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臺灣企銀微型財務公司
TBB (CAMBODIA) MICROFINANCE INSTITUTION PLC.

Annual Report

2020

TBBMFI Help Your Life Convenient!

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Background, Vision and Mission

Background

TBB (CAMBODIA) MICROFINANCE INSTITUTION PLC. (Hereinafter referred to as TBBMFI) is a public limited company and a subsidiary of TAIWAN BUSINESS BANK which is a specialized bank in Taiwan charged with providing financial assistance and guidance to SMEs and has developed the field of SME financial services for more than 40 years.

TBBMFI is licensed by the National Bank of Cambodia as a MFI in June 2015 to provide funding to commercial or individual purposes of Cambodian people as well as customers from Taiwan and support the monetary and economic environment of Cambodia.

Vision

To be the most people-centric company in Cambodia and build up a place where customers can seek and utilize the products with facility.

Mission

TBBMFI seeks to be one of the providers of ethical credit products in Cambodia and develops new products as appropriate to support Cambodian people to grow up the economic scale. In doing so, TBBMFI will observe the highest principles of morality and best international banking practice to conduct its business in line with the laws and regulations of the Kingdom of Cambodia.



Message from the Chief Executive Officer (CEO)



The IMF estimates that the global economic growth rate in 2020 will be -3.5%, and the recession is much faster than the -0.1% during the financial tsunami in 2009. It is the worst performance since the war. It mainly reflects the outbreak of the COVID-19 at the beginning of the year and the rapid spread of the world. The National Bank of Cambodia predicted that under the impact of the COVID-19 epidemic, the economy will decline by 1.9% in 2020, which is the worst economic performance year since 1995. Despite the challenging year, TBBMFI witnessed strong growth across all key metrics, including total assets, deposits, loans, and customer base.

The operation of TBBMFI has participated actively in the family economic development because TBBMFI is a real microfinance institution that serves in providing loan with low interest, high ethic and professionalism to achieve its statement of vision and mission.

TBBMFI actively penetrates target customer segments and provides versatile integrated services through enhanced group management methods. It is deeply committed to the retention of loyal SME clients, activation of assets, and debt allocation.

In 2021, it is expected that the growth of major economies and global trade will slow down as a result of a changing economic environment caused by Covid-19, US Trade Protectionism, the worsening US-China trade war, international stock, foreign exchange, and bond market volatility, and uncertainties in the field of oil and raw material prices. TBBMFI embraces a philosophy of boldness for change, reforms, and innovation in its efforts to accumulate digital technology capabilities, adopt diversified talent development, develop new work environments and settings, focus on career development and planning, infuse a lively and innovative team spirit, and thereby realize corporate sustainability.

As for our lending strategies, we will keep the core focus on MSMEs and will continue increasing our commercial lending portfolio following the existing trend. But we will rely more and more on technology and big data to increase loan disbursement speed and identify new potential borrowers among our vast customer base. For that, we will accelerate the upgrading of our information system in 2021, based on the in-depth lending model, Analyze our clients' transactions and provide them with customized quotations based on this data.



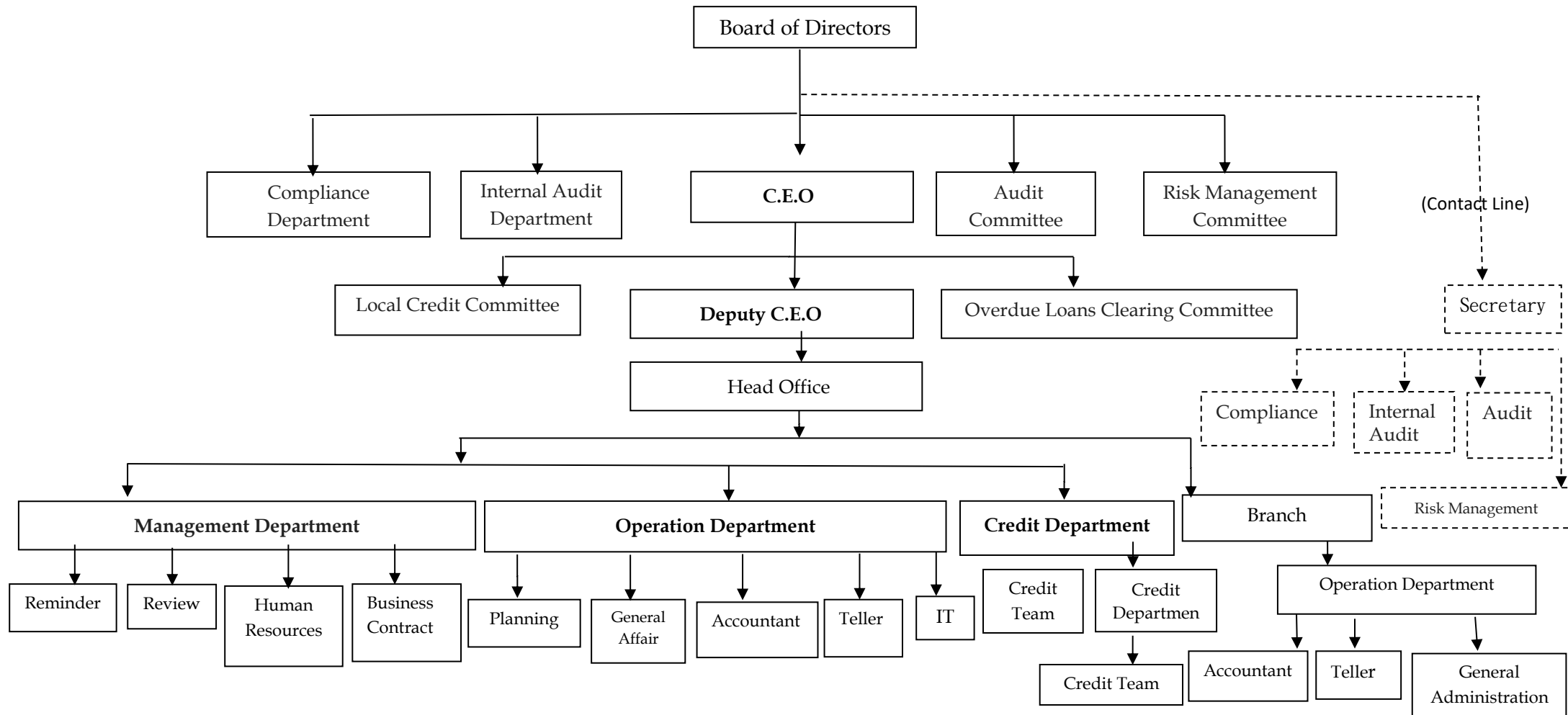
In conclusion, I wish to thank all our employees for their hard work. I also sincerely thank our shareholders-TBB for their confidence in our strategy and full support for our development. Ultimately, I thank all the customers for their trust in TBBMFI and contribution to our development in 2020 .



Dr.Huang Jung Pin
Chief Executive Officer
Phnom Penh, 5 June, 2021



Organizational Chart of TBB (Cambodia) Microfinance Institution Plc (TBBMFI)



Shareholders and Board of Directors

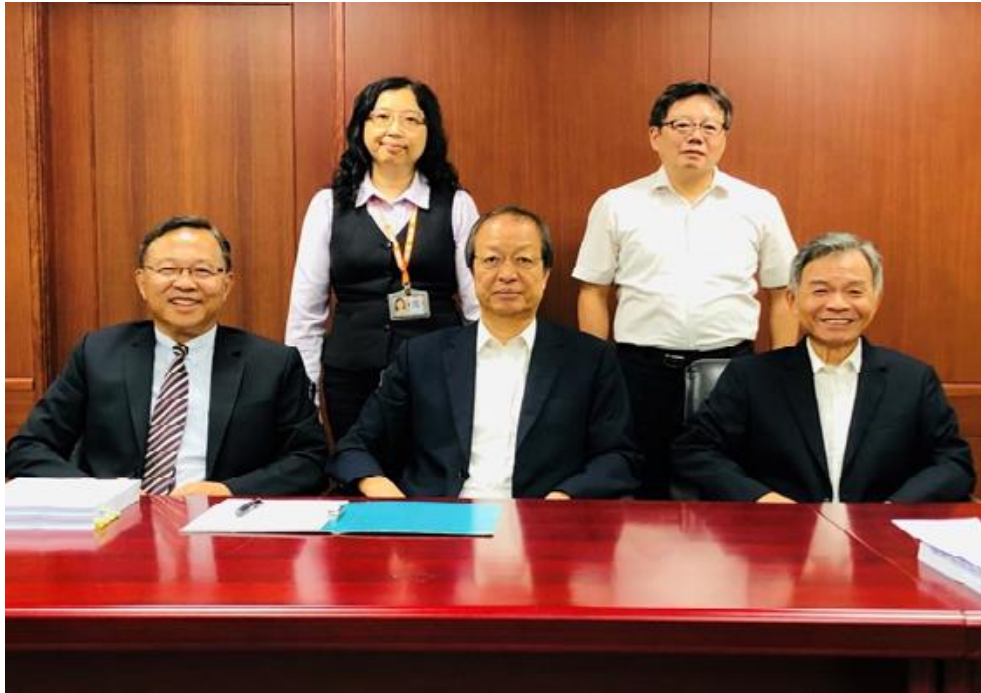
TAIWAN BUSINESS BANK Ltd. has solely assumed the total capital contribution of USD 20,000,000 (United States Dollars Twenty Million, equivalent to Riel 80,000,000,000) which is divided into 20,000 (Twenty Thousand) ordinary shares, each share with a par value of USD 1,000 (United States Dollars One Thousand, equivalent to Riel 4,000,000).



Shareholders and Board of Directors

TBBMFI's Board of Directors (BOD) comprises 4 members as namely:

- Chang Yu-Min Chairman of the Board
- Huang Jung-Pin Board Member
- Chiu Sung-Sui Board Member
- Hsu Tien-Liang Board Member (Independent Director)



(left) Huang Jung-Pin

(middle) Chang Yu-Min

(right) Hsu Tien-Liang



Huang Jung-Pin

Lin Chang-Yu

Chang Yu-Min

Hsu Tien-Liang



Directors and Management Team

Board of Directors

Title	Name	Effective Date	Prime Experience & Education
Chairman	Chang Yu-Min	2 Mar. 2020	<ul style="list-style-type: none"> ●MBA, Tamkang University ●Executive Vice President of Taiwan Business Bank
Director	Huang Jung-Pin	25 Jan. 2019	<ul style="list-style-type: none"> ●Ph. D, Feng Chia University ●SVP&GM, Personal Banking Dept. of Taiwan Business Bank
Director	Chiu Sung-Sui	26 Nov. 2020	<ul style="list-style-type: none"> ●Economics, National Taiwan University ●Executive Vice President of Taiwan Business Bank
Independent Director	Hsu Tien-Liang	1 May 2017	<ul style="list-style-type: none"> ●BA, Tamkang University ●CEO of Taiwan Business Bank Insurance Agent Company

Management Team

Title	Name	Effective Date	Prime Experience & Education
CEO	Huang Jung-Pin	25 Jan. 2019	<ul style="list-style-type: none"> ●Ph. D, Feng Chia University ●SVP&GM, Personal Banking Dept. of Taiwan Business Bank
Deputy CEO & Manager of Credit Dept.	Tseng Hsi-Bin	1 Apr. 2019	<ul style="list-style-type: none"> ●Bachelor, Chinese Culture University ●Assistant Manager of Taiwan Business Bank Shanghai Branch
Manager of Management Dept.	Chen Hsin-Kuang	1 Dec. 2019	<ul style="list-style-type: none"> ●Accounting, National Taipei University ●Executive Officer of Taiwan Business Bank Credit Investigation Dept.
Branch Manager	Lin Chun-Ching	21 Apr. 2020	<ul style="list-style-type: none"> ●Master, Lunghwa University of Science and Technology ●Assistant Manager of Taiwan Business Bank Chu Shan Branch



Products and Services

Commercial Loan (CL)

TBBMFI provides a Commercial Loan product to meet the demand and the interest of clients who wish to increase their income.

Personal Loan (PL)

TBBMFI provides a Personal Loan product to satisfy customers' personal needs such as home improvement, consumption goods, housework facilities; transport means (Motorbike, automobile...)

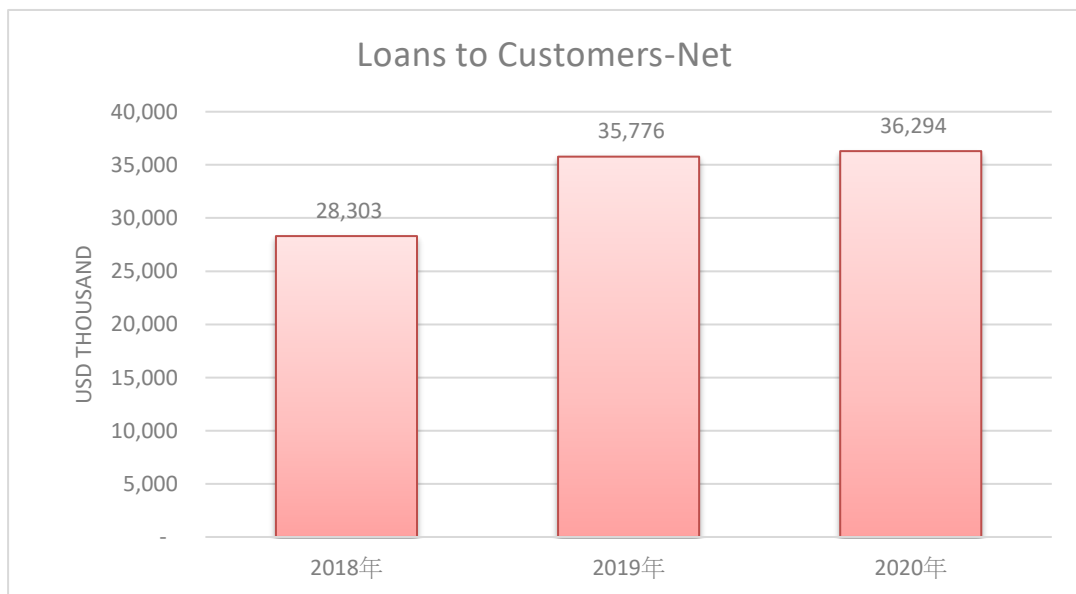
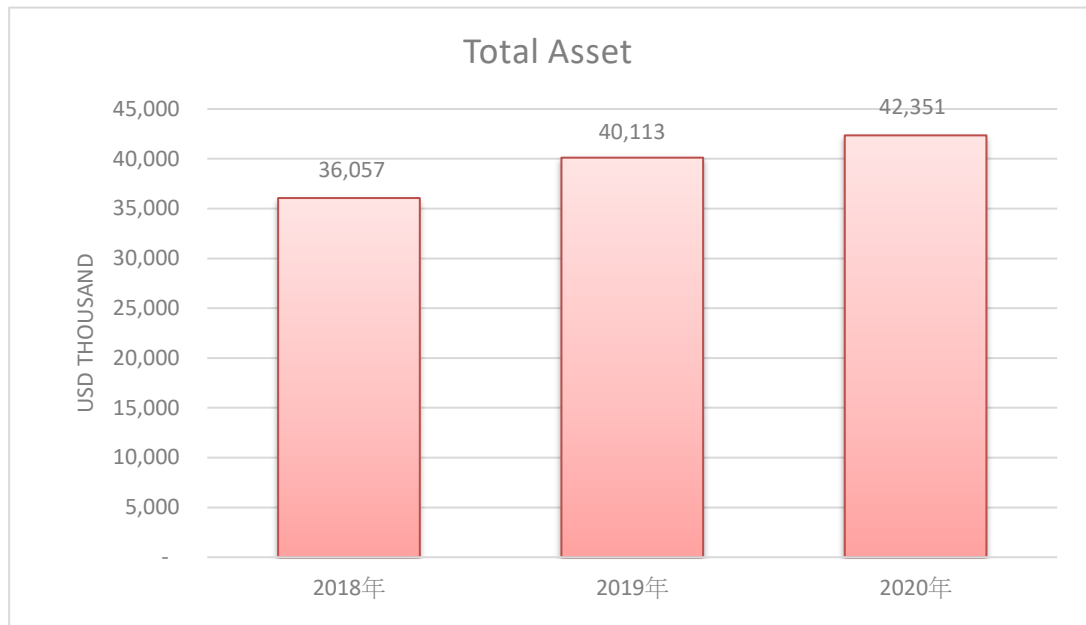
Mortgage Loan (ML)

TBBMFI provides a Mortgage Loan product to satisfy customers' needs to buy real estate property such as land, house.



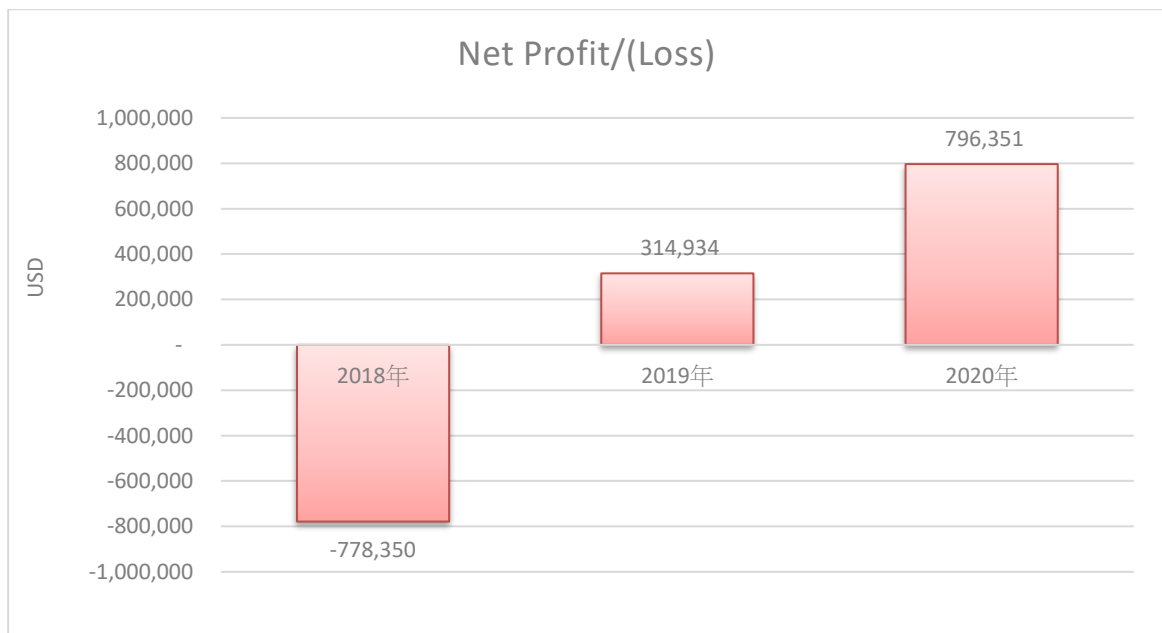
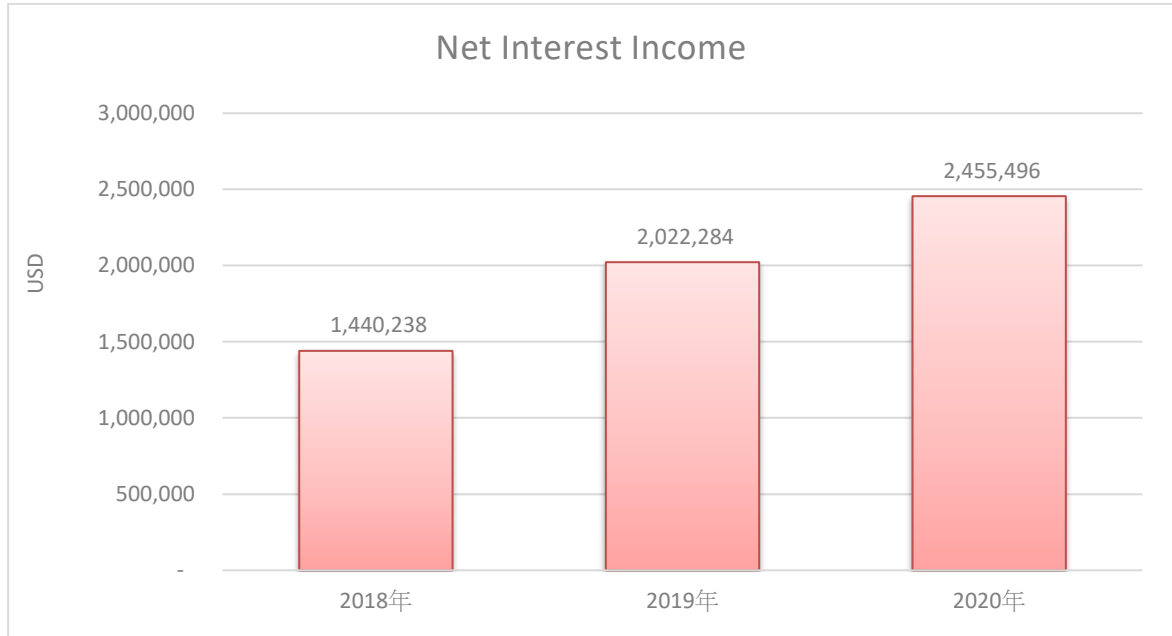


Financial Highlight





Financial Highlight



Loan Performance

To achieve the mission and vision, TBBMFI tries to provide loan to all kinds of customers and sectors to use for their own business. TBBMFI sets its own target customers by focusing on those with low and medium standards of living as well as small and medium business who wish to extend their business activities. At the end of 2020, disbursement decreased due to COVID-19 outbreak. In 2019, the loan disbursement was USD18,764,956 / KHR 16,597,925,000 and USD12,196,800 / KHR 6,251,840,000 at the end of 2020. Regarding gross loan outstanding in 2019, it was USD33,021,930 / KHR16,126,473,800 and slightly dropped to USD32,211,750 / KHR16,105,507,800 in 2020.



Company Activities

Bankers' Cycling Activity



Internal Training



Company Activities

Professional training & Case studying



Annual Party



Corporate Social Responsibility

Gold Certificate of Tax Compliance Awarded by General Department of Taxation



Donation to flash flood relief 2020





ភ្នំពេញ មីក្រូហិរញ្ញវត្ថុ មីយ៉ាប៊ី (ខេមបូឌា) ភីអិលស៊ី

臺灣企銀微型財務公司

TBB (CAMBODIA) MICROFINANCE INSTITUTION PLC

Financial Report and Report of the Independent Auditor



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submits its report together with the audited financial statements of TBB (Cambodia) Microfinance Institution Plc. ("the Company") as at 31 December 2020 and for the year then ended.

The Company

TBB (Cambodia) Microfinance Institution Plc. is a public limited company incorporated in the Kingdom of Cambodia under the Registration No. Co. 1506 E/2015 dated 28 April 2015 issued by the Ministry of Commerce ("MOC"). On 12 June 2015, the Company obtained its licence from the National Bank of Cambodia. The Company re-registered with the MOC on 13 December 2017 to operate as a microfinance institution, under the Registration No. 00029793.

During the year, the Company amended its Memorandum and Articles of Association resulting from changes in the Board of Directors. The amended Memorandum and Articles of Association was approved by NBC on 2 March 2020 and MOC on 28 April 2020.

The Company is a wholly owned subsidiary of Taiwan Business Bank Ltd., a public company listed in the Taiwan Stock Exchange.

The registered office of the Company is located at No. 2E2F, Street 315, Sangkat Boeung Kak 1, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2020, the Company had 32 employees (2019: 34 employees).

Principal activities

The principal activities of the Company are to provide loans and other financial services to local customers through its head office and branch in Phnom Penh.

There have been no significant changes in the nature of these principal activities during the year.

Results and dividends

The results of the Company's operations for the year ended 31 December 2020, and the state of its affairs as at that date are set out in the accompanying financial statements.

The Board of Directors does not recommend the payment of dividends for the year ended 31 December 2020.

Board of Directors

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

Name	Position	Appointed on
Mr. Chang Yu Min	Chairman	2 March 2020
Mr. Chiu Sung Shui	Director	26 November 2020
Mr. Huang Jung Pin	Director	25 January 2019
Mr. Tien Liang Hsu	Independent Director	1 May 2017



Management team

The management team of the Company during the year and to the date of this report are as follows:

Name	Position	Date of appointment
Mr. Huang Jung Pin	Chief Executive Officer	25 January 2019
Mr. Tseng Hsi Bing	Deputy Chief Executive Officer	1 April 2019
Mr. Chen Hsin Kuang	Manager of Head Office	1 December 2019
Mr. Lin Chun Ching	Branch Manager	21 April 2020

Directors' interests in the Company

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 year, no arrangements existed to which the Company is a party with the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

During the year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the directors as disclosed in note 23 of the notes to the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Auditors

The Company's financial statements as at 31 December 2020 and for the year then ended were audited by Grant Thornton (Cambodia) Limited.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs"), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently;
- comply with the disclosure requirements of the CIFRS for SMEs or, if there has been any departure from such requirements in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;



- iii. maintain adequate accounting records and an effective system of internal controls;
- iv. prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- v. effectively control and direct the Company in all material decisions affecting its operations and performance, and ensure that such have been properly reflected in the financial statements.

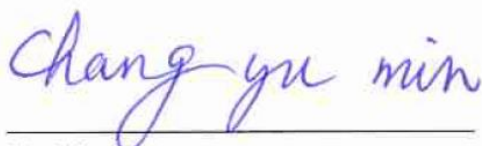
The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs.

On behalf of the Board of Directors and Management:



Yu-Min Chang
Chairman

Taipei, Taiwan
20 May 2021



Independent auditor's report

To the shareholders of TBB (Cambodia) Microfinance Institution Plc

Opinion

We have audited the financial statements of TBB (Cambodia) Microfinance Institution Plc. (“the Company”), which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and 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.

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

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors but does not include the financial statements and our auditor's report thereon, which we have 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 prepared by the Board of Directors and we do not and will not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified 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 those matters in accordance with the requirements of CISA 720 (revised).

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS for SMEs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one



resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



Ronald C. Almera
Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
20 May 2021



Statement of financial position

		31 December 2020		31 December 2019	
	Note	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1) (Restated)
Assets					
Cash on hand		2,375	9,607	1,350	5,501
Balances with the National Bank of Cambodia	5	5,179,733	20,952,020	3,474,265	14,157,630
Balances with other banks	6	550,361	2,226,210	297,911	1,213,987
Loans to customers - net	8	36,294,014	146,809,287	35,776,423	145,788,924
Other assets	9	248,708	1,006,024	440,246	1,794,002
Property and equipment	10	66,066	267,237	115,715	471,539
Intangible assets	11	9,678	39,148	7,527	30,673
Total assets		42,350,935	171,309,533	40,113,437	163,462,256
Liabilities					
Borrowings	14	21,073,736	85,243,262	21,035,619	85,720,147
Current income tax liabilities	21.3	264,886	1,071,464	2,406	9,804
Other liabilities	15	492,509	1,992,200	487,933	1,988,327
Total liabilities		21,831,131	88,306,926	21,525,958	87,718,278
Equity					
Share capital	12	20,000,000	80,900,000	20,000,000	81,500,000
Regulatory reserve	13	2,123,382	8,589,080	967,426	3,942,261
Accumulated losses		(1,603,578)	(6,486,473)	(2,379,947)	(9,698,283)
Total equity		20,519,804	83,002,607	18,587,479	75,743,978
Total liabilities and equity		42,350,935	171,309,533	40,113,437	163,462,256

The accompanying notes form an integral part of these financial statements.



Statement of comprehensive income

	Note	For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1) (Restated)
Interest income	16	3,011,233	12,276,797	2,904,680	11,769,763
Interest expense	14	(555,737)	(2,265,740)	(882,396)	(3,575,469)
Net interest income		2,455,496	10,011,057	2,022,284	8,194,294
Fees and commissions	17	144,109	587,532	82,091	332,635
Other income	18	144,900	590,757	71,663	290,378
Personnel expenses	19	(1,004,075)	(4,093,614)	(1,035,791)	(4,197,025)
Depreciation and amortisation	10 and 11	(52,490)	(214,002)	(75,088)	(304,257)
General and administrative expenses	20	(601,748)	(2,453,327)	(707,612)	(2,867,244)
Provision for bad and doubtful loans	8	-	-	(8,498)	(34,434)
Regulatory provision for balance with other banks	6	(2,341)	(9,544)	(3,011)	(12,201)
Profit before income tax		1,083,851	4,418,859	346,038	1,402,146
Income tax expense	21.1	(287,500)	(1,172,138)	(31,104)	(126,033)
Net profit for the year		796,351	3,246,721	314,934	1,276,113
Other comprehensive income					
Currency translation difference		-	(25,481)	-	7,244
Total comprehensive income for the year		796,351	3,221,240	314,934	1,283,357

The accompanying notes form an integral part of these financial statements.



Statement of changes in equity

	Share capital USD	Accumulated losses USD	Regulatory Reserve USD	Total equity USD
Balance at 1 January 2020	20,000,000	(2,379,947)	967,426	18,587,479
Net profit for the year	-	796,351	-	796,351
Adjustment for over-provision on loans	-	1,135,974	-	1,135,974
Transfer to regulatory reserve	-	(1,155,956)	1,155,956	-
Balance as at 31 December 2020	20,000,000	(1,603,578)	2,123,382	20,519,804
Balance as at 31 December 2020 (in Equivalent KHR'000) (Note 3.1)	80,900,000	(6,486,473)	8,589,080	83,002,607
Balance at 1 January 2019	20,000,000	(1,904,776)	562,862	18,658,086
Net profit for the year	-	314,934	-	314,934
Transfer to regulatory reserve	-	(404,564)	404,564	-
Net effect of prior year adjustments	-	(385,541)	-	(385,541)
Balance as at 31 December 2019	20,000,000	(2,379,947)	967,426	18,587,479
Balance as at 31 December 2019 (in Equivalent KHR'000) (Note 3.1)	81,500,000	(9,698,283)	3,942,261	75,743,978

The accompanying notes form an integral part of these financial statements.



Statement of cash flows

		For the year ended 31 December 2020		For the year ended 31 December 2019	
	Note	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1) (Restated)
Operating activities					
Net profit before tax		1,083,851	4,418,859	346,038	1,402,146
Adjustments for:					
Over-provision on loans to customers	8	1,135,974	4,631,366	-	-
Interest expense	14	555,737	2,265,740	882,396	3,575,469
Depreciation and amortisation	10 and 11	52,490	214,001	75,088	304,257
Provision for bad and doubtful loans	8	-	-	8,498	34,434
Regulatory provision for balances with other banks	6	2,341	9,544	3,011	12,201
Property and equipment written off	10	117	477	-	-
Operating profit before changes in working capital		2,830,510	11,539,987	1,315,031	5,328,507
Net changes in:					
Loans to customers		(517,591)	(2,110,219)	(7,796,628)	(31,557,503)
Other assets		191,538	780,900	(71,065)	(287,862)
Other liabilities		4,583	18,685	126,826	513,899
Fixed deposits		-	-	3,000,000	12,156,000
Cash flows generated from/(used) in operating activities		2,509,040	10,229,353	(3,425,836)	(13,846,959)
Income tax paid	21.3	(25,020)	(102,007)	(30,966)	(125,474)
Net cash flows from/(used in) operating activities		2,484,020	10,127,346	(3,456,802)	(13,972,433)
Investing activities					
Purchases of property and equipment	10	(824)	(3,358)	(7,766)	(31,468)
Purchases of Intangible assets	11	(4,285)	(17,470)	(4,872)	(19,741)
Net cash flows used in investing activities		(5,109)	(20,828)	(12,638)	(51,209)
Financing activities					
Proceeds from borrowings	14	12,000,000	48,924,000	6,000,000	24,312,000
Repayments on borrowings	14	(12,000,000)	(48,924,000)	(2,000,000)	(8,104,000)
Interest paid	14	(517,620)	(2,110,337)	(875,703)	(3,548,349)
Net cash flows (used in)/from financing activities		(517,620)	(2,110,337)	3,124,297	12,659,651
Net change in cash and cash equivalents		1,961,291	7,996,183	(345,143)	(1,415,051)
Cash and cash equivalents, beginning of year		2,776,537	11,314,388	3,121,680	12,542,910
Currency translation difference		-	(146,057)	-	186,529
Cash and cash equivalents, end of year	7	4,737,828	19,164,514	2,776,537	11,314,388

The accompanying notes form an integral part of these financial statements.



Notes to the financial statements

1 General information

TBB (Cambodia) Microfinance Institution Plc. (“the Company”) is a public limited company incorporated in the Kingdom of Cambodia under the Registration No. Co. 1506 E/2015 dated 28 April 2015 issued by the Ministry of Commerce (“MOC”). On 12 June 2015, the Company obtained its licence from the National Bank of Cambodia (“NBC”) to operate as a micro finance institution. The Company re-registered with the MOC on 13 December 2017 to operate as a microfinance institution, under the Registration No. 00029793.

During the year, the Company amended its Memorandum and Articles of Association resulting from changes in the Board of Directors. The amended Memorandum and Articles of Association was approved by NBC on 2 March 2020 and MOC on 28 April 2020.

The Company is a wholly owned subsidiary of Taiwan Business Bank Ltd., a public company listed in Taiwan Stock Exchange.

The registered office of the Company is located at No. 2E2F, Street 315, Sangkat Boeung Kak 1, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2020, the Company had 32 employees (2019: 34 employees).

COVID-19 outbreak

The novel coronavirus (“COVID-19”), declared as a pandemic, has spread into Cambodia since late January 2020. Since then, the country is facing sustained risk of further national spread causing disruption to business and economic activity.

During the peak of the outbreak of COVID-19 in Cambodia, the pandemic has affected the importation and exportation of raw materials and final goods in and out of Cambodia which resulted to the temporary suspension of operations of some factories and companies between the months of March until May.

The Board of Directors is closely monitoring the evolution of this pandemic, including how it may affect the Company, the economy and the general population.

The Company has enough liquid resources to cover the operating expenses during the pandemic. The Company is in a net income position and has a positive net assets. Moreover, the parent company will provide full support for any resources needed by the Company.

As at the date of this report, the outbreak in Cambodia is assessed to be manageable as backed up by the continuing roll out of its national vaccination program and timely intervention by the government through the legislation of additional regulations to curb the spread of the virus in Cambodia.

2 Statement of compliance with CIFRS for SMEs

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Cambodia International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for



SMEs”). CIFRS for SMEs are equivalent to International Financial Reporting Standard for Small and Medium-sized Entities (“IFRSs for SMEs”) as issued by the International Accounting Standards Board because IFRS for SMEs are adopted by the National Accounting Council without modification as CIFRS for SMEs.

2.2 Basis of preparation

The financial statements of the Company, which are expressed in United States dollars (“USD”), are prepared under the historical cost convention and drawn up in accordance with CIFRS for SMEs.

The preparation of financial statements in conformity with the CIFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 4.

3 Summary of significant accounting policies

3.1 Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in USD, Management has determined the USD to be the Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies, other than USD, are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the statement of comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the Law on Accounting and Auditing (April 2016) and have been made using the prescribed official exchange rate of USD 1 to the following KHR rates published by the NBC and General Department of Taxation (“GDT”) in 2020 and 2019 respectively:

	2020	2019
Average rate	4,077*	4,052
Closing rate	4,045	4,075

*Determined using NBC’s published daily exchange rates from January to December 2020 in accordance with Prakas 27617 issued by the GDT.

Such translation amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate of exchange.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).



Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.2 Basis of aggregation

The financial statements include the financial statements of the head office and its one branch after the elimination of inter-branch balances and transactions.

3.3 Financial instruments

Financial assets

The Company's financial assets include cash and cash equivalents, loans to customers and other assets. These financial assets are recognised initially at the transaction price. Subsequently they are measured at amortised cost using the effective interest method, less provisions for impairment.

Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities

The Company's financial liabilities include borrowings and other liabilities. Financial liabilities are recognised initially at transaction price. After initial recognition, they are measured at amortised cost using the effective interest method. Other liabilities is on normal credit terms and do not bear interest.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

3.5 Loans to customers

Loans to customers are recognized initially at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans are written off to the statement of comprehensive income when the loans are provisioned in full and remain unpaid after maturity date or when the certainty of being uncollectable is proven. Loans written off are taken out of the outstanding loan portfolio and deducted from the allowance for loans to customers.



Recoveries of loans previously written off are recorded as other operating income in the statement of comprehensive income. Reversal of previous allowance is presented in allowance expense in the statement of comprehensive income.

Provision for impairment

Specific impairment

The Company recognises an allowance for loans to customers based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Collective impairment

The Company does not track changes in credit risk, but instead recognises a loss allowance at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience. Collective impairment is computed using the provision rates and a loss given default rates that is based on historical recoveries.

Credit classification and provisioning for financial institutions in accordance with Prakas No. 7-017-344, dated 1 December 2017 as issued by the NBC provides guidance on credit classification and regulatory provisioning for financial institutions in Cambodia, as summarised below:

Classification	Number of days past due	Provision
Long-term loans (more than one year)		
Standard	0 – 29 days	1%
Special mention	30 – 89 days	3%
Substandard	90 – 179 days	20%
Doubtful	180 – 359 days	50%
Loss	Over 359 days	100%
Short-term loans (less than one year)		
Normal	0 – 14 days	1%
Special mention	15 – 30 days	3%
Substandard	31 – 60 days	20%
Doubtful	61 – 90 days	50%
Loss	Over 90 days	100%

3.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost include all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by Management.

Subsequent costs are included in an assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and



restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately. After initial recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property and equipment is charged to the statement of comprehensive income on a straight-line method, over the useful lives of the individual assets as follows:

	Useful life
Leasehold improvements	Shorter of lease term and asset's useful life
Office equipment	4 years
IT equipment	2 years
Furniture and fittings	4 years
Motor vehicles	4 years

The residual value, useful lives and depreciation methods of assets are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

The carrying amount of an asset is written-down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Fully depreciated items of property and equipment are retained in the financial statements until it is disposed of or written off.

3.7 Intangible assets

Intangible assets consist of computer software and are stated at cost less accumulated amortisation and accumulated impairment, if any. Acquired computer software is capitalised on the basis of the cost incurred to acquire the specific software and bring it into use. Intangible assets are amortised on the straight-line method over two years.

3.8 Employee benefits

Seniority indemnity payment

Prakas No. 443, issued on 21 September 2018 by the Minister of Labour and Vocational Training ("MoLVT"), requires the Company to pay past seniority indemnity to employees with undetermined duration contract. All employees who have been working before 1 January 2019 and continue to work are entitled to a payment of fifteen days of their average wages for each year of service, totalling but not exceeding six months, and shall be paid every year starting 2019 as follows:

- 7.5 days shall be made in June; and,
- 7.5 days shall be made in December of each year.



On 22 March 2019, MoLVT issued Directive no. 042/19 on the Back Pay of Seniority Payment before 2019 for the Enterprise and Institution aside from the Textile, Garment and Footwear sectors, postponing the payment of back pay seniority indemnity until December 2021 and changing the payment of their average wages of each year of service from 15 days to 6 days as follows:

- 3 days shall be made in June; and,
- 3 days shall be made in December of each year.

For employees with determined duration contract, they are entitled to the severance pay at least 5% of their wages paid during the length of the contract.

Employees are not entitled to the remaining past seniority payment upon resignation.

Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses, severance pay and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Company.

Short-term accumulating compensated absences such as paid annual leave are recognized as an expense when employees render services that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognized when the absence occur. Employee that follow proper resignation policy are entitled to get the unused annual leave days. They can get compensation if they did not use all of the annual leaves.

Bonuses are recognised as an expense when there is present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

3.9 Borrowings

Borrowings are recognised initially at the transaction price and subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method.

3.10 Equity, accumulated profits (losses) and reserves

Equity

Share capital represents the nominal (par) value of shares that have been issued.

Accumulated profits (losses)

Accumulated profits (losses) includes all current and prior period profits and losses.

Reserves

Article 73 of Prakas on Credit Risk Grading and Impairment Provisioning requires the banks to compare the provision calculated in accordance with CIFRS and Prakas No 7-017-344 and, accordingly.

1. In case the regulatory provision calculated in accordance with the said Prakas is lower than the calculation in accordance with CIFRS for SMEs, the bank shall record the provision calculated in accordance with CIFRS for SMEs.
2. In case the regulatory provision calculated in accordance with the said Prakas is higher than the calculation in accordance with CIFRS for SMEs, the bank shall record the provision calculated in accordance with CIFRS for SMEs and transfer the



difference from retained earnings or accumulated loss account into regulatory reserve in the equity section of the statement or financial position.

3.11 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. This does not apply to loans to customers which has a separate accounting policy stated in Note 3.6.

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.12 Related party transactions

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

- a. A person or a close member of that person's family is related to the Company if that person:
 - i. Has control or joint control over the Company;
 - ii. Has significant influence over the Company; or



- iii. Is a member of the key management personnel of the ultimate holding company of the Company, or the Company.
- b. An entity is related to the Company if any of the following conditions applies:
 - i. The entity and the Company are members of the same group.
 - ii. One entity is an associate or joint venture of the other entity.
 - iii. Both entities are joint ventures of the same third party.
 - iv. On entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Company.
 - vi. The entity is controlled or jointly-controlled by a person identified in (a) above.
 - vii. A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3.13 Income and expense recognition

Interest income and expense are recognised on an accrual basis using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Income from the various activities of the Company is accrued using the following basis:

- Interest income from loans to customers is recognised on an accrual basis using the effective interest method.
- Fees and commission are recognised as income over the term of the loan to customer. Unamortised loan fees and commissions are recognized as "unearned income", under other liabilities.

General and administrative expenses

General and administrative expenses are recognised in the statement of comprehensive income in the period in which they are incurred.

3.14 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

The Company as a lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.



In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.15 Provision

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are re-measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

3.16 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to or claims from fiscal authorities relating to current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases that are expected to increase or reduce taxable profit in the future and on unused tax losses and unused tax credits.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization provided that they are enacted or substantively enacted at the reporting date, taking into consideration all possible outcomes of a review by the tax authorities.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted as necessary to reflect the current assessment of future taxable profit.

3.17 Events after the reporting period

Post year-end events that provide further evidence of conditions that existed about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements.



4 Significant management judgement in applying accounting policies and estimation uncertainty

The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Leases

The evaluation of whether an arrangement contains a lease is based on the substance of the lease agreement. An arrangement is, or contains, a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangements convey the right to use the asset.

Income tax expense

The Company will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through Management's current interpretation of the various tax legislations which are subject to periodic changes. The final determination of a tax expense will be made following examination by the GDT. When the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment

In assessing impairment, Management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful life of depreciable assets

Management reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets.

Fair value measurement

The Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Management bases its assumptions on observable data as



far as possible but this is not always available. In that case, the Management uses the best information available.

Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Provision for loans to customers

The Company uses a provision matrix to calculate the allowance for its loans to customers. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with historical recoveries. At every reporting date, the historical observed default rates are updated analysed.

The assessment of the correlation between historical observed default rates and allowance for loans to customers is a significant estimate. The amount of allowance for loans to customers is sensitive to changes in circumstances. The Company's historical credit loss experience may also not be representative of customer's actual default in the future. The impact of provisioning on the Company's loans to customers is disclosed in note 8.

5 Balances with the NBC

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
Capital guarantee deposit	1,000,000	4,045,000	1,000,000	4,075,000
Current account	4,179,733	16,907,020	2,474,265	10,082,630
	5,179,733	20,952,020	3,474,265	14,157,630

Under the NBC's Prakas No. B7-00-006 dated 10 January 2000, the Company is required to maintain a statutory deposit of 5% of its capital. This is not available for use in the Company's day-to-day operations and is only refundable should the Company voluntarily ceased its operations in Cambodia. Hence, it is not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

During the year, interest was earned on statutory deposit at rates ranging from 0.47% to 0.48% per annum (2019: from 0.54% to 0.75%). Current accounts do not earn interest.

6 Balances with other banks

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
Current accounts	536,086	2,168,467	297,225	1,211,192
Saving accounts	19,634	79,420	3,697	15,065
	555,720	2,247,887	300,922	1,226,257
Regulatory provision for balances with other banks	(5,359)	(21,677)	(3,011)	(12,270)
	550,361	2,226,210	297,911	1,213,987



	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
a.) By currency:				
USD	529,603	2,142,244	286,427	1,167,190
KHR	26,117	105,643	14,495	59,067
	555,720	2,247,887	300,922	1,226,257
	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
b.) By interest rate (per annum):		1.00% - 1.25%		1.00% - 1.25%

7 Cash and cash equivalents

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
Cash on hand	2,375	9,607	1,350	5,501
Balances with the NBC	4,179,733	16,907,020	2,474,265	10,082,630
Balances with other banks	555,720	2,247,887	300,922	1,226,257
	4,737,828	19,164,514	2,776,537	11,314,388

8 Loans to customers-net

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
			(Restated)	
Commercial loans	21,033,257	85,079,526	23,483,503	95,695,275
Mortgage loans	8,907,735	36,031,787	7,396,188	30,139,466
Personal loans	6,558,550	26,529,335	6,238,234	25,420,804
Loan to customer-gross	36,499,542	147,640,648	37,117,925	151,255,545
Allowance for loans to customers	(205,528)	(831,361)	(1,341,502)	(5,466,621)
Loans to customers-net	36,294,014	146,809,287	35,776,423	145,788,924



The movements in allowance for loans were as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
At the beginning of year	1,341,502	5,466,621	1,239,125	4,978,803
Provision for the year	-	-	8,498	34,434
Reversal of provision	(1,135,974)	(4,631,366)	-	-
Net effect of prior year adjustment	-	-	93,879	382,557
Currency translation differences	-	(3,894)	-	70,827
At the end of year	205,528	831,361	1,341,502	5,466,621

Loans to customers-gross are analyzed as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
(a) By maturity:				
Within one month	106,000	428,770	-	-
>1 to 3 months	4,450,419	18,001,945	474,822	1,934,900
>3 to 12 months	5,051,231	20,432,231	8,442,165	34,401,822
Over 12 months	26,891,892	108,777,702	28,200,938	114,918,823
	36,499,542	147,640,648	37,117,925	151,255,545

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
(b) By currency:				
USD	32,506,309	131,488,020	33,146,309	135,071,209
KHR	3,993,233	16,152,628	3,971,616	16,184,336
	36,499,542	147,640,648	37,117,925	151,255,545

The Company maintains loans in KHR equivalent to at least 10% of its total loan portfolio in compliance with NBC's Prakas No. B7-016-334 on Provision of Credit in National Currency of Banking and Finance Institutions.

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
(c) By economic sectors:				
Services	21,460,023	86,805,794	19,790,024	80,644,349
Trade and commerce	5,543,668	22,424,138	2,040,058	8,313,236
Financial institutions	4,190,021	16,948,635	5,581,386	22,744,148
Household and family	1,934,800	7,826,266	2,870,130	11,695,780
Construction	1,080,861	4,372,081	1,418,043	5,778,525
Agriculture	547,629	2,215,159	572,897	2,334,555
Transportation	513,113	2,075,541	309,514	1,261,270
Other categories	1,229,428	4,973,034	4,535,873	18,483,682
	36,499,542	147,640,648	37,117,925	151,255,545



	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	

(d) By relationship:

External customers	36,499,542	147,640,648	37,117,925	151,255,545
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	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	

(e) By location:

Head office	23,558,003	95,292,124	21,171,906	86,275,518
Branch	12,941,539	52,348,524	15,946,019	64,980,027
	36,499,542	147,640,648	37,117,925	151,255,545

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	

(f) By performance:

Standard loans				
-Secured	28,521,753	115,370,493	30,051,324	122,459,146
-Unsecured	4,190,021	16,948,635	5,581,386	22,744,148
Special mention loans				
-Secured	2,431,439	9,835,169	96,996	395,259
Sub-standard loans				
-Secured	406,452	1,644,098	-	-
Loss loans				
-Secured	949,877	3,842,253	1,388,219	5,656,992
	36,499,542	147,640,648	37,117,925	151,255,545

Secured loans are collateralised by real properties such as land and building with hard and soft title deeds. Soft title deed is not issued by cadastral department. Unsecured loans represent uncollateralized loans.

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	

(g) By exposure

Non-large exposure	36,499,542	147,640,648	37,117,925	151,255,545
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A "large exposure" is defined under NBC Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the institution's net worth. The gross exposure is the higher of the outstanding loans or commitments and the authorized loans or commitments. As at 31 December 2020, there is no large exposure to be disclosed in the financial statements.



(h) By interest rate (per annum):

	2020	2019
Commercial loans	6.00% - 10.56%	6.00% - 10.92%
Mortgage loans	6.96% - 12.00%	6.96% - 10.08%
Personal loans	7.50% - 9.80%	6.96% - 9.96%

With effect from 1 April 2017, the annual interest rate charge of all new loans and restructured loans are capped at 18% as required by the NBC in its Prakas B7-017-109.

9 Other assets

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
Receivables from Wing (Cambodia)				
Limited Specialised Bank ("Wing")	152,196	615,633	346,882	1,413,544
Accounts receivable	89,404	361,639	87,912	358,242
Rental deposit	-	-	530	2,159
Other	7,108	28,752	4,922	20,057
	248,708	1,006,024	440,246	1,794,002

Receivables from Wing are loan payments made by customers with Wing, which have not been deposited yet to the Company's account.

Accounts receivable are lawyer service fees charged to client for loan cases and pay-off.

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10 Property and equipment

	Leasehold improvements USD	Office equipment USD	IT equipment USD	Furniture and fittings USD	Motor vehicles USD	Total USD
Gross carrying amount						
Balance at 1 January 2020	236,294	32,157	70,637	30,895	9,322	379,305
Additions	-	-	824	-	-	824
Write-off	-	-	(352)	-	-	(352)
Balance at 31 December 2020	236,294	32,157	71,109	30,895	9,322	379,777
Accumulated depreciation						
Balance at 1 January 2020	142,922	24,196	65,330	25,046	6,096	263,590
Charge during the year	39,043	3,490	3,705	2,436	1,682	50,356
Write-off	-	-	(235)	-	-	(235)
Balance at 31 December 2020	181,965	27,686	68,800	27,482	7,778	313,711
Carrying amount at 31 December 2020	54,329	4,471	2,309	3,413	1,544	66,066
Carrying amount at 31 December 2020 (KHR'000)	219,761	18,086	9,339	13,804	6,247	267,237



	Leasehold improvements USD	Office equipment USD	IT equipment USD	Furniture and fittings USD	Motor vehicles USD	Total USD
Gross carrying amount						
Balance at 1 January 2019	236,294	29,077	68,965	27,881	9,322	371,539
Additions	-	3,080	1,672	3,014	-	7,766
Balance at 31 December 2019	236,294	32,157	70,637	30,895	9,322	379,305
Accumulated depreciation						
Balance at 1 January 2019	95,663	17,737	54,994	20,176	3,957	192,527
Charge during the year	47,259	6,459	10,336	4,870	2,139	71,063
Balance at 31 December 2019	142,922	24,196	65,330	25,046	6,096	263,590
Carrying amount at 31 December 2019	93,372	7,961	5,307	5,849	3,226	115,715
Carrying amount at 31 December 2019 (KHR'000)	380,491	32,441	21,626	23,835	13,146	471,539

On 2 October 2020, the Company purchased a fire power switch amounting to USD824, which was paid in cash.

A computer equipment with carrying amount of USD117 has been written off since it has been broken and is no longer saleable due to its condition.

Management believes that there is no indication that an impairment loss has occurred for the years ended 31 December 2020 and 2019.



11 Intangible assets

	2020		2019	
	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1)
Computer software				
Gross carrying amount				
Balance 1 January	29,487	120,159	24,615	98,903
Additions	4,285	17,333	4,872	19,853
Currency translation difference	-	(884)	-	1,403
Balance 31 December	33,772	136,608	29,487	120,159
Accumulated amortisation				
Balance 1 January	(21,960)	(89,486)	(17,935)	(72,063)
Charge during the year	(2,134)	(8,632)	(4,025)	(16,402)
Currency translation difference	-	658	-	(1,021)
Balance 31 December	(24,094)	(97,460)	(21,960)	(89,486)
Carrying amount 31 December	9,678	39,148	7,527	30,673

During the year, the Company incurred customisation of its computer software related to the loan operation system amounting to USD4,285, which was paid in cash (2019: USD4,872).

Management believes that there is no indication that an impairment loss has occurred for the years ended 31 December 2020 and 2019.

12 Share capital

The Company's registered capital is USD20,000,000 divided into 20,000 shares with a par value of USD1,000 per share. The ordinary shares have been fully issued and paid up by Taiwan Business Bank Ltd, which is also the Company's ultimate parent company..

13 Regulatory reserve

As at 31 December 2020, the regulatory provision calculation is USD1,155,956 higher than the provision calculated per CIFRS for SMEs. As such, in compliance with Prakas No. 7-017-344 Article 73 (b), as at 31 December 2020 and 2019, the amounts of USD1,155,956 and USD404,564, respectively, are transferred from the closing balance of accumulated losses to regulatory reserve.



14 Borrowings

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
Bank of Kaohsiung (note 14.1)	12,052,873	48,753,871	-	-
Taichung Commercial Bank (note 14.2)	3,003,331	12,148,474	15,032,314	61,256,679
Sunny Bank Ltd, OBU Branch (note 14.3)	6,017,532	24,340,917	6,003,305	24,463,468
	21,073,736	85,243,262	21,035,619	85,720,147

14.1 Bank of Kaohsiung

The borrowing from Bank of Kaohsiung is unsecured and bears interest at the rate of 3 months LIBOR + 2%, approximately 3.72% per annum during 2020. The borrowing was disbursed on 15 July 2020 and will mature on 6 October 2023.

14.2 Taichung Commercial Bank

The borrowings from Taichung Commercial Bank, a bank incorporated in Taiwan, are unsecured with a maximum credit limit of USD15,000,000 and bear interest at the rate of 3 months LIBOR + 2%, approximately ranging from 4.38% to 5.90% per annum during 2019 and 2020. As at 31 December 2019, the outstanding loan balance was at the maximum credit limit. On 16 July 2020, the Company repaid the amount of USD12,000,000. The borrowing will mature on 28 May 2021.

14.3 Sunny Bank Ltd, OBU Branch

The borrowing from Sunny Bank Ltd - OBU Branch, a bank incorporated in Taiwan, is unsecured, and bears interest at the rate of every month LIBOR + 1.5% per annum, approximately 3.22% to 5.165% per annum during 2020. The borrowing was disbursed on 25 December 2018 and matured on 25 January 2019. This borrowing was subsequently rolled over with the same annual interest rate in 2019 and 2020. The borrowing will mature on 27 August 2021.

Interest expense recognised on the statement of comprehensive income amounted to USD555,737 (2019: USD882,396) with details as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
Bank of Kaohsiung	107,038	436,395	-	-
Taichung Commercial Bank	307,157	1,252,277	666,294	2,699,824
Sunny Bank Ltd, OBU Branch	141,542	577,068	216,102	875,645
	555,737	2,265,740	882,396	3,575,469



All payments to non-resident bank are subjected to WHT at the rate of 14% to comply with Cambodia's Law on Taxation. Interest payable as at 31 December 2020 amounted to USD73,736 (2019: USD35,619).

Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities are classified as follows:

	1 January 2020 USD (As restated)	Interest expense USD	Proceeds USD	Cash flows Repayments of principal USD	Repayments of interest USD	31 December 2020 USD	KHR'000 (Note 3.1)
Bank of Kaohsiung Taichung Commercial Bank Sunny Bank Ltd, OBU Branch	- 15,032,314 6,003,305	107,038 307,157 141,542	12,000,000 - -	- (12,000,000) -	(54,165) (336,140) (127,315)	12,052,873 3,003,331 6,017,532	48,753,871 12,148,474 24,340,917
	21,035,619	555,737	12,000,000	(12,000,000)	(517,620)	21,073,736	85,243,262

	1 January 2019 USD	Interest expense USD	Proceeds USD	Cash flows Repayments of principal USD	Repayments of interest USD	31 December 2019 USD	KHR'000 (Note 3.1)
Taichung Commercial Bank Sunny Bank Ltd, OBU Branch First Commercial Bank	15,002,405 1,003,305 1,023,216	665,512 216,102 782	- 6,000,000 -	- (1,000,000) (1,000,000)	(635,603) (216,102) (23,998)	15,032,314 6,003,305 -	61,256,679 24,463,468 -
	17,028,926	882,396	6,000,000	(2,000,000)	(875,703)	21,035,619	85,720,147



15 Other liabilities

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1) (Restated)
Unearned income	298,001	1,205,414	300,354	1,223,943
Accrued salary and employee benefits	155,551	629,204	96,231	392,141
Accounts payable	15,350	62,092	573	2,335
Accrued expenses	13,935	56,367	61,889	252,198
Salary and withholding taxes payable	9,672	39,123	28,886	117,710
	492,509	1,992,200	487,933	1,988,327

16 interest income

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1)
Loans to customers	2,980,698	12,152,306	2,803,959	11,361,642
Balances with NBC and other banks	30,535	124,491	100,721	408,121
	3,011,233	12,276,797	2,904,680	11,769,763

17 Fees and commissions

Fees and commissions are administrative fees charged to borrowers for the processing of their loans. During the year, recognized income from fees and commissions amounted to USD144,109 (2019: USD82,091).

18 Other income

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1)
Foreign exchange gains	140,029	570,899	64,387	260,898
Interest from Wing (Cambodia)				
Limited Specialised Bank	4,229	17,242	6,631	26,868
Others	642	2,616	645	2,612
	144,900	590,757	71,663	290,378



19 Personnel expenses

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1)
Salaries and bonuses	580,691	2,367,477	566,225	2,294,344
Seniority indemnity	416,849	1,699,494	468,391	1,897,920
Other benefits	6,535	26,643	1,175	4,761
	1,004,075	4,093,614	1,035,791	4,197,025

20 General and administrative expenses

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1)
Rental expenses	165,055	672,929	162,198	657,226
Taxes	152,483	621,673	250,406	1,014,645
Foreign exchange loss	110,939	452,298	38,737	156,962
Professional fees	43,911	179,025	100,859	408,681
Party and entertainment expenses	21,841	89,046	10,054	40,739
Stationery and utility expenses	17,426	71,046	21,135	85,639
Security expense	12,787	52,133	11,890	48,178
Communication expense	11,087	45,202	11,489	46,553
Marketing and advertising	6,378	26,003	16,074	65,132
Membership expenses	3,894	15,876	4,326	17,529
Travel expenses	1,494	6,091	11,822	47,903
Others	54,453	222,005	68,622	278,057
	601,748	2,453,327	707,612	2,867,244

21 Income tax

The Company has an obligation to pay tax on income at 20% of taxable income or a minimum tax at 1% of annual turnover whichever is higher. The minimum tax is an annual tax with a liability equal to 1% of gross revenues.

21.1 Reconciliation between profit before income tax and estimated taxable income

The reconciliation between accounting profit before income tax and estimated taxable income for the year ended 31 December 2020 is shown below:



	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000	USD	KHR'000
	(Note 3.1)		(Note 3.1)	
Profit before income tax	1,083,851	4,418,859	346,038	1,402,148
Income tax using statutory tax rate at 20%	216,770	883,772	69,208	280,430
Add: Non-deductible expenses-net	77,044	314,108	13,478	54,612
Deduct: Tax losses not recognised as deferred tax assets	(6,314)	(25,742)	(82,686)	(335,042)
Estimated taxable income at 20% (A)	287,500	1,172,138	-	-
Minimum tax at 1% of revenue (B)	33,002	134,549	31,104	126,033
Estimated current income tax expense (higher of A or B)	287,500	1,172,138	31,104	126,033

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, the amounts reported to the financial statements should change at a later date upon final determination by the tax authorities..

21.2 Unrecognised deferred tax assets

Tax losses incurred in any tax year can be carried forward to offset against profit realised in the following five tax years subject to the following conditions:

- The loss must be recorded in the ToI return and submitted to the GDT on time; and
- The Company must not have received a unilateral tax re-assessment.

Deferred tax assets in respect of the tax losses are not recognised in the financial statements because it is not probable that future taxable profits will be available against which the Company can use the benefits therefrom.

The details of the Company's tax losses carried forward are as follows:

Originating year	Can be utilised up to	Tax loss amount USD	Utilised USD	Forfeited USD	Unutilised USD
2015	2020	61,853	61,853	-	-
2016	2021	-	-	-	-
2017	2022	177,716	177,716	-	-
2018	2023	355,644	355,644	-	-
2019	2024	-	-	-	-
2020	2025	-	-	-	-



21.3 Income tax liability

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.1)		(Note 3.1)
As at 1 January	2,406	9,804	2,268	9,113
Charge during the year	287,500	1,172,138	31,104	126,033
Income tax paid	(25,020)	(102,007)	(30,966)	(125,474)
Currency translation difference	-	(8,471)	-	132
As at 31 December	264,886	1,071,464	2,406	9,804

21.4 Taxation contingencies

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Oftentimes, different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to reviews and investigations by a number of authorities that are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, substantially greater than in other countries. Management believes that tax liabilities have been adequately provided for based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant since the incorporation of the Company.

22 Lease commitments

The Company has lease commitments for the lease of its office and motor vehicles as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 3.1)		(Note 3.1)
Within one year	157,350	636,481	202,328	824,487
From one to five years	51,200	207,104	201,550	821,316
	208,550	843,585	403,878	1,645,803

The Company's lease agreements for its main office and branch office will end on 30 April 2022 and 31 May 2022, respectively. The agreements for two motor vehicle rental ends on 31 July 2021 and 31 October 2021.

23 Transactions with key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management includes the Board of Directors and Key management team (head of each department).



	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1)
Salaries and benefits	977,128	3,952,483	859,810	3,503,725

24 Financial risk management

The guidelines and policies adopted by the Company to manage the risks that arise in the conduct of their business activities are as follows:

24.1 Credit risk

Credit risk is the financial loss to the Company if a borrower or counterparty fails to meet its contractual obligations, and arises principally from the loans to customers.

The lending activities are guided by the Company's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes and procedures implemented to ensure compliance with the NBC Guidelines. Customer with more than one account is subject to stringent and careful review and assessment. The Company closely monitors concentration of credit risk by industries. Additional criteria for loan disbursement are also imposed for some specific risk areas.

- (i) Credit risk measurement
The Company assesses the probability of default of individual counterparties by focusing on borrowers' forecast profit and cash flow. The credit committee is responsible for approving loans to customers.
- (ii) Risk limit control and mitigation policies
The Company operates and provides loans to individuals or small-medium entrepreneurs within the Kingdom of Cambodia. The Company manages limits and controls the concentration of credit risk whenever it is identified.

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collateral for loans to customers, which is a common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types to secure for loans to customers are:

- Mortgages over residential properties (land, building and other properties); and
- Charges over business assets such as land and buildings.



(iii) Exposure to credit risk with regards to loans to customers

	2020		2019	
	USD	KHR'000 (Note 3.1)	USD	KHR'000 (Note 3.1)
Loans to customers-gross:				
Neither past due nor impaired	32,711,774	132,319,128	35,632,710	145,203,294
Past due but not impaired	2,837,891	11,479,267	96,996	395,259
Individually impaired	949,877	3,842,253	1,388,219	5,656,992
	36,499,542	147,640,648	37,117,925	151,255,545

Neither past due nor impaired

Loans to customers neither past due nor impaired are good quality loans to customers for which there is no experience of default. These loans are supported by collaterals and Management views that likelihood of default is relatively low.

Past due but not impaired loans

Past due but not impaired loans to customers are those for which contractual interest or principal payments are past due less than 30 days for short-term loans and 90 days for long-term loans, unless other information is available to indicate otherwise.

Impaired loans

Individually impaired loans to customers are loans to customers for which the Company determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans to customers.

24.2 Operational risk

The operational risk losses which would result from inadequate or failed internal processes, people and systems or from external factors is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the management.

The operational risk management entail the establishment of clear organisational structure, roles and control policies. Various internal control policies and measures have been implemented. These include the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation. These are reviewed continually to address the operational risks of its micro-finance business.

24.3 Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

(i) **Foreign currency exchange risk**

The Company's operates in Cambodia and transacts primarily in USD. Monetary assets and liability are significantly dominated in USD. The Company does not therefore have significant exposure to foreign currency risk.



(ii) **Interest rate risk**

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. The exposure to interest rate risk relate primarily to its loans and bank deposits.

Since the majority of financial assets are short-term and the interest rates are subject to change with the market rates, the Company does not use derivative financial instruments to hedge such risk.

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The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at the carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

2020	Up to 1 month USD	>1 – 3 month USD	>3 – 12 month USD	>1 – 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD	Interest rate
Financial assets								
Cash on hand	-	-	-	-	-	2,375	2,375	
Balances with NBC	-	-	-	-	1,000,000	4,179,733	5,179,733	0.47%-0.48%
Balances with other banks	19,634	-	-	-	-	536,086	555,720	1.00%-1.25%
Loans to customers- gross	106,000	4,450,419	5,051,231	7,365,848	19,526,044	-	36,499,542	
Other assets *	-	-	-	-	-	241,600	241,600	
Total financial assets	125,634	4,450,419	5,051,231	7,365,848	20,526,044	4,959,794	42,478,970	
Financial Liabilities								
Borrowings	-	-	6,017,532	15,056,204	-	-	21,073,736	3.22%-5.90%
Others liabilities **	-	-	-	-	-	468,902	468,902	
Total financial liabilities	-	-	6,017,532	15,056,204	-	468,902	21,542,638	
Maturity gap	125,634	4,450,419	(966,301)	(7,690,356)	20,526,044	4,490,892	20,936,332	
Equivalents to KHR'000 (Note 3.1)	508,190	18,001,945	(3,908,688)	(31,107,490)	83,027,848	18,165,658	84,687,464	

* Excludes prepayments

** Excludes taxes payable





The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at the carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

2019	Up to 1 month USD	>1 – 3 month USD	>3 – 12 month USD	>1 – 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD	Interest rate
Financial assets								
Cash on hand	-	-	-	-	-	1,350	1,350	
Balances with NBC	-	-	-	-	1,000,000-	2,471,587	3,471,587	0.54%-0.75%
Balances with other banks	2,295	-	-	-	-	297,225	299,520	1.00%-1.25%
Loans to customers-gross	-	474,822	8,422,165	8,615,313	19,585,625	-	37,117,925	
Other assets *	-	-	-	-	-	434,794	434,794	
Total financial assets	2,295	474,822	8,422,165	8,615,313	20,585,625	3,204,956	41,325,176	
Financial Liabilities								
Borrowings	-	-	6,003,305	15,032,314	-	-	21,035,619	3.22%-5.90%
Others liabilities **	-	-	-	-	-	397,158	397,158	
Total financial liabilities	-	-	6,003,305	15,032,314	-	397,158	21,432,777	
Maturity gap	2,295	474,822	2,438,860	(6,417,001)	20,585,625	2,807,798	19,892,399	
Equivalents to KHR'000 (Note 3.1)	9,352	1,934,900	9,938,355	(26,149,279)	83,886,422	11,441,777	81,061,526	

* Excludes prepayments

** Excludes taxes payable



24.4 Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the Management of the Company closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

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The following table provides an analysis of the financial assets and liabilities of the Company into relevant maturity groupings based on the remaining periods to repayment..

2020	Up to 1 month USD	>1 – 3 month USD	>3 – 12 month USD	>1 – 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD
Financial assets							
Cash on hand	2,375	-	-	-	-	-	2,375
Balances with NBC	4,179,733	-	-	-	-	1,000,000	5,179,733
Balances with other banks	555,720	-	-	-	-	-	555,720
Loans to customers	106,000	4,450,419	5,051,231	7,365,848	19,526,044	-	36,499,542
Other assets *	241,600	-	-	-	-	-	241,600
Total financial assets	5,085,428	4,450,419	5,051,231	7,365,848	19,526,044	1,000,000	42,478,970
Financial Liabilities							
Borrowings	-	-	6,017,532	15,056,204	-	-	21,073,736
Others liabilities **	468,902	-	-	-	-	-	468,902
Total financial liabilities	468,902	-	6,017,532	15,056,204	-	-	21,542,638
Net liquidity surplus (gap)	4,616,526	4,450,419	(966,301)	(7,690,356)	19,526,044	1,000,000	20,936,332
Equivalent KHR'000 (Note 3.1)	18,673,848	18,001,945	(3,908,688)	(31,107,490)	78,982,848	4,045,000	84,687,464

* Excludes prepayments

** Excludes taxes payable





2019	Up to 1 month USD	>1 – 3 month USD	>3 – 12 month USD	>1 – 5 years USD	Over 5 years USD	Non-interest bearing USD	Total USD
Financial assets							
Cash on hand	1,350	-	-	-	-	-	1,350
Balances with NBC	2,471,587	-	-	-	-	1,000,000	3,471,587
Balances with other banks	299,520	-	-	-	-	-	299,520
Loans to customers	-	474,822	8,442,165	8,615,313	19,585,625	-	37,117,925
Other assets *	434,794	-	-	-	-	-	434,794
Total financial assets	3,207,251	474,822	8,442,165	8,615,313	19,585,625	1,000,000	41,325,176
Financial Liabilities							
Borrowings	-	-	6,003,305	15,032,314	-	-	21,035,619
Other liabilities **	397,158	-	-	-	-	-	397,158
Total financial liabilities	397,158	-	6,003,305	15,032,314	-	-	21,432,777
Net liquidity surplus (gap)	2,810,093	474,822	2,438,860	(6,417,001)	19,585,625	1,000,000	19,892,399
Equivalent KHR'000 (Note 3.1)	11,451,129	1,934,900	9,938,355	(26,149,279)	79,811,422	4,075,000	81,061,526

* Excludes prepayments

** Excludes tax payable



25 Capital management

(i) Regulatory capital

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the NBC;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and,
- To maintain a strong capital base to support the development of the business.

The NBC requires all licensed deposit-taking micro-finance institutions to (i) fulfil the minimum capital requirements, and (ii) comply with solvency, liquidity and other requirements.

(ii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

26 Reclassification of comparative amounts

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform with the current year's presentation of accounts. Management believes that these reclassifications would better reflect the nature of the transactions and did not have any impact on prior year's profit or loss.

Summary of changes in assets and liabilities arising from reclassifications are shown below:

	31 December 2019 (As previously stated) USD	Effects of reclassification USD	31 December 2019 (As restated) USD
Balances with the NBC	3,471,587	2,678	3,474,265
Balances with other banks	296,509	1,402	297,911
Loans to customers – net	35,637,845	138,578	35,776,423
Other assets	582,904	(142,658)	440,246
Borrowings	(21,000,000)	(35,619)	(21,035,619)
Other liabilities	(523,552)	35,619	(487,933)
Total effect on net assets	18,465,293	-	18,465,293



Summary of changes in cash flows arising from the reclassifications is shown below:

	31 December 2019 (As previously stated) USD	Effects of reclassification USD	31 December 2019 (As restated) USD
Net cash from/ (used in)			
Operating activities	(4,336,585)	875,703	(3,460,882)
Financing activities	4,000,000	(875,703)	3,124,297
	(336,585)	-	(336,585)

27 Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the 31 December 2020 reporting date and the date of authorisation of these financial statements..

28 Authorisation of financial statements

The financial statements as at 31 December 2020 and for the year then ended were approved for issue by the Board of Directors on 20 May 2021.

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