

Annual Report **2021**



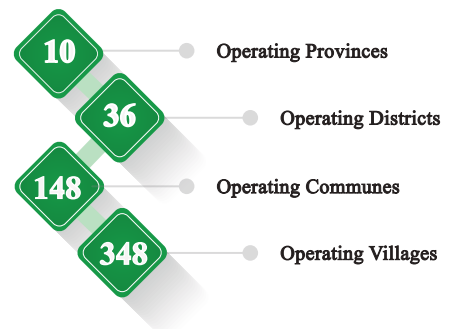
## Map of Business Operating Areas

**1 Head Office & Branch**  
 ☎ #795, Preah Monivong Blvd, Sangkat Boeng Trabaek, Khan Chamkar Mon, Phnom Penh, Cambodia.  
 ☎ (855) 23 224 333 / (855) 70 312 333

**2 Tuol Kouk Branch**  
 ☎ #25, Street 598, Phum 1, Sangkat Boeng Kak 2, Khan Tuol Kouk, Phnom Penh, Cambodia.  
 ☎ (855) 70 317 333

**3 Pur Senchey Branch**  
 ☎ #78Kor, National Road 4, Prey Svay Village, Sangkat Chaom Chau 3, Khan Pur Senchey, Phnom Penh, Cambodia. ☎ (855) 70 316 333

**4 Krong Chbar Mon Branch**  
 ☎ #4, National Road 4, Sambuor Village, Sangkat Chbar Mon, Krong Chbar Mon, Kampong Speu Province, Cambodia. ☎ (855) 70 314 333





## Education Loan



### Target Customer

To all parents or students who lack of financial for school fee.



### Currency

KHR & USD



### Loan Size

200 USD - 2,000 USD



### Loan Term

Up To 5 years



- . No Admin Fee
- . No Collateral
- . Lowest Interest Rate 0.125% per month

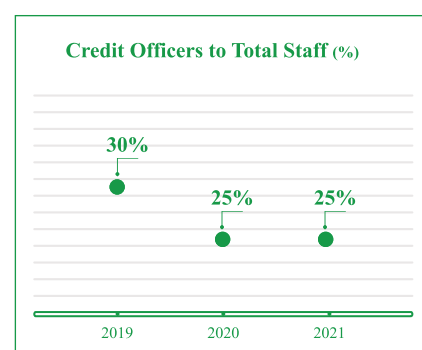
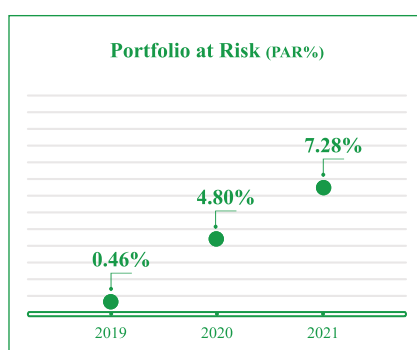
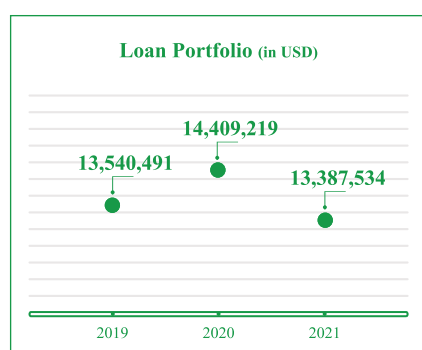
# Three -Year Performance Highlights

- Operational Highlights
- Financial Highlights
- Human Resource Highlights



## Operational Highlights

	2019	2020	2021
Number of Branches	4	4	4
Number of Provinces	12	11	10
Number of Districts	41	42	36
Number of Communes	155	159	148
Number of Villages	357	365	348
Total Staff	74	77	83
Number of Credit Officers	22	19	21
Credit Officers over Total Staff	30%	25%	25%
Number of Active Borrowers	711	709	678
Number of Active Loan Accounts	819	800	751
Number of Active Borrowers per Credit Officer	37	42	36
Loan Portfolio (in USD)	13,540,491	14,409,219	13,387,534
Loan Outstanding per Credit Officer (in USD)	615,477	758,380	637,502
Loan Outstanding per Staff (in USD)	182,980	187,133	161,296
Average Loan Size (in USD)	16,533	18,012	17,826
Portfolio at Risk (PAR)	0.46%	4.80%	7.28%
Gross Write-Off (in USD)	-	38,354	-



## Financial Highlights

Balance Sheet	2019	2020	2021
<b>Assets</b>			
Cash and Cash in Bank	1,118,155	647,477	1,687,087
Net Loan Portfolio	13,417,714	14,238,959	13,387,534
Property and Equipment (Net)	148,063	107,068	84,064
Other Assests	234,202	130,842	172,411
<b>Total Assests</b>	<b>14,918,134</b>	<b>15,124,346</b>	<b>15,331,096</b>
<b>Liabilities</b>			
Other Liabilities and Provision	1,691,975	1,541,549	1,661,847
Long and Short Term Borrowings	5,650,937	5,530,513	5,158,293
<b>Total Liabilities</b>	<b>7,342,912</b>	<b>7,072,062</b>	<b>6,820,140</b>
<b>Equity</b>			
Share Capital	7,000,000	7,000,000	7,000,000
Regulatory Reserves	148,456	300,856	474,252
Retained Earnings	426,766	751,428	1,036,704
Total Equity	7,575,222	8,052,284	8,510,956
<b>Total Liability and Equity</b>	<b>14,918,134</b>	<b>15,124,346</b>	<b>15,331,096</b>

Income and Expense	2019	2020	2021
Interest and Fee Incomes	1,779,643	1,823,069	1,763,366
Operating Expenses	1,314,827	1,346,007	1,304,694
<b>Profit After Tax</b>	<b>464,816</b>	<b>477,062</b>	<b>458,672</b>

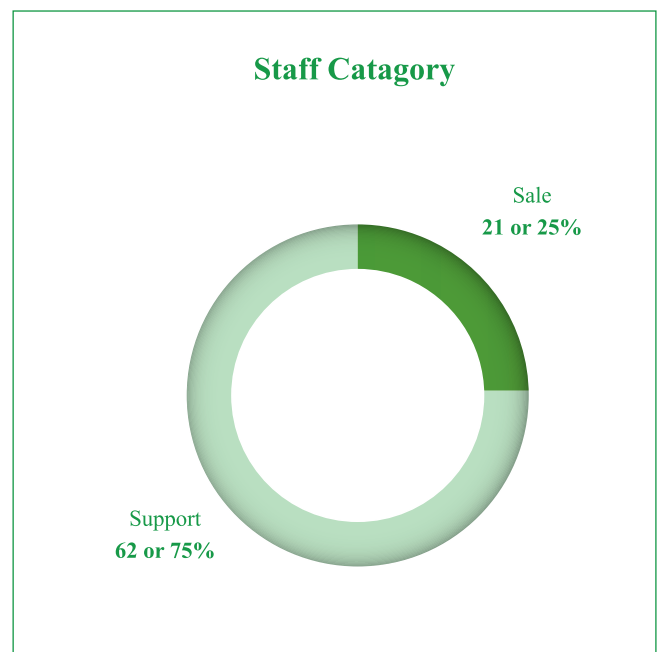
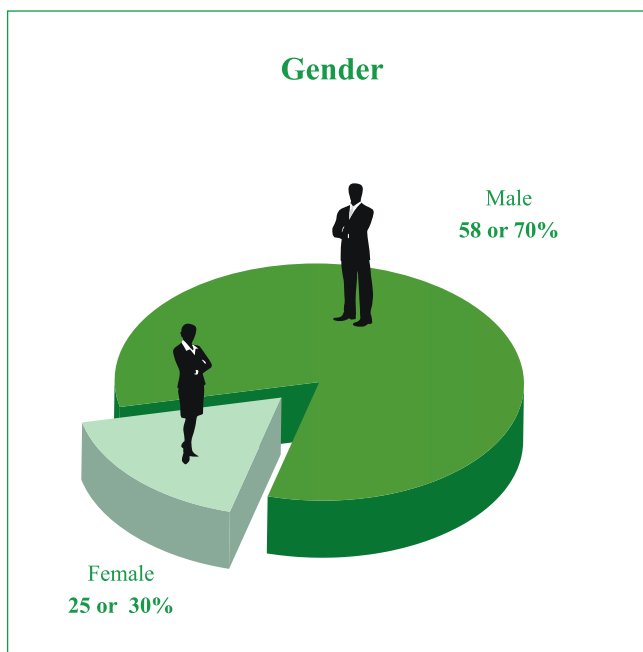
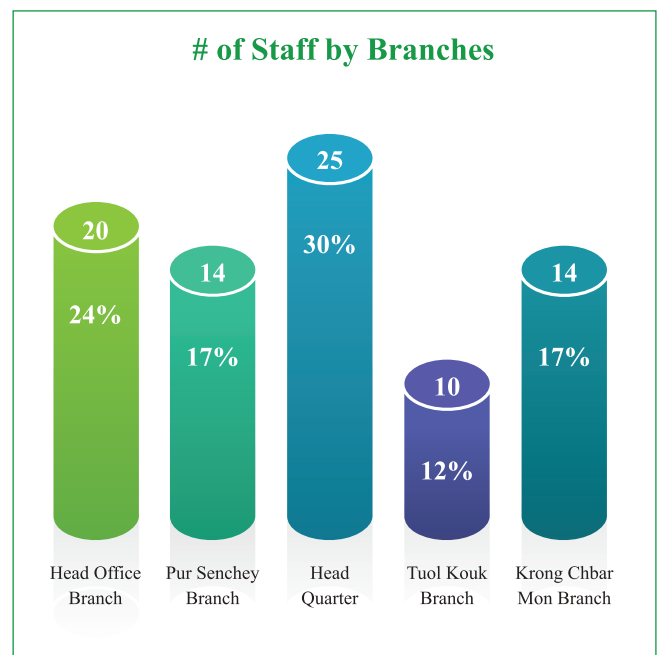
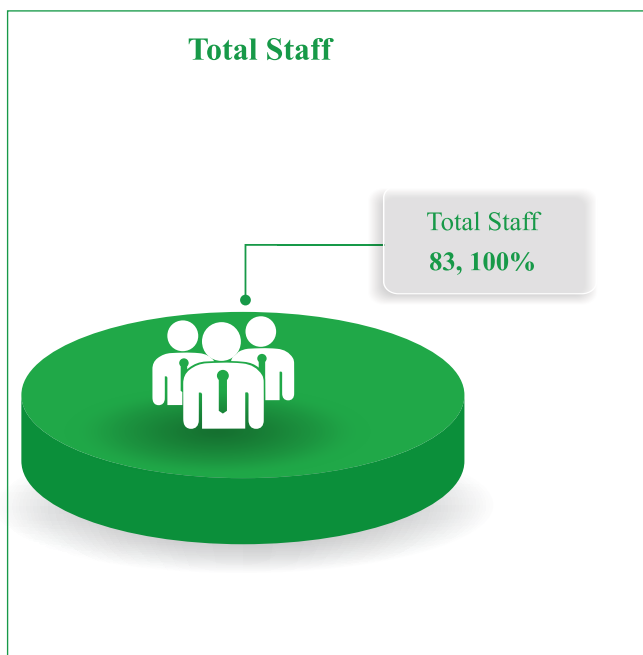
Key Financial Highlights	2019	2020	2021
Capital Adequacy Ratio	52%	55%	57%
Return on Assets (RoA)	3%	3%	3%
Return on Equity (RoE)	6%	6%	5%

## Human Resource Highlights

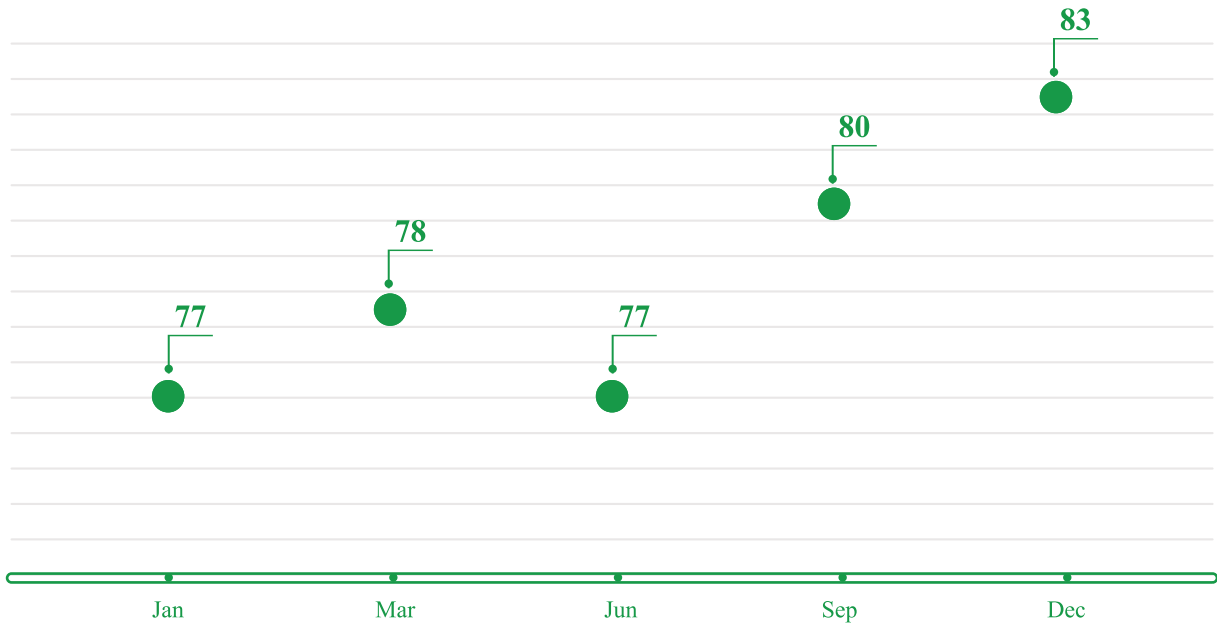
In 2021, the business operations of **FUTABA** Microfinance Plc., will be severely disrupted by the impact of the spread of Covid-19 virus in the Kingdom of Cambodia. In this difficult situation, **FUTABA** is still able to maintain its business and continue to develop slowly. At the same time, maintaining a well-qualified human resources are one of main task that **FUTABA** 's management always pays attention.

**FUTABA** Microfinance Plc., has total staff of 83 (58 males and 25 females) as of December 31, 2021, it is an increasing 6 staff compared to 2020.

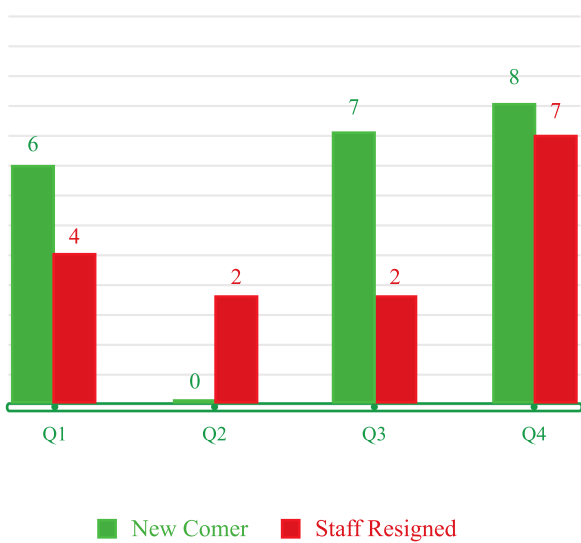
These below are a summary information for 2021:



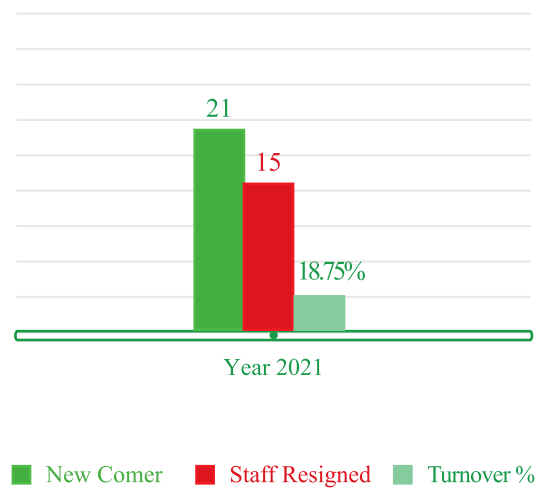
### Quarterly Staff Growth



### Staff Turnover by Quarter



### Staff Turnover YTD







## Housing Loan



### Target Customer

To all customers who need to buy home or build home for residential & business purpose.



### Currency

KHR & USD



### Loan Size

200 USD - 200,000 USD

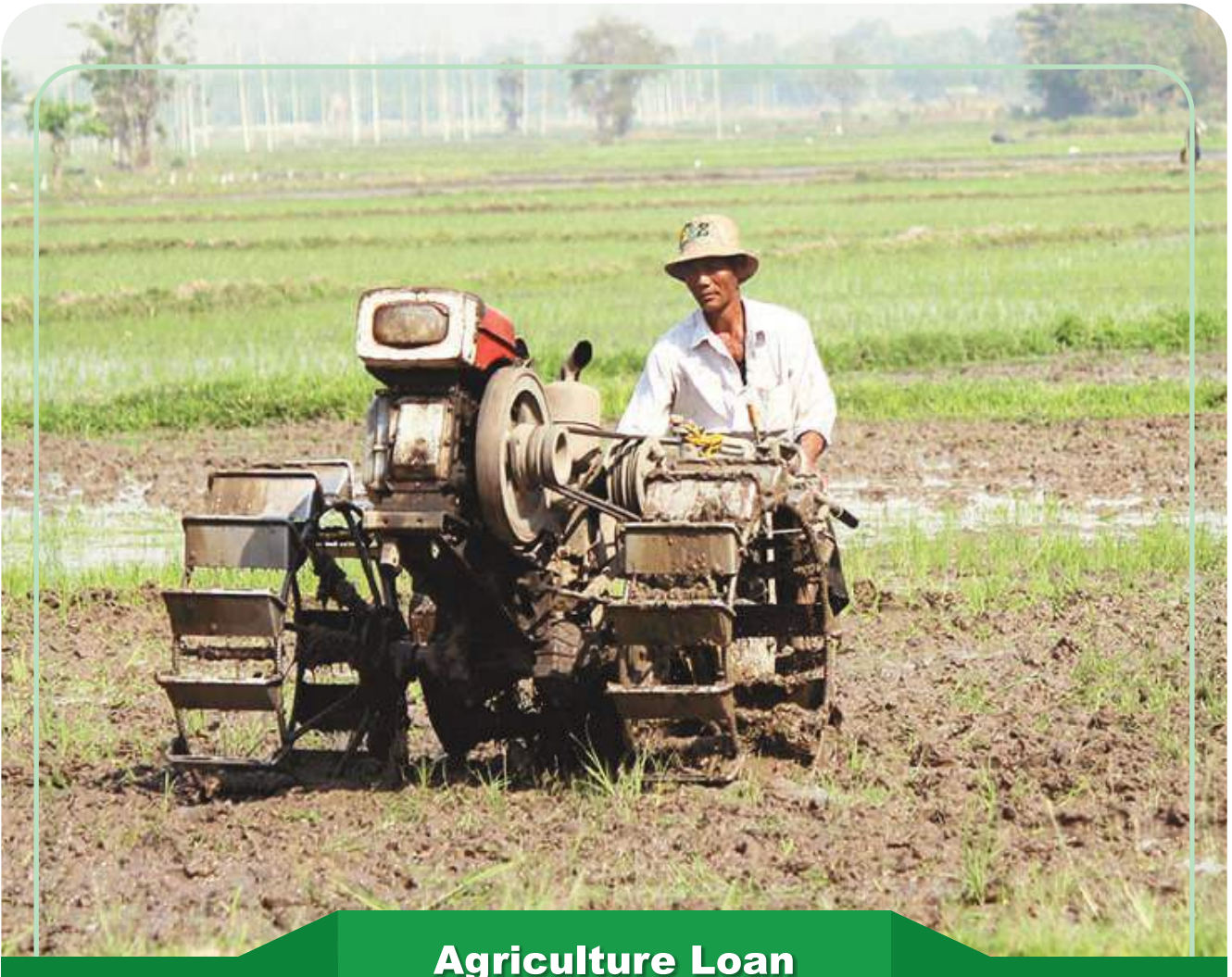


### Loan Term

Up To 10 years



- . Fast and reliable services
- . Borrow up to own requirements
- . Lower interest rate with convenience loan conditions



## Agriculture Loan



### Target Customer

To all customers who have purpose to expand agriculture sectors.



### Currency

KHR & USD



### Loan Size

200 USD - 200,000 USD



### Loan Term

Up To 10 years



- . Fast and reliable services
- . Borrow up to own requirements
- . Lower interest rate with convenience loan conditions

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**Mr. CHREUK Phally**  
Chairman of Boards of Directors

According to the World Bank forecast in December 2021, the Cambodia's Economic was only 2.2 percent growth. The lower figure was due to the outbreak of COVID-19 pandemic in the first quarter of 2021 especially the February 20 community event, which slowed down the Cambodia's Economic Growth. The outbreak of Covid-19 had a significant impact on wholesale and retail especially tourism during the second and third quarters, but some sectors may still continue slowly including agriculture, garments and footwear, as well as agro-processing industries, especially food and furniture.

Banking and Microfinance sectors are still playing an important role which helps Cambodia's Economic Growth. Thus, the National Bank of Cambodia has mitigated some finance conditions on monetary policy implemented from May 2021 on maintaining the reserved requirement ratio at 7 percent until further notice, and allowed banking and microfinance sectors to continue conducting restructure loans until the end of 2021. According to the National Bank of Cambodia's Economic and Monetary Statistics by August 2021, there were 54 Commercial Banks, 10 Specialized Banks, 06 Microfinance Deposit Institutions, 79 Microfinance Institutions, 240 Rural Credit Operators, 17 Leasing Companies, 10 Audit Firms, 04 Third Party Processors, 28 Payment Service Providers, 1 Credit Bureau Cambodia, 06 Foreign Bank Representatives and 2,466 Foreign Exchange Traders. In the same period, as of August 2021, the general currency has increased to 150,188.6 billion Riels, with Net Domestic Assets of the banking sector of 90,138.3 billion Riels, and Net Foreign Assets of the banking sector 60,050.4 billion Riels.

Based on the statistics, we notified that there would be more investment from both local and foreign investors in banking and microfinance sectors in Cambodia.

Although Cambodia's economic forecast for 2021 was expected to increase only 2.2 percent, but its sign also showed that there would be going to increase around 4.5 percent in 2022. The main factors which might facilitate the Cambodia's economic growing rate was due largely to the lower restriction on tourism "reopening the country" by the government from November 1, 2021, and allowed business activities to start operation gradually, which made the social activities returning back to be normal including domestic travels and tourism. Moreover; the new introduced Law on Investment, the recent ratified Cambodia - China Free Trade Agreement and Regional Comprehensive Economic Partnership, and the recently signed Cambodia-Republic of Korea Free Trade agreement would be attractive more investors to Cambodia.

Due to the impact of the global COVID-19 pandemic in 2021, the Portfolio at Risk (PAR) of financial institutions have remarkably increased, including **FUTABA** Microfinance Plc., However, within the hard time, we could still keep our profit at USD 458,672. These positive results were from full participation of all staffs, especially credit team, who made effort to well manage and solve the issue on time.

On behalf of the Board of Directors, I would like to thank to our customers, our Japanese Shareholder, Chief Executive Officer, Assistant Chief Executive Officers, and all staff of **FUTABA** Microfinance PLC., for much contribution and support to implement and achieve of business strategic of the Company. Especially, thank to NBC for always providing support and coordination with our MFI in managing all activities with transparency up to now and in the future.

At the end, we would like to bless you and your family with happiness, wisdom, and be successful in all businesses and works for ever.



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Mr. CHREUK Phally  
Chairman of Board of Directors



Mr. Junichi SASAKI  
President, CEO

Dear valuable Customers and Business Partners,

**FUTABA** Microfinance Plc., was first licensed to establish and operate its financing service activities by the National Bank of Cambodia on December 16, 2015. With its fulfillment of good business performances achieved, strong management by which the activities of directing, controlling, and organizing the company followed by laws and regulations as well as clear vision with effective long-term Strategic Business Plan, the National Bank of Cambodia has decided and officially issued the Permanent License as Microfinance in lieu of the given Three Year-License for **FUTABA** Microfinance Plc., since December 30, 2019.

As of December 31, 2021, we have been operating 4 branches in Phnom Penh City and Province: Head Office Branch, Khan Tuol Kouk, Khan Pur Senchey and Chbar Morn Branch, with 751 active clients and loan portfolio USD 13,387,534 under 21 Credit Officers.

In the first quarter of 2021, there was an outbreak of COVID-19 pandemic, especially the February 20 community event in Cambodia which slowed down the Cambodia's Economy, and affected the Portfolio at Risk (PAR) of **FUTABA** Microfinance Plc., which was in a remarkable increasing rate; however, we could still keep our profit at USD 458,672 within the bad situation.

Although **FUTABA** Microfinance Plc., has not yet rapidly expanded many branches within the whole country, our Vision is to become one amongst the premier leading Financing Institutions in the Kingdom of Cambodia to contribute to the sustainable Society Development and Stable Economic Growth for both current & Next Generation throughout stabilizing and transparency of Financing Markets and Long-Term Strategic Business Plan for expanding operational areas in other provinces, which is our sincere wishing as well as our goal.

To satisfy our customers' need, **FUTABA** Microfinance Plc., has developed various kinds of Financial Products such as Business Loan, Agricultural Loan, Housing Loan, Consumption Loan, Staff loan, Education Loan, and Employee Loan. The Staff Loan and Education Loan are offered with a very low Interest Rate with the best service, for contributing in social enhancement, staff living conditions, and human resources development. **FUTABA** Microfinance Plc., is going to develop various kinds of services for solving financial requirement for our existing and future customers.

In the meant time, **FUTABA** Microfinance Plc., is also strengthening its Internal Controlling System to enhance operational process focused on Skill Training to Staffs, Structural reform, and to update Policies & Procedures for fully complying with Laws & regulations of National Bank of Cambodia & relevant Ministries.

With a better situation in the fourth quarter of 2021, the government mitigated travel restriction "reopening the country", and allowed businesses to start operation gradually, which brought Cambodia's domestic economic activities to return back to be normal including domestic travels and tourism for the beginning of 2022. Last but not least, we do believe that our Institution will be the PATHWAY for Cambodian Next Generation, which should be materialized based on our Fair and Transparency of Financial Services, funded by a single Shareholder from Japan.

"Dreams come true", we are pleased and welcome to provide our warmed and confident financial services to our esteemed customer everywhere every time.

Finally, on behalf of **FUTABA** Management, I would like to thank to our Customers, Shareholder, Board of Directors, Assistant CEOs, and all staff for their supporting and effort making in implementing the **FUTABA's** strategies, as well as the National Bank of Cambodia for always collaborating and supporting us so far.



Mr. Junichi SASAKI  
President, CEO

## About FUTABA

- Brief Overview of FUTABA
- History of FUTABA
- Vision Mission & Core Value
- Branding of FUTABA





## ●➤ Brief Overview of FUTABA

**FUTABA** Microfinance Plc., started its operation in late 2015, which has received MFI license on Dec. 16, 2015 from the National Bank of Cambodia under its clearly mission and vision to become a leading microfinance institution in Cambodia. On October 22, 2018, the National Bank of Cambodia granted permission to extend the license to **FUTABA** for 3 years more. Later on, seeing the effectiveness of credit performance management and implementing on the shortcomings as the recommendation of inspection report of the National Bank of Cambodia, on December 30, 2019, the National Bank of Cambodia decided to grant a permanent business license to **FUTABA**. Since 2016, AZUMA & Co., Ltd. (Japanese company) has also become a shareholder holding a 100 percent shares in **FUTABA**.

As of December 31, 2021, **FUTABA** has a total of 83 staffs, 25 females and 58 males are working at Head Quarter and 04 branches including Head Office Branch, Khan Tuol Kouk Branch, Khan Pur Senchey Branch and Krong Chbar Mon Branch with 751 clients whose are receiving loan, and loan portfolio of USD 13,387,534 under 21 Credit Officers, the overall result was a slight decline, but **FUTABA** still has continued its positive journey into the future. Especially during the last 4 years from 2016 to 2019, we have maintained the Portfolio at Risk at 0.46 percent and Loan Written-Off at 0 percent, which is the good result on credit management in each year. In particular, from 2020 until now, there has been a series of increases in the Portfolio at Risk up to 7.28 percent and Loan Written-Off in good rate at 0 percent, due to the impact of the spread of Covid-19 virus is not yet complete and new mutations continue to occur. In this situation, **FUTABA** has been providing restructuring loans to customers at 0.93 percent of the total customers and 1.73 percent of the total loan portfolio.

As for the financial statements, we see that **FUTABA** took over one year to realize its net profit since 2017, in case of significantly affected by the Covid-19 virus since 2019, however our net profit at the end of 2021 was USD 458,672 with its total assets of USD 15,331,096 which is a good financial performance in a difficult situation and the institution is still continuing its positive business operations.

It is a part of supporting the education development and staff living conditions, **FUTABA** also provides the lowest interest rate on the Education Loan and Staff Loan, with the main goal of the Board of Directors and Shareholder in keeping with a long-term vision and positive perspective situation on the financial market progression in Cambodia, **FUTABA** will continue to perform its long-term strategic plan, master plan and annual plan to extend its potential coverage to a broadly market scope and responding to the growing demand for loans by local customers and the growth of a country current and in the future.

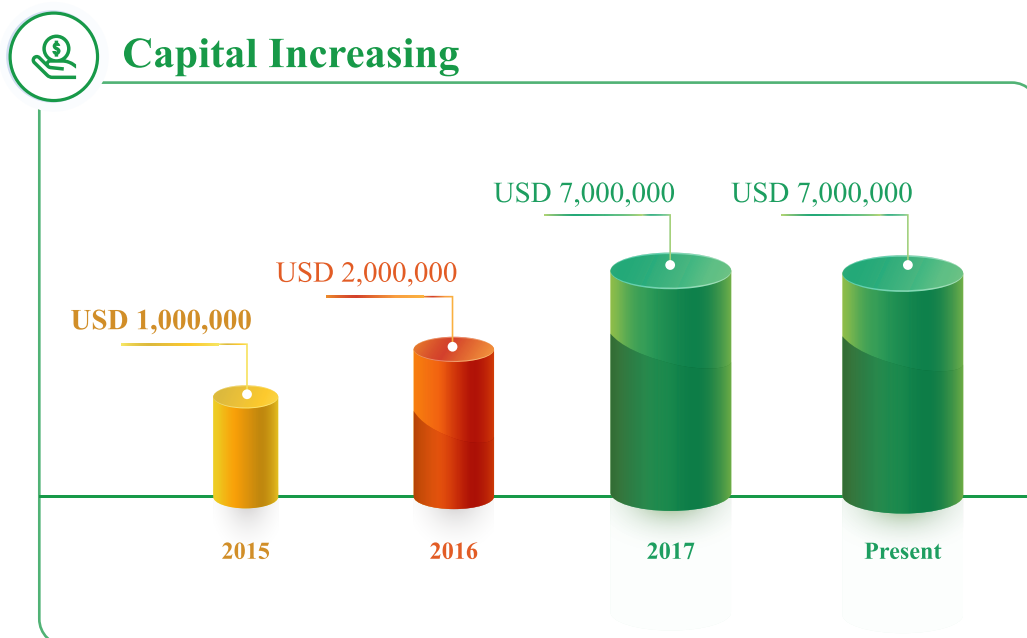
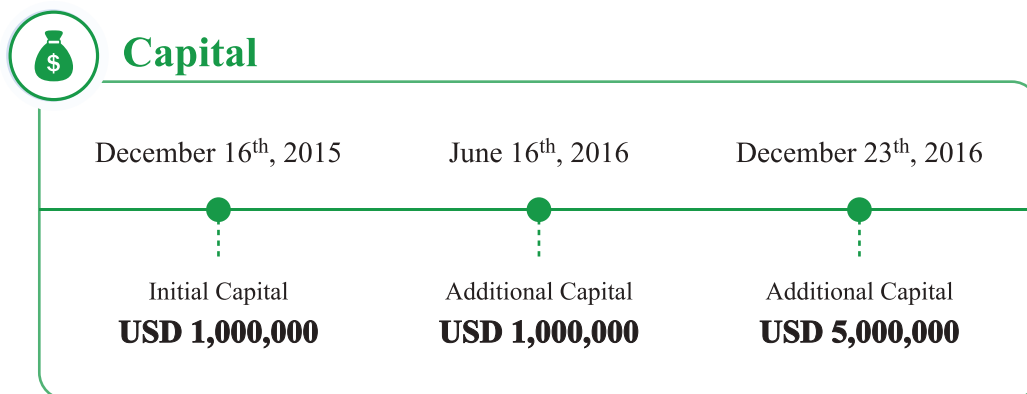
## History of FUTABA

**FUTABA** Microfinance Plc., has been established in the purposes and dreams of a shareholder. Throughout the initiatives, as well as a strong commitment, the shareholder has overcome all obstacles, and finally received the official business operating license from The National Bank of Cambodia, No M.F-64, issued on December 16, 2015.

At the beginning of 2016, **FUTABA** started its business operation with the only initial capital of USD 1,000,000. However, with the strong support from customers, it was showing that **FUTABA** got a great successful achievement. Meanwhile, since 2016, AZUMA & Co. Ltd., has become a shareholder of **FUTABA** Microfinance Plc, AZUMA & Co. Ltd., a Japanese Company, has parallel concept in supporting and improving living standard of Cambodian people, especially to contribute to developing new generations by providing highly effective financial services with quality, consistency, and transparency of the market.

With the long-term perspective and the expectation the positive progress of the financial market in Cambodia, **FUTABA** Microfinance Plc., will continue to implement its strategic plan in order to achieve the need and dream of the shareholder. Having seen its growing, **FUTABA** Microfinance Plc., launched 3 new branches more by the end of 2016 in order to strengthen and enhance its potential strength on a widely market, and to serve the growth of loan demand from the local area customers. The 3 branches were approved the official business operation license from the National Bank of Cambodia on September 20, 2016. In view of the positive implementation and management as well as the long-term strategic plan in the future, the National Bank of Cambodia granted permission to extend the license to **FUTABA** for 3 years more on October 22, 2018 and on December 30, 2019, the National Bank of Cambodia decided to grant a permanent business license to **FUTABA**. We see that the **FUTABA** did not more injection capital and expand its operations from 2017 to 2021, as **FUTABA** maintains its strategy of strengthening the system of internal control and increasing the skills of its staff, especially to maintain its best performance in the context of the spread of Covid-19 virus. As of December 31, 2021, **FUTABA** has 6-years business operation, which is located serving with 04 offices such as Head Quarter (Head Office Branch), Khan Tuol Kouk Branch, Khan Pur Senchey Branch and Krong Chbar Mon Branch.

In the meantime, **FUTABA** Microfinance Plc., was successful in subsequent capital injection as the following:



## Vision & Mission



### Vision

To be a leading financial institution in Cambodia achieving great impact on improving living standard for current and new generations.



### Mission

To offer the most reliable Financing Services to Medium, Small and Micro - Enterprises and Individuals by creating sustainable market to support current and succeeding generation and social performance to achieve their goal with better life in the future.

## Core Values



**Integrity**



**Humanity**



**Future-Oriented**



**Challenge**




**Passion**

## ●➤ Branding of FUTABA



### Symbol and Meaning

The Symbol  is referred to the small BUD which just came out from the ground.

This small BUD can grow up to the GIANT TREE in near future, based on our honest and hard works together with a kind back-up from the fair Supporters.

Namely, we, **FUTABA** Microfinance Plc., as a small Financing Institution, has just started our activity in the Financing Sector in the Kingdom of Cambodia. And we can grow up in near future to be a leading BANK in the Kingdom of Cambodia, to provide the Financing Services of a very high quality to the users in order to assure the steady and bright futures to all the users of **FUTABA** Microfinance Plc., / **FUTABA** Bank, as if the small BUD can grow up to the GIANT TREE in due course.

How fast we can grow up to the GIANT TREE totally depends on how hard each of the Members of **FUTABA** Microfinance Plc., will work with full sincerity, also depends on how big support could be provided to us from our beloved Customers.



### Color

Green Color in the BUD, refers to the respect we pay to the Environment, the Harmony among the Economic Growth and the Safe Environment for the Current and the Next Generation.



### Slogan

**Dreams Come True**

# Corporate Governance

- Shareholder and Capital
- Organization Chart
- Board of Directors
- Management Teams





Mr. Yosuke SASAKI  
Representing the Shareholder

**AZUMA & Co.,Ltd.** as 100 percent Share-holder of **FUTABA** Microfinance Plc., hereby express our keen eagerness to contribute to the Eradication of the Poverty in our beloved Country, the Kingdom of Cambodia.

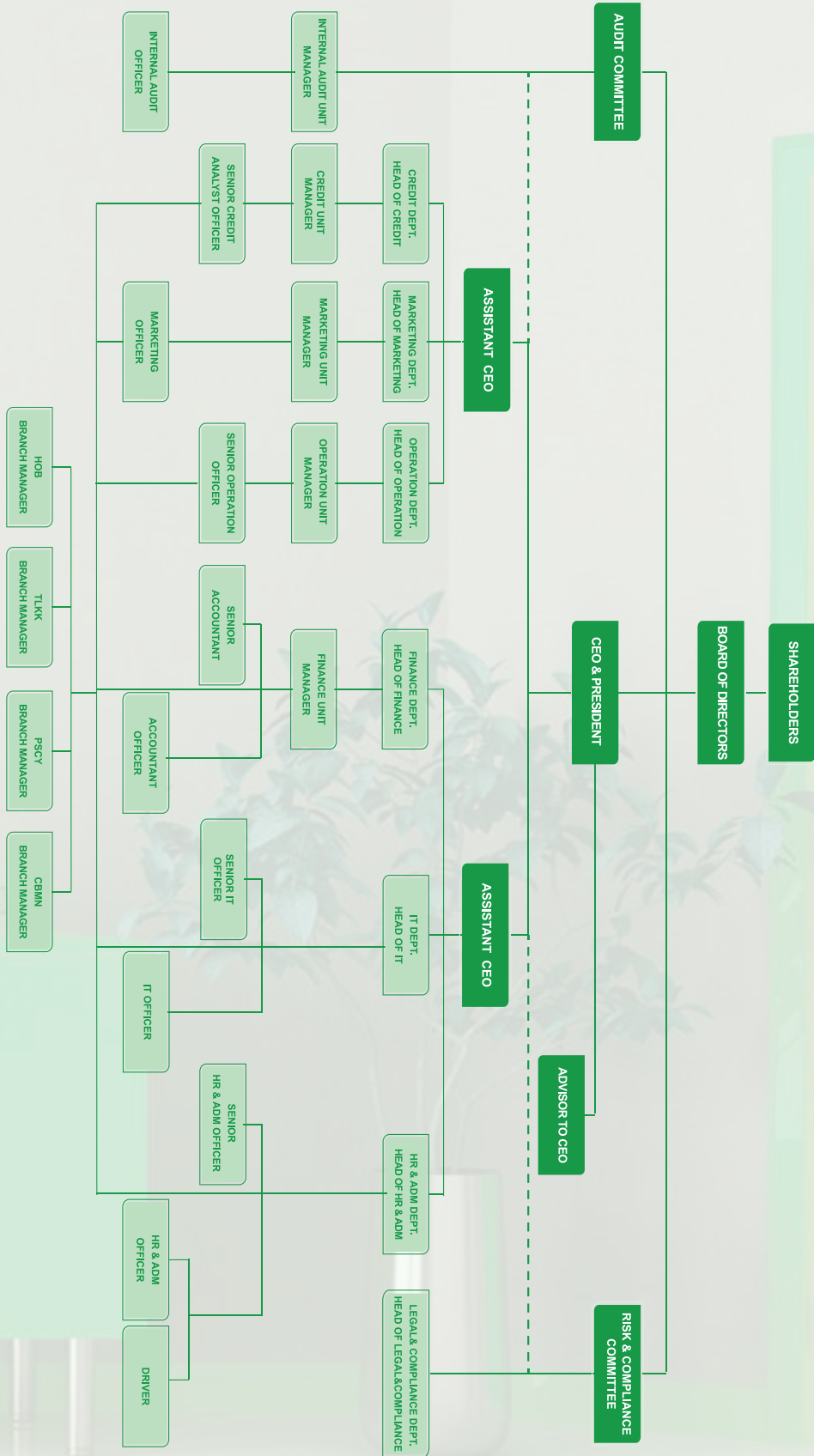
**AZUMA & Co.,Ltd.** as pure Japanese Enterprise are 100 percent owned by myself, Yosuke **SASAKI**, a Japanese citizen, who act as the President of **AZUMA & Co.,Ltd.**

It is a great honor for us **AZUMA & Co.,Ltd.** in case we could be a little bit of helping in supporting and bringing up the Next Generation, also in improving the Standard of Livings in our beloved Country, the Kingdom of Cambodia, based on our very Transparent, Effective and Long-lasting Financing Services through our **FUTABA** Microfinance Plc.,.





# Organizational Chart



## Board of Directors



**Mr. CHREUK Phally**  
Chairman of Board of Director

Mr. CHREUK Phally, Cambodian, was born in 1981 in Phnom Penh. He has been appointed to be a Board Member of Futaba Microfinance Plc., since July, 2015 and then he was appointed to be Chairman of Board of Directors on July 22, 2016 until now. He has more than 16 years of experience in the field of Management, 5 years of which he served as Marketing Manager at Futaba Co., Ltd. In 2007, he was promoted to General Manager, and serves in this capacity to-date. He obtained his Bachelor's Degree of Business Administration from Norton University.



**Mr. Yosuke SASAKI**  
Board of Director

Mr. Yosuke SASAKI, Japanese, was born in 1983 in KANAGAWA. He was appointed to be a member of Board of Directors on July 22, 2016. Mr. Yosuke SASAKI is the 100 percent shareholder of FUTABA Microfinance Plc., who owns and represents as President of AZUMA & Co., Ltd in Japan. AZUMA & Co., Ltd is the Japanese Company which has the parallel concept to support standard living to Cambodian people, especially to contribute to develop new generation by providing financial services with high quality, stability, and transparency of market trend.



**Mr. Junichi SASAKI**  
Board of Director

Mr. Junichi SASAKI, Japanese, was born in 1949 in KANAGAWA. He was appointed to be a member of Board of Directors on August 18, 2017. Mr. Junichi SASAKI graduated from Tokyo University in 1975, and he is currently active as President and 100 percent shareholder of FutureBud International Co., Ltd, Japan.



**Mr. Hamada MOTOO**  
Independent Board of Director

Mr. Hamada MOTOO, Japanese, was born in 1948 in KANAGAWA. He was appointed to be a board member as Independent Board of Directors on March 14 , 2019. Mr. Hamada graduated of B.A. in Economics from Kobe University of Commerce (Kobe College of Economics) in 1970. He has more than 15 years of experience in overseas investments, 20 years for managing affiliated companies in overseas and 5 years for consulting and assisting overseas project of Small & Medium-sized companies.



**Mr. NGET Sovannaro**  
Independent Board of Director

Mr. NGET Sovannaro, Cambodian, was born in 1959 in Takeo province, Cambodia. He was appointed to be a board member as Independent Board of Directors on March 14, 2019. Mr. Sovannaro graduated in Master in Agronomie from Moscow People's Friendship University of Scholarship Master Scholar awarded by Russia Government in 1987. He has more than 25 years of experience since 1992 in Accounting Manager, and 8 years in Deputy Inspector General of Ministry of Planning.

## Management Team



**Mr. Junichi SASAKI**  
Chief Executive Officer

Mr. **Junichi SASAKI** graduated from Tokyo University on 1975, is currently active as President and 100 percent shareholder of FutureBud International Co., Ltd, Japan.



**Ph.D CHAP Ratana**  
Advisor to CEO

Ph.D. **CHAP RATANA** started his career with **FUTABA** Microfinance Plc., as Local Financial Adviser in January 2015, then he was appointed to be a Deputy Chief Executive Officer in late 2015. He earned Master Degree in Business Administration and Ph.D. Degree in Educational Administration at Build Bright University (BBU). He has over 25-years working experience as an Interpreter, Administrator, Project Manager and a Local Adviser with all corporate levels of Line - Ministries, Provincial Levels, Development Partners, UN, IO, NGO, Private Sectors in the fields of National Strategic Development Plan, Financial, Statistics, Education, M&E, Health based UNTAC, WHO-Ministry of Health, and UN - Ministry of Planning. Lastly, in January 2017, He was promoted to be Advisor to CEO.



**Mr. PREAP Kandoeng**  
Assistant CEO

Mr. **PREAP Kandoeng** earned Master Degree of Business specialize in Finance from Charles Sturt University, Australia, and Bachelor's Degree in Business Administration, specialize in Accounting at National University of Management. He has years of working experiences at all corporate levels, educational background and continuous professional development. Before joining **FUTABA**, he had many years of experience in the field of Accounting Management, Accounting Technical Advisor, Banking and Finance Management and Head of Finance Department position of other MFI. He joined **FUTABA** Microfinance PLC., as Head of Finance Department in 2015. Then, he was promoted as ACEO, in charge mainly of difference types of departments including Finance Department, IT Department, and HR & Administration Department, starting from 01 July, 2016.



**Mr. UM Piseth**  
Assistant CEO

Mr. **UM Piseth** started his career with **FUTABA** Microfinance Plc., as Head of Credit Department in late 2015, then he was promoted to be an ACEO in July, 2016. He is now in charge of three departments, Credit Department, Marketing Department, and Operation Department. In the background, he obtained Bachelor Degree in the field of General Management from Royal University of Law and Economics, and held Diploma of Intensive English Academic of Purpose from Paññasastra University of Cambodia. He has attended numerous Training Courses, Workshops and conferences, which was related to Property Development Sector, and Banking & Microfinance Sectors as well. He has spent over 16 years of practical experience in Various Positions in Microfinances such as Branch Officer, Branch Manager, Regional Manager, Operation Manager, Head of Marketing & Communication Department, Credit Manager, and Head of Credit Department. He also used to work with Telecom Companies for over 3 years.



**Mr. LIM Sombo**  
Head of HR & Admin Dept.

Mr. **LIM Sombo** was born in June, 1981. He joined **FUTABA** in November, 2015 as Head of Marketing Department. After working for 2 years, he has been appointed as Head of HR & Admin Department since November, 2017. He is responsible for managing, monitoring, and developing policies - procedures related to HR and Admin of **FUTABA**. Prior starting the career with **FUTABA**, he had over 14-years work experience with two major banks including regional foreign bank and local bank, which were the largest of branch networks. With experiences in banking sectors, He used to handle various positions such as Account Relationship Manager, AVP & Manager of Leasing Unit, AVP & Assistant Manager of Credit and Marketing Unit, and other positions with over 10 years as he mainly involved in front line sale. In 2008, he graduated Bachelor Degree from Build Bright University in the field of Finance and Banking.



**Mr. KUNG Sarath**  
Head of IT Dept.

Mr. **KUNG Sarath**, Cambodian, graduated with his Master's degree in Management in 2011 included two other major fields, Information Technology and English Literature. In professional background, he was an IT Manager who handled and led IT Department Division in one among the largest commercial bank in Cambodia. He gained hands-on experience in Core - Banking System, Card System, and SWIFT System with various kinds of Technical Skills such as defining system work flow and process, secured banking network infrastructure, and policy maker. In early 2016, he joined **FUTABA** Microfinance Plc., as Deputy Head of IT, and six months later he was promoted to be Head of IT. He has initiated and set up Network Infrastructure for Production and DR Data Centre site, and IT Policy as well as IS Policy for **FUTABA** Microfinance Plc., since first established. He got over 10-year experience in Banking and Financial Sector.



**Mr. PHON Sothea**  
Head of Credit Dept.

Mr. **PHON Sothea** has joined **FUTABA** as Head of Credit Department since 01 July, 2017. Before joining **FUTABA**, he worked as Head Operations Department in a medium-sized microfinance institution in Cambodia for seven years from 2010 to mid-2017. Between 2004 and 2010, He worked for a medium microfinance with his first career as an assistant to Finance / Admin Department, then he was promoted step-by-step to be a great Branch Manager in that institution. He holds Master Degree in management development, graduated from Norton University in 2011, and Bachelor Degree in Management Information System from National University of Management in 2004. Mr. Sothea has had extremely practices and experiences over 14 years in various positions in Banking and Finance Sectors. Additionally, he attended various training and conference courses in local and international countries related to microfinance sectors, real estates, micro insurances, and other management law works.



**Mr. SAR Phearom**  
Head of Legal & Compliance

Mr. **SAR Phearom** was jointed as Deputy Head of Legal & Compliance of **FUTABA** in September 2017. Before joining **FUTABA**, he worked in Chamroeun MFI in the last position as Head of Risk and Legal Compliance and started with Chamroeun in many positions from Loan Officer in February 2009 and became Internal Audit Officer in February 2010. He was later promoted to Branch Manager in November 2010 and Senior Compliance Officer in June 2012. And then he was promoted to Legal and Compliance Manager in June 2013 and Head of Legal Department in January 2015 then in charge of Head of Risk & Legal Compliance. He has almost 1 year - experience with Feeling Home Hotel as Front Officer and more than 4 year - experiences with World Vision at District as Volunteer. He obtained his Master Degree majoring in Master in Private Law from the Royal University of Law and Economics and holds a Bachelor Degree in Accounting and Financial from Human Resources University. Within his roles and duties, He has spent experiences over 9 years in various position in Banking and Financial Institution sector.



**Mrs. BOU Rathna**  
Head of Finance Dept.

Mrs. **BOU Rathna** was born in March 28, 1981 in Phnom Penh. She graduated Bachelor of Business Administration in the field of Finance and Banking from National Institute of Management. On 01 July, 2016, she started her career with **FUTABA** Microfinance Plc., as a Chief of Accounting Officer. After working for over 3 months, she was promoted to be an Acting Head of Finance Department in 11 October, 2016. She is responsible for managing, monitoring, developing policies, procedures & guidelines, and also cooperation with National Bank of Cambodia, General Department of Taxation, External Auditors, and other stakeholders related to Finance Department. On 01 January, 2019, she was promoted to be a Head of Finance Department. Before starting the career with **FUTABA** Microfinance Plc., she had 8 years work experience as an Accounting Manager at **FUTABA** Co., Ltd. Since 15 July, 2008 up to now, she has over 10 years work experience in the field of Finance and Accounting.



**Mr. CHEA Sopheak**  
Head of Operation Dept.

Mr. **CHEA Sopheak** has joined **FUTABA** as Head of Operation Department since 11 February, 2019. Before joining **FUTABA**, he worked as Operation Manager in microfinance institution in Cambodia for four years from 2014 to 2018. Between 2007 and 2013, he worked for a medium microfinance with his first career as an accountant, then he was promoted step-by-step to be a great Provincial Accounting Manager in that institution. Mr. Sopheak holds Bachelor Degree in Finance and Accounting at Build Bright University in 2007. He has had extremely practices and experiences over 10 years in various positions in Banking and Finance Sectors. Additionally, he attended various training and conference courses in local related to microfinance sectors, and other management law works.



**Mr. HOY Kimheang**  
Head of Marketing Dept.

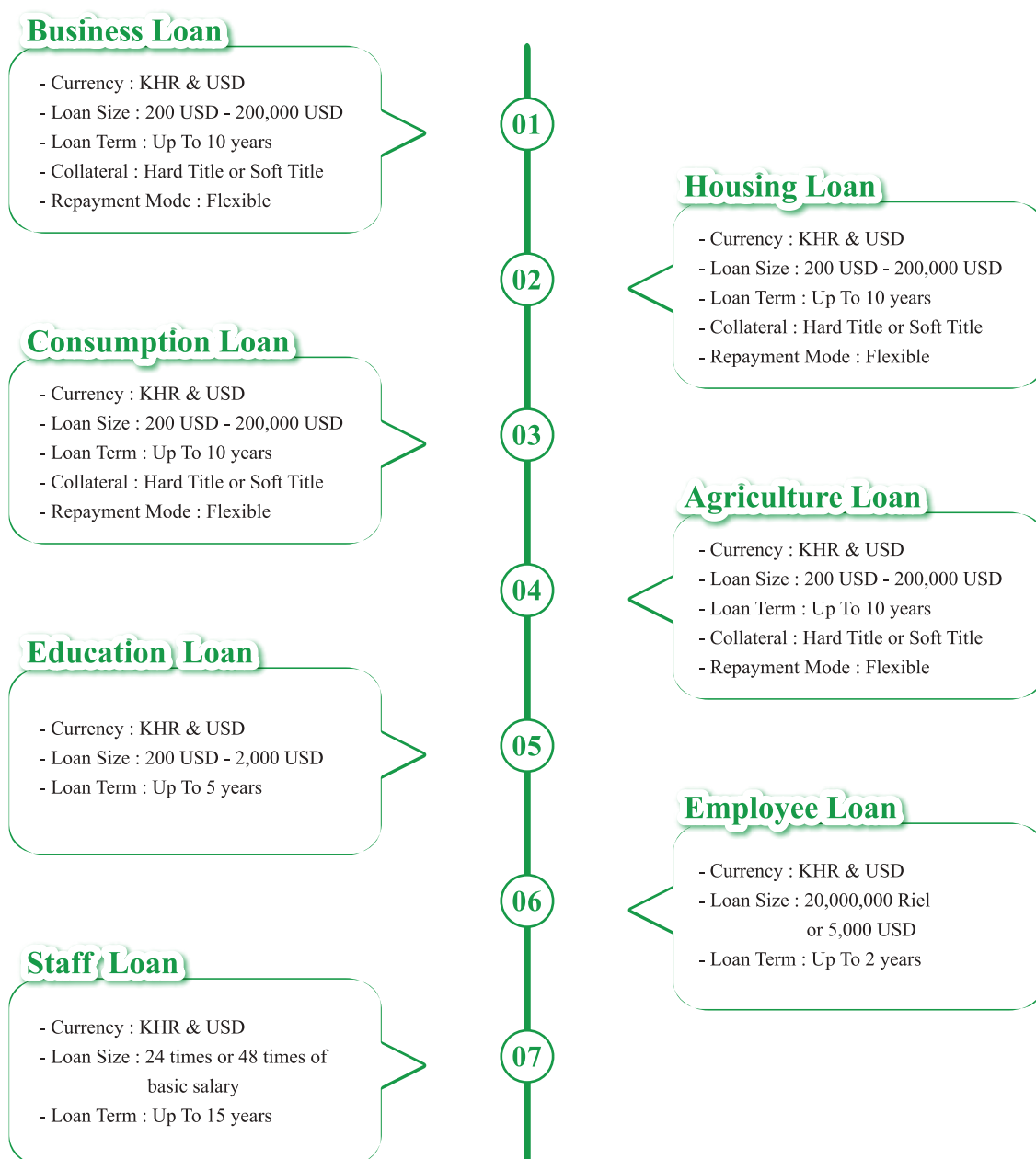
Mr. **HOY Kimheang** joined **FUTABA**, since 01 July, 2020 as the Head of Marketing Department. Before joining **FUTABA**, he had more than 10 year of experiences in the field financial leasing, microfinance, and market and social research with several different organizations such as Research Non - Governmental Organization, Microfinance Institution, Financial Leasing Company, and Payment Services Company. He holds a Master's Degree of Business Administration from Norton University in 2010 and a Bachelor's Degree of Business Economics from the National University of Management in 2005.

➤ **FUTABA's Products**





## Our Loan Products



Loan Conditions	Required documents
<ul style="list-style-type: none"> <li>- Age from 18 to 65 years old.</li> <li>- Have permanent address in FUTABA's operating areas.</li> <li>- Have a good history in society.</li> <li>- Have a legal employment or business.</li> <li>- Have a properly collateral.</li> </ul>	<ul style="list-style-type: none"> <li>- ID Card or Family Book or Residence Book or Birth Certificate or Passport.</li> <li>- Collateral (Hard Title or Soft Title).</li> <li>- Other documents related to Income Sources.</li> </ul>

# Business Performance

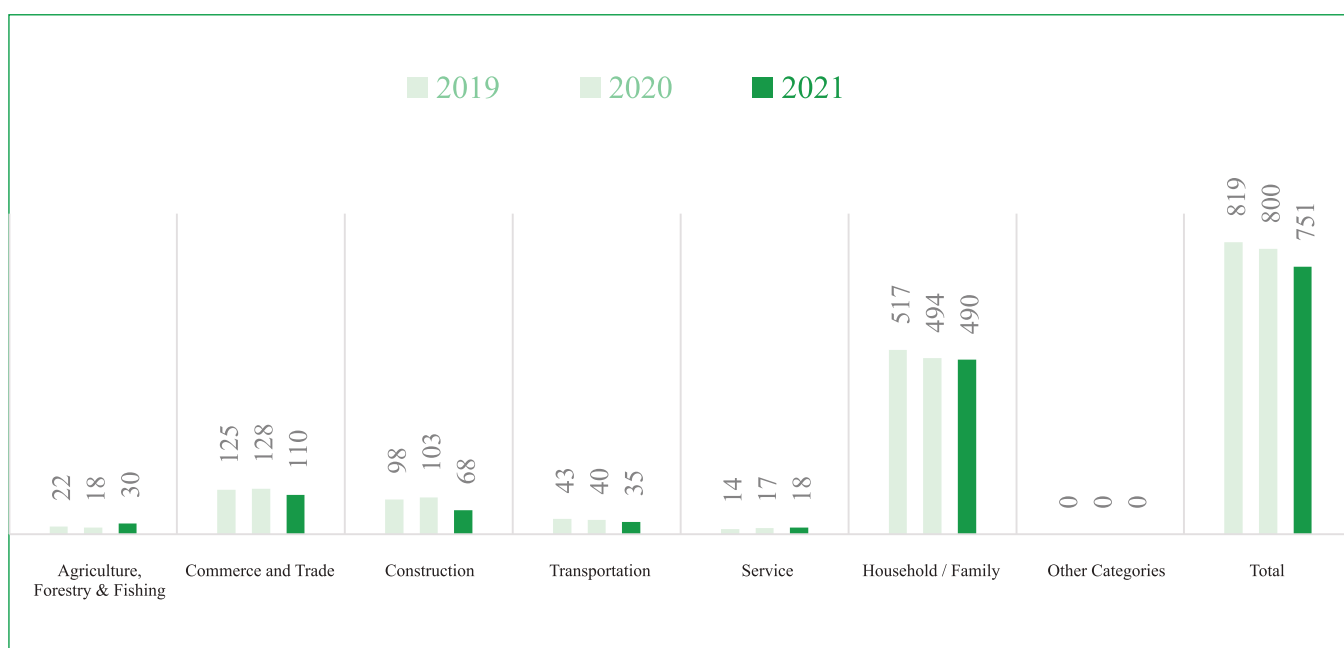
- Loan Performance by Sectors
- Loan Performance by Products
- Classifying the Loan Types by Main Categories
- Classifying the Loan Products by Main Categories



## Loan Performance by Sectors

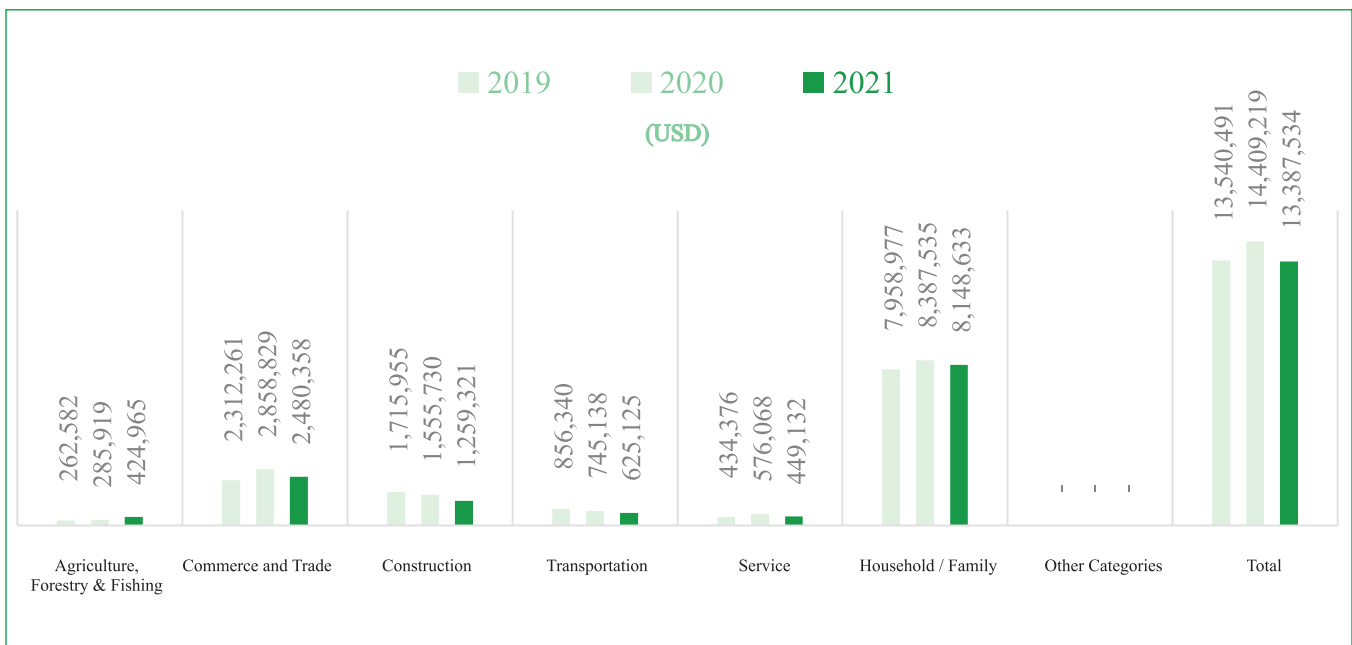
### Number of Accounts

Sector	2019	2020	2021
Agriculture, Forestry & Fishing	22	18	30
Commerce and Trade	125	128	110
Construction	98	103	68
Transportation	43	40	35
Service	14	17	18
Household / Family	517	494	490
Other Categories	0	0	0
<b>Total</b>	<b>819</b>	<b>800</b>	<b>751</b>



## Gross Loan Portfolio

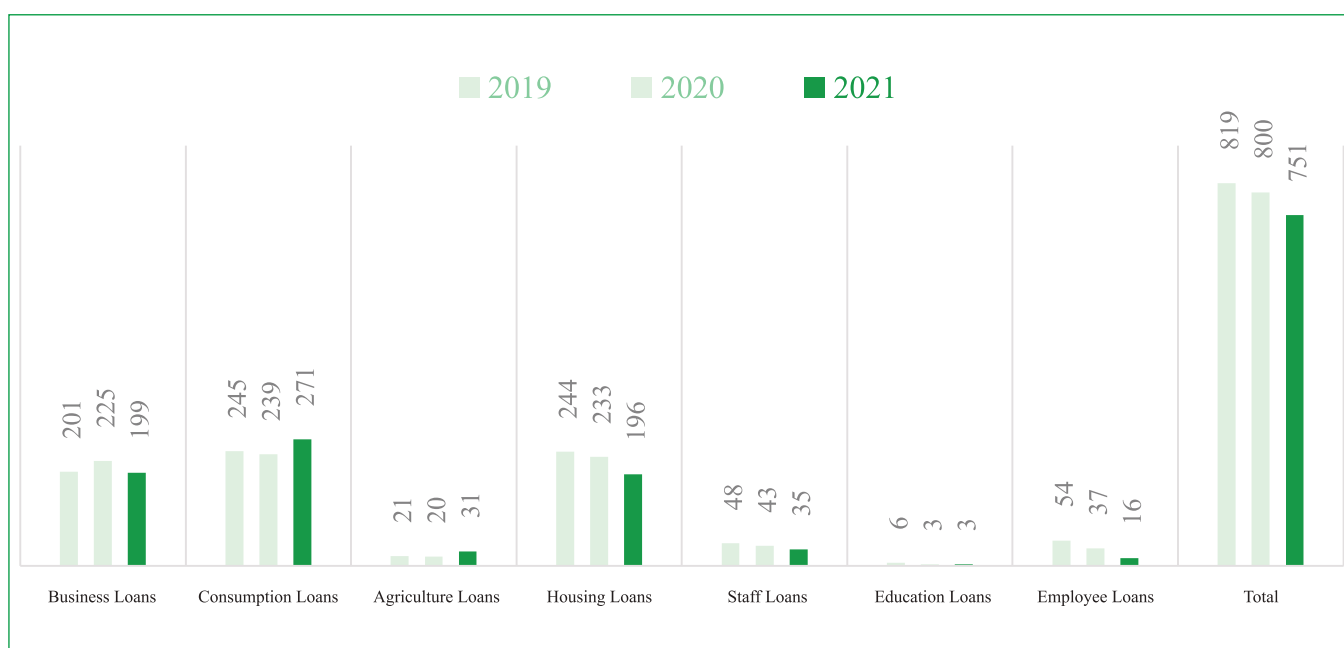
Sector	2019	2020	2021
Agriculture, Forestry & Fishing	262,582	285,919	424,965
Commerce and Trade	2,312,261	2,858,829	2,480,358
Construction	1,715,955	1,555,730	1,259,321
Transportation	856,340	745,138	625,125
Service	434,376	576,068	449,132
Household / Family	7,958,977	8,387,535	8,148,633
Other Categories	-	-	-
<b>Total</b>	<b>13,540,491</b>	<b>14,409,219</b>	<b>13,387,534</b>



## Loan Performance by Products

### Number of Active Accounts

Sector	2019	2020	2021
Business Loan	201	225	199
Consumption Loan	245	239	271
Agriculture Loan	21	20	31
Housing Loan	244	233	196
Staff Loan	48	43	35
Education Loan	6	3	3
Employee Loan	54	37	16
<b>Total</b>	<b>819</b>	<b>800</b>	<b>751</b>



## Gross Loan Portfolio

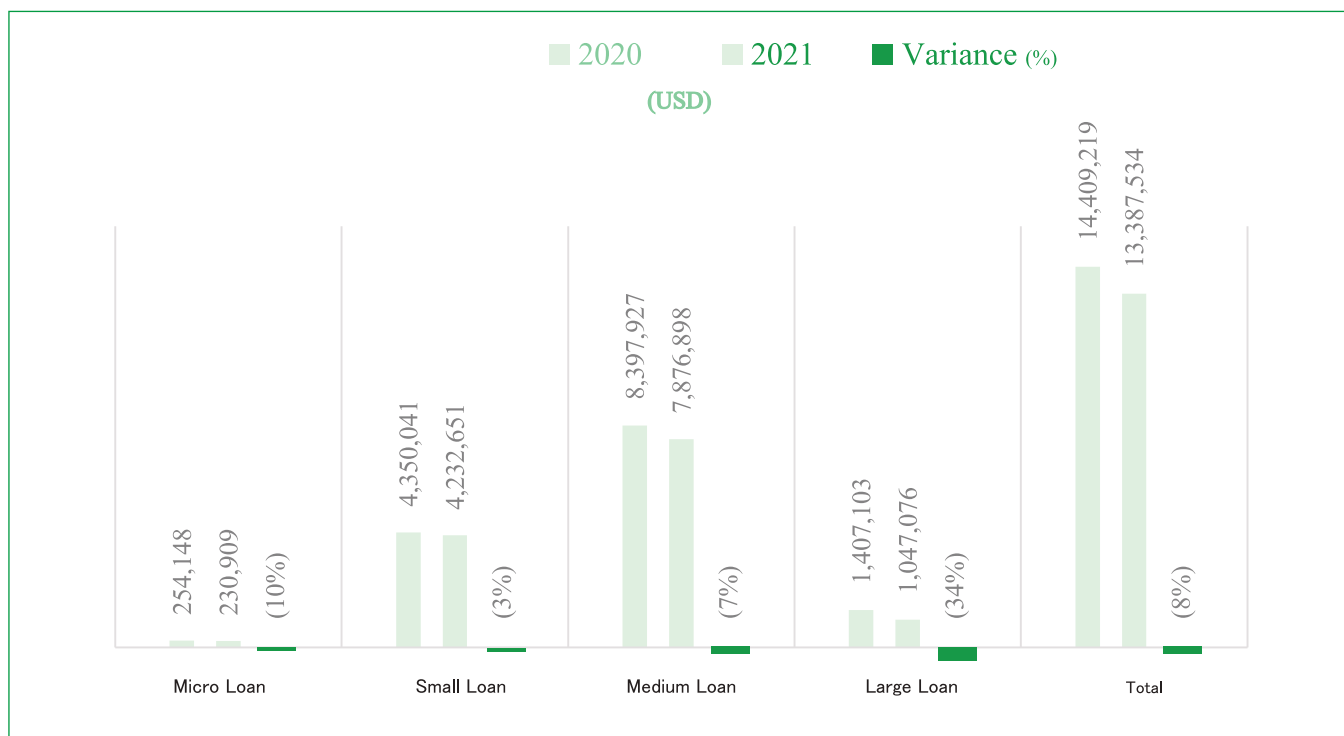
Sector	2019	2020	2021
Business Loans	4,372,231	5,307,570	4,257,537
Consumption Loans	2,626,363	2,883,198	3,633,073
Agriculture Loans	214,681	291,184	462,397
Housing Loans	5,809,714	5,432,070	4,607,273
Staff Loans	430,482	446,778	402,550
Education Loans	3,800	1,925	650
Employee Loans	83,220	46,494	24,054
<b>Total</b>	<b>13,540,491</b>	<b>14,409,219</b>	<b>13,387,534</b>



## Classifying the Loan Types by Main Categories

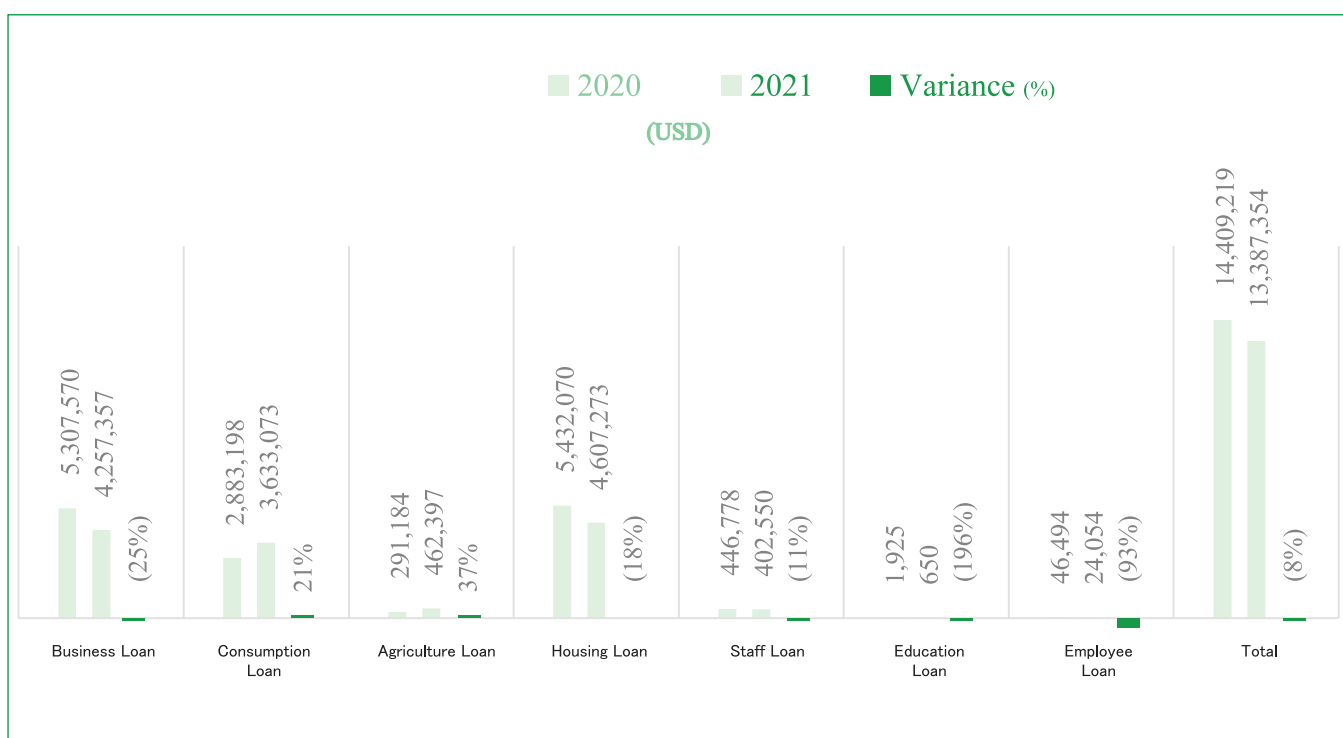
### Gross Loan Portfolio

Types	2020	2021	Variance %
Micro Loan	254,148	230,909	(10%)
Small Loan	4,350,041	4,232,651	(3%)
Medium Loan	8,397,927	7,876,898	(7%)
Large Loan	1,407,103	1,047,076	(34%)
<b>Total</b>	<b>14,409,219</b>	<b>13,387,534</b>	<b>(8%)</b>



## ➤ Classifying the Loan Products by Main Categories

Types	2020	2021	Variance %
Business Loans	5,307,570	4,257,357	(25%)
Consumption Loans	2,883,198	3,633,073	21%
Agriculture Loans	291,184	462,397	37%
Housing Loans	5,432,070	4,607,273	(18%)
Staff Loans	446,778	402,550	(11%)
Education Loans	1,925	650	(196%)
Employee Loans	46,494	24,054	(93%)
<b>Total</b>	<b>14,409,219</b>	<b>13,387,354</b>	<b>(8%)</b>







## Business Loan



### Target Customer

To all customers who need financial services to support and expand their business in order to generate profit.



### Currency

KHR & USD



### Loan Size

200 USD - 200,000 USD



### Loan Term

Up To 10 years



- . Fast and reliable services
- . Borrow up to own requirement
- . Lower interest rate with convenience loan conditions

# Staffs Capacity Developments

- Internal Trainings
- Annual Workshops
- External Trainings



## ◆ Staffs Capacity Developments

Human resources of **FUTABA** Microfinance Plc., be encouraged to increase their knowledge, skills and talent development on a regular basis, which is reflected in the increase in staff and efficiency.

However, the normalization of social relations has not improved for 2021. Fear of the spread of Covid-19 remains a challenge to the various meetings that led the management of **FUTABA** Microfinance Plc., the object carefully considers the most necessary options to provide training to new entrants and staff working in each relevant field. The training of staff is conducted with the utmost care and adherence health rules to the 3 don'ts 3 do's strict, most of which are encouraged to be done online.

### - Internal trainings

During 2021, the internal staff training of **FUTABA** Microfinance Plc., Was held a total of 11 times, focusing on the training of new and existing employees who have the necessary needs



### - Annual Workshops

In response to **FUTABA** strategic plan in accordance with the announcement of the reopening of the country by Samdech Akka Moha Sena Padei Techo Hun Sen, Head of the Royal Government of Cambodia, And with the progress of the Covid-19 epidemic steadily improving, the management of the **FUTABA** Foundation has recently decided to hold its fourth annual workshop for its staff successfully and happily. This year's workshop was held in Phnom Penh and Sihanoukville under the theme "Workshop to summarize the results of the year 2021 and the direction for implementation next year" with the warm participation of the Chairman of Board, Independent Board Member and also Advisor to CEO.



Activities Workshop in Phnom Penh



Activities Workshop in Sihanouk Ville

## - External Trainings

In order to promote knowledge related to new skills in the financial sector in line with the development of modern technology that has been continuously modernized, the management of **FUTABA** Microfinance Plc., Involve participating in external training courses through the online system to absorb the necessary knowledge to develop the institution to grow further.

Attendance of outreach workshops and trainings for the management and staff of **FUTABA** Microfinance Plc., In 2021, a total of 2 times, also conducted online.



## ➤ Promotion Activities of FUTABA

In order to promote branding and financial products of **FUTABA** Microfinance Plc., to the public, we have implemented two methods, direct promotion and indirect promotion via digital platform.

Each year, the staff at branch level always form a team work for group promotion at customer arrear like market, urban areas, or any public place to promote branding and financial products of **FUTABA** Microfinance Plc., and also to build a good relationship with public and customers. Due to the first quarter outbreak of COVID-19 cases especially the February 20 community event, to prevent the spread of COVID-19 in second and third quarters, the government has restricted gathering or travelling. Also for safe, **FUTABA**'s staff didn't form up or build team for direct promotion with customer during the hard period. However, when conducting loan assessments, branch manager, chief credit officer, and credit officer also attached broacher or name card to promote branding or financial products of **FUTABA** with the neighbors or villagers nearest the clients.

With the spread of COVID-19 in the modern technology, the digital promotion is very popular and more effective for promotion especially social medias and website. Nowadays, Facebook's social media is a very popular

attractive tool around the world included Cambodia. Thus, **FUTABA** Microfinance Plc., has created many activities for posting on Facebook page to promote branding or financial products of **FUTABA** to the public. In 2021, there were 181 activities posted on **FUTABA**'s Facebook page. With strong "Like" and / or "Share" support from all levels of **FUTABA**'s staff. There were 174,841 audients saw **FUTABA**'s activities on Facebook page and 2,235 audients chat asking for information.



**181**

Activities Posted



**174,841**

Audients saw Activities  
on FUTABA's Facebook



**2,235**

Chat to Ask Information

# Risk Management & Internal Control

- Risk and Compliance Management
- Internal Audit





## ● Risk and Compliance Management

Regulators, external auditors, and other consultants are also a part of external oversight of the institutional operations, which can show **FUTABA** Microfinance Plc., with shortcomings, risk arising and help identify which points to be improved. Additionally, Compliance Management continues to strengthen **FUTABA**'s internal control to comply with other laws and regulations of NBC licensing and registration as well as other governmental rules which ensures that **FUTABA**'s business expansion and its operation are fully compliant with Cambodia's laws, rules and regulations in banking and microfinance sectors.

Board of Directors has decided to establish the Legal and Compliance Department which has been in charge in and responsible by Head of Legal and Compliance to ensure that **FUTABA**'s risk occurring and compliance management is taken, by overseeing the internal control in place to identify, assess and manage internal and external risks that could present threats to **FUTABA**'s operation and ensure that practices and procedures are fully complied with laws and regulations. In addition, the department also responsible for monitoring compliance aspect with the internal policies, procedures and guidelines related to compliance, including checking the efficiency on adherence of established policies and liaises internal and external functions in matters of compliance and managing compliance risks. In the process of measurement of qualifications and work experience of the responsible persons in compliance area, the compliant representative was checked and recognized by the National Bank of Cambodia on August 29, 2018. Additionally, the Legal and Compliance Department is responsible for overseeing on Anti-Money Laundering and Combating Financing Terrorism, which is reported and cooperated with the Financial Intelligent Unit of the National Bank of Cambodia.

### - Risk and Compliance Committee

**FUTABA** has formed the Risk and Compliance Committee in board level on November 01, 2019, chaired by an Independent Board of Director. Head of Legal and Compliance is a coordinator for discussing the reports with all departments or managements and review the adequacy and completeness of the compliance risk analysis which required by laws and regulations. Significant compliance risks are highlight and reported to the Board of Directors for reviewing and commended back in timely compliance and resolution.

### - Meeting and Membership

The Risk and Compliance Committee meetings are held at least twice a year, and shall be invited by the Chairman of the committee or members.

The members of this committee shall be at least three members. The member of the Risk and Compliance Committee has composed by persons as:



Mr. NGET Sovannaro  
Independent Board of Director  
(Chairman)



Mr. Yosuke SASAKI  
Board of Director  
(Member)



Mr. Junichi SASAKI  
CEO/President  
(Member)



Mr. PREAP Kandoeng  
Assistant CEO  
(Invitation)



Mr. UM Piseth  
Assistant CEO  
(Invitation)



Mr. SAR Phearom  
Head of Legal & Compliance Dept.  
(Secretary)

### - Duties & Responsibilities

- To review and assure the develop and revise of the procedures and policies on Legal and Compliance in order to effectively monitor and evaluate performance.
- To review the regular updates assessing performance of the Compliance function required by laws and regulations.
- Regularly review the internal Compliance Checklist to identify risk, follow up and take action plan ongoing to manage the risk in a timely and effective manner.
- To consider and review the Audit Reports finding related to compliance implementation and the regulatory risks that arise and their implications.
- Monitoring of effective compliance with Anti-Money Laundering and Combating Financing Terrorism practices with the Financial Intelligence Unit of National Bank of Cambodia.
- To assure that the necessary training is provided to all staffs and ensure a compliance awareness culture including the aware of AML/CFT measures within institution.
- Review and assure the develop and revise of the procedures and policies on Risk Management Framework in order to effectively monitor and evaluate performance.

## Internal Audit

Internal Audit must be an independent side which monitor and report overall implementation processes of the institution. **FUTABA**'s Internal Audit was first established in July 2017, in charged by Internal Audit Unit Manager. This position has been changed and re-recognized by NBC on September 28, 2020. Internal Audit Unit Manager is responsible for conducting audit tasks and all operating inspections within **FUTABA** Microfinance Plc., as well as audit planning, updating audit program and training staff for the necessary need to improve the quality of audit. In accordance with the internal audit policy and audit plan, at least two times a year, shall be audited at each branch and once a year for department. Internal Audit side is independent of all **FUTABA**'s operations and reports directly to Audit Committee in Board level. In fact, in 2021, Internal Audit also reported the internal audit reports to Board of Directors about the performance and key issues finding of the institution's operations under managing by management team, department and branch.

To support the Board of Director and Management, **FUTABA** has established two committees at the board level such as the Audit Committee, and Risk and Compliance Committee.

### - Audit Committee

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

### - Meeting and Membership

The meeting of Audit Committee shall be called by the Chairman of the committee at the request of any of its members or at the request of external or internal auditors if they consider it is necessary. The Audit Committee meets with frequently as required, but not less than 2 times a year.

The Committee shall be appointed by the Board, and shall be at least three members. The Chairman of this committee shall be an independent board of director and all members must be independent of their roles and responsibilities as well. The AC members are as follow:

- Mr. MOTOO HAMADA	Independent Board of Director	: Chairman
- Mr. JUNICHI SASAKI	CEO/President	: Member
- Mr. PREAP Kandoeng	Assistant CEO	: Invitation
- Mr. UM Piseth	Assistant CEO	: Invitation
- Person In-Charge	Internal Audit Unit Manager	: Member/Secretary

### - Duties & Responsibilities

- Review and approve the terms of the annual internal audit plan and work program including objectives, scope, and timetable
- Review matters which may affect the independence of the internal auditor
- Review and approve of a policy and procedure
- Review the findings and follow-up of the internal auditor including any significant disagreements between management and the internal auditor with regard to required system and control
- Ensure that direct and open communication exists among the AC, the external auditor and the internal auditor.
- Provide AC members access to the internal auditors and the Internal Audit Unit Manager/Head of Internal Auditor without the presence of management;
- Communicate the AC's expectations to the internal auditor in writing
- Receive and review reports prepared by internal audit activity in terms of quality and timeliness;
- Monitor the progress of the internal audit plan and work program and considering the implications of internal audit findings for the control and business environment
- Monitor the implementation of internal audit's findings and recommendation
- Monitor and reviewing the quality of internal audit services delivered
- Evaluate the process the company has in place for monitoring and assessing the effectiveness of the internal auditor.
- Oversee the coordination of the planned activities of internal and external audit, risk and compliance management.

# Financial Statements & Independent Auditor's Report

- Report of the Board of Directors
- Report of the Independent Auditors
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows



## Report of the Board of Directors

The Board of Directors (the “Board” or “Directors”) hereby submit their report together with the audited financial statements of FUTABA Microfinance Plc. (“the Company”) for the year ended 31 December 2021 (the “financial year” or “year”).

### Principal activities

The principal activity of the Company is to provide the public with sustainable micro-finance services to small and medium enterprises and individual through its head office and other three branches based in Phnom Penh and Kampong Speu, Kingdom of Cambodia. There have been no significant changes in the nature of this activity from the previous financial year.

### Financial performance

The financial performance of the Company was as follows:

	US\$	2021 KHR'000 (Note 2.4)	US\$	2020 KHR'000 (Note 2.4)
Profit before income tax	587,365	2,389,400	599,352	2,443,558
Income tax expense	(128,693)	(523,523)	(122,290)	(498,576)
<b>Net profit for the year</b>	<b>458,672</b>	<b>1,865,877</b>	<b>477,062</b>	<b>1,944,982</b>

### Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid during the financial year.

### Share capital

The paid-up capital of the Company as at 31 December 2021 is US\$7,000,000 (2020: US\$7,000,000) with a par value of US\$1,000 per share. Refer to Note 14 for the detailed Company’s share capital and shareholding structure.

### Reserves and provisions

There were no material transfers to or from reserves and provision during the financial year other than amount as disclosed in the financial statements.

### Bad and doubtful debts

Before the financial statements of the Company were prepared, Directors took reasonable steps to ascertain that action has been taken in relation to the write off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that allowance need not be made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or to make allowance for doubtful debts in the financial statements of the Company, inadequate to any material extent.

### Current assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances that have arisen the value attributed to the current assets in the financial statements of the Company misleading.

#### Valuation methods

At the date of this report, the Directors are not aware of any circumstances that have arisen which would render adherence to the existing methods of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

#### Contingent liabilities

At the date of this report, there does not exist:

(i) Any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) Any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the liability of the Company to meet its obligations when they fall due.

#### Changes of circumstances

At the date of this report, the Directors is not aware of any circumstances not otherwise dealt with in the report or in the financial statements of the Company, which would render any amount stated in the financial statements as misleading.

#### Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, materially affected by any items, transactions or event of material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Directors, to effect substantially the results of the operations of the Company for the financial year in which this report is made.

#### Events since the reporting date

At the date of this report, except as disclosed in the financial statements, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements.

#### The Board of Directors

The members of the Board of Directors during the year and at the date of this report are:

<b>1. Mr. Chreuk Phally</b>	<b>Chairman</b>
<b>2. Mr. Yosuke Sasaki</b>	<b>Director</b>
<b>3. Mr. Junichi Sasaki</b>	<b>Director</b>
<b>4. Mr. Motoo Hamada</b>	<b>Independent Director</b>
<b>5. Mr. Nget Sovannaro</b>	<b>Independent Director</b>

#### Directors' interests

None of the Directors held or dealt directly in the shares of the Company during the year.

### Directors' benefits

During and at the end of the financial year, no arrangement subsisted to which the Company is a party with the object of enabling Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Directors of the Company have received or become entitled to receive benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by Directors) by reason of a contract made by the Company with the Directors or firm of which the Director is member, or a Company in which the Directors has a substantial financial interest, other than as disclosed in the financial statements.

### Statements of Directors' responsibility in respect of financial statements

The Board of Directors is responsible to ascertain that the 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 Standards for Small and Medium-sized Entities ("CIFRS for SMEs"). In preparing those financial statements, the Board of Directors is required to:

- (i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- (ii) comply with CIFRS for SMEs, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) oversee the Company's financial reporting process and maintain adequate accounting records and effective system of internal control;
- (iv) assess 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; and
- (v) effectively control and direct the Company in all material decisions affecting the operations and performance and ascertain that such has been properly reflected in the financial statements.

The Board of Directors confirm that they have complied with the above requirements in preparing the financial statements.

### Approval of the financial statements

The Board of Directors hereby approve the accompanying financial statements as set out on pages 8 to 38 which present fairly, in all material respects, the financial position of FUTABA Microfinance Plc. as at 31 December 2021, and its financial performance and its cash flows for the year then ended, in accordance with CIFRS for SMEs.

Signed in accordance with a resolution of the Board of Directors.



Mr. CHREUK Phally  
Chairman

Date: 21 March 2022

## Report of the Independent Auditors

To the Shareholders, FUTABA Microfinance Plc.

### Opinion

We have audited the financial statements of FUTABA Microfinance Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 38.

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 its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRS for SMEs”).

### 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 audit 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 as set out on pages 1 to 4, 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 these 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 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 reporting process.

### Auditors’ Responsibility 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 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 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 audit 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 date of our auditor's report. However, future events or condition 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 disclosure, 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 Fii&Associates Co., Ltd



Seng Chanthan

Audit Partner

Phnom Penh, Kingdom of Cambodia

Date: 21 March 2022

## Statement of Financial Position

As at 31 December 2021

			<b>2021</b>		<b>2020</b>
	Note	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
<b>ASSETS</b>					
Cash on hand	4	131,313	534,969	23,115	93,500
Deposits and placements with the NBC	5	354,481	1,444,156	354,173	1,432,630
Deposits and placements with banks	6	1,201,293	4,894,068	270,189	1,092,915
Loans to customers	7	13,387,534	54,540,814	14,238,959	57,596,589
Other assets	8	172,411	702,402	130,842	529,256
Property and equipment	9	84,064	342,477	107,068	433,090
<b>Total assets</b>		<b>15,331,096</b>	<b>62,458,886</b>	<b>15,124,346</b>	<b>61,177,980</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Other payables	10	152,394	620,854	63,189	255,600
Current income tax liability	11.2	72,542	295,536	75,894	306,991
Advance from shareholder	12	1,390,000	5,662,860	1,390,000	5,622,550
Borrowings	13	5,158,293	21,014,886	5,530,513	22,370,925
Deferred tax liabilities-net	11.1	46,911	191,115	12,466	50,425
<b>Total liabilities</b>		<b>6,820,140</b>	<b>27,785,251</b>	<b>7,072,062</b>	<b>28,606,491</b>
<b>Equity</b>					
Share capital	14	7,000,000	28,000,000	7,000,000	28,000,000
Regulatory reserves	15	474,252	1,931,668	300,856	1,226,293
Retained earnings		1,036,704	4,213,724	751,428	3,053,222
Currency translation differences		-	528,243	-	291,974
<b>Total equity</b>		<b>8,510,956</b>	<b>34,673,635</b>	<b>8,052,284</b>	<b>32,571,489</b>
<b>Total liabilities and equity</b>		<b>15,331,096</b>	<b>62,458,886</b>	<b>15,124,346</b>	<b>61,177,980</b>

## Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021		2020	
		USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)
Interest income	16	1,814,301	7,380,576	1,889,260	7,702,513
Interest expense	17	(113,481)	(461,641)	(139,722)	(569,647)
<b>Net interest income</b>		<b>1,700,820</b>	<b>6,918,935</b>	<b>1,749,538</b>	<b>7,132,866</b>
Other operating income	18	62,546	254,437	73,531	299,786
<b>Total operating income</b>		<b>1,763,366</b>	<b>7,173,372</b>	<b>1,823,069</b>	<b>7,432,652</b>
General and administrative expenses	19	(1,149,303)	(4,675,365)	(1,123,977)	(4,582,454)
Allowance for impairment losses	7	(26,698)	(108,607)	(99,740)	(406,640)
<b>Profit before income tax</b>		<b>587,365</b>	<b>2,389,400</b>	<b>599,352</b>	<b>2,443,558</b>
Income tax expense	11.3	(128,693)	(523,523)	(122,290)	(498,576)
<b>Net profit for the year</b>		<b>458,672</b>	<b>1,865,877</b>	<b>477,062</b>	<b>1,944,982</b>
<b>Other comprehensive income</b>					
Currency translation differences		-	236,269	-	(242,523)
<b>Total comprehensive income for the year</b>		<b>458,672</b>	<b>2,102,146</b>	<b>477,062</b>	<b>1,702,459</b>



## Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital		Regulatory reserves		Retained earnings		Currency translation differences		Currency translation differences	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)	USD	KHR'000 Total
At 1 January 2020	7,000,000	28,000,000	148,456	604,958	426,766	1,729,575	-	534,497	7,575,222	30,869,030
<b>Comprehensive income for the year</b>										
Net profit for the year	-	-	-	-	477,062	1,944,982	-	-	477,062	1,944,982
Transfer to reserve	-	-	152,400	621,335	(152,400)	(621,335)	-	-	-	-
<b>Other comprehensive income</b>										
Currency translation differences	-	-	-	-	-	-	-	(242,523)	-	(242,523)
<b>Total comprehensive income for the year</b>	-	-	152,400	621,335	324,662	1,323,647	-	(242,523)	477,062	1,702,459
<b>At 31 December 2020</b>	<b>7,000,000</b>	<b>28,000,000</b>	<b>300,856</b>	<b>1,226,293</b>	<b>751,428</b>	<b>3,053,222</b>	<b>-</b>	<b>291,974</b>	<b>8,052,284</b>	<b>32,571,489</b>
At 1 January 2021	7,000,000	28,000,000	300,856	1,226,293	751,428	3,053,222	-	291,974	8,052,284	32,571,489
<b>Comprehensive income for the year</b>										
Net profit for the year	-	-	-	-	458,672	1,865,877	-	-	458,672	1,865,877
Transfer to reserve	-	-	173,396	705,375	(173,396)	(705,375)	-	-	-	-
<b>Other comprehensive income</b>										
Currency translation differences	-	-	-	-	-	-	-	236,269	-	236,269
<b>Total comprehensive income for the year</b>	-	-	173,396	705,375	285,276	1,160,502	-	236,269	458,672	2,102,146
<b>At 31 December 2021</b>	<b>7,000,000</b>	<b>28,000,000</b>	<b>474,252</b>	<b>1,931,668</b>	<b>1,036,704</b>	<b>4,213,724</b>	<b>-</b>	<b>528,243</b>	<b>8,510,956</b>	<b>34,673,635</b>

## Statement of Cash Flows

For the year ended 31 December 2020

		2021		2020	
	USD	KHR'000 (Note 2.4)	USD	KHR'000 (Note 2.4)	
<b>Cash flows from operating activities</b>					
Net profit for the year	458,672	1,865,877	477,062	1,944,982	
<b>Adjustments for:</b>					
Income tax expense	128,693	523,523	122,290	498,576	
Impairment loss on financial assets	26,698	108,607	99,740	406,640	
Depreciation	24,664	100,333	53,915	219,811	
(Gain) / Loss on disposals of property and equipment	-	-	(45)	(183)	
	638,727	2,598,340	752,962	3,069,826	
<b>Changes in:</b>					
Loans to customers	824,727	3,354,989	(920,985)	(3,754,856)	
Other assets	(41,569)	(169,103)	86,747	353,668	
Other payables	89,205	362,886	(135,716)	(553,314)	
	1,511,090	6,147,112	(216,992)	(884,676)	
Income tax paid	(97,600)	(397,037)	(120,387)	(490,818)	
<b>Net cash used in operating activities</b>	<b>1,413,490</b>	<b>5,750,075</b>	<b>(337,379)</b>	<b>(1,375,494)</b>	
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	(1,660)	(6,753)	(13,075)	(53,307)	
Proceeds from disposals of property and equipment	-	-	200	815	
<b>Net cash used in investing activities</b>	<b>(1,660)</b>	<b>(6,753)</b>	<b>(12,875)</b>	<b>(52,492)</b>	
<b>Cash flows from financing activities</b>					
Repayment of borrowings to a bank	(372,220)	(1,514,191)	(120,424)	(490,969)	
<b>Net cash used in financing activities</b>	<b>(372,220)</b>	<b>(1,514,191)</b>	<b>(120,424)</b>	<b>(490,969)</b>	
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>1,039,610</b>	<b>4,229,131</b>	<b>(470,678)</b>	<b>(1,918,955)</b>	
<b>Cash and cash equivalents at 1 January</b>	<b>297,477</b>	<b>1,203,295</b>	<b>768,155</b>	<b>3,130,231</b>	
Currency translation differences	-	14,867	-	(7,981)	
<b>Cash and cash equivalents at 31 December (Note 20)</b>	<b>1,337,087</b>	<b>5,447,293</b>	<b>297,477</b>	<b>1,203,295</b>	

## ➤ FUTABA's Corporate Partner

### Partners



### Lenders





## Employee Loan



### Target Customer

To all customers who need financial service to support and expand their business in order to generate profit.



### Currency

KHR & USD



### Loan Size

20.000.000 Riel  
or  
5,000 USD



### Loan Term

Up To 2 years



- . No Collateral
- . Fast and reliable services
- . Lower interest rate with convenience loan conditions



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