families buy, build and improve their first homes.

First Finance Microfinance Plc. received the Gold Certificate (the highest level) for applying Client Protection Standards, following a new Client Protection Pathway (CPP) from Cerise and SPTF. Cerise and SPTF are international non-profit organizations that focus on Social Performance Management and Client Protection. These standards are: (1) Appropriate products design and delivery (2) Prevention of over-indebtedness (3) Transparency (4) Responsible pricing (5) Fair and respectful treatment of clients (6) Mechanisms for complaint resolution (7) Privacy of client data.

First Finance exists for social reasons and since its inception, we continue to provide financing to low-middle income families to own their first home. We have been doing well regarding client protection, and the CPP assessment give us a better idea of our social impact from a third-party perspective. This is important, especially to the community where affordable housing finance is not common. This certificate provides us with a clear picture of our social impact and commitment to client protection.

As of December 2021, First Finance loans to client earning



# Business Overview

## STRENGTHENING QUALITY

First Finance considers risk management as an important element in all of its businesses and embeds a strong risk culture in day-to-day business operations and decision-making. Risk Management is involved in the early stages of the risk-taking process to provide an independent view for new product assessments, strategy setting, credit evaluations, and other areas. Credit quality is the primary focus during this rapid growth of the financial industry; likewise, we updated our Credit Assessment policy and process (as part of the annual review) which aligns with the actual practice in the current situation that the assessment and valuation become independent.

With this update in place, credit exposures are actively monitored, reviewed, and reported regularly. We identify the early signs of a deteriorating portfolio, analyze, and discuss them with relevant parties. If needed, we take appropriate remedial action.

As a result, the rate of Non-Performing Loans slightly decreased from 3.03% in 2020 to 2.78% as of December 2021, while the net written-off collection as of December 2021 stayed at 43.43% of the total written off.



## AUTOMATED BUSINESS

The IT Department provides all the necessary IT services such as the Management Information System support, maintenance of existing infrastructure, strengthening IT security, and improving data backup with Synology 5 bay. There have been some recent system upgrades such as CBC B2B Enquiry V5, upgraded to V6, and the setup of

some loan products in the core banking system. In addition, the IT department has developed some tools and reports to speed up the daily data posting and the management report.



IMPROVING DATA BACKUP WITH SYNOLOGY 5 BAY



DEVELOP TOOLS TO SPEED UP THE DAILY DATA POSTING

## LEARNING AND DEVELOPMENT

Learning is a journey and should be available to everyone! Hence, the experienced team in First Finance's Learning and Development aims to build staff capacity at all levels—through both internal and external delivery. First Finance has adapted to the new normal caused by the COVID-19 pandemic by diverting various learning platforms to virtual training to ensure every employee continues to improve his/her knowledge, skills, capabilities, and expertise on our products and services. On the strength of this continual development, staff are able to respond timely to business expectations and increase the company's productivity with a high level of customer satisfaction. The Learning and Development team provided expertise on various topics to develop training for 25 newly recruited staff, and facilitating external courses for 17 existing staff.



PROVIDE ONLINE TRAINING TO NEWLY RECRUIT STAFF AND FACILITATING EXTERNAL COURSES FOR EXISTING STAFF.

## MARKETING AND PRODUCT DEVELOPMENT

We have consistently positioned First Finance as the housing solutions partner in providing clients a financial service above and beyond, and it sets us apart from others. Since its establishment in 2019, our call center continues to provide free consultations on property rights to the public. First Finance has developed educational content related to financial management and tips for first-time home buyers, which are shared online through our website and our social media platforms. We have strongly endeavored to increase our brand awareness to our target audience and, as a result, typing 'housing loans, Home Improvement Loan, Land Loan' as a keyword search in Khmer script in Google search sees First Finance as the top-ranked website. In addition, we have added a First Finance Facebook group and Telegram to the digital platform as a part of our communication channel, helping First Finance access new customer segments and demographics as we expand our business lines.



FIRST FINANCE WEBSITE  
TOP-RANK IN GOOGLE  
SEARCH



TWO OTHER PRODUCTS  
WERE DEVELOPED

To adapt to a pandemic environment, we developed two other products, namely the Property Developer loan and the Living Improvement loan. We offer the Property Developer loan with special features to First Finance partner property developers who currently have installment options for their buyers. The living improvement loan is offered to small business owners who have invested in their first home and currently need capital to start or improve their business.

We believe that customer service is vital for sustainable business growth and we take feedback and complaints seriously, to ensure our customers always receive exemplary service across different touchpoints of the institution. Thus, we have continuously improved procedures. All the approaches we have taken have made us a pioneer in the market in providing innovative ways to serve our customers better.

## SALES AND OPERATIONS

The COVID-19 pandemic has been disruptive to the retail banking sector, making 2021 another year challenging year for growth. While the pandemic brought about considerable challenges, it is clear to us that the refreshed strategic priorities we set out at the start of 2021 were correct. Beyond product differentiation, we have also differentiated sales strategies and mechanisms, keeping one step ahead of the market. This has contributed to our portfolio growth by about 30% from \$23.6 million in 2020 to \$30.5 million in 2021, and an increased number of clients of 22% from 1,487 in 2020 to 1,812 in 2021.

Transferring clients from informal banking to formal commercial lending provides more benefits to the client. Among those benefits, clients can use their collateral to cash out whenever they have an urgent need, as the property title has been transferred into their name. By 2021, in partnership with 77 property developers, First Finance has refinanced 716 clients from property developers.



PORTFOLIO GROWTH



CLIENTS GROWTH



716  
FAMILIES

TRANSFERRING 716 CLIENTS FROM  
INFORMAL BANKING TO FORMAL  
COMMERCIAL LENDING

# Our response to Covid 19

2021 was another year of extraordinary global turbulence, with recovery from COVID-19 a mixed picture across the globe. Many of our clients were adversely impacted in their personal or work lives. Even now, we continue to see new COVID-19 variants emerging and we have had to adapt to a new normal environment that is constantly changing. What we have learned from the last year's experience in managing the impact of resilience is by adapting; from standard health and safety operating protocols to loan moratoriums-our approach has been to offer everything within our reach and influence our important stakeholders. We remained true to our commitment and supported customers-in-need and their seamless and safe access to our services. We prioritized supporting those who had been most affected by various lockdowns or succumbed to COVID-19 through loan restructures. As of December

2021, about 255 clients with 383 loans, accounting for \$5,160,912 of our loan portfolio, were financially affected by COVID-19 and were awarded a reduction of their immediate payment burden by rescheduling their loan.

For our employees, we prioritized their well-being and welfare through safety mechanisms, without constraining their income and potential. We encouraged all employees who were medically eligible for COVID-19 vaccines to be vaccinated where it is locally available and approved by regulatory authorities. By the end of 2021, 100% of our employees had received at least two doses of the vaccine. We have made our medical package for outpatient treatment available to employee and nominated family members, to pay for medical treatment when testing positive for COVID-19, when the authority allowed treatment at home.



\$5.16M  
RESTRUCTURED  
PORTFOLIO



255  
FAMILIES

COVID IMPACTED  
CLIENTS



383  
LOANS

RESTRUCTURED  
LOANS



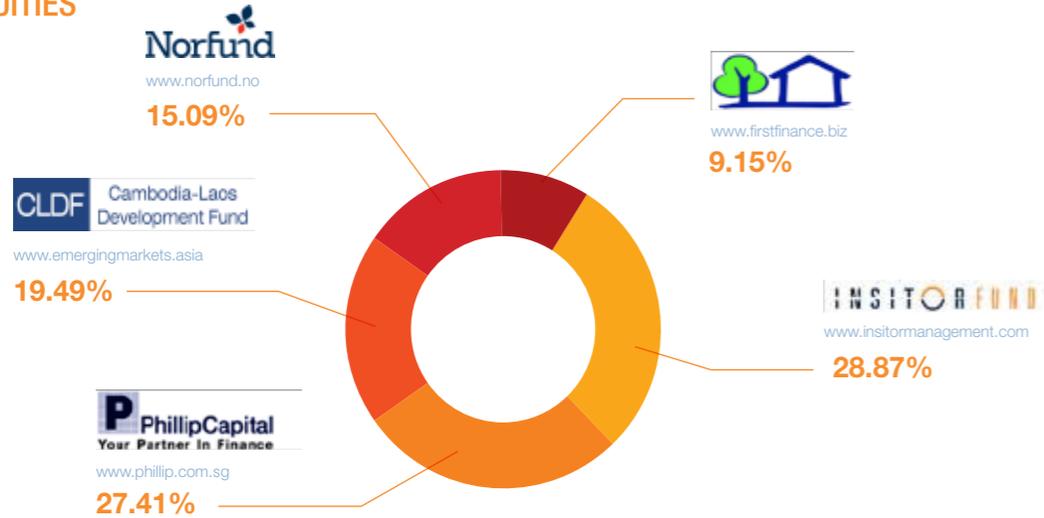
100%  
OF STAFF  
STAFF RECEIVED COVID-19  
VACCINE



FIRST FINANCE COVERED  
COVID-19 TREATMENT FOR  
STAFF AND NOMINATED FAMILY  
MEMBERS

# Investment Partners

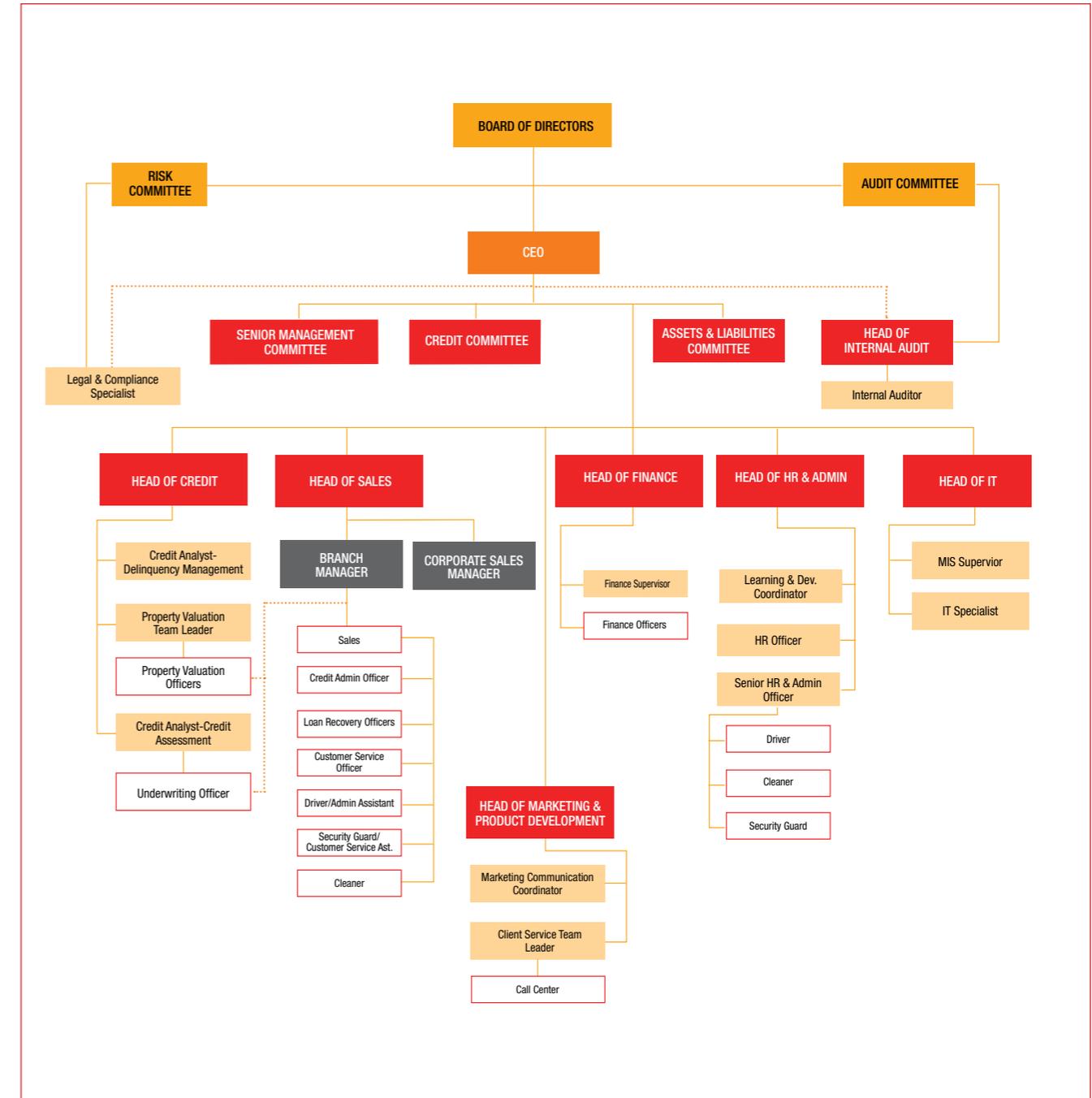
## EQUITIES



## DEBTS



# Organizational Chart





Mrs. Kimcheng is decorating the cloth at her workshop.



## Supporting Client Business During the Pandemic

Mrs. YY Kimcheng and her husband Mr. Bunthoeun have been running their tailoring business for almost ten years in Kampong Cham Province. Their business keeps growing from day to day, and they now provide employment for twelve people in their community.

Intending to expand the business and also to have a proper home for their family, Kimcheng and Bunthoeun decided to buy a new house in 2018. With their combined savings and a housing loan from First Finance, they were able to buy a larger house for the family. They also took out another loan to purchase more material and equipment to expand

their business. "Home is very important to us. It is not only a shelter for the family, but it is also where we run our business to generate income to support our family".

The COVID-19 pandemic hit Cambodia in 2020 and 2021; some businesses were temporarily closed or even went bankrupt. Kimcheng and Bunthoeun's business was affected, and their income dropped by 80%. "That was a hard time for us. We had cash flow problems, even though we switched our marketing strategy from direct sales to online sales," Bunthoeun said "I would like to say thank you to First Finance for reducing our repayment burden for six months. It helped us a lot as we had money to support the family and pay our staff. Fortunately, in the fourth quarter of 2021, many restrictions were lifted. Now our business is back to normal," Bunthoeun added.

# Report of the Independent Auditors

Extracted from the audited financial statements as at and for the year ended 31 December 2021

## TO THE SHAREHOLDERS OF FIRST FINANCE PLC.

### OPINION

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

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

### BASIS FOR OPINION

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) together with 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 the IESBA Code. 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 comprises the Report of the Board of Directors, but does not include the financial statements and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements 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 above 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 that we obtained prior to the date of this auditor’s 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.

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

### OTHER MATTERS

The financial statements of the Company for the year ended 31 December 2020 were audited by another independent auditor who expressed an unmodified opinion on those financial statements on 2 April 2021.

### RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance

with CIFRS for SMEs, 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.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

### AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

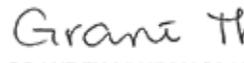
As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

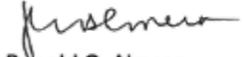
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by the 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 auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


  
**GRANT THORNTON (CAMBODIA) LIMITED**
  
 Certified Public Accountants
   
 Registered Auditors


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

Phnom Penh, Kingdom of Cambodia  
29 March 2022

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	31 December 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
<b>Assets</b>				
Cash and cash equivalents	1,950,412	7,945,978	2,317,780	9,375,420
Statutory deposits	180,102	733,736	180,102	728,513
Loans to customers - net	30,289,226	123,398,307	22,934,499	92,770,048
Other assets	382,979	1,560,256	318,811	1,289,590
Property and equipment	96,195	391,898	129,811	525,085
Intangible assets	41,128	167,555	73,265	296,357
Deferred tax assets - net	29,623	120,684	29,623	119,825
<b>Total assets</b>	<b>32,969,665</b>	<b>134,318,414</b>	25,983,891	105,104,838
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Other liabilities	3,927,366	16,000,089	602,425	2,436,810
Current income tax liability	40,876	166,529	21,667	87,643
Employee benefits	113,914	464,086	141,440	572,123
Borrowings	21,719,756	88,486,286	18,139,154	73,372,878
<b>Total liabilities</b>	<b>25,801,912</b>	<b>105,116,990</b>	18,904,686	76,469,454
<b>Equity</b>				
Share capital	3,602,033	14,408,132	3,602,033	14,408,132
Share premium	879,482	3,517,928	879,482	3,517,928
Regulatory reserve	418,662	1,693,620	340,012	1,373,672
Retained earnings	2,267,576	9,160,041	2,257,678	9,119,776
Cumulative translation differences	-	421,703	-	215,876
<b>Total equity</b>	<b>7,167,753</b>	<b>29,201,424</b>	7,079,205	28,635,384
<b>Total liabilities and equity</b>	<b>32,969,665</b>	<b>134,318,414</b>	25,983,891	105,104,838

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	For the year end 31 December 2021		For the year end 31 December 2020	
	US\$	KHR'000	US\$	KHR'000
Interest income	3,737,324	15,203,434	3,494,247	14,246,045
Interest expense	(1,811,719)	(7,370,073)	(1,692,758)	(6,901,374)
<b>Net interest income</b>	<b>1,925,605</b>	<b>7,833,361</b>	1,801,489	7,344,671
Fees and commission income	416,968	1,696,226	381,713	1,556,244
Other income	142,591	580,060	92,367	376,580
<b>Total operating income</b>	<b>2,485,164</b>	<b>10,109,647</b>	2,275,569	9,277,495
Net impairment loss on financial assets	(381,673)	(1,552,646)	(201,060)	(819,722)
Personnel expenses	(1,171,078)	(4,763,945)	(1,129,418)	(4,604,637)
Depreciation and amortisation	(99,909)	(406,430)	(114,941)	(468,614)
General and administrative expenses	(664,321)	(2,702,458)	(675,238)	(2,752,945)
<b>Profit before income tax</b>	<b>168,183</b>	<b>684,168</b>	154,912	631,577
Income tax expense	(79,635)	(323,955)	(57,843)	(235,826)
<b>Net profit for the year</b>	<b>88,548</b>	<b>360,213</b>	97,069	395,751
Other comprehensive income/(loss) -				
Currency translation differences	-	205,827	-	(212,571)
<b>Total comprehensive income for the year</b>	<b>88,548</b>	<b>566,040</b>	97,069	183,180

## STATEMENT OF CHANGES IN EQUITY

As at 31 December 2021

	Share capital		Share premium		Regulatory reserves		Retained earnings		Cumulative translation difference		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>Balance as at 1 January 2021</b>	3,602,033	14,408,132	879,482	3,517,928	340,012	1,373,672	2,257,678	9,119,776	215,876	7,079,205	28,635,384	
Net profit for the year	-	-	-	-	-	-	88,548	360,213	-	88,548	360,213	
Change in regulatory reserve	-	-	-	-	78,650	319,948	(78,650)	(319,948)	-	-	-	
Currency translation difference	-	-	-	-	-	-	-	-	205,910	-	205,910	
<b>Balance as at 31 December 2021</b>	<b>3,602,033</b>	<b>14,408,132</b>	<b>879,482</b>	<b>3,517,928</b>	<b>418,662</b>	<b>1,693,620</b>	<b>2,267,576</b>	<b>9,160,041</b>	<b>421,786</b>	<b>7,167,753</b>	<b>29,201,424</b>	
<b>Balance as at 1 January 2020</b>	3,602,033	14,408,132	879,482	3,517,928	316,505	1,277,834	2,184,116	8,819,863	428,447	6,982,136	28,452,204	
Net profit for the year	-	-	-	-	-	-	97,069	395,751	-	97,069	395,751	
Change in regulatory reserve	-	-	-	-	23,507	95,838	(23,507)	(95,838)	-	-	-	
Currency translation difference	-	-	-	-	-	-	-	-	(212,571)	-	(212,571)	
<b>Balance as at 31 December 2020</b>	<b>3,602,033</b>	<b>14,408,132</b>	<b>879,482</b>	<b>3,517,928</b>	<b>340,012</b>	<b>1,373,672</b>	<b>2,257,678</b>	<b>9,119,776</b>	<b>215,876</b>	<b>7,079,205</b>	<b>28,635,384</b>	

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	31 Dec 2021		31 Dec 2020	
	US\$	KHR'000	US\$	KHR'000
<b>Operating activities</b>				
Profit before tax	168,183	684,168	154,912	631,577
<b>Adjustments for:</b>				
Net interest income	(1,925,605)	(7,833,361)	(1,801,489)	(7,344,671)
Net impairment loss on financial assets	381,673	1,552,646	201,060	819,722
Depreciation and amortisation	99,909	406,430	114,941	468,614
Write off of property and equipment	1,295	5,268	2,946	12,011
Provision for employee benefits	-	-	10,965	44,704
Operating loss before working capital changes	(1,274,545)	(5,184,849)	(1,316,665)	(5,368,043)
Changes in working capital				
Net changes in:				
Loans to customers	(7,736,400)	(31,471,675)	1,611,172	6,568,748
Other assets	(64,168)	(261,035)	261,409	1,065,764
Other liabilities	3,324,941	13,525,860	(346,492)	(1,412,648)
Cash generated (used in)/generated from operations	(5,750,172)	(23,391,699)	209,424	853,821
Interest received	3,737,324	15,203,434	3,494,247	14,246,045
Interest paid	(1,627,878)	(6,622,208)	(1,774,209)	(7,233,450)
Income tax paid	(60,426)	(245,813)	(79,661)	(324,778)
Payment of employee benefits	(27,526)	(111,976)	(9,712)	(39,596)
<b>Net cash (used in)/from operating activities</b>	<b>(3,728,678)</b>	<b>(15,168,262)</b>	<b>1,840,089</b>	<b>7,502,042</b>
<b>Investing activities</b>				
Acquisitions of property and equipment	(32,976)	(134,146)	(20,103)	(81,960)
Acquisitions of intangible assets	(2,475)	(10,068)	(6,738)	(27,471)
<b>Net cash used in investing activities</b>	<b>35,451</b>	<b>(144,214)</b>	<b>(26,841)</b>	<b>(109,431)</b>
<b>Financing activities</b>				
Cash proceeds from borrowings	10,084,048	41,021,907	4,125,924	16,821,392
Repayment of borrowings	(6,687,287)	(27,203,884)	(5,355,129)	(21,832,861)
<b>Net cash from/(used in) financing activities</b>	<b>3,396,761</b>	<b>13,818,023</b>	<b>(1,229,205)</b>	<b>(5,011,469)</b>
<b>Net change in cash and cash equivalents</b>	<b>(367,368)</b>	<b>(1,494,453)</b>	<b>584,043</b>	<b>2,381,142</b>
Cash and cash equivalents, beginning of year	2,317,780	9,375,420	1,733,737	7,064,978
Currency translation differences	-	65,011	-	(70,700)
<b>Cash and cash equivalents, end of year</b>	<b>1,950,412</b>	<b>7,945,978</b>	<b>2,317,780</b>	<b>9,375,420</b>



## Fulfilling The Dream of Having Their own Home

After spending ten years as a migrant worker in Thailand, Mr. Oeng Mab and his wife, Mrs. Thoeurn Sokheng decided to return to Cambodia in 2016, living in a rental room in Pailin Province, in the northwest region of Cambodia, bordering Thailand.

With the savings they had from working in Thailand, they bought a secondhand car to start a taxi business, driving customers from Pailin to Phnom Penh and back. "When I came back to Cambodia, my savings were just enough to buy a car, and I could only rent a small room for my family." Mr. Oeng Mab added, "I dreamed of having my own house".

In January 2022, a property developer referred him to First Finance. He decided to take out a \$2,500 land

loan and another \$12,700 to build a house on the land. Now their dream is becoming true as their new house is 80% completed. They plan to move into the new house in a few more weeks after spending about six years living in a small rental room with their four-year-old daughter.

They are thankful to First Finance for providing them with a long-term micro-housing loan. Mr. Oeng Mab said that "applying for the loan with First Finance is my first-time experience accessing formal lending and it was not as complicated as I had heard. I appreciate the convenient service provided by the staff who were very supportive," he added. "I might have spent ten more years living as a tenant if I did not find First Finance".



# Board and Leadership



## HANCO HALBERTSMA INDEPENDENT DIRECTOR/ CHAIRPERSON

Mr. Hanco Halbertsma is a strategy advisor to banks, finance companies, and microfinance institutions in emerging markets and to (potential) investors in financial institutions. For 20+ years he worked on many projects as an expert in retail and business banking, microfinance, SME finance, credit risk management, corporate governance and receivable finance.

As Chairperson of First Finance Hanco is supporting the company in areas such as strategy, funding, credit risk management, financial management and capacity building. Previous experience in Cambodia included a 6-year Board Directorship at PRASAC MFI, the country's largest microfinance company. Currently, he is a Board Director of Caspian Impact Investments Private Limited (CII), a successful and fast-growing SME Finance Company in India.

Hanco is the founder of Priority Project Limited (PPL), a specialist financial-sector consulting group with a focus on strategic and operational advice to financial services companies and investors in Asia. This followed a 16-year career at ING Group of which nearly eight years were with ING-IGA, an emerging market consulting group.

Hanco is based in Hong Kong and holds a master's degree in Business Administration.



## 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 start-up 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.



## 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 and shareholder's representative with Phillip Bank and director with Phillip General Insurance. 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 CHETNAKARNKUL DIRECTOR

Norfund

(Resigned on 15 Feb 2021)

Ms. Fay Chetnakarnkul 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 Johns Hopkins University, School of Advanced International Studies.



## 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.

# BOARD OF DIRECTORS

## BOARD OF DIRECTORS



**DAVID LITTLEJOHN**  
INDEPENDENT DIRECTOR

Hailing from a sales career based in Singapore and Bangkok, covering over 20 years, New Zealand born David Littlejohn moved to Cambodia 6 year ago to join Comin Khmere as Sales and Marketing manager, positioning the company as marketplace leaders in the provision of engineering solutions in Cambodia. Comin Khmere Designs, Implements, and Maintains systems within the fields of Mechanical and Electrical engineering, Air conditioning & Refrigeration, Power & Renewable energies, Water & Plumbing, Fire protection, Network infrastructure, Security & Automation and elevator & Escalator solutions.



**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).



First Finance staff provided product consultation to client at their tailoring shop.

## 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 start-up 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 the 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.



**SAKADA HENG**  
HEAD OF CREDIT

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 from the National Bank of Cambodia. Sakada progressed through several positions from the Branch Manager in Phnom Penh, followed by promotion to the role of Head of Retail Operations in May 2015 and then he became Head of Credit from February 2017 up to today.

Sakada has completed two Bachelor's degrees, one in Accounting & Finance and another in French Literature. He also completed his Master's degree in Risk Management - Insurance, Finance and Banking.



**BUNHIENG CHHENG**  
HEAD OF SALES

Mr. Bunhieng Chheng joined First Finance in November 2018 as Head of Retail Sales. He started his career with Amret MFI in 2003, where he has been involved in management roles for more than ten years. His work has significantly evolved from the ground level to management levels which include Driver, Teller, Credit Offer, Deputy Branch Manager, Branch Manager, Deputy Head of Province, Head of Province, and Deputy Head of Credit Product Development.

Bunhieng obtained a Bachelor of Business Administration in Accounting and Finance in 2007 from Build Bright University and a Diploma of English from the Pannasastra University of Cambodia.



**VOLEAK VETH**  
HEAD OF FINANCE

Ms. Voleak Veth has over ten 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 and a Master's in Business Administration.



**VANDY SAING**  
HEAD OF MARKETING

Mr. Vandy Saing obtained his Bachelor's Degree in Management Information Systems 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 the 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.



**SINETH CHREK**  
HEAD OF IT

Mr. Sineth Chrek has over a decade of experience and has implemented computer network infrastructure, IT security, core-banking systems, IT strategies, and other IT projects for MFIs. He joined First Finance in April 2016 as an IT Manager. Before that, he served in a pivotal role to engage IT and business people as Manager and Application Support at Amret Microfinance. He also worked at VisionFund as a Technology and Application Support Manager. He earned a Bachelor's Degree in Information Technology from Build Bright University in Phnom Penh.

## MANAGEMENT TEAM



**MENGSE SEAN**  
HEAD OF HR & ADMIN

Mr. Mengse Sean has had a dynamic career, filled with professional advancement. For over ten 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 administration, and compensation and 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 completed his Master's in the field of management in 2009.



**NAMKEA HOUR**  
HEAD OF INTERNAL AUDIT

Mr. Namkea Hour joined First Finance as an Internal Audit Manager in June 2018. He has over ten years of experience in audit and finance within the microfinance and banking industry, with consulting firms and international companies. His expertise is related to review, evaluation, and advice on risk management, internal control, governance, and fraud investigation in the institution. Before joining First Finance, he held various positions, including Audit Manager, Deputy Financial Controller, and other management roles.

Namkea holds a bachelor's degree in Finance and Banking from the Royal University of Law and Economics (RULE) and he is currently pursuing his auditing qualification.



