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LBP MICROFINANCE PLC.

ANNUAL REPORT

CONTACT US

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2023

WELCOME

CORPORATE INFORMATION

Company : L B P Microfinance Plc.

Registration No : 00012485

Registered office : #D3 & E, Street 169, Sangkat Veal Vong Khan 7
Makara, Phnom Penh Kingdom of Cambodia

Head office : L B P Microfinance Plc., Phnom Penh, Kingdom of
Cambodia

Shareholders : Neak Oknha LAY BUN PA
: Lok Chumteav Oknha LAY CHHUN NY

Board of Directors

Neak Oknha LAY BUN PA : Chairman

Lok Chumteav Oknha LAY CHHUN NY : Non-executive member

Lok Oknha LAY BUNNAVATH : Executive member and Managing Director

Oknha LAY MONIKA : Non-executive member

Oknha LAY DINA : Non-executive member

Mr. BOU ROS : Independence Director

Mr. MUONG SAMBATH : Executive member and Chief Executive Officer

Principal Bankers : Canadia Bank
: Cambodian Public Bank

Auditors : Baker Tilly (Cambodia) Co., Ltd.

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Lok Oknha LAY BUNNAVATH
Managing Director

1. Message from Management

LBP MICROFINANCE PLC is a private institution that received its license from the National Bank of Cambodia in August 2016 as a microfinance institution. Our main mission is to provide Cambodian entrepreneurs with sufficient funds to invest in their businesses and to support the needs of Cambodia's People through our loan products and services.

Our main efforts are focused on providing clients with small and medium credit services, competitive interest rates, and affordable loan terms aimed to satisfy the customers in using our loan services in effective and sustainable. Our management team is qualified with expertise, knowledge, and years of experience in the financial sector, including a solid funding source that can ensure the growth, stability, and sustainability of LBP Microfinance.

Furthermore, we invest in an automated Loans Management System that can ensure the corporate and consumer information's security and also performs an important role in managing data, reporting, and encouraging rapid and reliable customer services. In addition, we have also partnered with WING (Cambodia) Limited Specialized Bank, TrueMoney (Cambodia) Limited, and Viettel (Cambodia) PTE (eMoney) which allows all LBP Microfinance's customers to be able to make their repayments either via mobile phones or agents of the three companies anywhere in Cambodia, which simplifies and minimize the customers' risk in carrying the money to LBP Microfinance's office.



Mr. MUONG SAMBATH
Chief Executive Officer

Although in 2023 the spread of the COVID-19 virus has been reduced almost completely by the use of vaccines, compared to 2022, we see that it continues to affect the economy and financial sectors. With the continued impact of a global supply chain, issue of the war in Europe and the war in the Middle East has led to rising oil prices, food prices, and high global inflation. Like other countries, in 2023, Cambodia will still be affected by COVID-19, the effects of the war in Europe, and the war in the Middle East, which has slowed economic growth in many sectors. At the same time, there will be fear in the lives of people around the world, as well as negatively affecting global economic growth if the war is not finished soon.

Competition in the financial sector is based not only on service quality and price but also on the advancement of technology, which requires all banking and financial institutions to strengthen and invest in technology. According to the actual needs of each.

Finally, we would like to express our deepest thanks to all our customers, shareholders, Board of Directors Management, Staff, and the Royal Government, especially to the National Bank of Cambodia for supporting us in 2023. We wish you and your family good health, happiness, and success in all your endeavors for the year 2024.

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ABOUT US



LBP PROFILE

LBP Microfinance Plc. is a public limited company that was established and funded by two local Cambodians, Neak Oknha Lay Bun Pa and Lok Chumteav Oknha Lay Chhun Ny. LBP Microfinance Plc. formally received its operating license from the National Bank of Cambodia on the 31st August 2016.

LBP Microfinance Plc. is a private institution that provides financial services to Cambodian entrepreneurs and SMEs with a competitive interest rate and flexible loan terms to ensure the best deal to its customers. Furthermore it aims to improve the living standard of Cambodia in a sustainable manner.

OUR VISION

Contribute and support the Government of Cambodia objective of reducing poverty and empowering entrepreneurs to achieve their full potential through financial services that is transparent, responsible sustainable and high excellences.

OUR MISSION

- To provide financial service to the citizens of Cambodia and aspiring entrepreneurs via sustainable loan rates with excellent quality of services in a responsible manner.
- To provide effective and efficient financial services to individuals and corporations.

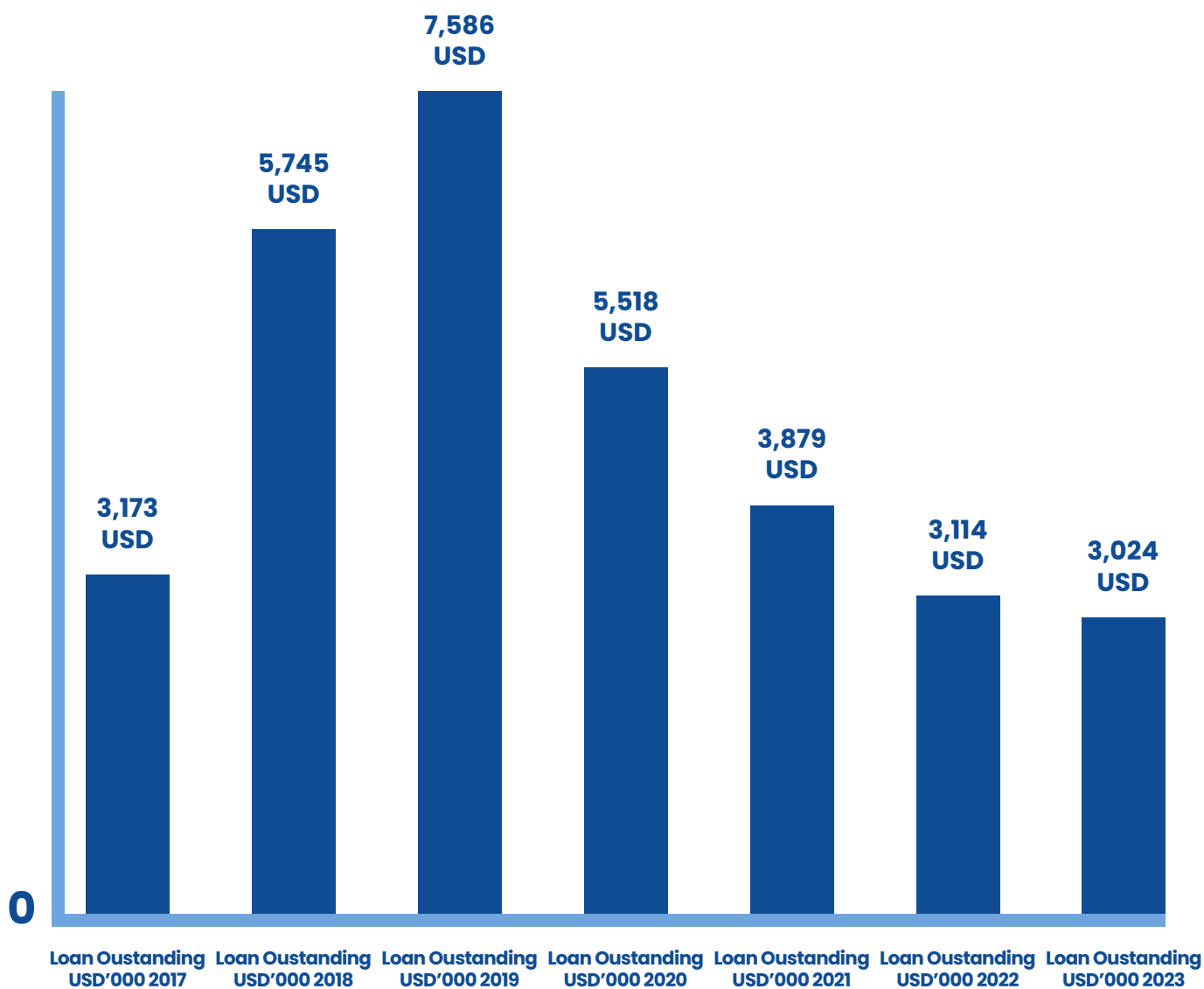
OUR CORE VALUE

- **Honesty:** We are committed to providing our customers, products and services with integrity, honesty, and the highest level of ethics.
- **Responsibility:** We are committed to providing products and services with total professionalism and responsibility that fits our customers every needs and demands.
- **Respect:** We consider our customers, staffs and all related parties as assets of our company. They deserve our full valued attention and respect with no room for discrimination.
- **Priority:** We are committed to providing the best service that go above and beyond our customer needs. Our customers are our greatest priority.



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OUR RESULT

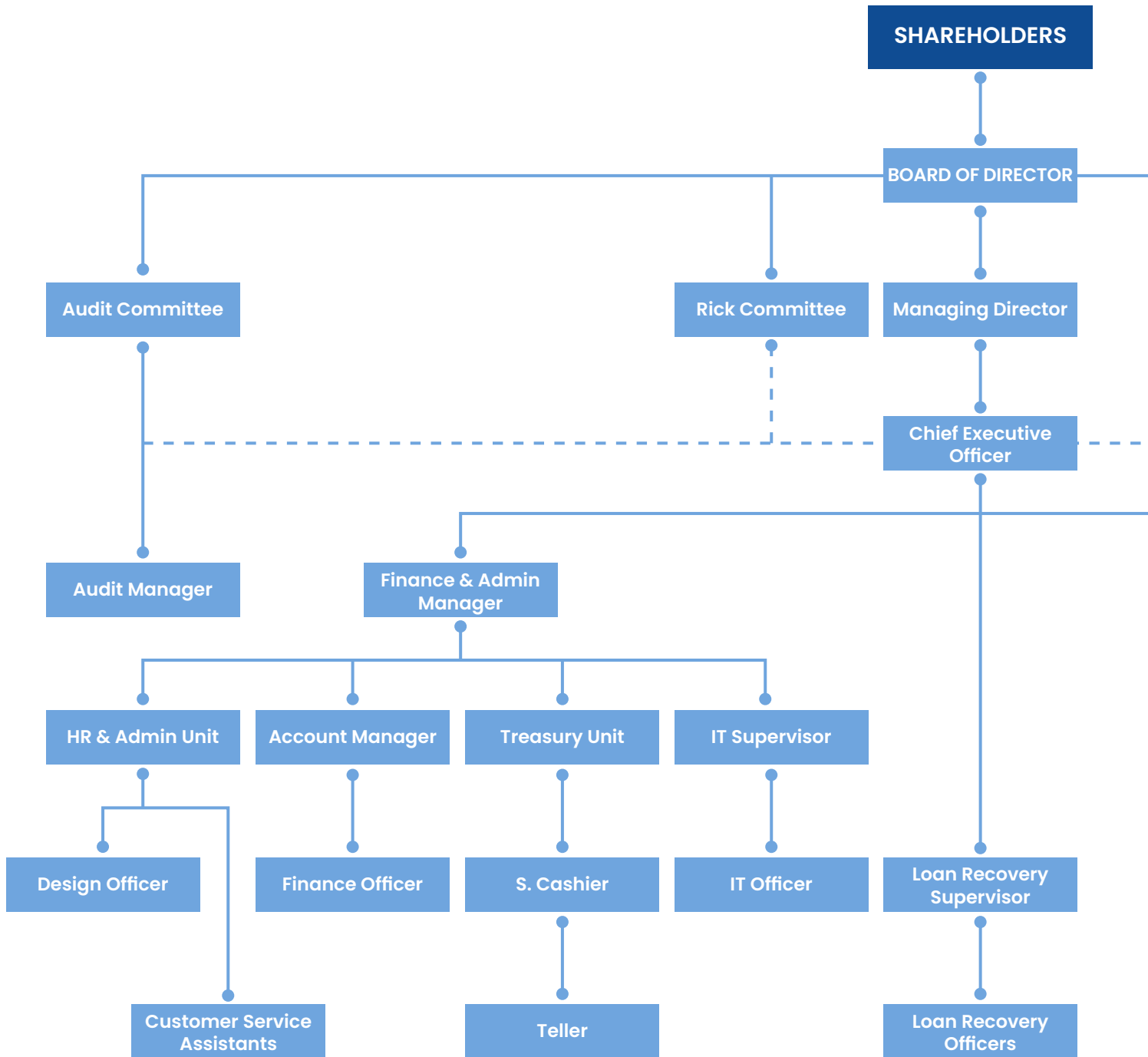


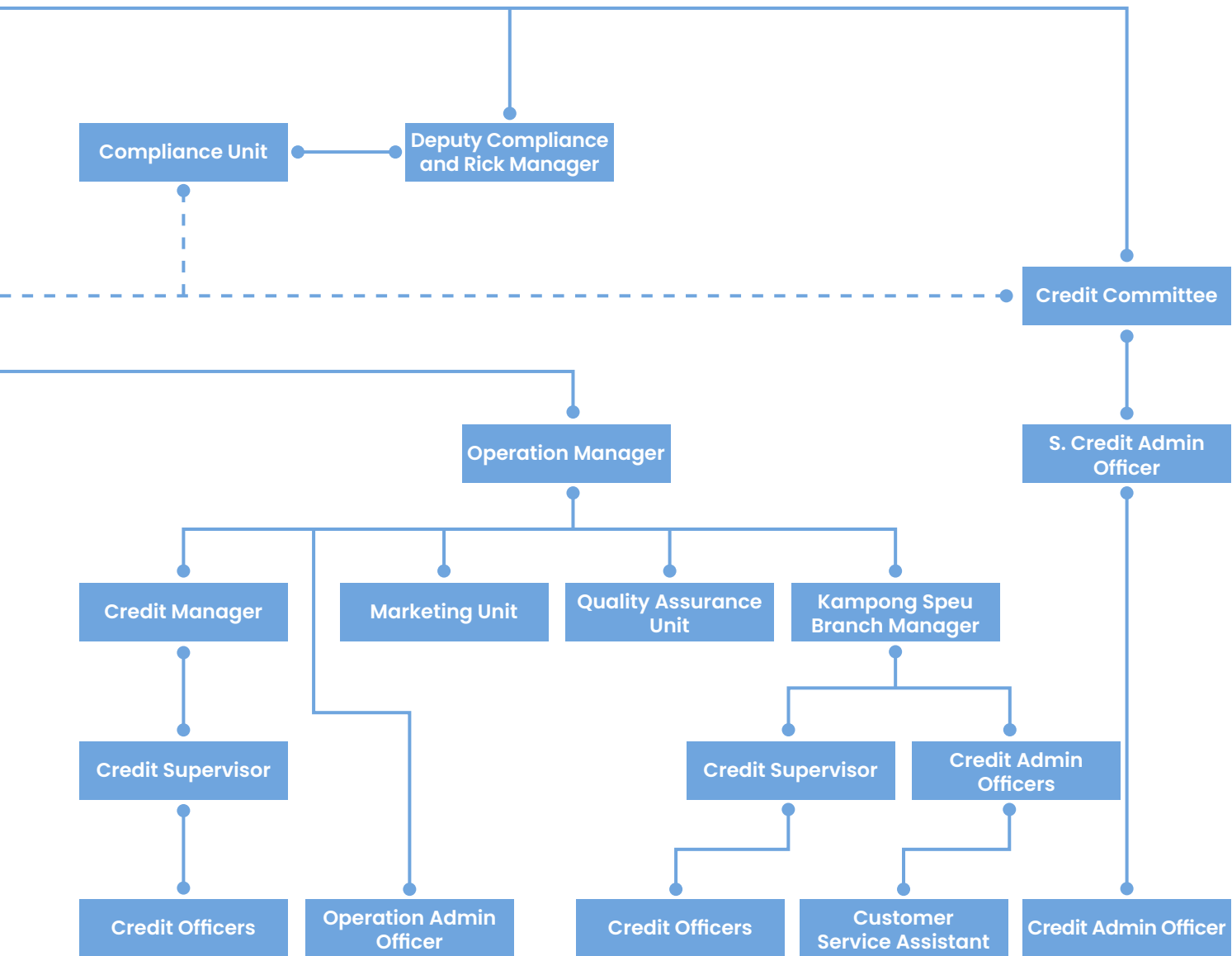
As of 31st December 2023

Loan Types	Outstanding USD'000	Number of Cients	Gender	
			Female	Male
KHR	334	64	30	34
USD	2,690	483	273	210
Total	3,024	547	303	244

4. Corporate Governance

LBP Organizational Structure





SHAREHOLDERS AND BOARD OF DIRECTOR



Neak Oknha LAY BUN PA
Chairman and Shareholder



Lok Chumteav Oknha LAY CHHUN NY
Board member and shareholder



Lok Oknha LAY BUNNAVATH
Board member and
Managing Director



Oknha LAY MONIKA
Board member



Oknha LAY DINA
Board member



Mr. BOU ROS
Independence board member



Mr. MUONG SAMBATH
Board member and
Chief Executive Officer

MANAGEMENT TEAM



Lok Oknha LAY BUNNAVATH
Managing Director

Mr. Bunnavath represents the Chairman of the board in LBP Microfinance. He has a master degree in finance from England and has many years of experiences in general managing.



Mr. MOUNG SAMBATH
Chief Executive Officer

Mr. Sambath finish banking specialist at National bank of Cambodia School and has almost 40 years experiences in banking and finance sectors, working with NBC, private hanks and microfinance institutions. He is also involved in establishing LBP Microfinance in 2015 as well.



Mrs. SIN SINY
Finance and Administration Manager

Mrs. Siny finished bachelor degree in accounting. She has over 12 years of experiences in accounting and finance field. She joined LBP Microfinance in 2022.



Mr. KHEA SOKEA
Operation Manager

Mr. Sokea has over 15 years experience in banking and joined with LBP Microfinance in 2022. He finished Master Degree in Business Administration.



Mr. DIM SAVET
Internal Audit Manager

Mr. Savet has over 6 years of experiences in internal audit sector and joined LBP Microfinance in 2019. He finished bachelor in finance and banking and Master's Degree in business management.



Mrs. PHON MALEAT
Accountant Manager

Mrs. Maleat finished master degree of Finance . She has over 10 years of experience in Internal Audit & Accounting field .She join with LBP microfinance in January 2023.



Mr. YIN SANTEPHEAP
Credit Manager

Mr. Santepheap has over 10 years of experiences in credit sector and joined LBP Microfinance in 2016. He finished bachelor in Economic Development and master Administration.



Mr. SORNG SELA
Deputy Compliance and Risk Manager

Mr. Sela, Finished Bachelor Degree in LAW and Master's Degree in LAW specializing in Public Administration. He has many year of experiences in Legal and Compliance, Sector Financial and joined LBP Microfinance in 2020.

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF L B P MICROFINANCE PLC.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of L B P Microfinance Plc. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the 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 ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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). The Directors' Report was obtained prior to the date of this auditors' report, and other sections included in the annual report are expected

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF L B P MICROFINANCE PLC. (Continued)

Information Other than the Financial Statements and Auditors' Report Thereon (Continued)

to be made available to us after that date.

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

In connection with our audit of the financial statements 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.

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 directors, and respond to that matter in accordance with the requirements of CISA 720 (revised).

Directors' Responsibilities 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 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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF L B P MICROFINANCE PLC. (Continued)

Directors' Responsibilities for the Financial Statements (Continued)

intends to liquidate the Company or to cease operations, or has 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.
- 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 directors.
- conclude on the appropriateness of the directors' use of the going

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF L B P MICROFINANCE PLC. (Continued)

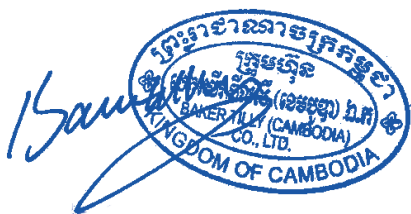
Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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.



Baker Tilly (Cambodia) Co., Ltd.
Certified Public Accountants
Phnom Penh, Kingdom of Cambodia

A handwritten signature in blue ink, appearing to be 'Oknha Tan Khee Meng'.

Oknha Tan Khee Meng
Certified Public Accountant

Date: 23 April 2024

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023		2022		2021	
		USD	KHR'000	USD (As restated - Note 21)	KHR'000 (As restated - Note 21)	USD (As restated - Note 21)	KHR'000 (As restated - Note 21)
ASSETS							
Cash on hand	5	41,470	169,405	18,869	77,684	68,922	280,788
Balance with the National Bank of Cambodia ("NBC")	6	125,642	513,248	127,515	524,979	127,485	519,374
Balance with other banks	7	57,213	233,715	94,827	390,403	142,308	579,763
Loans to customers - net	8	2,776,770	11,343,105	2,742,590	11,291,243	3,249,344	13,237,828
Tax receivables		35,397	144,597	29,693	122,246	21,480	87,509
Deferred tax assets - net		-	-	2,527	10,404	-	-
Property and equipment		30,076	122,860	41,633	171,403	37,726	153,696
Other assets	9	153,716	627,930	169,882	699,404	183,736	748,540
TOTAL ASSETS		3,220,284	13,154,860	3,227,536	13,287,766	3,831,001	15,607,498
LIABILITIES AND EQUITY							
LIABILITIES							
Borrowings	10	877,092	3,582,921	847,092	3,487,478	1,550,158	6,315,344
Deferred tax liabilities - net		15,816	64,608	-	-	15,493	63,118
Other liabilities		29,420	120,181	30,869	127,088	33,108	134,882
TOTAL LIABILITIES		922,328	3,767,710	877,961	3,614,566	1,598,759	6,513,344
EQUITY							
Share capital	11	2,500,000	10,000,000	2,500,000	10,000,000	2,500,000	10,000,000
Regulatory reserves	12	129,342	528,780	49,581	200,962	128,974	525,441
Accumulated losses		(331,386)	(1,352,239)	(200,006)	(812,267)	(396,732)	(1,616,286)
Exchange differences		-	210,609	-	284,505	-	184,999
TOTAL EQUITY		2,297,956	9,387,150	2,349,575	9,673,200	2,232,242	9,094,154
TOTAL LIABILITIES AND EQUITY		3,220,284	13,154,860	3,227,536	13,287,766	3,831,001	15,607,498

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		USD	KHR'000	USD	KHR'000
				(As restated - Note 21)	
Interest income	13	438,399	1,801,820	436,638	1,784,540
Interest expense	14	(69,895)	(287,268)	(94,469)	(386,095)
Net interest income		368,504	1,514,552	342,169	1,398,445
Fee and commission income		11,883	48,839	68,980	281,921
Other income	15	60,812	249,937	(74,117)	(302,916)
Total operation income		441,199	1,813,328	337,032	1,377,450
Depreciation		(13,936)	(57,277)	(14,877)	(60,802)
General and administrative expenses	16	(587,467)	(2,414,489)	(586,074)	(2,395,285)
Reversal of impairment loss on financial assets – net	8	126,928	521,674	363,232	1,484,529
(Loss)/Profit before tax		(33,276)	(136,764)	99,313	405,892
Income tax (expense)/benefit	17	(18,343)	(75,390)	18,020	73,648
(Loss)/Profit for the year		(51,619)	(212,154)	117,333	479,540
Other comprehensive (loss)/income:					
Exchange differences		-	(73,896)	-	99,506
Total comprehensive (loss)/income for the year		(51,619)	(286,050)	117,333	579,046

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital		Regulatory reserves	
		USD	KHR'000	USD	KHR'000
At 1 January 2022, as previously reported		2,500,000	10,000,000	128,974	525,441
Effect of restatement (Note 21)		-	-	-	-
At 1 January 2022, after restatement		2,500,000	10,000,000	128,974	525,441
Total comprehensive income for the year, as previously reported					
Profit for the year		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Effect of restatement (Note 21)		-	-	-	-
Total comprehensive income, after restatement		-	-	-	-
Transfers	12	-	-	(79,393)	(324,479)
At 31 December 2022, after restatement/1 January 2023		2,500,000	10,000,000	49,581	200,962
Total comprehensive income for the year					
Loss for the year		-	-	-	-
Other comprehensive loss for the year		-	-	-	-
Total comprehensive loss		-	-	-	-
Transfers	12	-	-	79,761	327,818
At 31 December 2023		2,500,000	10,000,000	129,342	528,780

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

Accumulated losses		Exchange differences		Total equity	
USD	KHR'000	KHR'000		USD	KHR'000
(269,388)	(1,097,487)	184,999		2,359,586	9,612,953
(127,344)	(518,799)	-		(127,344)	(518,799)
(396,732)	(1,616,286)	184,999		2,232,242	9,094,154
119,080	486,680	-		119,080	486,680
-	-	105,035		-	105,035
(1,747)	(7,140)	(5,529)		(1,747)	(12,669)
117,333	479,540	99,506		117,333	579,046
79,393	324,479	-		-	-
(200,006)	(812,267)	284,505		2,349,575	9,673,200
(51,619)	(212,154)	-		(51,619)	(212,154)
-	-	(73,896)		-	(73,896)
(51,619)	(212,154)	(73,896)		(51,619)	(286,050)
(79,761)	(327,818)	-		-	-
(331,386)	(1,352,239)	210,609		2,297,956	9,387,150

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		USD	KHR'000	USD	KHR'000
Cash flows from operating activities					
(Loss)/Profit before tax		(33,276)	(136,764)	99,313	405,892
Adjustments for:					
Interest income	13	(438,399)	(1,801,820)	(436,638)	(1,784,540)
Reversal of impairment loss on financial assets - net	8	(126,928)	(521,674)	(363,232)	(1,484,529)
Gain on recovery of financial assets		(78,849)	(324,069)	(49,580)	(202,633)
Interest expense	14	69,895	287,268	94,469	386,095
Loss on write-off of financial assets		42,128	173,146	154,483	631,372
Depreciation of property and equipment		13,936	57,277	14,877	60,802
Net unrealised foreign exchange (gain)/loss	15	(2,554)	(10,497)	1,642	6,711
Operating loss before changes in working capital		(554,047)	(2,277,133)	(484,666)	(1,980,830)
Loans to customers		141,708	582,420	801,324	3,275,014
Other assets		17,951	73,779	13,854	56,621
Other liabilities		(5,816)	(23,904)	(3,881)	(15,862)
Cash (used in)/generated from operations		(400,204)	(1,644,838)	326,631	1,334,943
Income tax paid		(5,704)	(23,443)	(8,213)	(33,567)
Interest received		347,311	1,427,448	350,817	1,433,789
Proceed from recovery of financial assets		78,849	324,071	49,580	202,633
Interest paid		(64,759)	(266,159)	(94,469)	(386,095)
Net cash flows (used in)/generated from operating activities		(44,507)	(182,921)	624,346	2,551,703
Cash flows from investing activity					
Purchase of property and equipment, representing net cash flows used in investing activity		(2,379)	(9,778)	(18,784)	(76,771)

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (Continued)

	Notes	2023		2022	
		USD	KHR'000	USD	KHR'000
Cash flows from financing activities					
Proceeds from borrowings		30,000	123,300	50,000	203,400
Repayments of borrowings		-	-	(753,066)	(3,063,472)
Net cash flows generated from/ (used in) financing activities		30,000	123,300	(753,066)	(2,860,072)
Net decrease in cash and cash equivalents		(16,886)	(69,399)	(97,504)	(385,140)
Cash and cash equivalents at the beginning of the year		116,211	478,441	213,715	870,675
Exchange differences		-	(3,299)	-	(7,094)
Cash and cash equivalents at the end of the year	5	99,325	405,743	116,211	478,441

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

THANK YOU