



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

Annual Report

2022

TBBMFI Help Your Life Convenient!

Address: # 2E-2F, Street 315, Sangkat Boeung Kok 1, Khan Toul Kork, Phnom Penh
Tel: +855(0) 23 88 71 71 / Email: tbbmfi@gmail.com



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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)



Looking back at the past year, the world has finally been gradually recovering from the COVID-19 pandemic and seeing a glimmer of light at the end of the tunnel. However, just like the darkness before dawn, the loose fiscal and monetary policies adopted by various countries in previous years to save their economies have led to rampant inflation, threatening the livelihoods of ordinary people. The loose monetary policies have caused skyrocketing housing prices in major cities worldwide, as well as rising prices of various goods, gradually affecting the standard of living of the public. In order to curb inflation, the Federal Reserve (Fed) started a series of unprecedented aggressive interest rate hikes since March of last year, raising interest rates eight times within a year, with an increase of 5.25%, resulting in a significant drop in bond prices. This has led to consecutive bank failures of banks with relatively high-percentage bond holdings position such as Silicon Valley Bank, First Republic Bank, Signature Bank, and Credit Suisse, and could potentially trigger more bank failures.

Although our company is engaged solely in traditional loan business, we were also significantly impacted by the aggressive interest rate hikes of the Federal Reserve last year. In Cambodia, most of our loans were based on fixed interest rates. Despite attempting to adopt floating interest rates for new loans as soon as the Fed implied rate hikes, we did not apply floating rate to all of our existing loans. Furthermore, all our financing banks employ floating interest rates, which dynamically adjust our borrowing costs. As a result, our funding costs have increased nearly three times, making the operation quite challenging. Additionally, due to the severe impact of the COVID-19 pandemic on the Cambodian economy, we have implemented leniency measures in accordance with NBC's policy to assist customers facing economic difficulties and help them overcome these challenging times. At one point, the relief amount reached a peak of \$12.27 million, accounting for approximately one-third of the total loan balance. Among these, \$3.02 million eventually became non-performing loans, and the remaining balance of relief loans were \$3.5 million. These outstanding loans have severely affected the company's operational performance and profitability.

Despite facing such a challenging economic and financial environment, we would not give up. Looking ahead, there are several aspects we need to work on:

1. Upgrading Information system: Replace old systems with new ones, introduce CIFRS, and improve customer service.
2. Improving working environment: Optimize office environment to make employees enjoy their work.



3. Implementing corporate governance and employee training: Strengthen internal control and compliance, encourage employees to participate in external training, and share learning experiences and knowledge.
4. Selecting customers prudently and assisting ESG-compliant customers in developing their business: Focus on customers' sustainable financial capabilities, conduct customer stress tests, and provide preferential financing assistance to ESG-compliant customers to support their business development.

In the future, we will continue to integrate all resources and contribute our modest efforts to the economic development of Cambodia. Let us embrace a better tomorrow.



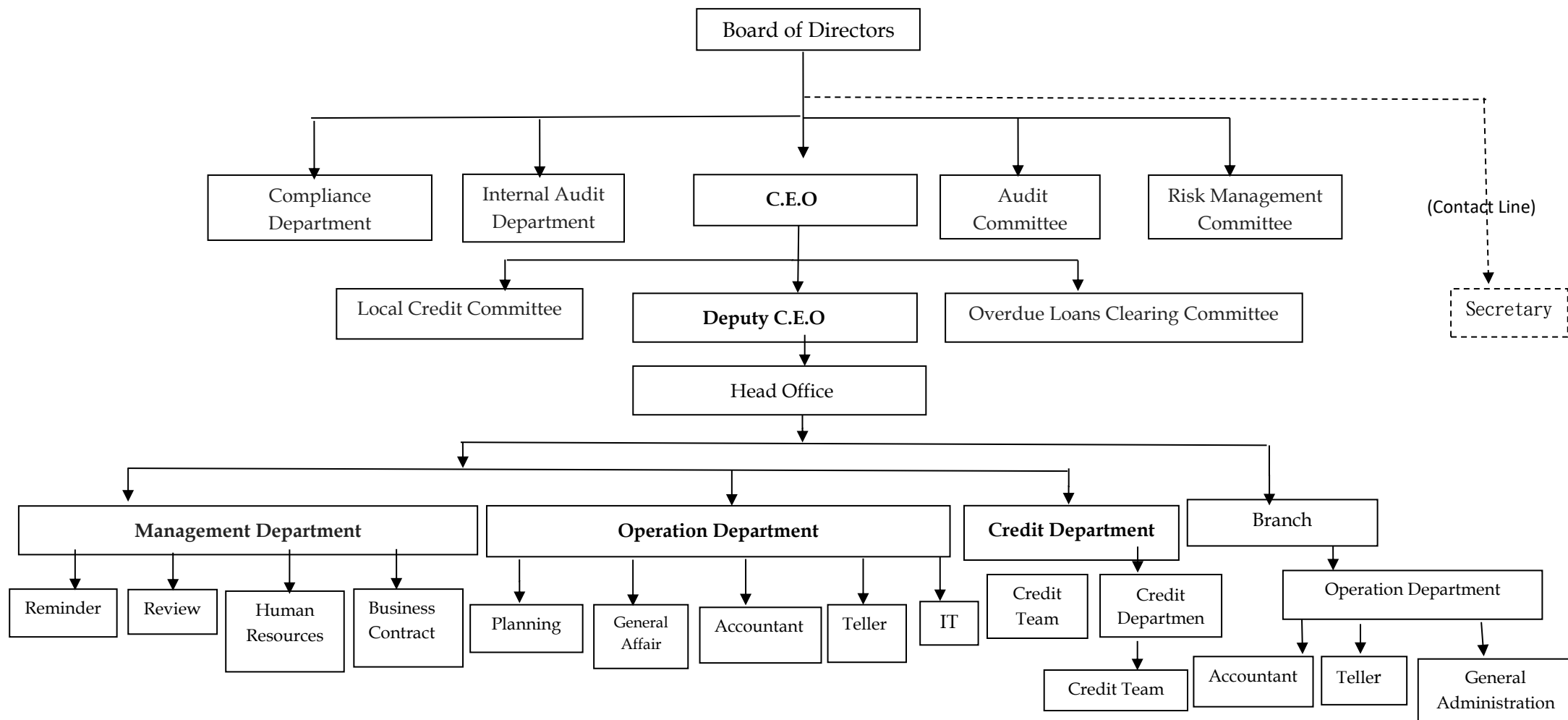
Chiang Hung Tien

Director & CEO

Phnom Penh, 8 June, 2023



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:

- Yi Tseng Hsiang Chairman
- Chiu Sung Shui Board Member
- Chiang Hung Tien Board Member & CEO
- Tseng Jun Shen Board Member (Independent Director)



Yi Tseng Hsiang
Chairman



Chiu Sung Shui
Director



Chiang Hung Tien
Director & CEO



Tseng Jun Shen
Independent Director



Directors and Management Team

Board of Directors

Title	Name	Effective Date	Prime Experience & Education
Chairman	Yi Tseng Hsiang	1 Sep. 2022	<ul style="list-style-type: none"> ● Master of Finance, National Taiwan University of Science and Technology ● Executive Vice President of Taiwan Business Bank
Director	Chiu Sung Shui	26 Nov. 2020	<ul style="list-style-type: none"> ● Economics, National Taiwan University ● Executive Vice President of Taiwan Business Bank
Director & CEO	Chiang Hung Tien	26 Aug. 2021	<ul style="list-style-type: none"> ● Business Administration, National Chung Hsing University ● VP & Chief Representative, Yangon Representative Office
Independent Director	Tseng Jun Shen	1 Sep. 2022	<ul style="list-style-type: none"> ● Master of Science, National Chin-Yi University of Technology ● Executive Vice President of Taiwan Business Bank



Directors and Management Team

Management Team

Title	Name	Effective Date	Prime Experience & Education
CEO	Chiang Hung Tien	28 Oct. 2021	<ul style="list-style-type: none"> • Business Administration, National Chung Hsing University • VP & Chief Representative, Yangon Representative Office
Deputy CEO	Chen Hsin Kuang	30 Nov. 2022	<ul style="list-style-type: none"> • Accounting, National Taipei University • Executive Officer of Taiwan Business Bank Credit Investigation Dept.
Manager of Credit Dept.	Yeh Li Kun	6 Sep. 2021	<ul style="list-style-type: none"> • Business Administration, Fu Jen University • Assistant Manager of Taiwan Business Bank Ta Shi Branch
Manager of Operation Dept.	Liu Ming Chang	28 Sep. 2022	<ul style="list-style-type: none"> • Commercial Design, Chung Yuan Christian University • Assistant Banking Officer of Taiwan Business Bank Offshore Banking Branch
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...)

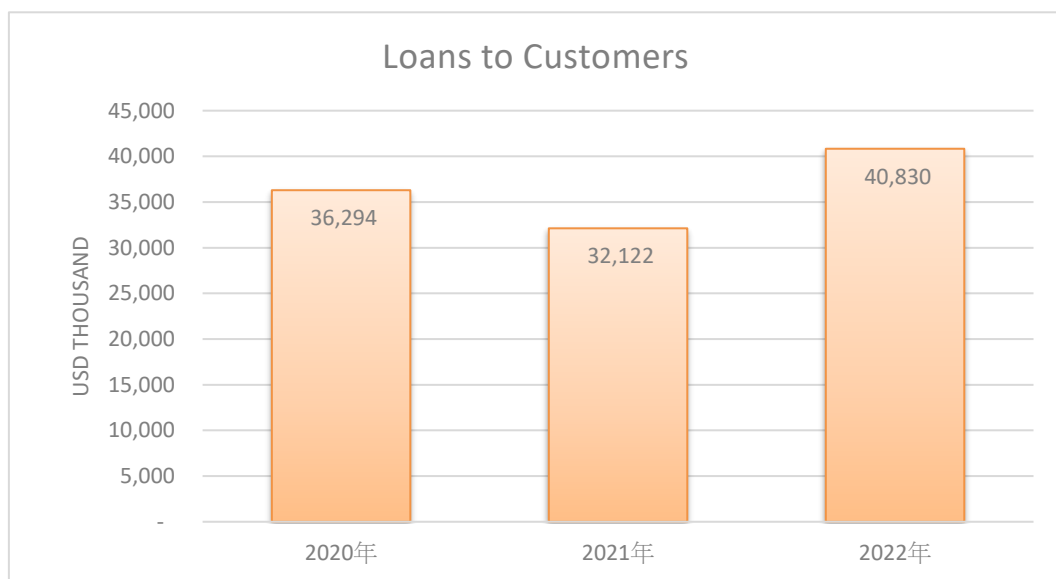
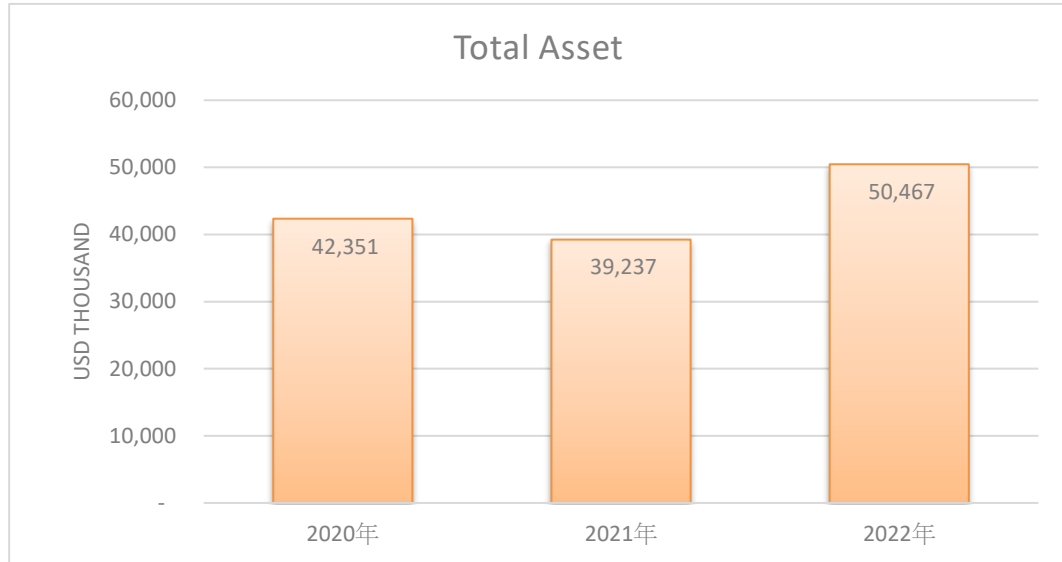
Mortgage Loan (ML)

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

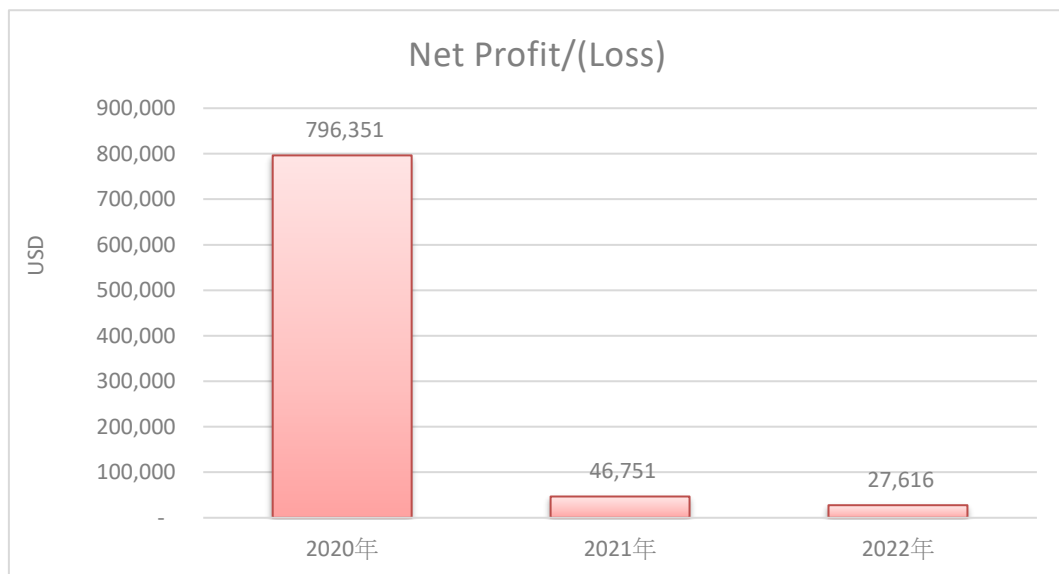
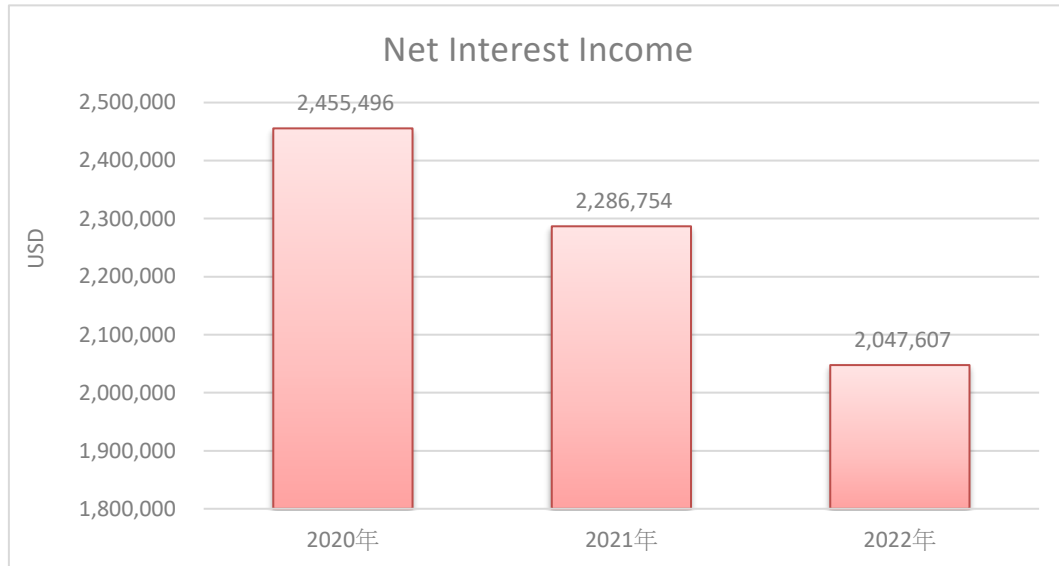




Financial Highlight



Financial Highlight



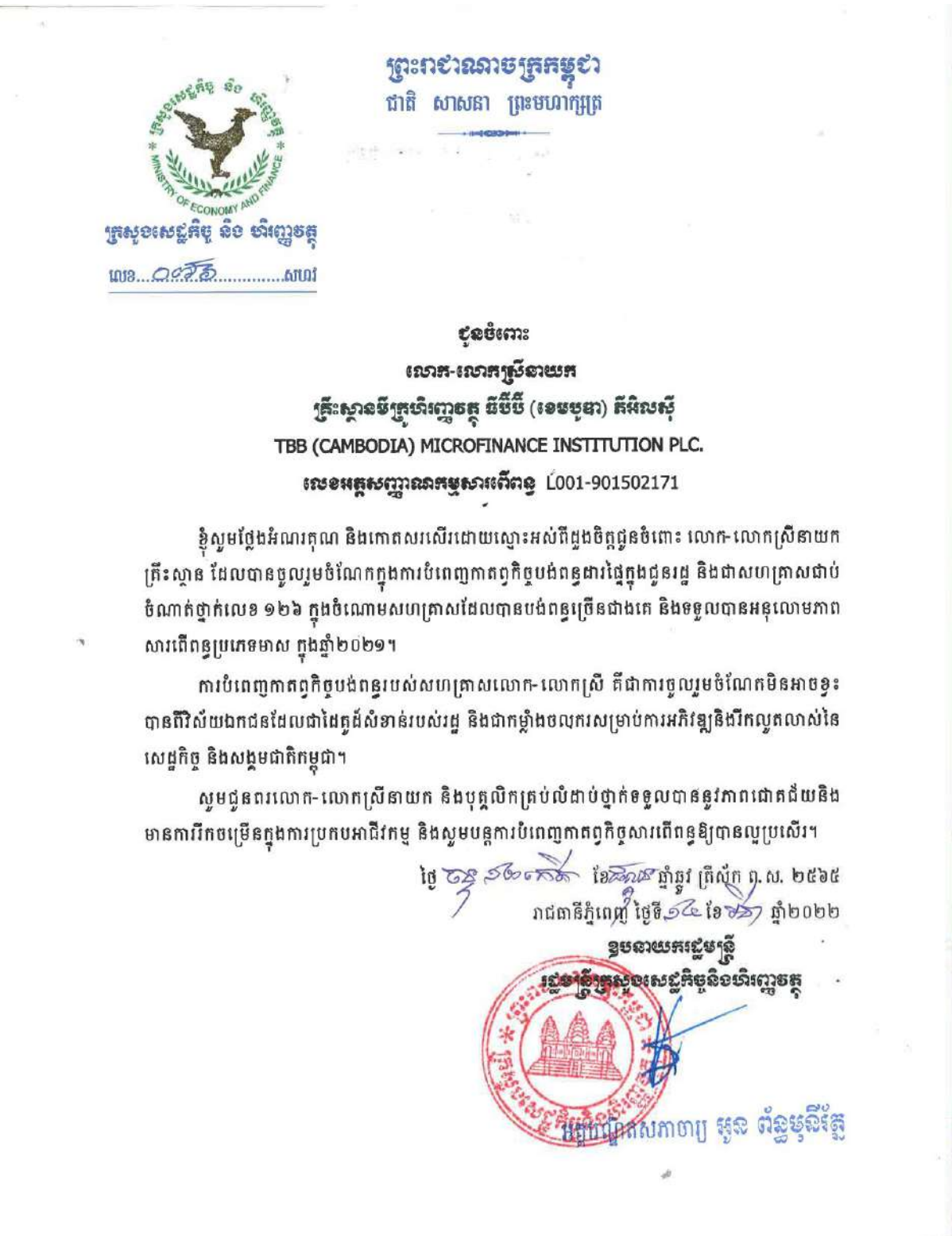
Loan Performance

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. Loan disbursement of year 2022 increased due to recovering from the COVID-19 pandemic. In 2021, the loan disbursement was USD9,265,000 / KHR 9,877,950,000 and USD22,642,000 / KHR 4,837,200,000 in 2022. Regarding gross loan outstanding at the end of 2021, it was USD27,308,235 / KHR18,648,884,100 and up to USD36,835,878 / KHR17,391,656,000 at the end of 2022.



Corporate Social Responsibility

GDT's Letter of Thanks to TBBMFI





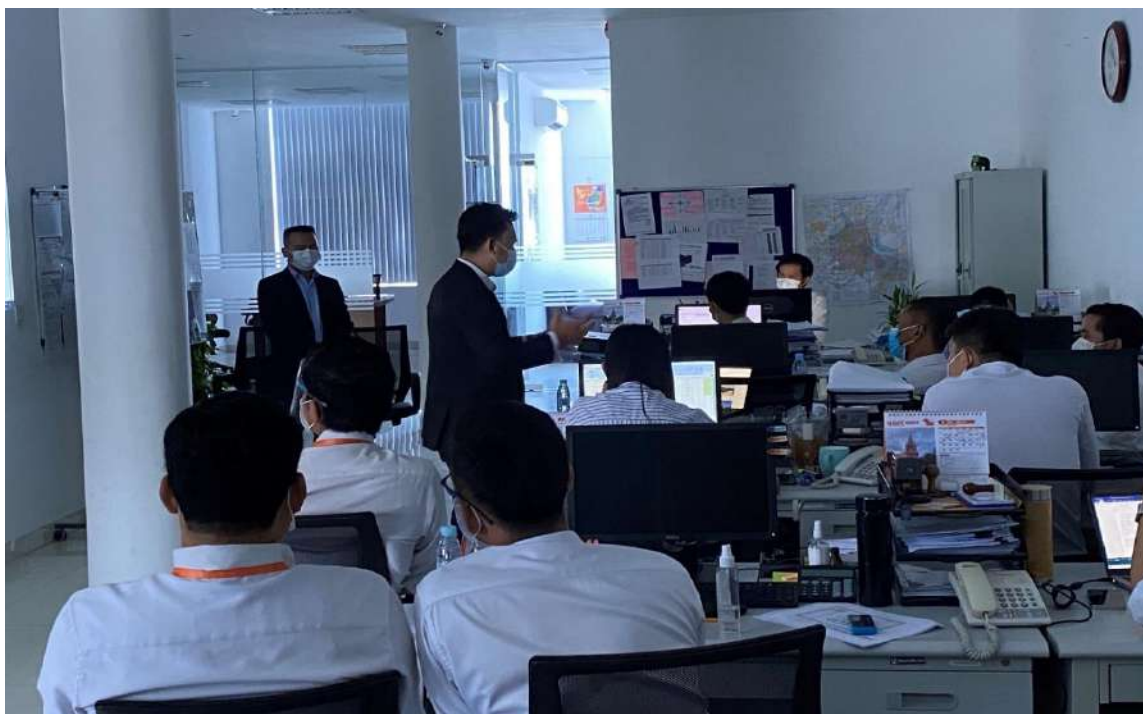
Company Activities

Internal Training



Company Activities

Professional training & Case studying



Company Activities

Annual Party



Monthly Birthday Party



Company Activities

Annual Trip





Financial Report and Report of the Independent Auditor



REPORT OF THE BOARD OF DIRECTORS

DIRECTORS' REPORT

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

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 financial year.

RESULTS

	USD	KHR'000
Profit for the financial year	27,616	112,866

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Board of Directors do not recommend the payment of dividends for the year ended 31 December 2022.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LOANS

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and the making of allowance for doubtful loans and had satisfied themselves that all known bad loans had been written off and that adequate allowance had been made for doubtful loans.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad loans or the amount of allowance for doubtful loans in the financial statements of the Company inadequate to any substantial 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 including their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realize.

At the date of this report, the directors are not aware of any circumstances which would render the values 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 which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER 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; and
- (ii) any contingent liabilities in respect of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Name	Position	Appointed on	Resigned on
Mr. Yi Tseng-Hsiang	Chairman	1 September 2022	
Mr. Chang Yu Min	Chairman	2 March 2020	28 February 2022
Mr. Chiang Hung Tien	Acting chairman	31 March 2022	31 August 2022
Mr. Chiang Hung Tien	Director	26 August 2021	
Mr. Chiu Sung-Shui	Director	26 November 2020	
Mr. Tseng Jun-Shen	Independent Director	1 September 2022	
Mr. Tien Liang Hsu	Independent Director	1 May 2017	31 August 2022



SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

There is no significant event during the financial year.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There is no significant event subsequent to the end of the financial year.

HOLDING COMPANY AND ULTIMATE CONTROLLING PARTY

The directors regard Taiwan Business Bank, Ltd., a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, as the immediate holding company of the Company. The controlling shareholder of the Company is Bank of Taiwan, an indirect wholly owned subsidiary of the Ministry of Finance of Taiwan.

AUDITORS

The auditors, Messrs Baker Tilly (Cambodia) Co., Ltd., have expressed their willingness to continue in office.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors of the Company are responsible for ascertaining that the financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the financial year then ended in accordance with Cambodia International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs"). In preparing these financial statements, the directors of the Company are required to:

- (i) 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;
- (ii) comply with the disclosure requirements of CIFRS for SMEs or, if there have been any departures from such standards, in the interest of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records that enable the Company to prepare its financial statements in accordance to CIFRS for SMEs 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 operations in the reasonable future; and
- (v) Effectively control and direct the Company and be involved in all material decisions affecting its operations and performance, and ascertain that such matters have been properly reflected in the financial statements.

The directors confirm that the Company has complied with the above requirements in preparing its financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

In the opinion of the Board of Directors, the accompanying financial statements are properly drawn up in accordance with Cambodia International Financial Reporting Standard for Small and Medium-Sized Entities so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and its cash flows for the financial year then ended.





Signed on behalf of the Board of Directors,

YI TSENG HSIANG

Mr. Yi Tseng-Hsiang

Chairman

Date: 27 April 2023





Independent auditor's report

To the shareholders of TBB (Cambodia) Microfinance Institution Plc

Report on the Audit of the Financial Statements

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 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with the 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and the requirements of Kampuchea Institute of Certified Public Accountant and Auditors' *Code of Ethics for Certified Public Accountants and Auditors* ("KICPAA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ethical requirements of KICPAA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Annual Report and Directors' Report (but does not include the financial statements of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and other sections included in the annual report, which are expected to be made available to us after that date.



Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we 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 the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the CIFRS for SMEs. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- 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 by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

Other matter

The financial statements of the Company for the financial year ended 31 December 2021 was audited by another firm of Certified Public Accountants, whose report dated 27 April 2022 expressed an unqualified opinion on those statements.



Baker Tilly (Cambodia) Co., Ltd.
Certified Public Accountants

Phnom Penh, Kingdom of Cambodia

Date: 27 APR 2023



Oknha Tan Khee Meng
Certified Public Accountant



Statement of financial position

		31 December 2022		31 December 2021	
	Note	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
ASSETS					
Cash on hand		4,919	20,252	3,153	12,845
Balance with the National Bank of Cambodia	5	1,019,289	4,196,413	1,018,691	4,150,147
Balance with other banks	6	8,341,947	34,343,796	5,760,343	23,467,637
Loans to customers - net	7	40,830,202	168,097,942	32,121,543	130,863,166
Other assets	8	258,505	1,064,263	290,924	1,185,225
Property and equipment	9	6,713	27,637	33,252	135,469
Intangible assets	10	5,864	24,142	8,847	36,043
TOTAL ASSETS		50,467,439	207,774,445	39,236,753	159,850,532
EQUITY AND LIABILITIES					
EQUITY					
Share capital	11	20,000,000	80,000,000	20,000,000	80,000,000
Regulatory reserves	12	2,063,000	8,348,226	1,811,413	7,319,990
Accumulated losses		(1,468,829)	(5,942,570)	(1,244,858)	(5,027,200)
Exchange differences	13	-	2,380,545	-	1,495,356
TOTAL EQUITY		20,594,171	84,786,201	20,566,555	83,788,146
LIABILITIES					
Borrowings	14	29,219,174	120,295,339	18,066,816	73,604,208
Current income tax liabilities		88,555	364,581	89,803	365,857
Other liabilities	15	565,539	2,328,324	513,579	2,092,321
TOTAL LIABILITIES		29,873,268	122,988,244	18,670,198	76,062,386
TOTAL EQUITY AND LIABILITIES		50,467,439	207,774,445	39,236,753	159,850,532



Statement of comprehensive income

		For the year ended 31 December 2022		For the year ended 31 December 2021	
	Note	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Interest income	16	2,971,324	12,143,801	2,605,181	10,597,876
Interest expense	17	(923,717)	(3,775,231)	(318,427)	(1,295,361)
Net interest income		2,047,607	8,368,570	2,286,754	9,302,515
Other income	18	147,903	604,480	68,420	278,333
Fee and commissions		204,123	834,251	91,724	373,133
Personnel expenses	19	(1,060,509)	(4,334,300)	(936,426)	(3,809,381)
Depreciation and amortisation	9,10	(30,822)	(125,969)	(39,942)	(162,484)
General and administrative expenses		(735,909)	(3,007,662)	(727,952)	(2,961,309)
Provision for bad and doubtful loans	7	(403,041)	(1,647,229)	(537,575)	(2,186,855)
Regulatory provision for balance with other banks	6	(30,102)	(123,027)	(52,607)	(214,005)
Profit before income tax	20	139,250	569,114	152,396	619,947
Income tax expense	21	(111,634)	(456,248)	(105,645)	(429,764)
Profit for the financial year		27,616	112,866	46,751	190,183
Other comprehensive income:					
Exchange differences		-	885,189	-	595,356
Total comprehensive income for the financial year		27,616	998,055	46,751	785,539



Statement of changes in equity

Note	Share capital		Regulatory reserves		Accumulated losses		Exchange differences	Total equity	
	USD	KHR (Note 2.3)	USD	KHR (Note 2.3)	USD	KHR (Note 2.3)	KHR (Note 2.3)	USD	KHR (Note 2.3)
At 1 January 2021	20,000,000	80,000,000	2,123,382	8,589,080	(1,603,578)	(6,486,473)	900,000	20,519,804	83,002,607
Total comprehensive income for the financial year									
Profit for the financial year	-	-	-	-	46,751	190,183	-	46,751	190,183
Other comprehensive income for the financial year	-	-	-	-	-	-	595,356	-	595,356
Total comprehensive income	-	-	-	-	46,751	190,183	595,356	46,751	785,539
Transfers	-	-	(311,969)	(1,269,090)	311,969	1,269,090	-	-	-
At 31 December 2021/1 January 2022	20,000,000	80,000,000	1,811,413	7,319,990	(1,244,858)	(5,027,200)	1,495,356	20,566,555	83,788,146
Total comprehensive income for the financial year									
Profit for the financial year	-	-	-	-	27,616	112,866	-	27,616	112,866
Other comprehensive income for the financial year	-	-	-	-	-	-	885,189	-	885,189
Total comprehensive income	-	-	-	-	27,616	112,866	885,189	27,616	998,055
Transfers	-	-	251,587	1,028,236	(251,587)	(1,028,236)	-	-	-
At 31 December 2022	20,000,000	80,000,000	2,063,000	8,348,226	(1,468,829)	(5,942,570)	2,380,545	20,594,171	84,786,201



Statement of cash flows

	Note	For the year ended 31 December 2022		For the year ended 31 December 2021	
		USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Cash flows from operating activities					
Profit before income tax		139,250	569,114	152,396	619,947
Adjustments for:					
Interest expenses	17	923,717	3,775,231	318,427	1,295,361
Depreciation and amortisation	9,10	30,822	125,969	39,942	162,484
Provision for bad and doubtful loans	7	403,041	1,647,229	537,575	2,186,855
Regulatory provision for balances with other banks		30,102	123,027	52,607	214,005
		<u>1,526,932</u>	<u>6,240,570</u>	<u>1,100,947</u>	<u>4,478,652</u>
Changes in:					
Loans to customers		(9,111,700)	(37,239,520)	3,634,896	14,786,757
Other assets		32,419	132,497	(42,216)	(171,735)
Other liabilities		51,960	212,361	21,070	85,713
		<u>(7,500,389)</u>	<u>(30,654,092)</u>	<u>4,714,697</u>	<u>19,179,387</u>
Income tax paid		<u>(112,882)</u>	<u>(461,349)</u>	<u>(280,728)</u>	<u>(1,142,002)</u>
Net cash (used in)/generated from operating activities		<u>(7,613,271)</u>	<u>(31,115,441)</u>	<u>4,433,969</u>	<u>18,037,385</u>
Cash flows from investing activities					
Purchase of property and equipment	9	(1,300)	(5,313)	(4,337)	(17,643)
Purchase of intangible assets	10	-	-	(1,960)	(7,973)
Movement of term deposits with original maturity of more than three months		<u>1,001,282</u>	<u>4,092,240</u>	<u>(3,122,730)</u>	<u>(12,703,266)</u>
Net cash generated from/ (used in) investing activities		<u>999,982</u>	<u>4,086,927</u>	<u>(3,129,027)</u>	<u>(12,728,882)</u>
Cash flows from financing activities					
Proceeds from borrowings		17,000,000	69,479,000	-	-
Repayments on borrowings:					
- Principal portion		(6,000,000)	(24,522,000)	(3,000,000)	(12,204,000)
- Interest portion		(771,359)	(3,152,544)	(325,347)	(1,323,512)
Net cash generated from/ (used in) financing activities		<u>10,228,641</u>	<u>41,804,456</u>	<u>(3,325,347)</u>	<u>(13,527,512)</u>



Statement of cash flows (CONTINUED)

		For the year ended 31 December 2022		For the year ended 31 December 2021	
	Note	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Net increase/(decrease) in cash and cash equivalents		3,615,352	14,775,942	(2,020,405)	(8,219,009)
Cash and cash equivalents at the beginning of the year		2,717,423	11,070,780	4,737,828	19,164,514
Exchange differences		-	225,316	-	125,275
Cash and cash equivalents at the ending of the year		6,332,775	26,072,038	2,717,423	11,070,780

Cash and cash equivalents comprise of the followings:

		For the year ended 31 December 2022		For the year ended 31 December 2021	
	Note	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Cash on hand		4,919	20,252	3,153	12,845
Balance with the ("NBC")	5	19,289	79,413	18,691	76,147
Balance with other banks with original maturity of less than three months	6	6,308,567	25,972,373	2,695,579	10,981,788
		6,332,775	26,072,038	2,717,423	11,070,780



Notes to the financial statements

1. CORPORATE INFORMATION

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 license 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.

The directors regard Taiwan Business Bank, Ltd., a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, as the immediate holding company of the Company. The controlling shareholder of the Company is Bank of Taiwan, an indirect wholly owned subsidiary of the Ministry of Finance of Taiwan.

The registered office and principal place of business of the Company is located in No. 2E-2F, St. 315, Sangkat Boeung Kak 1, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia.

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 financial year.

The financial statements were approved and authorised for issue by the Board of Directors on 27 April 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company are prepared in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-Sized Entities (“CIFRS for SMEs”), following Circular No. 004 MoEF.NAC dated 3 January 2019 issued by the National Accounting Council of the Ministry of Economy and Finance on the implementation of the accounting standards for banks and financial institutions.

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 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 3.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

2.2 Basis of aggregation

The Company’s financial statements comprise the financial statements of the head office and its branch. All inter-branch balances and transactions have been eliminated.



2.3 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 United States Dollar ("USD"), the directors have 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.

The translations of USD amounts into KHR presented in the financial statements are included solely to comply with the Law on Accounting and Auditing and have been using the prescribed official annual closing and average exchange rate of USD1 to KHR4,117 and USD1 to KHR4,087 respectively, for the financial year ended 31 December 2022 (2021: KHR4,074 and KHR4,068) as announced by the National Bank of Cambodia.

These convenience translations 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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.

When 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 are on normal credit terms and do not bear interest.

3.2 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less where the Company has full ability to withdraw for general purpose whenever needed and is subjected to insignificant risk of change in value.



3.3 Loans to customers

Loans to customers are recognised 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.

(i) Provision for impairment

(a) 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.

(b) 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.

(ii) Regulatory provision

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 institution in Cambodia, as summaries below:

Classification	Number of days past due	Provision
Short-term loans (less than one year):		
Normal/standard	< 15 days	1%
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	≥ 91 days	100%



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 institution in Cambodia, as summaries below:

Classification	Number of days past due	Provision
Long-term loans (more than one year):		
Normal/standard	< 30 days	1%
Special mention	30 days – 89 days	3%
Substandard	90 days – 179 days	20%
Doubtful	180 days – 359 days	50%
Loss	≥ 359 days	100%

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

- In case the regulatory provision calculated in accordance with the said Prakas is lower than the impairment calculated in accordance with CIFRS for SMEs, the Company shall record the provision calculated in accordance with CIFRS for SMEs.
- In case the regulatory provision calculated in accordance with the said Prakas higher than the impairment calculated in accordance with the CIFRS for SMEs, the Company 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.

In accordance with Circular No. B7-021-2314 on Classification and Provisioning Requirements on Restructured Loans dated 28 December 2021 issued by the (“NBC”), the Company is required to reassess the classification of restructured loans, which are outstanding as at 31 December 2021, and provide provision as follows:

- Restructured loan that is “viable” shall be deemed as “performing” and shall be classified as “Special Mention” with 3% provisioning, regardless of the number of restructuring.
- Restructured loan that needs “more restructuring” should be deemed as “non-performing” and shall be classified as “Substandard” for loans under the first restructuring with 20% provisioning, and “Doubtful” for loans under the second restructuring with 50% provisioning.
- Restructured loan that is “non-viable” shall be deemed as “non-performing” and shall be classified as “Loss” with 100% provisioning.

Meanwhile, loans restructured starting 1 January 2022 shall benefit on the forbearance period until end of June 2022, wherein these loans should not be subjected to the above requirement. However, none of the restructured loan applications since March 2020 can benefit from this forbearance period.



Additionally, the banks and finance institutions (“BFIs”) should continually submit its quarterly report on restructured loans’ review, customer repayment capacity, classification, and provisioning based on this new Circular with the following reporting deadline:

- by the end of January 2022, based on the financial data as at 31 December 2021 for the third reporting;
- by the end of April 2022, based on the financial data as at March 2022 for the fourth reporting; and
- by the end of July 2022, based on the financial data as at June 2022 for the fifth reporting.

On 18 January 2022, a workshop between all banks and financial institutions (“BFIs”) under the Association of Banks in Cambodia and NBC was held to assist BFIs in their application of the Circular and to discuss other related practical issues. In this workshop, NBC granted BFIs to perform reassessment of loan classification and determining the resulting impact in provisions on outstanding restructured loans as at 31 December 2021, starting January 2022.

Following this workshop, the (“NBC”) informed BFIs through letter No. B7-022-167 dated 20 January 2022, the deferment of quarterly report submission to 10 February 2022, the change in financial data to be used to January 2022 and the classification on the template of the report.

3.4 Property and equipment

Property and equipment is recognised initially at cost less accumulated depreciation and impairment losses. Cost includes all cost 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 the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of parts that are replaced is derecognised. All other repairs and maintenances are charged to profit or loss during the period in which they are incurred.

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

	Useful lives (Years)
Leasehold improvements	Shorter of lease term or 5
Office equipment	4
Computer equipment	2
Furniture and fittings	4
Motor vehicle	4

The assets’ residual values, useful lives and depreciation methods 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 profit or loss.

3.5 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 2 years.

3.6 Employee benefits

(i) Severance indemnity

The Company calculates severance indemnity by applying a fixed rate 5% of the employee's monthly basic salary. This obligation will be settled upon resignation or retirement of the employee. Employees are entitled to this benefit based on their length of service (after completion of probation period) of regular employee, except termination due to serious offense. This obligation earns no interest.

The Company recognises the provision for the severance pay in the financial statements and withdrawal can only be made upon resignation or retirement.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.7 Impairment

(i) 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.

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 statement of comprehensive income.

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

(i) 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 might 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.8 Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences).

Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss, except that an adjustment attributable to an item of income or expense recognised in other comprehensive income shall also be recognised in other comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation 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 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 liability. The increase in provision due to the passage of time as interest expense.

3.11 Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3.12 Regulatory reserve

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.

- In case the regulatory provision calculated in accordance with the said Prakas is lower than the impairment calculated in accordance with CIFRS for SMEs, the Company shall record the provision calculated in accordance with CIFRS for SMEs.

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. (continued)

- In case the regulatory provision calculated in accordance with the said Prakas higher than the impairment calculated in accordance with the CIFRS for SMEs, the Company 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.

3.13 Interest income and expense recognition

Interest income and expense are recognised in profit or loss 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 using effective interest method. Unamortised loan fees and commissions are recognised as “unearned income”, under other liabilities.



3.14 Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Rights to assets held under finance leases are recognised as assets of the Company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.



4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the followings:

4.1 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.

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 7.

4.2 Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the year in which such determination is made.

The income tax expense of the Company is disclosed in Note 21 to the financial statements.

5 BALANCE WITH THE NATIONAL BANK OF CAMBODIA

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Capital guarantee deposits	1,000,000	4,117,000	1,000,000	4,074,000
Current accounts	19,289	79,413	18,691	76,147
	<u>1,019,289</u>	<u>4,196,413</u>	<u>1,018,691</u>	<u>4,150,147</u>

The capital guarantee deposit is maintained with the National Bank of Cambodia ("NBC") in compliance with Prakas No. B7-00-006 on the Licensing of Microfinance Institutions, the amounts of which are determined at 5% of the Company's registered share capital. This is not available for use in the Company's day-to-day operations and is only refundable when the Company voluntarily liquidates or cease its operation.

The capital guarantee deposit earns interest at the rate of 0.37% per annum (2021: 0.47% per annum).



6 BALANCE WITH OTHER BANKS

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Cash at banks	1,966,368	8,095,538	1,740,969	7,092,707
Term deposits with original maturity of less than three months	4,117,318	16,950,998	932,744	3,799,999
	6,083,686	25,046,536	2,673,713	10,892,706
Accrued interest receivables	224,881	925,837	21,866	89,082
Total balance with other banks with original maturity of less than three months	6,308,567	25,972,373	2,695,579	10,981,788
Term deposits with original maturity of more than three months	2,121,448	8,734,001	3,122,730	12,722,002
	8,430,015	34,706,374	5,818,309	23,703,790
Regulatory provision for balances with other banks	(88,068)	(362,578)	(57,966)	(236,153)
Balance as stated in the Statement of financial position	8,341,947	34,343,796	5,760,343	23,467,637

Balance with other banks are analysed as follows:

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
(a) By currency:				
USD	7,433,154	30,602,295	5,067,565	20,645,261
KHR	996,861	4,104,079	750,744	3,058,529
	8,430,015	34,706,374	5,818,309	23,703,790
(b) By maturity:				
Within 1 month	5,191,249	21,372,373	1,762,835	7,181,790
1 to 3 months	1,117,318	4,599,998	932,744	3,799,999
4 to 12 months	2,121,448	8,734,003	3,122,730	12,722,001
	8,430,015	34,706,374	5,818,309	23,703,790
(c) By interest rate:				
	2022		2021	
	Per annum		Per annum	
Cash at banks	0.20% - 1.05%		1.00% - 1.25%	
Term deposits	4.25% - 5.00%		3.00% - 4.00%	



7. LOANS TO CUSTOMERS - NET

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Commercial loans	17,644,944	72,644,234	17,726,578	72,218,079
Mortgage loans	17,145,583	70,588,365	9,517,336	38,773,627
Personal loans	6,512,928	26,813,726	4,947,841	20,157,504
Loan to customers - gross	41,303,455	170,046,325	32,191,755	131,149,210
Less: allowance for impairment loss	(473,253)	(1,948,383)	(70,212)	(286,044)
Loan to customers - net	40,830,202	168,097,942	32,121,543	130,863,166

Movement of allowance for impairment loss are as follows:

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
At 1 January	70,212	286,044	205,528	831,361
Charge for the year	403,041	1,647,229	537,575	2,186,855
Reversal of provision to write off	-	-	(672,891)	(2,737,321)
Exchange differences	-	15,110	-	5,149
At 31 December	473,253	1,948,383	70,212	286,044

Gross loans to customers are analysed as follows:

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
(a) By maturity:				
Within 3 months	5,077,727	20,905,000	95,713	389,933
4 to 12 months	2,303,364	9,482,949	4,105,064	16,724,029
1 to 2 years	12,721,744	52,375,421	7,280,231	29,659,664
2 to 3 years	2,470,954	10,172,920	22,646	92,258
3 to 4 years	470,657	1,937,695	2,236,474	9,111,396
4 to 5 years	700,479	2,883,873	880,827	3,588,490
Over 5 years	17,558,530	72,288,467	17,570,800	71,583,440
	41,303,455	170,046,325	32,191,755	131,149,210
(b) By payment methods:				
Declining method	17,856,538	73,515,369	18,635,531	75,921,150
Balloon repayment method	21,420,098	88,186,541	12,660,869	51,580,382
Declining method with grace period	2,026,819	8,344,415	895,355	3,647,678
	41,303,455	170,046,325	32,191,755	131,149,210



	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
(c) By currency:				
USD	37,023,491	152,425,714	27,583,904	112,376,825
KHR	4,279,964	17,620,611	4,607,851	18,772,385
	<u>41,303,455</u>	<u>170,046,325</u>	<u>32,191,755</u>	<u>131,149,210</u>

On 1 December 2016, the NBC issued a Prakas No. B7-016-334 on Provision of Credit in National Currency of Banking and Financial Institutions, required all institutions to maintain loans in national currency (KHR) at least 10% of the total loan portfolio.

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
(d) By relationship:				
External customers	<u>41,303,455</u>	<u>170,046,325</u>	<u>32,191,755</u>	<u>131,149,210</u>
(e) By economic sectors:				
Services	22,713,147	93,510,027	19,157,242	78,046,603
Trade and commerce	8,334,656	34,313,779	5,104,169	20,794,385
Financial Institution	4,142,570	17,054,961	2,784,160	11,342,668
Construction	956,980	3,939,887	483,595	1,970,166
Manufacturing	638,161	2,627,309	1,719,118	7,003,687
Transportation	215,501	887,217	471,451	1,920,691
Agriculture	-	-	574,810	2,341,776
Other categories	4,302,440	17,713,145	1,897,210	7,729,234
	<u>41,303,455</u>	<u>170,046,325</u>	<u>32,191,755</u>	<u>131,149,210</u>

(f) By performance:				
Standard loans:				
Secured	32,880,892	135,370,633	20,075,063	81,785,807
Unsecured	4,544,156	18,708,290	2,784,160	11,342,668
Special mention loans:				
Secured	1,427,663	5,877,689	7,229,045	29,451,129
Sub-standard loans:				
Secured	301,458	1,241,103	-	-
Doubtful loans:				
Secured	172,089	708,490	-	-
Loss loans:				
Secured	1,977,197	8,140,120	2,103,487	8,569,606
	<u>41,303,455</u>	<u>170,046,325</u>	<u>32,191,755</u>	<u>131,149,210</u>

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



	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
(g) By location:				
Head office	28,530,233	117,458,970	19,765,000	80,522,610
Branch	12,773,222	52,587,355	12,426,755	50,626,600
	<u>41,303,455</u>	<u>170,046,325</u>	<u>32,191,755</u>	<u>131,149,210</u>
(h) By exposure:				
Non-large exposure	<u>41,303,455</u>	<u>170,046,325</u>	<u>32,191,755</u>	<u>131,149,210</u>

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 Company's net worth. The exposure is the higher of the outstanding loans or commitments and the authorised loans or commitments.

	2022 Per annum	2021 Per annum
(i) By interest rate:		
Commercial loans	6.50% - 10.08%	6.00% - 10.08%
Mortgage loans	6.50% - 12.00%	6.96% - 12.00%
Personal loans	<u>7.00% - 11.20%</u>	<u>7.15% - 9.80%</u>

On 13 March 2017, the NBC issued a Prakas No. B7-017-109 on Interest Ceiling on Loans, requiring the microfinance deposit-taking institutions, microfinance institutions, and rural credit operators to set the interest rate to not exceeding 18% per annum, effective from 1 April 2017 for all new loans including restructured loans and refinancing.

8. OTHER ASSETS

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Other receivables	164,671	677,948	128,088	521,830
Refundable deposit	72,950	300,335	61,400	250,144
Prepayments	12,400	51,051	6,588	26,840
Receivables from Wing (Cambodia) Limited				
Specialised bank ("Wing") (*)	<u>8,484</u>	<u>34,929</u>	<u>94,848</u>	<u>386,411</u>
	<u>258,505</u>	<u>1,064,263</u>	<u>290,924</u>	<u>1,185,225</u>

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



9. PROPERTY AND EQUIPMENT

	Leasehold improvements USD	Office equipment USD	Computer equipment USD	Furniture and fittings USD	Motor vehicle USD	Total USD
Cost						
At 1 January 2022	236,294	35,322	71,947	31,229	9,322	384,114
Additions	-	1,300	-	-	-	1,300
At 31 December 2022	236,294	36,622	71,947	31,229	9,322	385,414
Accumulated depreciation						
At 1 January 2022	211,715	30,965	69,589	29,651	8,942	350,862
Depreciation charge for the financial year	23,029	2,463	833	1,134	380	27,839
At 31 December 2022	234,744	33,428	70,422	30,785	9,322	378,701
Net carrying amount						
At 31 December 2021	24,579	4,357	2,358	1,578	380	33,252
At 31 December 2022	1,550	3,194	1,525	444	-	6,713
At 31 December 2021 (KHR'000) (Note 2.3)	100,134	17,752	9,606	6,429	1,548	135,469
At 31 December 2022 (KHR'000) (Note 2.3)	6,380	13,150	6,279	1,828	-	27,637



10. INTANGIBLE ASSETS

	2022 USD	2021 USD
Computer software		
Cost		
At 1 January	35,732	33,772
Additions	-	1,960
At 31 December	35,732	35,732
Accumulated amortisation		
At 1 January	26,885	24,094
Amortisation charge for the financial year	2,983	2,791
At 31 December	29,868	26,885
Net carrying amount		
At 31 December	5,864	8,847
At 31 December (KHR'000) (Note 2.3)	24,142	36,043

11. 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 immediate holding company.

	2022		2021	
	Number of shares	USD	Number of shares	USD
Ordinary shares				
Issued and fully paid:				
At 1 January/31 December	20,000	20,000,000	20,000	20,000,000
(KHR'000) (Note 2.3)		80,000,000		80,000,000

12. REGULATORY RESERVE

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
At 1 January	1,811,413	7,319,990	2,123,382	8,589,080
Transfers (*)	251,587	1,028,236	(311,969)	(1,269,090)
At 31 December	2,063,000	8,348,226	1,811,413	7,319,990

(*) Transfer from accumulated losses to reserve pertaining to impairment during the year when the provision under NBC requirement is higher than CIRFS for SMEs.



	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Impairment on credit facilities required by the NBC	2,536,253	10,441,754	1,881,625	7,665,740
Impairment loss on financial assets under CIFRS for SMEs (Note 7)	(473,253)	(1,948,383)	(70,212)	(286,044)
Exchange difference	-	(145,145)	-	(59,706)
At 31 December	2,063,000	8,348,226	1,811,413	7,319,990
At 1 January	(1,811,413)	(7,319,990)	(2,123,382)	(8,589,080)
Transfers	251,587	1,028,236	(311,969)	(1,269,090)

According to Article 73 of Prakas on Credit Risk Grading and Impairment Provisioning, if the regulatory provision calculated in accordance with the Prakas is higher than the calculation in accordance with CIFRS for SMEs, the Institution 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 shareholder's equity in the statement of financial position.

13. EXCHANGE DIFFERENCES

Exchange differences arises from the translation of the financial statements from USD amounts to KHR as per Note 2.3 to the financial statements.

14. BORROWINGS

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
External financial institutions	29,000,000	119,393,000	18,000,000	73,332,000
Accrued interest payable	219,174	902,339	66,816	272,208
	29,219,174	120,295,339	18,066,816	73,604,208



Borrowings are analysed as follows:

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
(a) By maturity:				
Within 1 month	3,000,000	12,351,000	-	-
1 to 3 months	4,000,000	16,468,000	-	-
4 to 12 months	22,000,000	90,574,000	6,000,000	24,444,000
1 to 2 years	-	-	12,000,000	48,888,000
	<u>29,000,000</u>	<u>119,393,000</u>	<u>18,000,000</u>	<u>73,332,000</u>
(b) By type:				
Senior debts	<u>29,000,000</u>	<u>119,393,000</u>	<u>18,000,000</u>	<u>73,332,000</u>
(c) By interest rate:				
USD		2022 Per annum		2022 Per annum
		1.68% - 6.62%		1.62% - 1.72%

15. OTHER LIABILITIES

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Unearned income (*)	296,745	1,221,699	298,035	1,214,195
Accrued salary and employee benefits	195,099	803,222	125,520	511,368
Accrued expenses	35,818	147,463	59,968	244,310
Salary and withholding taxes payable	23,790	97,944	14,684	59,823
Accounts payable	14,087	57,996	15,372	62,625
	<u>565,539</u>	<u>2,328,324</u>	<u>513,579</u>	<u>2,092,321</u>

(*) Unearned income represents advance collection from customers, which were to be offset with the outstanding loans and advances based on the loan amortisation schedule.

16. INTEREST INCOME

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Loans to customers	2,640,885	10,793,297	2,557,309	10,403,133
Balance with the NBC and other banks	330,439	1,350,504	47,872	194,743
	<u>2,971,324</u>	<u>12,143,801</u>	<u>2,605,181</u>	<u>10,597,876</u>



17. INTEREST EXPENSE

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Borrowings	923,717	3,775,231	318,427	1,295,361

18. OTHER INCOME

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Other interest income	86,849	354,952	5,254	21,373
Gain on unrealised foreign exchange	60,561	247,513	61,228	249,076
Gain on realised foreign exchange	377	1,541	1,821	7,408
Other non-Interest income	116	474	117	476
	147,903	604,480	68,420	278,333

19. PERSONNEL EXPENSES

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Salaries and bonuses	608,470	2,486,817	494,833	2,012,981
Management allowance	283,203	1,157,450	250,219	1,017,891
Management accommodation	148,456	606,740	141,433	575,349
Seniority indemnity	9,552	39,039	5,578	22,691
Other benefits	10,828	44,254	44,363	180,469
	1,060,509	4,334,300	936,426	3,809,381

20. PROFIT BEFORE INCOME TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before income tax:

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Rental expenses	167,190	683,307	164,460	669,023
Net unrealised foreign exchange loss	56,755	231,956	46,120	187,618
Net realised foreign exchange loss/(gain)	3,685	15,061	(2,343)	(9,530)



21. INCOME TAX EXPENSE

(a) Income tax expense

Income tax expense for the year is as follows:

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Current income tax	111,634	456,248	105,645	429,764

(b) Reconciliation of income tax

The numerical reconciliation between income tax expense and the product of accounting profit multiplied by Cambodian tax rate is shown as follow:

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Profit before income tax	139,250	569,114	152,396	619,947
Income tax using applicable income tax rate of 20% (2021: 20%)	27,850	113,823	30,480	123,991
Tax effect in respect of:				
Non-deductible expenses	83,784	342,425	75,165	305,773
Income tax expense	111,634	456,248	105,645	429,764

In accordance with Cambodia's tax regulations, the Company has an obligation to pay tax on income at 20% of taxable income or a minimum tax at 1% of annual turnover inclusive of all taxes, except value-added tax, whichever is higher.

22. LEASE COMMITMENTS

The Company has commitments for the lease of its headquarter and branch offices under non-cancellable operating lease arrangements, with future minimum lease amounts due as follows:

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Within 1 year	298,535	1,229,067	65,610	627,297
From 1 to 2 years	196,560	809,238	-	-
More than 2 years	39,000	160,563	-	-
	534,095	2,198,868	65,610	627,297



23. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Company if the related party has the ability, directly or indirectly, to control the Company or to exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company and the related party are subjected to common control. Related parties may be individuals or other entities.

There is no related party balances and transactions as at 31 December 2022 and for the year ended except for the key management remuneration as stated below.

(b) Key management personnel compensation

Total key management personnel compensation is analysed as below:

	2022		2021	
	USD	KHR'000 (Note 2.3)	USD	KHR'000 (Note 2.3)
Salaries and related expenses	560,114	2,289,184	349,578	1,422,083

24. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

		Amortised cost USD	Carrying amount	
	Note		USD	KHR'000 (Note 2.3)
2022				
Financial assets				
Cash on hand		4,919	4,919	20,252
Balance with the NBC	5	19,289	19,289	79,413
Balance with other banks	6	8,341,947	8,341,947	34,343,796
Loans to customers - net	7	40,830,202	40,830,202	168,097,942
Other assets	8	246,105	246,105	1,013,213
		49,530,530	49,530,530	203,917,194
Financial liabilities				
Borrowings	14	29,219,174	29,219,174	120,295,339
Other liabilities	15	245,004	245,004	1,008,681
		29,464,178	29,464,178	121,304,020



The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned: (Continued)

	Note	Amortised cost USD	Carrying amount USD	KHR'000 (Note 2.3)
2021				
Financial assets				
Cash on hand		3,153	3,153	12,845
Balance with the NBC	5	18,691	18,691	76,147
Balance with other banks	6	5,760,343	5,760,343	23,467,637
Loans to customers - net	7	32,121,543	32,121,543	130,863,166
Other assets	8	284,336	284,336	1,158,385
		38,246,032	38,246,032	155,814,333
Financial liabilities				
Borrowings	14	18,066,816	18,066,816	73,604,208
Other liabilities	15	200,860	200,860	818,303
		18,267,676	18,267,676	74,422,511

25. TAXATION CONTINGENCIES

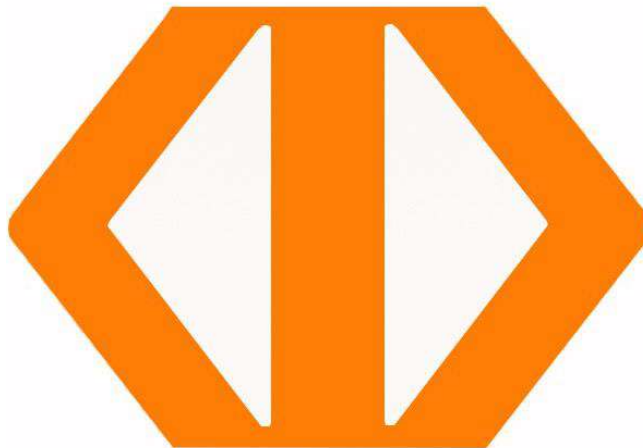
The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subjected to interpretation. Often different interpretation exists among numerous taxation authorities and jurisdictions. Taxes are subjected to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia, substantially more compared to other countries. Management believes that tax liabilities have been adequately provided based on its interpretation of tax legislations. However, the relevant authorities may have differing interpretations and effects could be significant.

26. COMPARATIVE

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.



Company Contact Information



Head Office

#2E-2F, Street 315, Sangkat Boeung Kok1, Khan Toul Kork, Phnom Penh

Tel: 023 88 71 71

Fax: 023 88 24 69

Email: tbbmfi@gmail.com

Website: www.tbbmfi.com.kh

Boeng Keng Kang Branch

#249-251, Mao Tse Tong Blvd (245), Sangkat Toul Svay Prey 1, Khan Boeng Keng Kang, Phnom Penh

Tel: 023 21 71 71

Fax: 023 22 12 37

Email: tbbmfi@gmail.com

Website: www.tbbmfi.com.kh





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#2E-2F, Street 315, Sangkat Boeung Kok1, Khan Toul Kork, Phnom Penh

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Boeng Keng Kang Branch

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