# LOLC (CAMBODIA) PLC.

## Financial Statements
## for the year ended 31 December 2024
## and
## Report of the Independent Auditors

# Corporate information

| | |
|---|---|
| Company | LOLC (Cambodia) Plc. |
| Registration No. | 00012829 |
| Registered office | Building No. 666B, Street 271<br>Sangkat Boeung Tumpun 2<br>Khan Mean Chey, Phnom Penh<br>Kingdom of Cambodia |
| Shareholders | LOLC Asia Private Limited<br>TPC-ESOP Co., Ltd. |
| Board of Directors | Mr. Brindley Chrishantha Gajanayake de Zylva, Chairman<br>Mr. Indrajith Wijesiriwardana, Member<br>Mr. Chitral Nalin Wijesinha, Member<br>Mr. Dulip Rasika Samaraweera, Member<br>Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias, Member |
| Executive committee | Mr. Sok Voeun, Chief Executive Officer<br>Mr. Sok Sophal, Deputy Chief Executive Officer/Chief Finance Officer<br>Mr. Damburae Liyanage Duleep Roshan, Chief Information Officer<br>Mrs. Svoeuy Sodyna, Chief Risk Officer<br>Mr. Perera Hewa Ambepitiyage Chanaka Romesh, Chief Channel Officer<br>Mrs. Chheang Kagna, Chief Digital Financial Services and Deposit Officer<br>Mrs. Leng Thavy, Head of Human Resources Department<br>Mrs. Keo Taraty, Head of Finance Department<br>Ms. Try Sola, Head of Treasury Department<br>Mr. Bun Bella, Head of Information Technology Department<br>Mr. Phai Phalla, Head of Marketing (resigned 31 March 2024)<br>Mr. Soy Dollar, Deputy Head of Marketing (appointed 1 April 2024)<br>Mr. Teng Pheap, Head of Internal Audit Department<br>Mrs. Srun Houng, Head of Legal and Compliance Department (resigned on 15 January 2025)<br>Ms. Hoeng Lyhuong, Acting Head of Legal and Compliance Department (appointed on 16 January 2025)<br>Mr. Nuth Theng, Head of Business Department (resigned on 30 April 2024)<br>Mr. Chann Savoeung, Head of Business Department (appointed on 1 July 2024)<br>Mr. Muth Pisey, Head of Credit Department<br>Mr. Thong Rithy, Head of iPay Sale and Digital Business Department (resigned on 2 September 2024)<br>Mrs. Inn Sreyrath, Head of Digital Banking Department (appointed on 14 January 2025)<br>Mr. Va Sok Oun, Head of Administration and Procurement Department (resigned on 19 February 2025)<br>Mr. Tun Korng, Deputy Head of Credit Department |
| Auditors | KPMG Cambodia Ltd |

# LOLC (Cambodia) Plc.

## Contents

# Report of the Directors

The Board of Directors ("the Directors") hereby submits their report together with the audited financial statements of LOLC (Cambodia) Plc. ("the Company") for the year ended 31 December 2024.

## Principal activities

The principal activity of the Company is to provide micro-finance services ("deposit-taking and lending") to the rural population, micro-enterprises and small and medium enterprises through its head office in Phnom Penh and its various branches in the Kingdom of Cambodia. Its corporate objective is to provide reliable and affordable access to financial services to micro-entrepreneurs and small and medium enterprises.

## Financial results

The financial results of the Company for the year ended 31 December 2024 were as follows:

| | 2024<br>KHR'000 | 2023<br>KHR'000 | 2024<br>US$<br>(Note 2.4(iii)) | 2023<br>US$<br>(Note 2.4(iii)) |
|---|---|---|---|---|
| Profit before income tax | 205,537,202 | 339,091,115 | 50,488,137 | 82,503,922 |
| Income tax expense | (42,693,330) | (69,005,113) | (10,487,185) | (16,789,565) |
| Profit for the year | 162,843,872 | 270,086,002 | 40,000,952 | 65,714,357 |

## Dividends

On 14 February 2024, the Board of Directors approved for a dividend to be paid to its shareholders amounting to KHR53,895,930 thousand (2023: KHR10,096,982 thousand). The dividend distribution was approved by the National Bank of Cambodia on 18 April 2024 and was paid to the shareholders on 16 May 2024.

## Share capital

The total number of authorised share capital of the Company as at 31 December 2024 was 4,243,774 shares (2023: 4,243,774 shares) with a par value of KHR100 thousand per share (2023: KHR100 thousand). Refer to Note 23 for details.

## Reserves and provisions

There were no other movements to or from reserves and provisions during the financial year other than those disclosed in the financial statements.



Head Office
# 666B | st 271 | Phum Kbal Tumnub Muoy| Sangkat Boeng Tumpun 2 | Khan Mean Chey | Phnom Penh | Cambodia
P (+855) 23 991 991 | info@lolc.com.kh | www.lolc.com.kh

## Expected credit losses on loans and advances

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 advances and making of allowance for impairment losses, and satisfied themselves that all known bad loans and advances had been written off and that adequate loss allowance has been made for bad and doubtful loans and advances.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the allowance for impairment losses in the financial statements of the Company, inadequate to any material extent.

## Assets

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

At the date of this report and to the best of their knowledge, the Directors are not aware of any circumstances, which would render the values attributed to the assets in the financial statements of the Company misleading in any material respect.

## 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 method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

## Contingent and other liabilities

At the date of this report, there is:

(a) no 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

(b) no contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within a period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become 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 in any material respect.

## Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, materially affected by any items, transactions or events of a material and unusual nature. There has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Company for the year in which this report is made.

## Subsequent events

On 18 November 2024, the Company submitted a request letter to the NBC for investment in equity of Serendib Micro Insurance Plc. amounting to US$1,000,000 equivalent to 25% of Serendib Micro Insurance Plc.'s total share capital. Subsequently, the request was approved by the NBC on 6 January 2025.

## The Board of Directors

The Board of Directors of the Company during the financial year and up to the date of this report are:

| | |
|---|---|
| Mr. Brindley Chrishantha Gajanayake de Zylva | Chairman |
| Mr. Indrajith Wijesiriwardana | Member |
| Mr Chitral Nalin Wijesinha | Member |
| Mr. Dulip Rasika Samaraweera | Member |
| Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias | Member |

## Directors' interests

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

## Directors' benefits

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

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

# LOLC (Cambodia) Plc.

## Directors' responsibilities in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRS").

In preparing these financial statements, the Directors are required to:

i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;

ii) comply with the disclosure requirements of CIFRS or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;

iii) maintain adequate accounting records and an effective system of internal controls;

iv) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and

v) effectively control and direct the Company in all material decisions affecting its operations and performance and ascertain that such have been properly reflected in the financial statements.

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

## Approval of the financial statements

I, on behalf of the Board of Directors, hereby approve the accompanying financial statements, together with the notes thereto, which in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows of the Company for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRS").

*Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors,*

LOLC (CAMBODIA) Plc.
KINGDOM OF CAMBODIA

Mr. Brindley Chrishantha Gajanayake de Zylva
*Chairman*

Phnom Penh, Kingdom of Cambodia

Date: 28 March 2025

KPMG Cambodia Ltd
GIA Tower, Sopheak Mongkul Street, Phum 14
Sangkat Tonle Bassac, Khan Chamkar Mon
Phnom Penh, Cambodia
+855 (17) 666 537 / +855 (81) 533 999 | kpmg.com.kh

# Report of the Independent Auditors
## To the shareholders of LOLC (Cambodia) Plc.

### *Opinion*

We have audited the financial statements of LOLC (Cambodia) Plc. ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 8 to 110 (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the Cambodia International Financial Reporting Standards ("CIFRSs").

### *Basis for Opinion*

We conducted our audit in accordance with the Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in *the Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our 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.

### *Other Information*

Management is responsible for the other information. The other information comprises the Report of the Directors on pages 1 to 4, and the annual report, which is expected to be made available to us after the date of auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

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

Those charged with governance 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 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 the 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 the CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

For **KPMG Cambodia Ltd**

KPMG CAMBODIA LTD.

Guek Teav
*Partner*

Phnom Penh, Kingdom of Cambodia

28 March 2025

# LOLC (Cambodia) Plc.

## Statement of financial position
## As at 31 December 2024

| | Notes | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash on hand | 4 | 108,021,390 | 124,372,008 | 26,837,612 | 30,446,024 |
| Deposits and placements with the National Bank of Cambodia | 5 | 221,714,379 | 134,192,224 | 55,084,318 | 32,849,994 |
| Deposits and placements with banks | 6 | 556,774,147 | 672,287,486 | 138,328,981 | 164,574,660 |
| Investment securities at amortised cost | 7 | 3,339,960 | - | 829,804 | - |
| Financial assets at fair value through other comprehensive income | 8 | 60,375 | 61,275 | 15,000 | 15,000 |
| Loans and advances at amortised cost | 9 | 5,135,970,992 | 5,003,139,376 | 1,276,017,638 | 1,224,758,721 |
| Statutory deposits with the National Bank of Cambodia | 10 | 339,868,390 | 371,611,761 | 84,439,352 | 90,969,831 |
| Property and equipment | 11 | 9,624,545 | 12,145,516 | 2,391,192 | 2,973,198 |
| Right-of-use assets | 12 | 30,640,659 | 28,661,010 | 7,612,586 | 7,016,159 |
| Intangible assets | 13 | 11,814,205 | 7,818,094 | 2,935,206 | 1,913,854 |
| Deferred tax assets - net | 14 | 23,543,707 | 29,627,908 | 5,849,368 | 7,252,854 |
| Other assets | 15 | 20,787,876 | 20,679,113 | 5,164,690 | 5,062,207 |
| **TOTAL ASSETS** | | 6,462,160,625 | 6,404,595,771 | 1,605,505,747 | 1,567,832,502 |
| **LIABILITIES AND EQUITY** | | | | | |
| **LIABILITIES** | | | | | |
| Deposits from banks and other financial institutions | 16 | 336,956,689 | 193,575,862 | 83,715,948 | 47,386,992 |
| Deposits from customers | 17 | 3,693,593,747 | 3,498,928,575 | 917,663,043 | 856,530,863 |
| Borrowings | 18 | 592,478,916 | 884,096,100 | 147,199,731 | 216,424,994 |
| Lease liabilities | 12 | 28,859,765 | 27,481,666 | 7,170,128 | 6,727,458 |
| Current income tax liabilities | 19 | 28,116,358 | 50,339,592 | 6,985,431 | 12,323,034 |
| Employee benefits | 20 | 1,826,652 | 2,099,290 | 453,827 | 513,902 |
| Other liabilities | 21 | 37,343,832 | 39,263,064 | 9,277,970 | 9,611,521 |
| Subordinated debts | 22 | 178,978,277 | 253,753,175 | 44,466,653 | 62,118,280 |
| **TOTAL LIABILITIES** | | 4,898,154,236 | 4,949,537,324 | 1,216,932,731 | 1,211,637,044 |
| **EQUITY** | | | | | |
| Share capital | 23A | 424,377,400 | 424,377,400 | 103,969,218 | 103,969,218 |
| Retained earnings | | 578,409,737 | 623,203,250 | 141,614,157 | 153,048,830 |
| General reserves | | 380,415,116 | 380,415,116 | 93,768,951 | 93,768,951 |
| Regulatory reserves | 24 | 49,192,708 | 21,938,040 | 12,139,107 | 5,367,761 |
| Other reserves | 25 | 131,611,428 | 5,124,641 | 32,679,791 | 1,254,502 |
| Currency translation reserves | | - | - | 4,401,792 | (1,213,804) |
| **TOTAL EQUITY** | | 1,564,006,389 | 1,455,058,447 | 388,573,016 | 356,195,458 |
| **TOTAL LIABILITIES AND EQUITY** | | 6,462,160,625 | 6,404,595,771 | 1,605,505,747 | 1,567,832,502 |

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

# LOLC (Cambodia) Plc.

## Statement of profit or loss and other comprehensive income
## For the year ended 31 December 2024

| | Notes | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|---|
| Interest income | 26 | 889,181,399 | 891,105,944 | 218,418,423 | 216,814,098 |
| Interest expense | 26 | (347,156,997) | (354,216,437) | (85,275,607) | (86,184,048) |
| **Net interest income** | | 542,024,402 | 536,889,507 | 133,142,816 | 130,630,050 |
| Fee and commission income | 27 | 16,802,961 | 22,222,917 | 4,127,478 | 5,407,036 |
| Fee and commission expense | 27 | (641,516) | (832,034) | (157,582) | (202,441) |
| **Net fee and commission income** | | 16,161,445 | 21,390,883 | 3,969,896 | 5,204,595 |
| Other operating income | | 8,816,472 | 5,671,028 | 2,165,677 | 1,379,812 |
| Other (losses)/ gains– net | | (1,712,699) | 2,892,912 | (420,707) | 703,872 |
| Credit impairment (losses)/ reversal | 28 | (110,687,157) | 19,600,358 | (27,189,181) | 4,768,944 |
| Net losses on derecognition of financial assets measured at amortised cost | | (25,999,966) | (29,849,686) | (6,386,629) | (7,262,697) |
| **Net other operating loss** | | (129,583,350) | (1,685,388) | (31,830,840) | (410,069) |
| Personnel expenses | 29 | (149,481,354) | (148,471,679) | (36,718,584) | (36,124,496) |
| Depreciation and amortisation charges | 30 | (14,723,746) | (14,201,166) | (3,616,739) | (3,455,272) |
| Other operating expenses | 31 | (58,860,195) | (54,831,042) | (14,458,412) | (13,340,886) |
| **Profit before income tax** | | 205,537,202 | 339,091,115 | 50,488,137 | 82,503,922 |
| Income tax expense | 32 | (42,693,330) | (69,005,113) | (10,487,185) | (16,789,565) |
| **Profit for the year** | | 162,843,872 | 270,086,002 | 40,000,952 | 65,714,357 |
| Other comprehensive income: | | | | | |
| *Items that will not be reclassified to profit or loss* | | | | | |
| Currency translation differences | | - | - | 5,615,596 | 2,676,061 |
| Other comprehensive income for the year, net of tax | | - | - | 5,615,596 | 2,676,061 |
| **Total comprehensive income for the year** | | 162,843,872 | 270,086,002 | 45,616,548 | 68,390,418 |
| **Profit attributable to:** | | | | | |
| Owners of the Company | | 162,843,872 | 270,086,002 | 40,000,952 | 65,714,357 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the Company | | 162,843,872 | 270,086,002 | 45,616,548 | 68,390,418 |

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

# LOLC (Cambodia) Plc.

## Statement of changes in equity
## For the year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital KHR'000 | Retained earnings KHR'000 | General reserves KHR'000 | Regulatory reserves KHR'000 | Other reserves KHR'000 | Currency translation reserves KHR'000 | Total KHR'000 | Share capital US$ (Note 2.4(iii)) | Retained earnings US$ (Note 2.4(iii)) | General reserves US$ (Note 2.4(iii)) | Regulatory reserves US$ (Note 2.4(iii)) | Other reserves US$ (Note 2.4(iii)) | Currency translation reserves US$ (Note 2.4(iii)) | Total US$ (Note 2.4(iii)) |
| **Balance at 1 January 2023** | 224,377,400 | 590,276,911 | 380,415,116 | - | - | - | 1,195,069,427 | 55,460,850 | 144,936,825 | 93,768,951 | - | - | (3,889,865) | 290,276,761 |
| Profit for the year | - | 270,086,002 | - | - | - | - | 270,086,002 | - | 65,714,357 | - | - | - | - | 65,714,357 |
| Other comprehensive income – currency translation differences | - | - | - | - | - | - | - | - | - | - | - | - | 2,676,061 | 2,676,061 |
| **Total comprehensive income for the year** | - | 270,086,002 | - | - | - | - | 270,086,002 | - | 65,714,357 | - | - | - | 2,676,061 | 68,390,418 |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | | | | | | |
| Transfer from retained earnings to share capital (Note 23A) | 200,000,000 | (200,000,000) | - | - | - | - | - | 48,508,368 | (48,508,368) | - | - | - | - | - |
| Dividends (Note 23B) | - | (10,096,982) | - | - | - | - | (10,096,982) | - | (2,471,721) | - | - | - | - | (2,471,721) |
| Transfer from retained earnings to regulatory reserves (Note 24) | - | (21,938,040) | - | 21,938,040 | - | - | - | - | (5,367,761) | - | 5,367,761 | - | - | - |
| Transfer from retained earnings to other reserves (Note 25) | - | (5,124,641) | - | - | 5,124,641 | - | - | - | (1,254,502) | - | - | 1,254,502 | - | - |
| **Total transactions with owners** | 200,000,000 | (237,159,663) | - | 21,938,040 | 5,124,641 | - | (10,096,982) | 48,508,368 | (57,602,352) | - | 5,367,761 | 1,254,502 | - | (2,471,721) |
| **Balance at 31 December 2023** | 424,377,400 | 623,203,250 | 380,415,116 | 21,938,040 | 5,124,641 | - | 1,455,058,447 | 103,969,218 | 153,048,830 | 93,768,951 | 5,367,761 | 1,254,502 | (1,213,804) | 356,195,458 |
| **Balance at 1 January 2024** | 424,377,400 | 623,203,250 | 380,415,116 | 21,938,040 | 5,124,641 | - | 1,455,058,447 | 103,969,218 | 153,048,830 | 93,768,951 | 5,367,761 | 1,254,502 | (1,213,804) | 356,195,458 |
| Profit for the year | - | 162,843,872 | - | - | - | - | 162,843,872 | - | 40,000,952 | - | - | - | - | 40,000,952 |
| Other comprehensive income – currency translation differences | - | - | - | - | - | - | - | - | - | - | - | - | 5,615,596 | 5,615,596 |
| **Total comprehensive income for the year** | - | 162,843,872 | - | - | - | - | 162,843,872 | - | 40,000,952 | - | - | - | 5,615,596 | 45,616,548 |
| **Transactions with owners in their capacity as owners:** | | | | | | | | | | | | | | |
| Dividends (Note 23B) | - | (53,895,930) | - | - | - | - | (53,895,930) | - | (13,238,990) | - | - | - | - | (13,238,990) |
| Transfer from retained earnings to regulatory reserves (Note 24) | - | (27,254,668) | - | 27,254,668 | - | - | - | - | (6,771,346) | - | 6,771,346 | - | - | - |
| Transfer from retained earnings to other reserves (Note 25) | - | (126,486,787) | - | - | 126,486,787 | - | - | - | (31,425,289) | - | - | 31,425,289 | - | - |
| **Total transactions with owners** | - | (207,637,385) | - | 27,254,668 | 126,486,787 | - | (53,895,930) | - | (51,435,625) | - | 6,771,346 | 31,425,289 | - | (13,238,990) |
| **Balance at 31 December 2024** | 424,377,400 | 578,409,737 | 380,415,116 | 49,192,708 | 131,611,428 | - | 1,564,006,389 | 103,969,218 | 141,614,157 | 93,768,951 | 12,139,107 | 32,679,791 | 4,401,792 | 388,573,016 |

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

# LOLC (CAMBODIA) PLC.

## Statement of cash flows
## For the year ended 31 December 2024

| | Notes | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash (used in)/generated from operations | 34(a) | (51,544,368) | 256,281,782 | (12,661,354) | 62,355,666 |
| Interest received | | 857,923,480 | 890,607,708 | 210,740,231 | 216,692,873 |
| Interest paid | | (358,883,118) | (340,407,104) | (88,156,010) | (82,824,113) |
| Income tax paid | 19 | (58,832,363) | (74,027,325) | (14,451,575) | (18,011,515) |
| Employee benefits paid | | (7,543,083) | (7,355,020) | (1,852,882) | (1,789,542) |
| **Net cash generated from operating activities** | | 381,120,548 | 725,100,041 | 93,618,410 | 176,423,369 |
| **Cash flows from investing activities** | | | | | |
| Deposits and placements with the National Bank of Cambodia | | (41,980,661) | (269,560) | (10,312,125) | (65,586) |
| Purchases of investment securities at amortised cost | 7 | (3,346,213) | - | (821,963) | - |
| Purchases of property and equipment | 11 | (2,894,453) | (9,256,605) | (710,993) | (2,252,215) |
| Purchases of intangible assets | 13 | (6,295,155) | (3,024,926) | (1,546,341) | (735,992) |
| Proceeds from disposals of property and equipment | | 291,330 | 550,858 | 71,562 | 134,029 |
| **Net cash used in investing activities** | | (54,225,152) | (12,000,233) | (13,319,860) | (2,919,764) |
| **Cash flows from financing activities** | | | | | |
| Proceeds from borrowings | 34(b) | 121,160,750 | 97,365,032 | 29,761,914 | 23,689,789 |
| Repayments of borrowings | 34(b) | (401,676,040) | (479,619,214) | (98,667,659) | (116,695,673) |
| Repayments of subordinated debts | 34(b) | (71,111,400) | (54,382,800) | (17,467,797) | (13,231,825) |
| Payment of transaction costs | 34(b) | (660,750) | (290,518) | (162,307) | (70,686) |
| Payment of dividend to shareholders | 23(B) | (53,895,930) | (10,096,982) | (13,238,990) | (2,456,687) |
| Principal element of lease payments | 34(b) | (7,839,501) | (5,931,236) | (1,925,694) | (1,443,123) |
| **Net cash used in financing activities** | | (414,022,871) | (452,955,718) | (101,700,533) | (110,208,205) |
| **Net (decrease)/increase in cash and cash equivalents** | | (87,127,475) | 260,144,090 | (21,401,983) | 63,295,400 |
| Cash and cash equivalents at beginning of the year | | 932,327,813 | 672,183,723 | 228,232,023 | 163,270,275 |
| Currency translation differences | | - | - | 3,157,620 | 1,666,348 |
| **Cash and cash equivalents at end of the year** | 33 | 845,200,338 | 932,327,813 | 209,987,660 | 228,232,023 |

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

# 1. General information

LOLC (Cambodia) Plc. (formerly known as Thaneakea Phum (Cambodia) Ltd.) (the Company), a licensed micro-finance institution, incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (MoC) as a public limited liability company under the registration number Co. 1413 E/2002, dated 23 May 2002 and changed to the new registration number 00012829 dated 28 September 2015.

On 11 September 2015, the Company obtained a Micro-finance Deposit Taking Institution ("MDI") license to conduct deposit taking business from the National Bank of Cambodia ("NBC").

The Company is owned by LOLC Asia Private Limited (based in Singapore) and TPC-ESOP Co., Ltd with 96.97% and 3.03% shares respectively.

The principal activity of the Company is to provide micro-finance services (deposit-taking and lending) to the rural population, micro-enterprises and small and medium enterprises through its head office in Phnom Penh and its various branches in the Kingdom of Cambodia. Its corporate objective is to provide reliable and affordable access to financial services to micro-entrepreneurs and small and medium enterprises.

As at 31 December 2024, the Company has 83 office locations (82 branches and a Head Office in Phnom Penh). The Company's registered office is at Building No. 666B, Street 271, Sangkat Boeung Tumpun 2, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia.

The financial statements were authorised for issue by the Board of Directors on 28 March 2025.

# 2. Material accounting policies

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise indicated.

## 2.1 Changes in material accounting policies

The Company does not have any changes in material accounting policies in the current annual reporting period.

## 2.2 Basis of preparation

The financial statements are prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs") which are based on all IFRS accounting standards published by the International Accounting Standard Board including other interpretations and amendments that may occur in any circumstances to each standard.

## 2. Material accounting policies (continued)

### 2.2 Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention, except for financial asset of equity instrument that measured at fair value.

The Company discloses the amount for each asset and liability that expected to be recovered or settled no more than 12-month after the reporting period as current, and more than 12-month after the reporting period as non-current.

The preparation of financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

### 2.3 New standards and interpretation

**Accounting standards issued but not yet effective**

A number of new accounting standards and amendments to accounting standard are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted any of the new or amended accounting standards in preparing these financial statements.

### A. Classification and Measurement of Financial Instruments (Amendments to CIFRS 9 and CIFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7 (equivalent to CIFRS 9 and CIFRS 7). The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- settling financial liabilities using electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Company is in the process of assessing the impact of the new amendments.

### B. CIFRS 18 Presentation and Disclosures in Financial Statements

CIFRS 18 will replace CIAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

## 2. Material accounting policies (continued)

### 2.3 New standards and interpretation (continued)

#### B. CIFRS 18 Presentation and Disclosures in Financial Statements (continued)

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

#### C. Other accounting standards

The lack of exchangeabilities (Amendment to CIAS21) is not expected to have significant impact on the Company's financial statements.

### 2.4 Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The functional currency is the Khmer Riel ("KHR") because of the significant influence of the KHR on its operations.

The financial statements are presented in KHR which is the Company's functional currency. All amounts have been rounded to the nearest thousand Riel, except when otherwise indicated.

#### (ii) Transactions and balances

Transaction in foreign currencies are translated into the functional currency of at the exchange rates at the date of the transactions.

## 2. Material accounting policies (continued)

### 2.4 Foreign currency translation (continued)

#### (ii) Transactions and balances (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in the statement of profit or loss on a net basis within ‘other gains/(losses) – net’.

#### (iii) Presentation in United States dollars (“US$”)

The translation of Khmer Riel (“KHR”) into US$ is solely for management’s use only and is based on the official exchange rates published by the National Bank of Cambodia as at the reporting dates and average rate for the period. The translations of “KHR” into “US$” amounts meets the presentation requirements pursuant to the Law on Accounting and Auditing and has been done in accordance with the translation method of CIAS 21 –*The Effects of Changes in Foreign Exchange Rates.*

Assets and liabilities are translated into US$ at the closing rate as at the reporting date and share capital account is translated at the historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into US$ using the average rate for the period, which have been deemed to approximate the exchange rates at the end of transactions as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as “Currency Translation Reserves” in other comprehensive income.

The Company has used the official rate of exchange published by the National Bank of Cambodia. As at the reporting date, the average rates and closing rates are based on the following exchange rates:

| | | Closing rate | Average rate |
|---|---|---|---|
| 31 December 2024 | USD1= | KHR4,025 | KHR4,071 |
| 31 December 2023 | USD1= | KHR4,085 | KHR4,110 |

These convenience translations should not be construed as representations that the Khmer Riel amounts have been, could have been, or could in the future be, converted into United State Dollars at this or any other rate of exchange.

## 2. Material accounting policies (continued)

### 2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, unrestricted deposits and placements with the National Bank of Cambodia and 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 subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Deposits and placements with the National Bank of Cambodia and banks are carried at amortised cost in the statement of financial position.

### 2.6 Financial instruments

#### (a) Recognition and initial measurement

The Company initially recognises loans and advances, investment securities, deposits, borrowings and subordinated debts on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

#### (b) Classification

**Financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (b) Classification (continued)

**Financial assets (continued)**

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Business model assessment**

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

**(b) Classification (continued)**

**Financial assets (continued)**

**Business model assessment (continued)**

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

**Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (b) Classification (continued)

**Financial assets (continued)**

**Assessment of whether contractual cash flows are solely payments of principal and interest (continued)**

***Non-recourse loans***

In some cases, loans made by the Company that are secured by collateral of the borrower limit the Company's claim to cash flows of the underlying collateral (non-recourse loans). The Company applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Company typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Company's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Company will benefit from any upside from the underlying assets.

**Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

#### (c) Derecognition

**Financial assets**

The Company derecognises a financial asset when the contractual rights to receive cash flows from the financial assets expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (c) Derecognition (continued)

**Financial assets (continued)**

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit and loss.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

#### (d) Modifications of financial assets and financial liabilities

**Financial assets**

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (c)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see 37.1(c) for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (d) Modifications of financial assets and financial liabilities (continued)

**Financial assets (continued)**

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated under the effective interest rate method.

**Financial liabilities**

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.a Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

#### (e) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (e) Offsetting (continued)

Income and expenses are presented on a net basis only when permitted under CIFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

#### (f) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take intoaccount in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (f) Fair value measurement (continued)

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

#### (g) Impairment

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following for which they are measured at 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition (see Note 6(A)(iii)).

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Company does not apply the low credit risk exception to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as ‘Stage 1 financial instruments’. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as ‘Stage 2 financial instruments’. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as ‘Stage 3 financial instruments’

# 2. Material accounting policies (continued)

## 2.6 Financial instruments (continued)

### (g) Impairment (continued)

***Measurement of ECL***

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *Undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and

When discounting future cash flows, the following discount rates are used:

- *Lease receivables:* the discount rate used in measuring the lease receivable;
- *Undrawn loan commitments:* the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and

***Restructuring financial assets***

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (Note 37.1(c) (iii)).
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

***Credit-impaired financial assets***

At each reporting date, the Company assesses whether financial assets carried at amortised cost, debt financial assets carried at FVOCI and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (g) Impairment (continued)

***Credit-impaired financial assets (continued)***

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (g) Impairment (continued)

***Presentation of allowance for ECL in the statement of financial position***

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in retained earnings.

***Write-off***

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are recognised when cash is received and are included in ‘impairment losses on financial instruments’ in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

#### (h) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provision of the instruments. Financial liabilities of the Company include deposits from banks and other financial institutions, deposits from customers, borrowings, subordinated debtsand other financial liabilities.

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (h) Financial liabilities (continued)

Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from banks and other financial institutions, deposits from customers, borrowings, subordinated debts and other liabilities.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

### 2.7 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss in the financial year in which they are incurred.

Capital work-in-progress is not depreciated. Depreciation of property and equipment is charged to the profit or loss on a straight-line basis over the estimated useful lives of the individual assets at the following rates:

| | **Years** |
|---|---|
| Leasehold improvements | Shorter of contractual lease period and its economic lives |
| Office furniture and equipment | 3 – 5 |
| Computer equipment | 3 |
| Motor vehicles | 3 – 5 |

Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## 2. Material accounting policies (continued)

### 2.7 Property and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's 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 profit or loss.

### 2.8 Intangible assets

Intangible assets, which comprise acquired computer software and licences and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licences are capitalised based on the cost incurred to acquire the specific software and bring it into use. The cost is amortised from 5 to 20 years using the straight-line basis.

Work-in-progress is not depreciated. Costs associated with maintaining intangible assets are recognised as an expense when incurred.

### 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Any impairment loss is charged to profit or loss in the period in which it arises. Reversal of impairment losses is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

### 2.10 Leases

*The Company as a lessee*

As inception of contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## 2. Material accounting policies (continued)

### 2.10 Leases (continued)

*The Company as a lessee (continued)*

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different term and conditions. The lease agreements do not impose any covenants other than the security interests in the lease assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis.

***(i) Lease liabilities***

Lease liabilities include the net present value of the lease payments from fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## 2. Material accounting policies (continued)

### 2.10 Leases (continued)

***(ii) Right-of-use assets***

Right-of-use assets are measured at cost comprising the following:

- the amount the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct cost, and
- restoration cost. If any.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Subsequently the right-of-use asset is measured at cost less depreciation and any accumulated impairment losses.

***(iii) Recognition exemptions***

Payments associated with all short-term leases and low value leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases comprise motorbike rental, car rental and staff house rental. Low-value leases comprise small items of office equipment.

### 2.11 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit and loss except items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under CIAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and has recognised the related expenses in ‘other expenses’.

***(i) Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income for the period using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous period. It is measured using tax rates exacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

## 2. Material accounting policies (continued)

### 2.11 Income tax (continued)

***(ii) Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### 2.12 Provision

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been 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 measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2. Material accounting policies (continued)

### 2.13 Regulatory reserves

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with CIFRSs and regulatory provision in accordance with National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. In accordance with Article 73, the entity is shall compare the provision calculated in accordance with Articles 49 to 71 and the provision calculated in accordance with Article 72, and the record:

(i) In case that the regulatory provision calculated in accordance with Article 72 is lower than provision calculated in accordance with Articles 49 to 71, the entity records the provision calculated in accordance with CIFRSs; and

(ii) In case that the regulatory provision calculated in accordance with Article 72 is higher than provision calculated in accordance with Articles 49 to 71, the entity records the provision calculated in accordance with CIFRSs and transfer the difference from retained earnings or accumulated loss account into regulatory reserves in shareholders' equity of the statement of the financial position.

The regulatory reserve is set aside as a buffer, is non-distributable, and is not allowed to be included in the net worth calculation.

According to the NBC's Circular No. B7.024.001 Sar. Ror. Chor. dated 29 August 2024 on Credit Restructuring, bank and financial institutions are allows to restructure their loans to customers and apply specific conditions including:

(a) The institution may restructure facilities up to two times without changing their initial classification and without the need for additional provisions.

(b) A credit rating upgrade is permitted after three consecutive months of on-time principal and/or interest payments. The institution can then restore its credit rating from one level to another by adhering to the overdue day credit policy. The upgrade must comply with the conditions set forth in the Prakas.

The Prakas allows bank and financial institutions to restructure their loans to customers without incurring additional provisions effective until the end of December 2025. The Company is adopting the requirements in this Prakas in preparing these financial statements for the year ended 31 December 2024.

## 2. Material accounting policies (continued)

### 2.14 General reserves

General reserves are set up for any overall financial risk of the Company. The Board of Directors exercises its discretion for the use and maintenance of the general reserves by transferring from retained earnings.

### 2.15 Other reserves

Other reserves are set up for the variance of provision between loan and advances impairment in accordance with CIFRSs or NBC provision whichever is higher and loan and advances provision covering 100% risk coverage ratio of Non-Performing Loan or portfolio at risk "PAR 90 days" in accordance with lender covenants. The Company records:

(i) In case the loan and advances impairment in accordance with CIFRSs is higher than the portfolio of NPL, the entity records the provision calculated in accordance with CIFRSs; and

(ii) In case the loan and advances impairment in accordance with CIFRSs is lower than the portfolio of NPL, the entity records the provision calculated in accordance with CIFRSs and transfer the difference from retained earnings or accumulated loss account into other reserves in shareholders' equity of the statement of the financial position (The Company gives priority to regulatory reserve first, and transfer the remaining difference to other reserves; if any).

### 2.16 Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Company.

(ii) Pension obligations

The Company pays monthly contributions for the compulsory pension scheme to National Social Security Fund ("NSSF"), a publicly administered social security scheme for pension in Cambodia. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(iii) Long term employment benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued providing guidelines on the implementation of the law. In accordance with the law/Prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

## 2. Material accounting policies (continued)

### 2.16 Employee benefits (continued)

(iii) Long term employment benefits - seniority payments (continued)

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).

- Past years of seniority service - employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with the Company. The past seniority payment depends on each staff past services and shall not exceed six months of average gross salaries. On 22 March 2019, the Ministry of Labour and Vocational Training issued guideline number 042/19 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December starting December 2021.

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Company.

The past years of seniority service is classified as long term employee benefits. Past seniority liability is recognised at the present value of defined obligations at the reporting period. That obligation arises as employees render the services that the Company expected to pay in the future reporting periods. The present value of the past seniority payment is determined by discounting the estimate future payments by references to the high quality corporate bond of the currency that the liability is denominated.

### 2.17 Interest income and expense

Interest income and expense from financial instruments at amortised cost are recognised within 'interest income' and 'interest expense' respectively in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability.

## 2. Material accounting policies (continued)

### 2.17 Interest income and expense(continued)

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

### 2.18 Fee and commission income

Fees and commissions are recognised as income when all conditions precedent are fulfilled (performance obligations are satisfied and control is transferred over time or point in time).

Commitment fees for loans and advances that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

### 2.19 Loans and advances

The 'loans and advances at amortised cost' caption in the statement of financial position includes loans and advances measured at amortised cost (see 2.6(b)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost under the effective interest method.

### 2.20 Investment securities

The 'investment securities at amortised cost' caption in the statement of financial position includes:

- investment securities measured at amortised cost (see 2.6(b)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost under the effective interest method.

### 2.21 Deposits, borrowing and subordinated debts

Deposits, borrowing and subordinated debts are the Company's sources of debt funding.

Deposits, borrowing and subordinated debts are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost under the effective interest method, except where the Company designates liabilities at FVTPL (see 2.6(h)).

## 3. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### 3.1. Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- **Note 2.6 (b):** classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- **Note 37.1 (c):** establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

### 3.2. Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties that have material risks that could give rise to any adjustments on the carrying amounts of assets and liabilities recognised in the next financial statements is included in the following notes:

- **Note 37.5:** Determination of the fair value of financial instruments with significant unobservable inputs.
- **Note 37.1 (c):** Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- **Note 37.1 (c):** Impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- **Note 38**: Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of outflow of resource.
- **Note 2.10:** lease term: whether the Company is reasonably certain to exercise extension option.
- **Note 2.16 (iii)**: measurement of other long term seniority benefit.

# 3. Use of judgements and estimates (continued)

## 3.2. Assumption and estimation uncertainties (continued)

- **Note 2.4:** Functional and presentation currency: the management considers the KHR currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The critical factors which trigger the KHR being the functional currency include the currency that is regulated for loans to customers to certain extent by the National Bank of Cambodia, staff costs, the source of equity funding in which the Company receives share subscriptions from and the distribution of dividends to its shareholders. The financial statements are therefore presented in KHR which is the Company's functional and presentation currency.

# 4. Cash on hand

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **KHR'000** | **KHR'000** | **US$** | **US$** |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| *Current:* | | | | |
| Khmer Riel | 28,465,584 | 31,087,701 | 7,072,195 | 7,610,208 |
| US Dollars | 73,009,717 | 78,918,818 | 18,139,060 | 19,319,172 |
| Thai Baht | 6,546,089 | 14,365,489 | 1,626,357 | 3,516,644 |
| | 108,021,390 | 124,372,008 | 26,837,612 | 30,446,024 |

# 5. Deposits and placements with the National Bank of Cambodia

## (a) By account types

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **KHR'000** | **KHR'000** | **US$** | **US$** |
| | | | (Note 2.4 (iii)) | (Note2.4(iii)) |
| Settlement accounts | 67,783,263 | 33,309,182 | 16,840,562 | 8,154,023 |
| Current accounts | 151,610,099 | 96,106,522 | 37,667,105 | 23,526,688 |
| Negotiable certificate of deposits | 2,321,017 | 4,776,520 | 576,651 | 1,169,283 |
| | 221,714,379 | 134,192,224 | 55,084,318 | 32,849,994 |

The Company has pledged negotiable certificate of deposits amounting to KHR2,310,000 thousands as collateral for Real time fund transfer (RFT) (31 December 2023: KHR2,344,191 thousands).

## 5. Deposits and placements with the National Bank of Cambodia (continued)

### (b) By maturity

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Current | 221,714,379 | 134,192,224 | 55,084,318 | 32,849,994 |
| Non-current | - | - | - | - |
| | 221,714,379 | 134,192,224 | 55,084,318 | 32,849,994 |

Annual interest rates of deposits and placements with the National Bank of Cambodia are as follows:

| | 31 December | |
|---|---|---|
| | 2024 | 2023 |
| Settlement accounts | 0% | 0% |
| Current accounts | 0% | 0% |
| Negotiable certificates of deposits | 1.00% – 1.18% | 1.00% – 1.60% |

## 6. Deposits and placements with banks

### (a) By account types

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Deposits and placements with local banks: | | | | |
| Savings deposits | 157,125,366 | 203,438,836 | 39,037,358 | 49,801,429 |
| Current accounts | 170,685,773 | 272,879,251 | 42,406,403 | 66,800,306 |
| Time deposits | 234,410,611 | 202,222,014 | 58,238,662 | 49,503,553 |
| | 562,221,750 | 678,540,101 | 139,682,423 | 166,105,288 |
| Less: Allowance for expected credit loss | (5,447,603) | (6,252,615) | (1,353,442) | (1,530,628) |
| | 556,774,147 | 672,287,486 | 138,328,981 | 164,574,660 |

## 6. Deposits and placements with banks (continued)

### (b) By maturity

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Current | 562,221,750 | 678,540,101 | 139,682,423 | 166,105,288 |
| Non-current | - | - | - | - |
| | 562,221,750 | 678,540,101 | 139,682,423 | 166,105,288 |

Annual interest rates of deposits and placements with banks are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Savings deposits | 0% – 2.50% | 0% – 2.50% |
| Current accounts | 0% – 2.50% | 0% – 2.50% |
| Term deposits | 2.70% – 7.10% | 3.20% – 4.50% |

## 7. Investment securities at amortised cost

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Investment in government bonds | 3,339,960 | - | 829,804 | - |

Investment in government bonds is measured at amortised cost. These government bonds have maturity term of 3 years effective from 28 June 2024 to 28 June 2027 and earned annual interest rate at 4.5%. As at 31 December 2024, there were no allowance for expected credit loss being recognised.

The Company has pledged government bonds amounting to KHR2,810,000 thousands as collateral for overdraft (31 December 2023 (negotiable certificate of deposits): KHR2,429,072 thousands).

## 8. Financial assets at fair value through other comprehensive income

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Non-current | | | | |
| *Unlisted securities* | | | | |
| Investment in Credit Bureau Cambodia | 60,375 | 61,275 | 15,000 | 15,000 |

## 8. Financial assets at fair value through other comprehensive income (continued)

The Company designated investment in Credit Bureau Cambodia (CBC) to be measured at fair value through other comprehensive income as they are not held for trading and the Company has irrevocably elected at initial recognition to recognise as the financial assets at FVOCI. These are the strategic investments and the Company considers this classification to be more relevant.

The fair value of the investment at 31 December 2024 was KHR60,375 thousand.

Dividend received during the year was KHR118,752 thousand (2023: KHR166,253 thousand).

There is no gain/loss recognised in other comprehensive income due to the fair value approximate the carrying amount.

## 9. Loans and advances at amortised cost

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **KHR'000** | **KHR'000** | **US$** | **US$** |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| *At amortised cost* | | | | |
| Group loans | 496,363,762 | 574,400,820 | 123,320,189 | 140,612,196 |
| Individual loans | 4,787,736,239 | 4,483,991,759 | 1,189,499,687 | 1,097,672,401 |
| Staff loans | 32,264,541 | 33,588,984 | 8,016,035 | 8,222,517 |
| Total gross loans | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |
| Less: Allowance for expected credit loss | (180,393,550) | (88,842,187) | (44,818,273) | (21,748,393) |
| Loans and advances at amortised cost | 5,135,970,992 | 5,003,139,376 | 1,276,017,638 | 1,224,758,721 |

### (a) Allowance for expected credit loss

Allowance for expected credit loss by stages are as follow:

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **KHR'000** | **KHR'000** | **US$** | **US$** |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| 12-month ECL (Stage 1) | 18,919,816 | 23,447,275 | 4,700,575 | 5,739,847 |
| Lifetime ECL-not credit impaired (Stage 2) | 17,235,755 | 5,771,271 | 4,282,175 | 1,412,796 |
| Lifetime ECL-credit impaired (Stage 3) | 144,237,979 | 59,623,641 | 35,835,523 | 14,595,750 |
| | 180,393,550 | 88,842,187 | 44,818,273 | 21,748,393 |

## 9. Loans and advances at amortised cost (continued)

### (b) By industry

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Agriculture | 1,419,397,914 | 1,358,578,944 | 352,645,444 | 332,577,465 |
| Household/family | 1,417,524,512 | 1,361,399,479 | 352,180,003 | 333,267,926 |
| Trade and commerce | 998,980,153 | 979,429,343 | 248,193,827 | 239,762,385 |
| Services | 834,410,205 | 778,684,244 | 207,306,883 | 190,620,378 |
| Manufacturing | 367,318,354 | 334,987,960 | 91,259,218 | 82,004,397 |
| Construction | 201,516,695 | 206,357,866 | 50,066,260 | 50,516,001 |
| Transportation | 77,216,709 | 72,543,727 | 19,184,276 | 17,758,562 |
| Total gross loans | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |

### (c) Analysis by loan classification

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| *Performing* | | | | |
| Gross amount | 4,515,237,712 | 4,921,687,690 | 1,121,798,189 | 1,204,819,508 |
| Exposure at default | 4,515,237,712 | 4,921,687,690 | 1,121,798,189 | 1,204,819,508 |
| Allowance for expected credit loss | (18,919,816) | (23,447,275) | (4,700,575) | (5,739,847) |
| *Under-performing* | | | | |
| Gross amount | 438,448,450 | 50,381,792 | 108,931,292 | 12,333,364 |
| Exposure at default | 438,448,450 | 50,381,792 | 108,931,292 | 12,333,364 |
| Allowance for expected credit loss | (17,235,755) | (5,771,271) | (4,282,175) | (1,412,796) |
| *Non-performing* | | | | |
| Gross amount | 362,678,380 | 119,912,081 | 90,106,430 | 29,354,242 |
| Exposure at default | 362,678,380 | 119,912,081 | 90,106,430 | 29,354,242 |
| Allowance for expected credit loss | (144,237,979) | (59,623,641) | (35,835,523) | (14,595,750) |
| Total gross loans | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |
| Exposure at default | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |
| Allowance for expected credit loss | (180,393,550) | (88,842,187) | (44,818,273) | (21,748,393) |

## 9. Loans and advances at amortised cost (continued)

### (d) By maturity

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Not later than 1 year | 247,274,938 | 246,252,875 | 61,434,766 | 60,282,222 |
| Later than 1 year and no later than 3 years | 1,124,803,455 | 1,207,365,443 | 279,454,275 | 295,560,696 |
| Later than 3 years and no later than 5 years | 1,524,075,244 | 1,578,918,479 | 378,652,235 | 386,516,152 |
| Later than 5 years | 2,420,210,905 | 2,059,444,766 | 601,294,635 | 504,148,044 |
| Total gross loans | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |

### (e) By large exposure

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Large exposure | - | - | - | - |
| Non-large exposure | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |
| Total gross loans | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |

### (f) By relationship

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Related parties (including staff loans) | 32,264,541 | 33,588,984 | 8,016,035 | 8,222,518 |
| Non-related parties | 5,284,100,001 | 5,058,392,579 | 1,312,819,876 | 1,238,284,596 |
| Total gross loans | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |

## 9. Loans and advances at amortised cost (continued)

### (g) By residency

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Residents | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |
| Non-residents | - | - | - | - |
| Total gross loans | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |

### (h) By security

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Secured | 4,633,229,038 | 4,382,983,974 | 1,151,112,804 | 1,072,945,893 |
| Un-secured | 683,135,504 | 708,997,589 | 169,723,107 | 173,561,221 |
| | 5,316,364,542 | 5,091,981,563 | 1,320,835,911 | 1,246,507,114 |

### (i) By interest rate

Annual interest rate for loans and advances are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Short term loans | 6.75% – 18.00% | 6.78% – 18.00% |
| Long term loans | 3% – 18.00% | 6.78% – 18.00% |

## 10. Statutory deposits with the National Bank of Cambodia

| | Note | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|---|
| Capital guarantee deposit | (a) | 42,437,740 | 42,437,740 | 10,543,538 | 10,388,676 |
| Reserve requirement | (b) | 297,430,650 | 329,174,021 | 73,895,814 | 80,581,155 |
| | | 339,868,390 | 371,611,761 | 84,439,352 | 90,969,831 |

## 10. Statutory deposits with the National Bank of Cambodia (continued)

### (a) Capital guarantee deposit

Under Prakas No. B7-07-163 dated 13 December 2007 on Licensing of Deposit-Taking Microfinance Institutions, the Company is required to maintain a capital guarantee deposit equivalent to 10% of registered capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia. The capital guarantee deposit earns annual interest at 3% (31 December 2023: 3%).

### (b) Reserve requirement

This represents the minimum reserve requirement which is calculated at 7% of the total deposits from customers (31 December 2023: 7%) as required by the NBC's Prakas No. B7-07-163. The reserve requirement fluctuates depending on the level of deposits from customers and does not earn interest.

On 9 January 2023, the NBC announced, through Prakas No.B7-023-005, to increase of the Reserve Requirements Rate ("RRR") to 9% and 12.5% for foreign currencies deposits and borrowings, which is effective from 1 January 2023 to 31 December 2023, and from 1 January 2024 onward, respectively. While the RRR for local currency deposits and borrowings will remain at 7%. On 28 February 2023, the NBC announced through NBC letter B7-023-438 to delay in implementation of the reserve requirement against borrowings at daily average balance until 1 September 2023.

On 23 November 2023, the NBC has approved and allows the institutions to maintain reserve requirement at the rate of 7% until 31 December 2024.

In addition, on 21 August 2024, the NBC had issued another letter No.B7-024-1718 Chhor Tor allowing institutions to continue maintaining reserve requirement at the rate of 7% until 31 December 2025.

Annual interest rate are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Capital guarantee deposit | 3.00% | 3.00% |
| Reserve requirement | Nil | Nil |

## 11. Property and equipment

| 2024 | Furniture and equipment KHR'000 | Motor vehicles KHR'000 | Computer equipment KHR'000 | Leasehold improvements KHR'000 | Total KHR'000 | Total US$ (Note 2.4(iii)) |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January | 6,407,983 | 12,513,234 | 22,010,611 | 2,552,863 | 43,484,691 | 10,644,967 |
| Additions | 718,829 | 855,946 | 1,020,584 | 299,094 | 2,894,453 | 710,993 |
| Disposals | (147,277) | (955,702) | (389,466) | (2,086) | (1,494,531) | (367,116) |
| Currency translation difference | - | - | - | - | - | 162,613 |
| At 31 December | 6,979,535 | 12,413,478 | 22,641,729 | 2,849,871 | 44,884,613 | 11,151,457 |
| Less: **Accumulated depreciation** | | | | | | |
| At 1 January | 4,581,990 | 10,586,562 | 14,471,174 | 1,699,449 | 31,339,175 | 7,671,769 |
| Depreciation for the year | 1,005,878 | 785,188 | 3,381,266 | 231,399 | 5,403,731 | 1,327,372 |
| Disposals | (141,664) | (955,702) | (383,790) | (1,682) | (1,482,838) | (364,244) |
| Currency translation difference | - | - | - | - | - | 125,368 |
| At 31 December | 5,446,204 | 10,416,048 | 17,468,650 | 1,929,166 | 35,260,068 | 8,760,265 |
| **Carrying amounts** | | | | | | |
| At 1 January | 1,825,993 | 1,926,672 | 7,539,437 | 853,414 | 12,145,516 | 2,973,198 |
| At 31 December | 1,533,331 | 1,997,430 | 5,173,079 | 920,705 | 9,624,545 | 2,391,192 |

As at 31 December 2024, the cost of fully depreciated items of property and equipment still in use amounted to KHR23,232,562 thousand (31 December 2023: KHR21,647,706 thousand).

## 11. Property and equipment (continued)

| 2023 | Furniture and equipment KHR'000 | Motor vehicles KHR'000 | Computer equipment KHR'000 | Leasehold improvements KHR'000 | Total KHR'000 | Total US$ (Note 2.4(iii)) |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January | 4,705,627 | 13,905,072 | 15,942,656 | 2,366,310 | 36,919,665 | 8,967,614 |
| Additions | 1,862,668 | 685,631 | 6,517,690 | 190,616 | 9,256,605 | 2,252,215 |
| Disposals | (160,312) | (2,077,469) | (449,735) | (4,063) | (2,691,579) | (654,885) |
| Currency translation difference | - | - | - | - | - | 80,023 |
| At 31 December | 6,407,983 | 12,513,234 | 22,010,611 | 2,552,863 | 43,484,691 | 10,644,967 |
| Less: **Accumulated depreciation** | | | | | | |
| At 1 January | 3,986,758 | 11,921,287 | 12,745,490 | 1,421,006 | 30,074,541 | 7,304,965 |
| Depreciation for the year | 752,945 | 731,044 | 2,174,023 | 282,439 | 3,940,451 | 958,747 |
| Disposals | (157,713) | (2,065,769) | (448,339) | (3,996) | (2,675,817) | (651,050) |
| Currency translation difference | - | - | - | - | - | 59,107 |
| At 31 December | 4,581,990 | 10,586,562 | 14,471,174 | 1,699,449 | 31,339,175 | 7,671,769 |
| **Carrying amounts** | | | | | | |
| At 1 January | 718,869 | 1,983,785 | 3,197,166 | 945,304 | 6,845,124 | 1,662,649 |
| At 31 December | 1,825,993 | 1,926,672 | 7,539,437 | 853,414 | 12,145,516 | 2,973,198 |

## 12. Leases

This note provides information for leases where the Company is a lessee.

The Company leases various buildings for its head office's and branches' operations. Rental contracts are typically made for fixed periods of one to twelve years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

### (a) Amounts recognised in the statement of financial position

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **KHR'000** | **KHR'000** | **US$** | **US$** |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| *Right-of-use assets (Non-current)* | | | | |
| Buildings | 30,640,659 | 28,661,010 | 7,612,586 | 7,016,159 |
| *Lease liabilities* | | | | |
| Current | 6,380,120 | 5,733,058 | 1,585,123 | 1,403,441 |
| Non-current | 22,479,645 | 21,748,608 | 5,585,005 | 5,324,017 |
| | 28,859,765 | 27,481,666 | 7,170,128 | 6,727,458 |

Additions to the right-of-use assets during the year were KHR9,641,610 thousand (2023: KHR7,284,149 thousand).

### (b) Amounts recognised in the statement of profit or loss

| | **2024** | **2023** | **2024** | **2023** |
|---|---|---|---|---|
| | **KHR'000** | **KHR'000** | **US$** | **US$** |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| *Depreciation of right-of-use assets* | | | | |
| Buildings (Note 30) | 7,213,556 | 6,763,548 | 1,771,937 | 1,645,632 |
| Interest expense (Note 26) | 2,245,287 | 2,117,106 | 551,531 | 515,111 |
| Expense relating to short-term lease and leases of low-value assets (included in operating expenses) (Note 31) | 9,869,372 | 9,214,371 | 2,424,311 | 2,241,939 |
| Total expenses related to leases | 19,328,215 | 18,095,025 | 4,747,779 | 4,402,682 |

Total cash outflow for lease during the period was KHR19,954,160 thousand (2023: KHR17,262,713 thousand).

## 13. Intangible assets

| 2024 | Software and license KHR'000 | Work in progress KHR'000 | Total KHR'000 | Total US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January | 15,753,537 | 1,719,829 | 17,473,366 | 4,277,446 |
| Additions | 1,172,767 | 5,122,388 | 6,295,155 | 1,546,341 |
| Transfers | 6,522,697 | (6,522,697) | - | - |
| Write-off | - | (192,585) | (192,585) | (47,307) |
| Currency translation difference | - | - | - | 80,895 |
| At 31 December | 23,449,001 | 126,935 | 23,575,936 | 5,857,375 |
| Less: **Accumulated amortisation** | | | | |
| At 1 January | 9,655,272 | - | 9,655,272 | 2,363,592 |
| Amortisation for the year | 2,106,459 | - | 2,106,459 | 517,430 |
| Currency translation difference | - | - | - | 41,147 |
| At 31 December | 11,761,731 | - | 11,761,731 | 2,922,169 |
| **Carrying amounts** | | | | |
| At 1 January | 6,098,265 | 1,719,829 | 7,818,094 | 1,913,854 |
| At 31 December | 11,687,270 | 126,935 | 11,814,205 | 2,935,206 |
| **2023** | | | | |
| **Cost** | | | | |
| At 1 January | 14,132,015 | 316,425 | 14,448,440 | 3,509,458 |
| Additions | 1,462,985 | 1,561,941 | 3,024,926 | 735,992 |
| Transfers | 158,537 | (158,537) | - | - |
| Currency translation difference | - | - | - | 31,996 |
| At 31 December | 15,753,537 | 1,719,829 | 17,473,366 | 4,277,446 |
| Less**: Accumulated amortisation** | | | | |
| At 1 January | 6,158,105 | - | 6,158,105 | 1,495,775 |
| Amortisation for the year | 3,497,167 | - | 3,497,167 | 850,893 |
| Currency translation difference | - | - | - | 16,924 |
| At 31 December | 9,655,272 | - | 9,655,272 | 2,363,592 |
| **Carrying amounts** | | | | |
| At 1 January | 7,973,910 | 316,425 | 8,290,335 | 2,013,683 |
| At 31 December | 6,098,265 | 1,719,829 | 7,818,094 | 1,913,854 |

As at 31 December 2024, the cost of fully depreciated items of intangible assets still in use amounted to KHR742,900 thousand (31 December 2023: KHR591,099 thousand).

## 14. Deferred tax assets - net

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| *Non-current* | | | | |
| Deferred tax assets | 29,671,814 | 35,360,110 | 7,371,879 | 8,656,086 |
| Deferred tax liabilities | (6,128,107) | (5,732,202) | (1,522,511) | (1,403,232) |
| Net deferred tax assets | 23,543,707 | 29,627,908 | 5,849,368 | 7,252,854 |

The movement of net deferred tax assets during the year was as follows:

| | 2024 | 2023 | 2024 | 2023 |
|---|---|---|---|---|
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| As at 1 January | 29,627,908 | 38,944,143 | 7,252,854 | 9,459,350 |
| Charged to profit or loss (Note 32(a)) | (6,084,201) | (9,316,235) | (1,494,522) | (2,266,724) |
| Currency translation differences | - | - | 91,036 | 60,228 |
| As at 31 December | 23,543,707 | 29,627,908 | 5,849,368 | 7,252,854 |

## 14. Deferred tax assets - net (continued)

### (i) Deferred tax assets:

| | Impairment loss KHR'000 | Unamortised loan fee KHR'000 | Lease liabilities KHR'000 | Accelerated depreciation KHR'000 | Accrued expense KHR'000 | Others KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|---|
| As at 1 January 2024 | 7,113,608 | 18,194,505 | 5,496,333 | 476,442 | 1,400,148 | 2,679,074 | 35,360,110 |
| (Charged)/credited to profit or loss | (4,983,896) | (1,820,807) | 275,620 | 113,251 | 50,043 | 677,493 | (5,688,296) |
| As at 31 December 2024 | 2,129,712 | 16,373,698 | 5,771,953 | 589,693 | 1,450,191 | 3,356,567 | 29,671,814 |
| In US$ equivalent (Note2.4(iii)) | 529,121 | 4,068,000 | 1,434,026 | 146,508 | 360,296 | 833,928 | 7,371,879 |
| As at 1 January 2023 | 17,497,407 | 18,962,891 | 5,268,345 | 462,239 | 1,340,472 | 1,085,595 | 44,616,949 |
| (Charged)/credited to profit or loss | (10,383,799) | (768,386) | 227,988 | 14,203 | 59,676 | 1,593,479 | (9,256,839) |
| As at 31 December 2023 | 7,113,608 | 18,194,505 | 5,496,333 | 476,442 | 1,400,148 | 2,679,074 | 35,360,110 |
| In US$ equivalent (Note2.4(iii)) | 1,741,397 | 4,453,979 | 1,345,492 | 116,632 | 342,753 | 655,833 | 8,656,086 |

## 14. Deferred tax assets - net (continued)

### (ii) Deferred tax liabilities

| | Right-of-use assets KHR'000 |
|---|---|
| As at 1 January 2024 | 5,732,202 |
| Charged to profit or loss | 395,905 |
| As at 31 December 2024 | 6,128,107 |
| In US$ equivalent (Note 2.4(iii)) | 1,522,511 |
| As at 1 January 2023 | 5,672,806 |
| Charged to profit or loss | 59,396 |
| As at 31 December 2023 | 5,732,202 |
| In US$ equivalent (Note 2.4(iii)) | 1,403,232 |

## 15. Other assets

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Account receivables | 1,763,556 | 4,681,965 | 438,151 | 1,146,136 |
| Prepayments | 10,665,132 | 7,533,997 | 2,649,722 | 1,844,308 |
| Office and house rental deposits | 676,071 | 2,506,335 | 167,968 | 613,546 |
| Supplies | 598,164 | 453,804 | 148,612 | 111,090 |
| Others | 7,084,953 | 5,503,012 | 1,760,237 | 1,347,127 |
| | 20,787,876 | 20,679,113 | 5,164,690 | 5,062,207 |

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Current | 20,384,748 | 20,007,670 | 4,996,722 | 4,448,661 |
| Non-current | 403,128 | 671,443 | 167,968 | 613,546 |
| | 20,787,876 | 20,679,113 | 5,164,690 | 5,062,207 |

## 16. Deposits from banks and other financial institutions

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Savings deposits | 10,517,544 | 3,195,172 | 2,613,055 | 782,172 |
| Fixed deposits | 326,439,145 | 190,380,690 | 81,102,893 | 46,604,820 |
| | 336,956,689 | 193,575,862 | 83,715,948 | 47,386,992 |

### (a) By maturity

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Current | 336,956,689 | 193,575,862 | 83,715,948 | 47,386,992 |
| Non-current | - | - | - | - |
| | 336,956,689 | 193,575,862 | 83,715,948 | 47,386,992 |

### (b) By interest rate

Annual interest rate for deposits from banks and other financial institutions are as follows:

| | 31 December | |
|---|---|---|
| | 2024 | 2023 |
| Savings deposits | 0.00% - 3.00% | 1.00% - 3.00% |
| Fixed deposits | 3.75 % - 6.25% | 5.00 % - 7.90% |

## 17. Deposits from customers

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Savings deposits | 233,005,254 | 198,741,416 | 57,889,504 | 48,651,509 |
| Fixed deposits | 3,460,588,493 | 3,300,187,159 | 859,773,539 | 807,879,354 |
| | 3,693,593,747 | 3,498,928,575 | 917,663,043 | 856,530,863 |

## 17. Deposits from customers (continued)

### (a) By maturity

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Current | 3,255,384,361 | 3,168,407,625 | 808,791,146 | 775,619,982 |
| Non-current | 438,209,386 | 330,520,950 | 108,871,897 | 80,910,881 |
| | 3,693,593,747 | 3,498,928,575 | 917,663,043 | 856,530,863 |

### (b) By interest rate

Annual interest rate for deposits from customers are as follows:

| | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Savings deposits | 0.00 % - 5.00% | 0.00 % - 5.00% |
| Fixed deposits | 2.75 % - 9.13% | 2.90 % - 9.40% |

## 18. Borrowings

As at 31 December 2024, the Company is in breach of covenants of ten lenders, of which the actual performance ratio exceeded the limit as follows:

| | Limit | Actual | 31 December 2024 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Provisioning PAR(*) 90 days | <= 12% | 13.79% | 27,648,731 | 6,869,250 |
| Provisioning PAR(*) 90 days | <= 5% | 5.54% | 14,965,825 | 3,718,217 |
| Provision ratio | >= 100% | 53.36% | 68,261,769 | 16,959,446 |
| Non-performing loan | <= 5% | 7.20% | 14,255,570 | 3,541,757 |
| Restructured loan | <= 8% | 10.37% | 37,818,984 | 9,396,021 |
| PAR(*) 30 days plus economic recovery restructured loan | <= 6% | 15.24% | 20,056,174 | 4,982,900 |
| PAR(*) 30 days excluded economic recovery restructured loan | <= 6.5% | 7.95% | 12,307,098 | 3,057,664 |

## 18. Borrowings (continued)

As at 31 December 2024, the Company is in breach of covenants of ten lenders, of which the actual performance ratio exceeded the limit as follows: (continued)

| | Limit | Actual | 31 December 2024 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| PAR(*) 30 days plus net charge-offs last 12 months | <= 9% | 9.04% | 36,826,652 | 9,149,479 |
| PAR(*) 30 days excludes Covid 19 restructured loan | <= 15% | 15.24% | 38,064,718 | 9,457,073 |
| PAR(*) 30 days plus restructured loan and write-off last 12 months | <= 15% | 16.65% | 17,635,374 | 4,381,459 |
| PAR(*) 30 days plus economic recovery restructured loan and write-off last 12 months | <= 7% | 16.21% | 40,613,038 | 10,090,196 |

(*) Portfolio at risk

As of the date of these financial statements, the non-current liabilities portion of KHR143,889,030 thousand (US$35,748,827) had been reclassified to current liabilities.

Borrowings are further analysed as follows:

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Current | 495,942,606 | 426,603,927 | 123,215,555 | 104,431,806 |
| Non-current | 96,536,310 | 457,492,173 | 23,984,176 | 111,993,188 |
| | 592,478,916 | 884,096,100 | 147,199,731 | 216,424,994 |

The annual interest rates are ranging from 5.38% to 8.20% (2023: 5.25% to 8.20%).

All the borrowings are unsecured.

## 19. Current income tax liabilities

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| As at 1 January | 50,339,592 | 64,678,039 | 12,323,034 | 15,709,992 |
| Income tax expense (Note 32(a)) | 36,609,129 | 59,688,878 | 8,992,663 | 14,522,841 |
| Income tax paid | (58,832,363) | (74,027,325) | (14,451,575) | (18,011,515) |
| Currency translation differences | - | - | 121,309 | 101,716 |
| As at 31 December | 28,116,358 | 50,339,592 | 6,985,431 | 12,323,034 |

## 20. Employee benefits

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
| *Provision on seniority payment:* | | | | |
| Current | 234,946 | 261,250 | 58,372 | 63,953 |
| Non-current | 1,591,706 | 1,838,040 | 395,455 | 449,949 |
| | 1,826,652 | 2,099,290 | 453,827 | 513,902 |

## 21. Other liabilities

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
| Staff bonuses and incentives | 27,470,670 | 32,314,196 | 6,825,011 | 7,910,452 |
| Accrued expenses | 2,546,839 | 2,249,287 | 632,755 | 550,621 |
| Other tax payables | 2,702,578 | 2,502,224 | 671,448 | 612,540 |
| Payables to related companies (Note 36(c)) | 2,210,336 | 1,140,781 | 549,152 | 279,261 |
| Others | 2,413,409 | 1,056,576 | 599,604 | 258,647 |
| | 37,343,832 | 39,263,064 | 9,277,970 | 9,611,521 |

## 21. Other liabilities (continued)

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Current | 37,343,832 | 39,263,064 | 9,277,970 | 9,611,521 |
| Non-current | - | - | - | - |
| | 37,343,832 | 39,263,064 | 9,277,970 | 9,611,521 |

## 22. Subordinated debts

As at 31 December 2024, the Company is in breach of covenants of six lenders, of which the actual performance ratio exceeded the limit as follows:

| | Limit | Actual | 31 December 2024 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Uncovered capital ratio | <= 25% | 37.35% | 24,133,547 | 5,995,912 |
| PAR(*) 90 days | <= 12% | 13.79% | 8,233,034 | 2,045,474 |
| Provision ratio/ risk coverage ratio | >= 100% | 53.36% | 90,007,024 | 22,361,994 |
| PAR(*) 30 days | <= 5% | 7.95% | 34,236,841 | 8,506,048 |
| PAR(*) 30 days | <= 7% | 7.95% | 22,415,310 | 5,569,021 |
| PAR(*) 30 days plus economic recovery restructured loan | <= 9% | 15.24% | 34,236,841 | 8,506,048 |
| PAR(*) 30 days plus restructured loan | <= 15% | 15.64% | 22,415,310 | 5,569,021 |
| PAR(*) 30 days excludes Covid 19 restructured loan | <= 11% | 15.24% | 16,395,887 | 4,073,512 |
| PAR(*) 30 days plus economic recovery restructured loan and write-off last 12 months | <= 7% | 16.21% | 47,537,149 | 11,810,472 |

(*) Portfolio at risk

As of the date of these financial statements, the non-current liabilities portion of KHR103,863,120 thousand (US$25,804,502) had been reclassified to current liabilities.

## 22. Subordinated debts

Subordinated debts are further analysed as follows:

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Current | 174,948,657 | 72,213,624 | 43,465,505 | 17,677,754 |
| Non-current | 4,029,620 | 181,539,551 | 1,001,148 | 44,440,526 |
| | 178,978,277 | 253,753,175 | 44,466,653 | 62,118,280 |

During the year, the Company repaid subordinated debts to various financial institutions amounting to KHR71,111,400 thousand (2023: KHR54,382,800 thousand). The annual interest rates for all subordinated debts are ranging from 7.50% to 10.47% (2023: 7.50% to 10.47%).

## 23. Share capital

### A. Share capital

The total number of authorised shares of the Company as at 31 December 2024 was 4,243,774 shares (31 December 2023: 4,243,774 shares) with a par value of KHR100 thousand per share (2023: KHR100 thousand). All authorised shares are issued and fully paid up.

| | 31 December 2024/31 December 2023 | | |
|---|---|---|---|
| | Number of shares | % | KHR'000 |
| **Shareholders:** | | | |
| LOLC Asia Private Limited | 4,115,192 | 97% | 411,519,200 |
| TPC-ESOP Co., Ltd | 128,582 | 3% | 12,858,200 |
| | 4,243,774 | 100% | 424,377,400 |
| In US$ equivalent (Note 2.4(iii)) | | | 103,969,218 |

There was no change in shareholders and shareholding structure of the Company during the financial year.

### B. Dividends

On 14 February 2024, the Board of Directors approved for a dividend to be paid to its shareholders amounting to KHR53,895,930 thousand (2023: KHR10,096,982 thousand). The dividend distribution was approved by the National Bank of Cambodia on 18 April 2024 and was paid to the shareholders on 16 May 2024.

## 24. Regulatory reserves

Regulatory reserves represented the variance between impairment losses on financial instruments in accordance with CIFRSs and the regulatory provision in accordance with the requirement of the National Bank of Cambodia.

As at 31 December 2024, the Company transferred from retained earnings to regulatory reserves as follows:

| | Balances other banks KHR'000 | Loans and advances at amortised cost KHR'000 | Other assets KHR'000 | Total KHR'000 |
|---|---|---|---|---|
| **At 31 December 2024** | | | | |
| Allowance per NBC | 5,622,217 | 229,380,591 | 31,053 | 235,033,861 |
| Less: Allowances per CIFRS 9 | (5,447,603) | (180,393,550) | - | (185,841,153) |
| Regulatory reserve (A) | | | | 49,192,708 |
| **At 31 December 2023** | | | | |
| Allowance per NBC | 6,784,431 | 110,248,411 | - | 117,032,842 |
| Less: Allowances per CIFRS 9 | (6,252,615) | (88,842,187) | - | (95,094,802) |
| Regulatory reserve (B) | | | | 21,938,040 |
| **Transfer from retained earnings to regulatory reserves (A - B)** | | | | 27,254,668 |
| **In US$ equivalent (Note 2.4(iii))** | | | | 6,771,346 |

## 25. Other reserves

Other reserves represented the variance of allowance between loan and advances impairment loss in accordance with CIFRSs or NBC provision whichever is higher and loan and advances allowance covering 100% risk coverage ratio of Non-Performing Loan "PAR 90 days" in accordance with lender covenants.

As at 31 December 2024, the Company transferred from retained earnings to other reserves accumulatively amounting to KHR131,611,428 thousands (equivalent to US$32,679,791) (31 December 2023: KHR5,124,641 thousands (equivalent to US$1,254,502)).

## 26. Net interest income

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| *Interest income from financial assets at amortised cost* | | | | |
| Loans and advances | 872,428,575 | 881,228,658 | 214,303,262 | 214,410,866 |
| Deposits and placements with banks | 15,351,255 | 8,705,508 | 3,770,881 | 2,118,128 |
| Deposits and placements with the National Bank of Cambodia | 1,333,572 | 1,171,778 | 327,577 | 285,104 |
| Investment securities at amortised cost | 67,997 | - | 16,703 | - |
| Total interest income | 889,181,399 | 891,105,944 | 218,418,423 | 216,814,098 |
| *Interest expense on financial liabilities at amortised cost* | | | | |
| Deposits from customers and banks and other financial institutions | (273,204,776) | (246,902,950) | (67,109,992) | (60,073,710) |
| Borrowings | (49,645,014) | (76,333,731) | (12,194,796) | (18,572,684) |
| Subordinated debts | (22,061,920) | (28,862,650) | (5,419,288) | (7,022,543) |
| Lease liabilities | (2,245,287) | (2,117,106) | (551,531) | (515,111) |
| Total interest expense | (347,156,997) | (354,216,437) | (85,275,607) | (86,184,048) |
| Net interest income | 542,024,402 | 536,889,507 | 133,142,816 | 130,630,050 |

## 27. Net fee and commission income

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| *Fee and commission income:* | | | | |
| Fees and commission income on loans | 1,841,443 | 1,473,029 | 452,332 | 358,401 |
| Penalty income | 14,960,875 | 20,743,020 | 3,674,988 | 5,046,964 |
| Other fees | 643 | 6,868 | 158 | 1,671 |
| | 16,802,961 | 22,222,917 | 4,127,478 | 5,407,036 |
| Fee and commission expense | (641,516) | (832,034) | (157,582) | (202,441) |
| Net fee and commission income | 16,161,445 | 21,390,883 | 3,969,896 | 5,204,595 |

## 28. Credit impairment losses/(reversal)

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| *Expected Credit Loss:* | | | | |
| Loans and advances | 111,365,708 | (22,885,807) | 27,355,860 | (5,568,323) |
| Deposits and placements with banks | (678,551) | 3,285,449 | (166,679) | 799,379 |
| | 110,687,157 | (19,600,358) | 27,189,181 | (4,768,944) |

## 29. Personnel expenses

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Salaries and wages | 138,007,862 | 136,762,870 | 33,900,236 | 33,275,637 |
| Other benefits | 11,473,492 | 11,708,809 | 2,818,348 | 2,848,859 |
| | 149,481,354 | 148,471,679 | 36,718,584 | 36,124,496 |

## 30. Depreciation and amortisation charges

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Depreciation of property and equipment | 5,403,731 | 3,940,451 | 1,327,372 | 958,747 |
| Depreciation of right-of-use assets | 7,213,556 | 6,763,548 | 1,771,937 | 1,645,632 |
| Amortisation of intangible assets | 2,106,459 | 3,497,167 | 517,430 | 850,893 |
| | 14,723,746 | 14,201,166 | 3,616,739 | 3,455,272 |

## 31. Other operating expenses

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Professional fees | 13,585,138 | 9,106,674 | 3,337,052 | 2,215,736 |
| Rental expense related to short-term lease and lease of low-value assets | 9,869,372 | 9,214,371 | 2,424,311 | 2,241,939 |
| Travelling expenses | 6,447,231 | 6,272,390 | 1,583,697 | 1,526,129 |
| Insurance | 5,312,976 | 5,430,874 | 1,305,079 | 1,321,381 |
| Advertising | 2,122,245 | 3,262,060 | 521,308 | 793,689 |
| Communication | 3,019,336 | 2,905,441 | 741,669 | 706,920 |
| Office supplies and stationery | 2,584,267 | 2,596,317 | 634,799 | 631,707 |
| Utilities | 2,405,466 | 2,185,648 | 590,878 | 531,788 |
| Security guard | 1,491,876 | 1,476,697 | 366,464 | 359,294 |
| Board of directors' expenses (Note 36(f)) | 754,401 | 789,825 | 185,311 | 192,172 |
| Repairs and maintenance | 536,737 | 704,144 | 131,844 | 171,325 |
| Charitable contributions | 437,141 | 106,250 | 107,379 | 25,852 |
| Others | 10,294,009 | 10,780,351 | 2,528,621 | 2,622,954 |
| | 58,860,195 | 54,831,042 | 14,458,412 | 13,340,886 |

## 32. Income tax expense

### (a) Income tax expense

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Current income tax | 36,609,129 | 59,688,878 | 8,992,663 | 14,522,841 |
| Deferred income tax | 6,084,201 | 9,316,235 | 1,494,522 | 2,266,724 |
| | 42,693,330 | 69,005,113 | 10,487,185 | 16,789,565 |

## 32. Income tax expense (continued)

### (b) Reconciliation of income tax expense and accounting profit

Under the Cambodian tax regulations, the Company is subject to 20% Income Tax. The reconciliation of income tax computed at the statutory tax rate to the income tax expense as shown in the profit or loss were as follows:

| | % | 2024 KHR'000 | % | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|---|---|
| Profit before income tax | | 205,537,202 | | 339,091,115 | 50,488,137 | 82,503,922 |
| Tax at rate of 20% | 20 | 41,107,440 | 20 | 67,818,223 | 10,097,627 | 16,500,784 |
| Tax effect of reconciling items: | | | | | | |
| Expenses not deductible for tax purposes | 0.26 | 538,022 | 0.29 | 728,854 | 132,160 | 177,337 |
| Others | 0.51 | 1,047,868 | - | 458,036 | 257,398 | 111,444 |
| Income tax expense | 20.77 | 42,693,330 | 20.29 | 69,005,113 | 10,487,185 | 16,789,565 |

The calculation of income tax is subject to the review and final assessment of the tax authorities.

## 33. Cash and cash equivalents

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Cash on hand (Note 4) | 108,021,390 | 124,372,008 | 26,837,612 | 30,446,024 |
| Deposits and placements with the National Bank of Cambodia: | | | | |
| Settlement accounts (Note 5) | 67,783,263 | 33,309,182 | 16,840,562 | 8,154,023 |
| Current accounts (Note 5) | 151,610,099 | 96,106,522 | 37,667,105 | 23,526,688 |
| Deposits and placements with banks: | | | | |
| Savings accounts (Note 6) | 157,125,366 | 203,438,836 | 39,037,358 | 49,801,429 |
| Current accounts (Note 6) | 170,685,773 | 272,879,251 | 42,406,403 | 66,800,306 |
| Fixed deposits with maturity three months or less (Note 6) | 189,974,447 | 202,222,014 | 47,198,620 | 49,503,553 |
| | 845,200,338 | 932,327,813 | 209,987,660 | 228,232,023 |

## Notes to the financial statements (continued)
## For the year ended 31 December 2024

## 34. Cash flow information

### (a) Cash flow from operations

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Profit before income tax | 205,537,202 | 339,091,115 | 50,488,137 | 82,503,922 |
| *Adjustments for:* | | | | |
| Depreciation and amortisation charges (Note 30) | 14,723,746 | 14,201,166 | 3,616,739 | 3,455,272 |
| Credit impairment losses/ (reversal) (Note 28) | 110,687,157 | (19,600,358) | 27,189,181 | (4,768,944) |
| Net losses on derecognition of financial assets measured at amortised cost | 25,999,966 | 29,849,686 | 6,386,629 | 7,262,697 |
| Gain on disposals of property and equipment | (279,637) | (535,095) | (68,690) | (130,193) |
| Written off on intangible assets | 192,585 | - | 47,307 | - |
| Provision employee benefits | 7,270,445 | 7,143,981 | 1,785,911 | 1,738,195 |
| Unrealised exchange gains | (5,294,780) | (2,452,700) | (1,300,609) | (596,764) |
| Net interest income (Note 26) | (542,024,402) | (536,889,507) | (133,142,816) | (130,630,050) |
| *Changes in working capital:* | | | | |
| Reserve requirement deposits | 31,743,371 | (80,798,761) | 7,797,438 | (19,659,066) |
| Loans and advances | (244,782,011) | (5,896,944) | (60,128,227) | (1,434,780) |
| Other assets | (108,763) | 932,681 | (26,717) | 226,930 |
| Deposits from banks and other financial institutions | 143,380,827 | 69,033,545 | 35,220,051 | 16,796,483 |
| Deposits from customers | 203,329,158 | 447,560,028 | 49,945,752 | 108,895,384 |
| Other liabilities | (1,919,232) | (5,357,055) | (471,440) | (1,303,420) |
| Cash (used in)/ generate from operations | (51,544,368) | 256,281,782 | (12,661,354) | 62,355,666 |

## 34. Cash flow information (continued)

### (b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year presented.

| Net debt | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Cash and cash equivalents | 845,200,338 | 932,327,813 | 209,987,660 | 228,232,023 |
| Borrowings | (592,478,916) | (884,096,100) | (147,199,731) | (216,424,994) |
| Subordinated debts | (178,978,277) | (253,753,175) | (44,466,653) | (62,118,280) |
| Lease liabilities | (28,859,765) | (27,481,666) | (7,170,128) | (6,727,458) |
| Net debt | 44,883,380 | (233,003,128) | 11,151,148 | (57,038,709) |
| Cash and liquid investments | 845,200,338 | 932,327,813 | 209,987,660 | 228,232,023 |
| Gross debt – fixed interest rates | (800,316,958) | (1,165,330,941) | (198,836,512) | (285,270,732) |
| Net debt | 44,883,380 | (233,003,128) | 11,151,148 | (57,038,709) |

## 34. Cash flow information (continued)

### (b) Net debt reconciliation (continued)

| | Borrowings KHR'000 | Leases KHR'000 | Subordinated Debts KHR'000 | Sub-total KHR'000 | Cash KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|
| **Net debt as at 1 January 2024** | (884,096,100) | (27,481,666) | (253,753,175) | (1,165,330,941) | 932,327,813 | (233,003,128) |
| Cash flows | 281,176,040 | 7,839,501 | 71,111,400 | 360,126,941 | (87,127,475) | 272,999,466 |
| New leases | - | (8,323,041) | - | (8,323,041) | - | (8,323,041) |
| Foreign exchange adjustments | (8,132,186) | 424,010 | (2,910,321) | (10,618,497) | - | (10,618,497) |
| Other changes (i) | 18,573,330 | (1,318,569) | 6,573,819 | 23,828,580 | - | 23,828,580 |
| **Net debt as at 31 December 2024** | (592,478,916) | (28,859,765) | (178,978,277) | (800,316,958) | 845,200,338 | 44,883,380 |
| In US$ equivalent (Note 2.4(iii)) | (147,199,731) | (7,170,128) | (44,466,653) | (198,836,511) | 209,987,662 | 11,151,150 |
| **Net debt as at 1 January 2023** | (1,269,650,543) | (26,341,727) | (314,179,268) | (1,610,171,538) | 672,183,723 | (937,987,815) |
| Cash flows | 382,544,700 | 5,931,236 | 54,382,800 | 442,858,736 | 260,144,090 | 703,002,826 |
| New leases | - | (6,769,856) | - | (6,769,856) | - | (6,769,856) |
| Foreign exchange adjustments | 4,092,808 | 212,974 | 1,316,103 | 5,621,885 | - | 5,621,885 |
| Other changes (i) | (1,083,065) | (514,293) | 4,727,190 | 3,129,832 | - | 3,129,832 |
| **Net debt as at 31 December 2023** | (884,096,100) | (27,481,666) | (253,753,175) | (1,165,330,941) | 932,327,813 | (233,003,128) |
| In US$ equivalent (Note 2.4(iii)) | (216,424,994) | (6,727,458) | (62,118,280) | (285,270,732) | 228,232,023 | (57,038,709) |

(i) Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

## 35. Commitments and contingencies

### (a) Loan commitment and guarantee

As at 31 December 2024, the Company have outstanding commitments on unused overdraft to customers as below:

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Within one year | 368,251 | - | 91,491 | - |

### (b) Lease commitments

The Company recognised right-of-use assets and lease liabilities for lease contracts where the Company is a lessee, except for short-term leases and low value leases, see Note 2.10 and Note 12 for further information. The lease commitments of short-term leases and low value leases are as follows:

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Within one year | 24,969 | 81,405 | 6,203 | 19,928 |

### (c) Capital commitments

| | 2024 | 2023 | 2024 | 2023 |
|---|---|---|---|---|
| | KHR'000 | KHR'000 | US$ | US$ |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| *Intangible assets:* | | | | |
| Within one year | 125,300 | 3,145,450 | 31,130 | 770,000 |
| From one to five years | - | 180,975 | - | 44,302 |
| | 125,300 | 3,326,425 | 31,130 | 814,302 |

## 36. Related-party transactions

The Company entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the year end and relating expenses and income for the year are as follows:

## 36. Related-party transactions (continued)

### (a) Related parties and relationships

The related parties of the Company are as follows:

| Relationship | Related party |
|---|---|
| Ultimate parent | LOLC Holdings Plc. |
| Shareholders | LOLC Asia Private Limited |
| | TPC-ESOP Co., Ltd. |
| Related company | Entity under the same parent company |
| Key management personnel | All directors of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members) |

### (b) Loans and advances to key management personnel

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Loans to key management personnel | 2,895,100 | 4,369,644 | 719,280 | 1,069,680 |
| Interest income | 289,310 | 259,160 | 71,066 | 63,056 |

Loans and advances to key management personnel are secured and having interest rate of 7.66% to 14.40% (2023: 6.78% to 14.40%) per annum. Allowances for expected credit losses for loans to related parties was recognised during the year of KHR473 thousand (2023: KHR4,541 thousand).

### (c) Payables to related parties

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
| Payables to related companies (Note 21) | 2,210,336 | 1,140,781 | 549,152 | 279,261 |

The payables to related company are unsecured and bear no interest.

## 36. Related-party disclosures (continued)

### (d) Deposits from related parties

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **KHR'000** | **KHR'000** | **US$** | **US$** |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| Shareholders | 100,670 | 95,771 | 25,011 | 23,445 |
| Board of directors | 2,224,157 | 1,936,539 | 552,586 | 474,061 |
| Key management personnel | 18,242,169 | 13,912,464 | 4,532,216 | 3,405,744 |
| Related companies | 1,168,501 | 187,003 | 290,311 | 45,778 |
| | 21,735,497 | 16,131,777 | 5,400,124 | 3,949,028 |
| Interest payable | 756,582 | 403,812 | 187,971 | 98,852 |
| Interest expense | 1,066,272 | 878,805 | 261,919 | 213,821 |

Annual interest rates during the year are as follows:

| | 31 December | |
|---|---|---|
| | **2024** | **2023** |
| Shareholders | 3.00% - 7.00% | 3.00% - 8.50% |
| Board of directors | 3.00% - 7.75% | 3.00% - 8.75% |
| Key management personnel | 0.00% – 9.13% | 1.00% – 9.13% |
| Related companies | 0.00% – 3.00% | 1.00% – 3.00% |

### (e) Transactions with related parties

| | **2024** | **2023** | **2024** | **2023** |
|---|---|---|---|---|
| | **KHR'000** | **KHR'000** | **US$** | **US$** |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| *(i) Incomes from related companies:* | | | | |
| Rental income | 19,708 | 57,951 | 4,841 | 14,100 |
| Management fee income | 203,530 | 190,330 | 49,995 | 46,309 |
| IT service fee income | - | 71,830 | - | 17,477 |
| Commission income | 8,120,615 | 4,362,366 | 1,994,747 | 1,061,403 |
| | 8,343,853 | 4,682,477 | 2,049,583 | 1,139,289 |

## 36. Related-party disclosures (continued)

### (e) Transactions with related parties (continued)

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| *(ii) Expenses/payment to related companies:* | | | | |
| License fees | 2,113,479 | 630,836 | 519,155 | 153,488 |
| IT consultancy and support fees | 1,805,769 | 854,436 | 443,569 | 207,892 |
| Rental expense | - | 6,782 | - | 1,650 |
| | 3,919,248 | 1,492,054 | 962,724 | 363,030 |

Transactions with related parties were made on normal commercial terms and conditions and at market rate.

### (f) Key management compensation

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Directors' fees | 754,401 | 789,825 | 185,311 | 192,172 |
| Salaries and other benefits to key management | 13,220,609 | 12,605,987 | 3,247,509 | 3,067,150 |
| | 13,975,010 | 13,395,812 | 3,432,820 | 3,259,322 |

## 37. Financial risk management

The Company embraces risk management as an integral part of the Company's business, operations and decision-making process. In ensuring that the Company achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Company's risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders' value through sound risk management framework.

## 37. Financial risk management (continued)

| | 31 December 2024 KHR'000 | 31 December 2023 KHR'000 | 31 December 2024 US$ (Note 2.4(iii)) | 31 December 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at amortised costs | | | | |
| Cash on hand | 108,021,390 | 124,372,008 | 26,837,612 | 30,446,024 |
| Deposits and placements with the National Bank of Cambodia | 221,714,379 | 134,192,224 | 55,084,318 | 32,849,994 |
| Deposits and placements with banks | 556,774,147 | 672,287,486 | 138,328,981 | 164,574,660 |
| Investment securities at amortised cost | 3,339,960 | - | 829,804 | - |
| Loans and advances at amortised cost | 5,135,970,992 | 5,003,139,376 | 1,276,017,638 | 1,224,758,721 |
| Other financial assets | 3,105,224 | 5,406,074 | 771,484 | 1,323,396 |
| | 6,028,926,092 | 5,939,397,168 | 1,497,869,837 | 1,453,952,795 |
| Financial assets at fair value through other comprehensive income | 60,375 | 61,275 | 15,000 | 15,000 |
| Total financial assets | 6,028,986,467 | 5,939,458,443 | 1,497,884,837 | 1,453,967,795 |
| **Financial liabilities** | | | | |
| Financial liabilities at amortised cost | | | | |
| Deposits from banks and other financial institutions | 336,956,689 | 193,575,862 | 83,715,948 | 47,386,992 |
| Deposits from customers | 3,693,593,747 | 3,498,928,575 | 917,663,043 | 856,530,863 |
| Borrowings | 592,478,916 | 884,096,100 | 147,199,731 | 216,424,994 |
| Subordinated debts | 178,978,277 | 253,753,175 | 44,466,653 | 62,118,280 |
| Lease liabilities | 28,859,765 | 27,481,666 | 7,170,128 | 6,727,458 |
| Other financial liabilities | 6,601,558 | 4,114,899 | 1,640,139 | 1,007,319 |
| Total financial liabilities | 4,837,468,952 | 4,861,950,277 | 1,201,855,642 | 1,190,195,906 |
| Net financial assets | 1,191,517,515 | 1,077,508,166 | 296,029,195 | 263,771,889 |

## 37. Financial risk management (continued)

### 37.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises from deposits and placements with the National Bank of Cambodia and banks, loans and advances, other financial assets, and credit commitments and financial guarantee contracts. Credit exposure arises principally in lending activities.

**(a) Credit risk measurement**

Credit risk is managed on a group basis.

For loans and advances and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for the purposes of measuring Expected Credit Loss (ECL) under CIFRS 9.

Deposits and placements with the National Bank of Cambodia and banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows a three-stage approach in note 37.1(c).

**(b) Risk limit control and mitigation policies**

The Company operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Company manages limits and controls the concentration of credit risk whenever it is identified.

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

- Mortgages over residential properties (land, building and other properties);
- Movable properties
- Cash in the form of margin deposits, if any.

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (c) Impairment (expected credit loss) policies

The measurement of expected credit loss allowance under the CIFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instruments for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard on the measurement of allowances are:

(i) Significant increase in credit risk (SICR)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if past due more than 30 days for short term facility and 90 days past due for long term facility.

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

**(c) Impairment (expected credit loss) policies (continued)**

(ii) Definition of default and credit impaired

The Company defines a financial instrument as in default which is also credit-impaired when it meets one of the following criteria:

- Where the principal or interest or both of any of the credit facility is past due for more than 90 days or 3 months; or
- Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, the loan exhibits credit weaknesses and is downgraded to Impaired High Risk; or
- When an obligor/counterparty has multiple loans with the Company and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.
- Write-off/charged-off accounts.

(iii) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see 2.6(c)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

(iv) Measuring (ECL - inputs, assumptions and estimation techniques)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on collective basis.

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (c) Impairment (expected credit loss) policies (continued)

(iv) Measuring (ECL - inputs, assumptions and estimation techniques) (continued)

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for the collective segment. The three components are multiplied together to calculate an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

*Probability of default*

The PD represents the likelihood that a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instruments, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

The PD is derived using historical default rates adjusted for forward-looking information and reflecting current portfolio composition and market data.

For portfolios without sufficient default data, forward-looking proxy PDs are used.

*Exposure at Default*

EAD is the total amount that the Company is exposed to at the time the borrower defaults.

For amortising products and bullet repayment loans, the 12-month and lifetime EADs are determined based on the expected payment profile which is the contractual repayments owed by the borrower over a 12-month or remaining maturity.

*Loss Given Default*

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

**(c) Impairment (expected credit loss) policies (continued)**

(iv) Measuring (ECL - inputs, assumptions and estimation techniques) (continued)

*Loss Given Default (continued)*

LGDs are determined based on historical data available for each portfolio to assess cooling-off period which cut-off at month where cumulative recovery amount is more than 90%. These vary by product type.

For portfolio without sufficient default data, Proxy LGD is used.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting year.

(v) Forward-looking information incorporated into the ECL models

The calculation of ECL incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD vary by financial instrument. Expert judgement has also been applied in this process. The historical and forecasts of these economic variables (the base economic scenario) are sourced from external research house. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates, while LGD is based historical recovery post default and the Company's consideration of projected collateral value through collateral haircut, except for Group loan portfolio that has incorporated forward-looking information and EAD is based on the expected payment profiles.

In addition to the based economic scenario, the Company considers other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 31 December 2024 and 31 December 2023, the Company concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

To consider the effect of the changes in the economy and external environment on the Company's loans and advances, the management continuously refreshes the macroeconomic variables quarterly to reflect the current economic condition in its forward-looking model. For the year ended 31 December 2024, the management has refreshed the latest macroeconomics variables available which were up to 31 December 2024.

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

**(c) Impairment (expected credit loss) policies (continued)**

(v) Forward-looking information incorporated into the ECL models (continued)

Having reflected the most recent economic conditions within the existing ECL model, the management determines that the percentages for probability-weighted scenarios of 70% (2023: 70%) for base case, 20% (2023: 15%) for best case, and 10% (2023: 15%) for worst case reflect the current economic prospect from external research houses.

As with any economic forecasts, the projects and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

*Macroeconomic variable assumptions*

The weightings assigned to each economic scenario as at 31 December 2024 and 31 December 2023 are as follows:

| | **Base %** | **Best %** | **Worst %** |
|---|---|---|---|
| As at 31 December 2024 | | | |
| Scenario probability weighting | 70% | 20% | 10% |
| As at 31 December 2023 | | | |
| Scenario probability weighting | 70% | 15% | 15% |

*Sensitivity analysis*

The Company has used different macro-economic variable pairs for each portfolio based on the result of statistical regression analysis and expert judgement which makes intuitive or business sense. The Company regularly performs statistical testing on its forward looking models and refreshes macro-economic variable pairs that are fit for use based on the latest qualitative and quantitative data available. The macro-economic variable pairs that have been used for the year ended 31 December 2024 and 31 December 2023 are as follows:

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

**(c) Impairment (expected credit loss) policies (continued)**

(v) Forward-looking information incorporated into the ECL models (continued)

*Sensitivity analysis (continued)*

| Model | Portfolio | 2024 | 2023 |
|---|---|---|---|
| PD | Group loan | USDKHR | Unemployment |
| | | Foreign direct investment (% of GDP) | Private consumption expenditure |
| | Individual loan | USDKHR | USDKHR |
| | | Foreign direct investment (% of GDP) | Foreign direct investment (% of GDP) |
| | Life improvement loan asset backed | Unemployment | Unemployment |
| | | Goods & Services GDP | Foreign direct investment (% of GDP) |
| | Home improvement loan | Foreign direct investment (% of GDP) | Foreign direct investment (% of GDP) |
| | | USDKHR | USDKHR |
| | Seasonal loan | Current account balance GDP | Current account balance GDP |
| | | Foreign direct investment (% of GDP) | Foreign direct investment (% of GDP) |
| | SME loan | USDKHR | GDP constant 2000 |
| | | Foreign direct investment (% of GDP) | |
| | Staff loan | Crude oil brent | Crude oil brent |
| | | Private consumption expenditure | Private consumption expenditure |
| LGD | Group loan | N/A | N/A |
| | | N/A | N/A |

# 37. Financial risk management (continued)

## 37.1 Credit risk (continued)

### (c) Impairment (expected credit loss) policies (continued)

(v) Forward-looking information incorporated into the ECL models (continued)

*Sensitivity analysis (continued)*

Set out below are the estimated changes to the ECL for the year ended 31 December 2024 and 31 December 2023 due to the possible changes in the macro-economic variables from the actual assumption used. The changes in the macro-economic variables (MEVs) are set to change together with their own pairs and are each analysed for a sensitivity range within a standard deviation, a common statistical term predicting the variation from the forecasted macro-economic variables.

| | ECL | | ECL | |
|---|---|---|---|---|
| | **2024 KHR'000** | **2023 KHR'000** | **2024 US$** (Note 2.4(iii)) | **2023 US$** (Note 2.4(iii)) |
| **Group loan** | | | | |
| Variation added to MEVs | (129,693) | 1,371,142 | (32,222) | 335,653 |
| Variation deducted from MEVs | 126,904 | 5,220,259 | 31,529 | 1,277,909 |
| **Individual loan** | | | | |
| Variation added to MEVs | 391,645 | 1,281,478 | 97,303 | 313,703 |
| Variation deducted from MEVs | (411,473) | 1,281,478 | (102,229) | 313,703 |
| **Life improvement loan asset backed** | | | | |
| Variation added to MEVs | (4,652,060) | (4,221,570) | (1,155,791) | (1,033,432) |
| Variation deducted from MEVs | 3,201,998 | 2,809,296 | 795,527 | 687,710 |
| **Home improvement loan** | | | | |
| Variation added to MEVs | (40,706) | (24,592) | (10,113) | (6,020) |
| Variation deducted from MEVs | 36,579 | 21,692 | 9,088 | 5,310 |
| **Seasonal loan** | | | | |
| Variation added to MEVs | 97,991 | 864,181 | 24,346 | 211,550 |
| Variation deducted from MEVs | (112,657) | 783,291 | (27,989) | 191,748 |
| **SME loan** | | | | |
| Variation added to MEVs | (1,388,434) | 2,922,328 | (344,953) | 715,380 |
| Variation deducted from MEVs | 1,320,434 | (6,066,537) | 328,058 | (1,485,076) |
| **Staff loan** | | | | |
| Variation added to MEVs | 1,418 | 2,839 | 352 | 695 |
| Variation deducted from MEVs | (1,563) | (3,096) | (388) | (758) |

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

**(c) Impairment (expected credit loss) policies (continued)**

(vi) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Company has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk.

(vii) Write off

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

Recoveries of amounts previously written off are included in 'Net gains or losses on the derecognition of financial assets measured at amortised cost' in the statement of profit and loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(viii) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different from the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (c) Impairment (expected credit loss) policies (continued)

(viii) Modification of loans (continued)

- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Company monitors the subsequent performance of modified assets. The Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

#### (d) Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Company would have to pay if the obligations of the instruments issued are called upon. The table below shows the maximum exposure to credit risk for the Company on financial instruments subject to impairment:

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Credit risk exposure relating to on-balance sheet assets: | | | | |
| Deposits and placements with banks | 556,774,147 | 672,287,486 | 138,328,981 | 164,574,660 |
| Investment securities at amortised cost | 3,339,960 | - | 829,804 | - |
| Loans and advances at amortised cost | 5,135,970,992 | 5,003,139,376 | 1,276,017,638 | 1,224,758,721 |
| Other financial assets | 3,105,224 | 5,406,074 | 771,484 | 1,323,396 |
| Total maximum credit risk exposure that are subject to impairment | 5,699,190,323 | 5,680,832,936 | 1,415,947,907 | 1,390,656,777 |

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

**(d) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)**

Credit risk exposure relating to off-balance sheet assets:

| | 2024 KHR'000 | 2023 KHR'000 | 2024 US$ (Note 2.4(iii)) | 2023 US$ (Note 2.4(iii)) |
|---|---|---|---|---|
| Total maximum credit risk exposure that are subject to impairment | 368,251 | - | 91,491 | - |

The above table represents a worst-case scenario of credit risk exposure to the Company, since collateral held and/or other credit enhancement attached were not taken into account. The exposures set out above are based on net carrying amounts. As shown above, 90% (2023: 88%) of total maximum exposure is derived from loans and advances. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Company’s loans and advances due to the following:

- Almost all loans and advances are collateralised and loan to collateral value range from 50% to 80%.
- The Company has a proper credit evaluation process in place for granting of loans and advances to customers.
- All of the deposits and placement with banks are held with local banks and management has done proper risk assessment and believe there will be no material loss from these local banks.

**(e) Credit quality of financial assets**

The Company assesses credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers judgement.

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (e) Credit quality of financial assets (continued)

Credit quality description is summarised as follows:

| Credit quality | Description |
|---|---|
| Standard monitoring | Obligors in this category exhibit strong capacity to meet financial commitment.<br>The Company monitors obligors in this category by delinquency status. Obligors that are less than 30 days past due on its contractual payments for both short-term and long-term facilities are in standard monitoring. |
| Special monitoring | Obligors in this category have a fairly acceptable capacity to meet financial commitments.<br>The Company monitors obligors in this category by delinquency status. Obligors that are 30 days past due on its contractual payments are included in special monitoring. |
| Default/Credit impaired | Obligors are assessed to be impaired. |

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent ratings of other internationals rating agencies as defined below:

| Credit quality | Description |
|---|---|
| Sovereign | Refer to financial assets issued by the National Bank of Cambodia/government or guarantee by the National Bank of Cambodia/government. |
| Investment grade | Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default. |
| Non-investment grade | Refers to low credit quality of the financial asset that is highly exposed to default risk. |
| Un-graded | Refers to financial assets which are currently not assigned with ratings due to unavailability of ratings models. |
| Credit impaired | Refers to the asset that is being impaired. |

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (e) Credit quality of financial assets (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 12-month ECL KHR'000 | Lifetime ECL not Credit-Impaired KHR'000 | Lifetime ECL Credit-Impaired KHR'000 | Total KHR'000 | 12-month ECL KHR'000 | Lifetime ECL not Credit-Impaired KHR'000 | Lifetime ECL Credit-Impaired KHR'000 | Total KHR'000 |
| **Deposits and placements with banks** | | | | | | | | |
| Investment grade | 109,614,660 | - | - | 109,614,660 | 200,832,158 | - | - | 200,832,158 |
| Un-graded | 452,607,090 | - | - | 452,607,090 | 477,707,943 | - | - | 477,707,943 |
| Gross carrying amount | 562,221,750 | - | - | 562,221,750 | 678,540,101 | - | - | 678,540,101 |
| Less: Expected credit loss | (5,447,603) | - | - | (5,447,603) | (6,252,615) | - | - | (6,252,615) |
| Net carrying amount | 556,774,147 | - | - | 556,774,147 | 672,287,486 | - | - | 672,287,486 |
| In US$ equivalent (Note 2.4(iii)) | 138,328,981 | - | - | 138,328,981 | 164,574,660 | - | - | 164,574,660 |

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (e) Credit quality of financial assets (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 12-month ECL KHR'000 | Lifetime ECL not Credit-Impaired KHR'000 | Lifetime ECL Credit-Impaired KHR'000 | Total KHR'000 | 12-month ECL KHR'000 | Lifetime ECL not Credit-Impaired KHR'000 | Lifetime ECL Credit-Impaired KHR'000 | Total KHR'000 |
| **Loans and advances at amortised cost** | | | | | | | | |
| Standard monitoring | 4,515,237,712 | - | - | 4,515,237,712 | 4,921,687,690 | - | - | 4,921,687,690 |
| Special monitoring | - | 438,448,450 | - | 438,448,450 | - | 50,381,792 | - | 50,381,792 |
| Default | - | - | 362,678,380 | 362,678,380 | - | - | 119,912,081 | 119,912,081 |
| Gross carrying amount | 4,515,237,712 | 438,448,450 | 362,678,380 | 5,316,364,542 | 4,921,687,690 | 50,381,792 | 119,912,081 | 5,091,981,563 |
| Less: Expected credit loss | (18,919,816) | (17,235,755) | (144,237,979) | (180,393,550) | (23,447,275) | (5,771,271) | (59,623,641) | (88,842,187) |
| Net carrying amount | 4,496,317,896 | 421,212,695 | 218,440,401 | 5,135,970,992 | 4,898,240,415 | 44,610,521 | 60,288,440 | 5,003,139,376 |
| In US$ equivalent ((Note 2.4(iii)) | 1,117,097,614 | 104,649,117 | 54,270,907 | 1,276,017,638 | 1,199,079,661 | 10,920,568 | 14,758,492 | 1,224,758,721 |

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (f) Loss allowance

Expected credit loss reconciliation – loans and advances at amortised cost

| | 2024 | | | |
|---|---|---|---|---|
| **Expected Credit Losses** | **Stage 1 12-month ECL KHR'000** | **Stage 2 Lifetime ECL not Credit-Impaired KHR'000** | **Stage 3 Lifetime ECL Credit-Impaired KHR'000** | **Total KHR'000** |
| Loss allowance as at 1 January | 23,447,275 | 5,771,271 | 59,623,641 | 88,842,187 |
| *Changes due to exposure:* | | | | |
| Transfer to stage 1 | 1,003,559 | (449,157) | (554,402) | - |
| Transfer to stage 2 | (2,997,261) | 4,407,275 | (1,410,014) | - |
| Transfer to stage 3 | (4,698,057) | (3,345,245) | 8,043,302 | - |
| Net remeasurement of loss allowance (*) | 332,199 | 9,615,312 | 86,160,064 | 96,107,575 |
| New financial assets originated | 9,457,305 | 5,743,334 | 10,170,610 | 25,371,249 |
| Financial assets derecognised during the year other than write off | (6,912,451) | (933,980) | (2,266,685) | (10,113,116) |
| Write offs | (14,921) | (216,826) | (32,877,215) | (33,108,962) |
| Unwinding of discount (**) | - | - | 7,771,542 | 7,771,542 |
| Foreign exchange difference | (697,832) | (3,356,229) | 9,577,136 | 5,523,075 |
| Loss allowance as at 31 December | 18,919,816 | 17,235,755 | 144,237,979 | 180,393,550 |
| In US$ equivalent (Note 2.4(iii)) | 4,700,575 | 4,282,175 | 35,835,523 | 44,818,273 |

(*) Impact of the measurement of ECL due to changes in probability of default (PD) and loss given default (LGD) during the year arising from refreshing of inputs to models.

(**) The unwinding of discount on Stage 3 loans is reported within 'Interest income' so that interest income is recognised on the amortised cost (after deducting the ECL allowance).

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (f) Loss allowance (continued)

Expected credit loss reconciliation – loans and advances at amortised cost (continued)

| | 2024 | | | |
|---|---|---|---|---|
| | Stage 1 12-month ECL KHR'000 | Stage 2 Lifetime ECL not Credit-Impaired KHR'000 | Stage 3 Lifetime ECL Credit-Impaired KHR'000 | Total KHR'000 |
| **Gross carrying amount** | | | | |
| Gross carrying amount as at 1 January | 4,921,687,690 | 50,381,792 | 119,912,081 | 5,091,981,563 |
| *Changes due to exposure:* | | | | |
| Transfer to stage 1 | 5,949,651 | (4,811,810) | (1,137,841) | - |
| Transfer to stage 2 | (359,294,095) | 362,753,813 | (3,459,718) | - |
| Transfer to stage 3 | (253,960,311) | (23,008,110) | 276,968,421 | - |
| New financial assets originated or purchased | 1,942,547,059 | 63,839,065 | 40,362,100 | 2,046,748,224 |
| Financial assets derecognised during the year other than write offs | (1,741,632,384) | (10,222,805) | (5,167,627) | (1,757,022,816) |
| Write-offs | (59,898) | (483,495) | (64,799,036) | (65,342,429) |
| Gross carrying amount as at 31 December | 4,515,237,712 | 438,448,450 | 362,678,380 | 5,316,364,542 |
| In US$ equivalent (Note 2.4(iii)) | 1,121,798,189 | 108,931,292 | 90,106,430 | 1,320,835,911 |

# 37. Financial risk management (continued)

## 37.1 Credit risk (continued)

### (f) Loss allowance (continued)

Expected credit loss reconciliation – loans and advances at amortised cost (continued)

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 12-month ECL KHR'000 | Stage 2 Lifetime ECL not Credit-Impaired KHR'000 | Stage 3 Lifetime ECL Credit-Impaired KHR'000 | Total KHR'000 |
| **Expected Credit Losses** | | | | |
| Loss allowance as at 1 January | 57,944,061 | 10,213,409 | 83,810,681 | 151,968,151 |
| *Changes due to exposure:* | | | | |
| Transfer to stage 1 | 5,814,773 | (2,338,229) | (3,476,544) | - |
| Transfer to stage 2 | (632,406) | 2,599,952 | (1,967,546) | - |
| Transfer to stage 3 | (3,159,635) | (2,258,775) | 5,418,410 | - |
| Net remeasurement of loss allowance (*) | (60,013,529) | (1,788,978) | 47,860,508 | (13,941,999) |
| New financial assets originated | 11,478,479 | 2,145,500 | 6,486,417 | 20,110,396 |
| Financial assets derecognised during the year other than write offs | (20,090,706) | (4,937,946) | (4,025,552) | (29,054,204) |
| Write-offs | - | (7,060) | (48,628,268) | (48,635,328) |
| Unwinding of discount (**) | - | - | (2,311,847) | (2,311,847) |
| Foreign exchange difference | 32,106,238 | 2,143,398 | (23,542,618) | 10,707,018 |
| Loss allowance as at 31 December | 23,447,275 | 5,771,271 | 59,623,641 | 88,842,187 |
| In US$ equivalent (Note 2.4(iii)) | 5,739,847 | 1,412,796 | 14,595,750 | 21,748,393 |

(*) Impact of the measurement of ECL due to changes in probability of default (PD) and loss given default (LGD) during the year arising from refreshing of inputs to models.

(**) The unwinding of discount on Stage 3 loans is reported within 'Interest income' so that interest income is recognised on the amortised cost (after deducting the ECL allowance).

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (f) Loss allowance (continued)

Expected credit loss reconciliation – loans and advances at amortised cost (continued)

| | 2023 | | | |
|---|---|---|---|---|
| | Stage 1 12-month ECL KHR'000 | Stage 2 Lifetime ECL not Credit-Impaired KHR'000 | Stage 3 Lifetime ECL Credit-Impaired KHR'000 | Total KHR'000 |
| **Gross carrying amount** | | | | |
| Gross carrying amount as at 1 January | 4,948,939,886 | 73,840,698 | 135,912,040 | 5,158,692,624 |
| *Changes due to exposure:* | | | | |
| Transfer to stage 1 | 20,862,635 | (11,885,640) | (8,976,995) | - |
| Transfer to stage 2 | (24,081,754) | 29,380,068 | (5,298,314) | - |
| Transfer to stage 3 | (68,701,734) | (9,720,799) | 78,422,533 | - |
| New financial assets originated or purchased | 1,791,964,697 | 929,980 | 11,975,664 | 1,804,870,341 |
| Financial assets derecognised during the year other than write off | (1,747,296,040) | (32,154,410) | (9,093,753) | (1,788,544,203) |
| Write-offs | - | (8,105) | (83,029,094) | (83,037,199) |
| Gross carrying amount as at 31 December | 4,921,687,690 | 50,381,792 | 119,912,081 | 5,091,981,563 |
| In US$ equivalent (Note 2.4(iii)) | 1,204,819,508 | 12,333,364 | 29,354,242 | 1,246,507,114 |

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (g) Concentration of financial assets with credit risk exposure

*(i) Industry sector*

The following table breaks down the Company's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sectors of its counterparties.

| | 2024 | | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Deposits and placements with banks | Investment securities at amortised cost | Loans and advances at amortised cost | Other financial assets | Total | Deposits and placements with banks | Loans and advances at amortised cost | Other financial assets | Total |
| | KHR'000 | KHR'000 | KHR'000 | KHR'000 | KHR'000 | KHR'000 | KHR'000 | KHR'000 | KHR'000 |
| Financial institutions | 562,221,750 | - | - | - | 562,221,750 | 678,540,101 | - | - | 678,540,101 |
| Government | - | 3,339,960 | - | - | 3,339,960 | - | - | - | - |
| Household/family | - | - | 1,417,524,512 | - | 1,417,524,512 | - | 1,361,399,479 | - | 1,361,399,479 |
| Agriculture | - | - | 1,419,397,914 | - | 1,419,397,914 | - | 1,358,578,944 | - | 1,358,578,944 |
| Trade and commerce | - | - | 998,980,153 | - | 998,980,153 | - | 979,429,343 | - | 979,429,343 |
| Services | - | - | 834,410,205 | - | 834,410,205 | - | 778,684,244 | - | 778,684,244 |
| Manufacturing | - | - | 367,318,354 | - | 367,318,354 | - | 334,987,960 | - | 334,987,960 |
| Construction | - | - | 201,516,695 | - | 201,516,695 | - | 206,357,866 | - | 206,357,866 |
| Transportation | - | - | 77,216,709 | - | 77,216,709 | - | 72,543,727 | - | 72,543,727 |
| Others | - | - | - | 3,105,224 | 3,105,224 | - | - | 5,406,074 | 5,406,074 |
| Gross carrying amount | 562,221,750 | 3,339,960 | 5,316,364,542 | 3,105,224 | 5,885,031,476 | 678,540,101 | 5,091,981,563 | 5,406,074 | 5,775,927,738 |
| Less: expected credit loss | (5,447,603) | - | (180,393,550) | - | (185,841,153) | (6,252,615) | (88,842,187) | - | (95,094,802) |
| Net carrying amount | 556,774,147 | 3,339,960 | 5,135,970,992 | 3,105,224 | 5,699,190,323 | 672,287,486 | 5,003,139,376 | 5,406,074 | 5,680,832,936 |
| In US$ equivalent (Note 2.4(iii)) | 138,328,981 | 829,804 | 1,276,017,638 | 771,484 | 1,415,947,906 | 164,574,660 | 1,224,758,721 | 1,323,396 | 1,390,656,778 |

## 37. Financial risk management (continued)

### 37.1 Credit risk (continued)

#### (g) Concentration of financial assets with credit risk exposure (continued)

*(ii) Geographical sector*

All of the Company's financial assets are located in Cambodia. Therefore, the Company's credit exposure is within Cambodia only.

#### (h) Repossessed collateral

Repossessed collaterals are sold as soon as practicable. The Company does not utilise the repossessed collaterals for its business use.

The Company did not obtain assets by taking possession of collateral held as security as at 31 December 2024 and 31 December 2023.

### 37.2 Market risk

The Company takes exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Company does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

#### (i) Foreign exchange risk

The Company operates in Cambodia and transacts in Khmer Riel, United States Dollars and Thai Baht (THB), and is exposed to various currency risks, primarily with respect to US$ and THB.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

Management monitors foreign exchange risk against the Company's functional currency. However, the Company does not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The Company's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Company's exposure to foreign currency exchange rate risk. Included in the table are and Company's financial instruments at their carrying amounts by currency in KHR equivalent.

## 37. Financial risk management (continued)

### 37.2 Market risk (continued)

#### (i) Foreign exchange risk (continued)

| | In KHR'000 equivalent | | | |
|---|---|---|---|---|
| | KHR | US$ | THB | Total |
| **As at 31 December 2024** | | | | |
| **Financial assets** | | | | |
| Cash on hand | 28,465,584 | 73,009,717 | 6,546,089 | 108,021,390 |
| Deposits and placements with the National Bank of Cambodia | 42,943,113 | 178,771,266 | - | 221,714,379 |
| Deposits and placements with banks | 192,679,979 | 364,094,168 | - | 556,774,147 |
| Investment securities at amortised cost | 3,339,960 | - | - | 3,339,960 |
| Loans and advances at amortised cost | 1,587,921,064 | 3,473,628,099 | 74,421,829 | 5,135,970,992 |
| Financial assets at fair value through other comprehensive income | - | 60,375 | - | 60,375 |
| Other financial assets | 1,059,754 | 1,964,839 | 80,631 | 3,105,224 |
| Total financial assets | 1,856,409,454 | 4,091,528,464 | 81,048,549 | 6,028,986,467 |
| **Financial liabilities** | | | | |
| Deposits from banks and other financial institutions | 5,890,153 | 331,064,286 | 2,250 | 336,956,689 |
| Deposits from customers | 333,288,220 | 3,357,061,048 | 3,244,479 | 3,693,593,747 |
| Borrowings | 197,867,593 | 394,611,323 | - | 592,478,916 |
| Subordinated debts | - | 178,978,277 | - | 178,978,277 |
| Lease liabilities | - | 28,859,765 | - | 28,859,765 |
| Other liabilities | 2,530,372 | 4,037,280 | 33,906 | 6,601,558 |
| Total financial liabilities | 539,576,338 | 4,294,611,979 | 3,280,635 | 4,837,468,952 |
| Net on-balance sheet position | 1,316,833,116 | (203,083,515) | 77,767,914 | 1,191,517,515 |
| In US$ equivalent (Note 2.4(iii)) | 327,163,507 | (50,455,532) | 19,321,221 | 296,029,196 |

## 37. Financial risk management (continued)

### 37.2 Market risk (continued)

#### (i) Foreign exchange risk (continued)

| | In KHR'000 equivalent | | | |
|---|---|---|---|---|
| | KHR | US$ | THB | Total |
| **As at 31 December 2023** | | | | |
| **Financial assets** | | | | |
| Cash on hand | 31,087,701 | 78,918,818 | 14,365,489 | 124,372,008 |
| Deposits and placements with the National Bank of Cambodia | 41,226,151 | 92,966,073 | - | 134,192,224 |
| Deposits and placements with banks | 286,561,273 | 385,726,213 | - | 672,287,486 |
| Loans and advances at amortised cost | 1,472,322,801 | 3,382,541,229 | 148,275,346 | 5,003,139,376 |
| Financial assets at fair value through other comprehensive income | - | 61,275 | - | 61,275 |
| Other financial assets | 1,611,447 | 3,649,505 | 145,122 | 5,406,074 |
| Total financial assets | 1,832,809,373 | 3,943,863,113 | 162,785,957 | 5,939,458,443 |
| **Financial liabilities** | | | | |
| Deposits from banks and other financial institutions | 16,538,892 | 176,976,105 | 60,865 | 193,575,862 |
| Deposits from customers | 368,155,614 | 3,123,132,366 | 7,640,595 | 3,498,928,575 |
| Borrowings | 125,834,726 | 715,664,975 | 42,596,399 | 884,096,100 |
| Subordinated debts | - | 253,753,175 | - | 253,753,175 |
| Lease liabilities | - | 27,481,666 | - | 27,481,666 |
| Other liabilities | 1,778,370 | 2,315,817 | 20,712 | 4,114,899 |
| Total financial liabilities | 512,307,602 | 4,299,324,104 | 50,318,571 | 4,861,950,277 |
| Net on-balance sheet position | 1,320,501,771 | (355,460,991) | 112,467,386 | 1,077,508,166 |
| In US$ equivalent (Note 2.4(iii)) | 323,256,248 | (87,016,154) | 27,531,796 | 263,771,889 |

## Notes to the financial statements (continued)
## For the year ended 31 December 2024

# 37. Financial risk management (continued)

## 37.2 Market risk (continued)

### (i) Foreign exchange risk (continued)

**Sensitivity analysis**

As shown in the table above, the Company is primarily exposed to changes in KHR/US$ and KHR/THB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US$ and THB denominated financial instruments.

| | Impact on post tax profit KHR'000 | Impact on other component of equity KHR'000 | Impact on post tax profit US$ | Impact on other component of equity US$ |
|---|---|---|---|---|
| **2024** | | | | |
| KHR/US$ exchange rate-increase by 2% | 3,185,624 | - | 791,459 | - |
| KHR/US$ exchange rate-decrease by 2 % | (3,315,650) | - | (823,764) | - |
| KHR/THB exchange rate-increase by 7% | (4,070,097) | - | (1,011,204) | - |
| KHR/THB exchange rate-decrease by 7 % | 4,682,799 | - | 1,163,428 | - |
| **2023** | | | | |
| KHR/US$ exchange rate-increase by 2% | 5,575,858 | - | 1,364,959 | - |
| KHR/US$ exchange rate-decrease by 2% | (5,803,443) | - | (1,420,672) | - |
| KHR/THB exchange rate-increase by 6% | (5,092,862) | - | (1,246,723) | - |
| KHR/THB exchange rate-decrease by 6% | 5,743,015 | - | 1,405,879 | - |

### (ii) Price risk

The Company's exposure to equity securities price risk arises from investment held by the Company and classified as FVOCI. The investment amount is insignificant, so the Company did not have any policy to manage its price risk arising from investments in equity securities.

## 37. Financial risk management (continued)

### 37.2 Market risk (continued)

#### (iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The Company's main interest rate risk arises from borrowings with variable rates, which exposes the Company to cash flow interest rate risk. The Company's borrowing consists of both fixed rates and variable rates, in which majority of the borrowings are at fixed rates as the Company's policy is to maintain at least 70% of its borrowing at fixed rate. The Company does not have fair value interest rate risk as the interest rates of financial instruments measured at amortised cost are similar to prevailing market rates.

The management of the Company at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch. In addition, the management regularly analyses and foresees the expected changes in the interest rates and manages cash flow interest rate risk by assessing its impacts and developed actions to respond to the interest rate risk.

# 37. Financial risk management (continued)

## 37.2 Market risk (continued)

### (iii) Interest rate risk (continued)

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

| As at 31 December 2024 | Up to 1 month KHR'000 | 1 to 3 months KHR'000 | 3 to 12 months KHR'000 | 1 to 5 years KHR'000 | Over 5 years KHR'000 | Non-interest rate sensitive KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash on hand | - | - | - | - | - | 108,021,390 | 108,021,390 |
| Deposits and placements with the National Bank of Cambodia | - | 705,852 | 1,615,969 | - | - | 219,392,558 | 221,714,379 |
| Deposits and placements with banks | 184,526,844 | - | 44,436,164 | - | - | 327,811,139 | 556,774,147 |
| Investment securities at amortised cost | - | - | - | 3,339,960 | - | - | 3,339,960 |
| Financial assets at fair value through other comprehensive income | - | - | - | - | - | 60,375 | 60,375 |
| Loans and advances at amortised cost | 17,201,018 | 31,491,144 | 158,320,070 | 2,553,078,197 | 2,375,880,563 | - | 5,135,970,992 |
| Other financial assets | - | - | - | - | - | 3,105,224 | 3,105,224 |
| Total financial assets | 201,727,862 | 32,196,996 | 204,372,203 | 2,556,418,157 | 2,375,880,563 | 658,390,686 | 6,028,986,467 |

# 37. Financial risk management (continued)

## 37.2 Market risk (continued)

### (iii) Interest rate risk (continued)

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

| As at 31 December 2024 | Up to 1 month KHR'000 | 1 to 3 months KHR'000 | 3 to 12 months KHR'000 | 1 to 5 years KHR'000 | Over 5 years KHR'000 | Non-interest rate sensitive KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| Deposits from banks and other financial institutions | 25,802,939 | 135,243,980 | 175,909,318 | - | - | 452 | 336,956,689 |
| Deposits from customers | 483,957,447 | 491,159,664 | 2,282,531,752 | 434,286,842 | - | 1,658,042 | 3,693,593,747 |
| Borrowings | 78,659,891 | 119,465,600 | 394,353,425 | - | - | - | 592,478,916 |
| Subordinated debts | - | - | 17,982,276 | 160,996,001 | - | - | 178,978,277 |
| Lease liabilities | - | 16,659 | 161,378 | 10,038,266 | 18,643,462 | - | 28,859,765 |
| Other financial liabilities | - | - | - | - | - | 6,601,558 | 6,601,558 |
| Total financial liabilities | 588,420,277 | 745,885,903 | 2,870,938,149 | 605,321,109 | 18,643,462 | 8,260,052 | 4,837,468,952 |
| Net interest repricing gap | (386,692,415) | (713,688,907) | (2,666,565,946) | 1,951,097,048 | 2,357,237,101 | 650,130,634 | 1,191,517,515 |
| In US$ equivalent (Note 2.4(iii)) | (96,072,650) | (177,314,014) | (662,500,856) | 484,744,608 | 585,648,969 | 161,523,139 | 296,029,196 |

## 37. Financial risk management (continued)

### 37.2 Market risk (continued)

#### (iii) Interest rate risk (continued)

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

| As at 31 December 2023 | Up to 1 month KHR'000 | 1 to 3 months KHR'000 | 3 to 12 months KHR'000 | 1 to 5 years KHR'000 | Over 5 years KHR'000 | Non-interest rate sensitive KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash on hand | - | - | - | - | - | 124,372,008 | 124,372,008 |
| Deposits and placements with the National Bank of Cambodia | - | 707,140 | 4,069,380 | - | - | 129,415,704 | 134,192,224 |
| Deposits and placements with banks | 312,427,950 | 41,375,540 | - | - | - | 318,483,996 | 672,287,486 |
| Financial assets at fair value through other comprehensive income | - | - | - | - | - | 61,275 | 61,275 |
| Loans and advances at amortised cost | 9,047,867 | 27,713,423 | 190,744,949 | 2,730,692,162 | 2,044,940,975 | - | 5,003,139,376 |
| Other financial assets | - | - | - | - | - | 5,406,074 | 5,406,074 |
| Total financial assets | 321,475,817 | 69,796,103 | 194,814,329 | 2,730,692,162 | 2,044,940,975 | 577,739,057 | 5,939,458,443 |

# 37. Financial risk management (continued)

## 37.2 Market risk (continued)

### (iii) Interest rate risk (continued)

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

| As at 31 December 2023 | Up to 1 month KHR'000 | 1 to 3 months KHR'000 | 3 to 12 months KHR'000 | 1 to 5 years KHR'000 | Over 5 years KHR'000 | Non-interest rate sensitive KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| Deposits from banks and other financial institutions | 23,823,303 | 81,861,284 | 87,891,275 | - | - | - | 193,575,862 |
| Deposits from customers | 453,837,227 | 550,133,562 | 2,164,436,837 | 328,781,934 | 1,739,015 | - | 3,498,928,575 |
| Borrowings | - | 44,214,014 | 236,460,770 | 603,421,316 | - | - | 884,096,100 |
| Subordinated debts | - | - | | 253,753,175 | - | - | 253,753,175 |
| Lease liabilities | - | 45,989 | 39,784 | 11,493,131 | 15,902,762 | - | 27,481,666 |
| Other financial liabilities | - | - | - | - | - | 4,114,899 | 4,114,899 |
| Total financial liabilities | 477,660,530 | 676,254,849 | 2,488,828,666 | 1,197,449,556 | 17,641,777 | 4,114,899 | 4,861,950,277 |
| Net interest repricing gap | (156,184,713) | (606,458,746) | (2,294,014,337) | 1,533,242,606 | 2,027,299,198 | 573, 624,158 | 1,077,508,166 |
| In US$ equivalent (Note 2.4(iii)) | (38,233,712) | (148,459,913) | (561,570,217) | 375,334,787 | 496,278,873 | 140,422,071 | 263,771,889 |

## 37. Financial risk management (continued)

### 37.2 Market risk (continued)

**(iii) Interest rate risk (continued)**

**Sensitivity analysis**

Profit or loss is sensitive to higher/lower interest income from financial instruments as a result of changes in interest rates.

As at 31 December 2024, there is no variable interest rate subject to sensitivity analysis (31December 2023: nil).

### 37.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

**(a) Liquidity risk management process**

The Company's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

**(b) Funding approach**

The Company's main sources of liquidities arise from shareholder's paid-up capital, borrowing, subordinated debts and customers' deposits. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

**(c) Non-derivative cash flows**

The table below presents the cash flows payable by the Company under non-derivative financial liabilities based on remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected undiscounted cash flows.

## 37. Financial risk management (continued)

### 37.3 Liquidity risk (continued)

#### (c) Non-derivative cash flows (continued)

| As at 31 December 2024 | Carrying amount KHR'000 | Gross nominal Inflows/ (outflow) KHR'000 | Up to 1 month KHR'000 | 1 to 3 months KHR'000 | 3 to 12 months KHR'000 | 1 to 5 years KHR'000 | Over 5 years KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Cash on hand | 108,021,390 | 108,021,390 | 108,021,390 | - | - | - | - | 108,021,390 |
| Deposits and placements with the National Bank of Cambodia | 221,714,379 | 221,729,218 | 219,393,362 | 706,962 | 1,628,894 | - | - | 221,729,218 |
| Deposits and placements with banks | 556,774,147 | 564,327,133 | 518,081,549 | - | 46,245,584 | - | - | 564,327,133 |
| Investment securities at amortised cost | 3,339,960 | 3,671,043 | - | - | 148,497 | 3,522,546 | - | 3,671,043 |
| Financial assets at fair value through other comprehensive income | 60,375 | 60,375 | - | - | - | - | 60,375 | 60,375 |
| Loans and advances at amortised cost | 5,135,970,992 | 7,654,082,358 | 261,333,110 | 315,971,986 | 1,423,280,063 | 4,578,224,495 | 1,075,272,704 | 7,654,082,358 |
| Other financial assets | 3,105,224 | 3,105,224 | 3,105,224 | - | - | - | - | 3,105,224 |
| **Total financial assets by remaining contractual maturities** | 6,028,986,467 | 8,554,996,741 | 1,109,934,635 | 316,678,948 | 1,471,303,038 | 4,581,747,041 | 1,075,333,079 | 8,554,996,741 |

## 37. Financial risk management (continued)

### 37.3 Liquidity risk (continued)

#### (c) Non-derivative cash flows (continued)

| As at 31 December 2024 | Carrying amount KHR'000 | Gross nominal Inflows/ (outflow) KHR'000 | Up to 1 month KHR'000 | 1 to 3 months KHR'000 | 3 to 12 months KHR'000 | 1 to 5 years KHR'000 | Over 5 years KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | | |
| Deposits from banks and other financial institutions | 336,956,689 | 342,486,140 | 25,853,359 | 136,390,094 | 180,242,687 | - | - | 342,486,140 |
| Deposits from customers | 3,693,593,747 | 3,862,635,274 | 486,703,887 | 503,624,885 | 2,389,545,911 | 479,131,701 | 3,628,890 | 3,862,635,274 |
| Borrowings | 592,478,916 | 632,492,335 | 16,057,395 | 119,671,515 | 246,372,346 | 250,391,079 | - | 632,492,335 |
| Subordinated debts | 178,978,277 | 206,920,712 | - | 6,435,120 | 79,555,594 | 120,929,998 | - | 206,920,712 |
| Lease liabilities | 28,859,765 | 36,151,786 | 687,072 | 1,377,762 | 6,430,348 | 21,828,519 | 5,828,085 | 36,151,786 |
| Other financial liabilities | 6,601,558 | 6,601,558 | 6,601,558 | - | - | - | - | 6,601,558 |
| **Total financial liabilities by remaining contractual maturities** | 4,837,468,952 | 5,087,287,805 | 535,903,271 | 767,499,376 | 2,902,146,886 | 872,281,297 | 9,456,975 | 5,087,287,805 |
| **Net liquidity surplus/(gap)** | 1,191,517,515 | 3,467,708,936 | 574,031,364 | (450,820,428) | (1,430,843,848) | 3,709,465,744 | 1,065,876,104 | 3,467,708,936 |
| In US$ equivalent (Note 2.4(iii)) | 296,029,196 | 861,542,593 | 142,616,488 | (112,005,075) | (355,489,155) | 921,606,396 | 264,813,939 | 861,542,593 |

# 37. Financial risk management (continued)

## 37.3 Liquidity risk (continued)

### (c) Non-derivative cash flows (continued)

| As at 31 December 2023 | Carrying amount KHR'000 | Gross nominal inflows (outflow) KHR'000 | Up to 1 month KHR'000 | 1 to 3 months KHR'000 | 3 to 12 months KHR'000 | 1 to 5 years KHR'000 | Over 5 years KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | | |
| Cash on hand | 124,372,008 | 124,372,008 | 124,372,008 | - | - | - | - | 124,372,008 |
| Deposits and placements with the National Bank of Cambodia | 134,192,224 | 134,226,190 | 129,415,704 | 709,029 | 4,101,457 | - | - | 134,226,190 |
| Deposits and placements with banks | 672,287,486 | 672,382,709 | 672,382,709 | - | - | - | - | 672,382,709 |
| Financial assets at fair value through other comprehensive income | 61,275 | 61,275 | 61,275 | - | - | - | - | 61,275 |
| Loans and advances at amortised cost | 5,003,139,376 | 7,234,912,560 | 238,495,030 | 347,980,953 | 1,426,253,051 | 4,399,814,734 | 822,368,792 | 7,234,912,560 |
| Other financial assets | 5,406,074 | 5,406,074 | 4,734,631 | - | - | 377,323 | 294,120 | 5,406,074 |
| **Total financial assets by remaining contractual maturities** | 5,939,458,443 | 8,171,360,816 | 1,169,461,357 | 348,689,982 | 1,430,354,508 | 4,400,192,057 | 822,662,912 | 8,171,360,816 |

# 37. Financial risk management (continued)

## 37.3 Liquidity risk (continued)

### (c) Non-derivative cash flows (continued)

| As at 31 December 2023 | Carrying amount KHR'000 | Gross nominal inflows (outflow) KHR'000 | Up to 1 month KHR'000 | 1 to 3 months KHR'000 | 3 to 12 months KHR'000 | 1 to 5 years KHR'000 | Over 5 years KHR'000 | Total KHR'000 |
|---|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | | |
| Deposits from banks and other financial institutions | 193,575,862 | 197,813,895 | 23,912,558 | 82,733,547 | 91,167,790 | - | - | 197,813,895 |
| Deposits from customers | 3,498,928,575 | 3,676,521,708 | 459,118,939 | 564,364,362 | 2,287,966,621 | 363,332,763 | 1,739,023 | 3,676,521,708 |
| Borrowings | 884,096,100 | 960,316,359 | 16,947,541 | 99,713,551 | 339,784,287 | 503,870,980 | - | 960,316,359 |
| Subordinated debts | 253,753,175 | 304,587,181 | - | 7,626,314 | 86,860,007 | 210,100,860 | - | 304,587,181 |
| Lease liabilities | 27,481,666 | 33,594,951 | 651,663 | 1,336,207 | 5,657,871 | 21,408,805 | 4,540,405 | 33,594,951 |
| Other financial liabilities | 4,114,899 | 4,114,899 | 4,114,899 | - | - | - | - | 4,114,899 |
| **Total financial liabilities by remaining contractual maturities** | 4,861,950,277 | 5,176,948,993 | 504,745,600 | 755,773,981 | 2,811,436,576 | 1,098,713,408 | 6,279,428 | 5,176,948,993 |
| **Net liquidity (gap)/surplus** | 1,077,508,166 | 2,994,411,823 | 664,715,757 | (407,083,999) | (1,381,082,068) | 3,301,478,649 | 816,383,484 | 2,994,411,823 |
| In US$ equivalent (Note 2.4(iii)) | 263,771,889 | 733,026,150 | 162,721,116 | (99,653,366) | (338,086,186) | 808,195,508 | 199,849,078 | 733,026,150 |

## 37. Financial risk management (continued)

### 37.4 Climate-related risk

Climate-related risks' are potential negative impacts on the Company arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks), but due to their pervasive nature have been identified and managed by the Company on an overall basis.

The Company distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate-related patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Company has set up a Climate Risk Committee, which is responsible for developing Companywide policies, processes and controls to incorporate climate-related risks in the management of principal risk categories.

The Company has developed a climate-related risk framework for:

- identifying risk factors and assessing their potential impact on the Company's financial statements; and
- allocating responsibilities for managing each identified risk factor.

The Company has also set out principles on how to incorporate climate-related risk into stress test scenarios.

### 37.5 Fair value of financial assets and liabilities

Financial instruments comprise of financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the statements of financial position date.

## 37. Financial risk management (continued)

### 37.5 Fair value of financial assets and liabilities (continued)

#### (a) Financial instruments measured at fair value

*(i) Determination of fair value and fair value hierarchy*

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2024 and 31 December 2023 on a recurring basis:

| | Level 1<br>KHR'000 | Level 2<br>KHR'000 | Level 3<br>KHR'000 | Total<br>KHR'000 |
|---|---|---|---|---|
| **As at 31 December 2024** | | | | |
| **Financial assets** | | | | |
| *Financial assets at fair value through other comprehensive income* | | | | |
| Equity securities | - | - | 60,375 | 60,375 |
| **Total financial assets** | - | - | 60,375 | 60,375 |
| In US$ equivalent (Note 2.4(iii)) | - | - | 15,000 | 15,000 |
| **As at 31 December 2023** | | | | |
| **Financial assets** | | | | |
| *Financial assets at fair value through other comprehensive income* | | | | |
| Equity securities | - | - | 61,275 | 61,275 |
| **Total financial assets** | - | - | 61,275 | 61,275 |
| In US$ equivalent (Note 2.4(iii)) | - | - | 15,000 | 15,000 |

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

## 37. Financial risk management (continued)

### 37.5 Fair value of financial assets and liabilities (continued)

**(a) Financial instruments measured at fair value (continued)**

*(i) Determination of fair value and fair value hierarchy (continued)*

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

*(ii) Valuation techniques*

The Company's financial asset at FVOCI is investment in unlisted equity securities where the fair values have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

**(b) Financial instruments not measured at fair value**

As at the balance sheet date, the fair values of financial instruments of the Company approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

*(i) Deposits and placements with the National Bank of Cambodia and banks*

The carrying amounts of deposits and placements with the National Bank of Cambodia and banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

*(ii) Investment securities at amortised cost*

Investment securities include government bonds where were valued at amortised cost and were purchased for the purpose of holding them until maturity and for earning interest.

## 37. Financial risk management (continued)

### 37.5 Fair value of financial assets and liabilities (continued)

#### (b) Financial instruments not measured at fair value (continued)

*(iii) Loans and advances to customers*

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loan and advances to customers are approximate to their carrying value as reporting date.

*(iv) Deposits from banks, other financial institutions and customers*

The fair value of deposits from banks, other financial institutions and customers with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits from banks and customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Company offered similar interest rate of the instrument with similar maturities and terms.

*(v) Lease liabilities*

The estimated fair value of lease liabilities with maturities of less than one year approximate the carrying values. For other lease liabilities with maturities of one year or more, the fair values are estimated based on discounted cash flows using prevailing market rates of incremental borrowings.

*(vi) Other financial assets and other financial liabilities*

The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

*(vii) Borrowings and subordinated debts*

Borrowings and subordinated debts are not quoted in active market and their fair value approximates their carrying amount.

## 37. Financial risk management (continued)

### 37.6 Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' shown on the balance sheet, are:

- to comply with the capital requirement set by the National Bank of Cambodia;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide a return for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support business development of the business.

The National Bank of Cambodia requires all micro-finance deposits taking institutions to i) hold the minimum capital requirement, ii) maintain the Company's net worth at least equal to the minimum capital and iii) comply with solvency and liquidity ratios.

On 22 February 2018, the NBC issued a Prakas on Capital Buffer in Banking and Financial Institutions. According to Article 22 of this Prakas, the institution shall comply with the provisions related to the capital conservation buffer at least 50% of the conservation buffer by 1 January 2019 and fully comply by 1 January 2020.

The implementation of building the capital conservation buffer ratio is as follows:

| NBC's announcement | | Requirement for capital conservation buffer ratio | Effective until |
|---|---|---|---|
| Reference No. | Issue date | | |
| Press No. B13-020-002 | 17 March 2020 | 1.25% | Further notice |
| Letter No. B7-023-2621 | 23 November 2023 | 1.25% | 31 December 2024 |
| Letter No. B7-024-1718 | 21 August 2024 | 1.25% | 31 December 2025 |

The implementation of countercyclical capital buffer is as follows:

| NBC's announcement | | Requirement for countercyclical capital buffer ratio | Effective until |
|---|---|---|---|
| Reference No. | Issue date | | |
| Circular No. B7-018-001 | 7 March 2018 | 0% | Further notice |

In addition, on 31 December 2024, the NBC has issued Prakas No.B7-024-745 Prokor setting the required minimum capital adequacy ratio as below:

| Capital Adequacy Ratio | | | |
|---|---|---|---|
| Total Capital Ratio | Tier 1 Capital Ratio | CET1 Capital Ratio | Total Capital Ratio |
| 15% | 11% | 8% | 15% |

## 37. Financial risk management (continued)

### 37.6 Capital management (continued)

However, on 7 January 2025, the NBC has further issued instruction No. B37-025-023 Sor.Chur.Nor to provide options to DTI in implementation on the new Capital Adequacy framework or current Solvency framework. In case:

- Institution selects to implement the new Capital Adequacy Framework; the institution shall start implementing the new framework from effective date of the Prakas on Capital Adequacy Ratios in DTI. While for the new reporting template, the institution shall submit monthly report on solo basis to NBC no later than the 20th of the following month and quarterly on consolidated basis (if any) no later than the 20th of the first month of the following quarter until further notify.

- Institution selects to implement the Solvency Ratio (old template) shall comply with all conditions of the framework and old reporting template. In parallel, the institution shall prepare the report on new Capital Adequacy Framework (new template) and submit to NBC together with the solvency ratio report (old template).

The table below summarises the composition of regulatory capital:

| | 31 December | | 31 December | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **KHR'000** | **KHR'000** | **US$** | **US$** |
| | | | (Note 2.4(iii)) | (Note 2.4(iii)) |
| **Tier I capital** | | | | |
| Share capital | 424,377,400 | 424,377,400 | 103,969,218 | 103,969,218 |
| Retained earnings | 241,909,097 | 268,719,630 | 60,101,639 | 65,782,039 |
| Audited net profit for the last financial year | 162,843,872 | 270,086,002 | 40,458,105 | 66,116,524 |
| General reserves | 380,415,116 | 380,415,116 | 93,768,951 | 93,768,951 |
| Less: Loans to related parties | (2,895,100) | (4,369,644) | (719,280) | (1,069,680) |
| Less: Intangible asset | (11,814,205) | (7,818,095) | (2,935,206) | (1,913,854) |
| | 1,194,836,180 | 1,331,410,409 | 294,643,427 | 326,653,198 |
| **Tier II complementary capital** | | | | |
| Subordinated debts | 177,100,000 | 251,227,500 | 44,000,000 | 61,500,000 |
| General provision | 51,830,482 | 56,675,000 | 12,877,138 | 13,873,929 |
| Provision for accrued interest receivables (*) | 20,130,814 | - | 5,001,444 | - |
| | 249,061,296 | 307,902,500 | 61,878,582 | 75,373,929 |
| **Total Capital Tier I + Tier II** | 1,443,897,476 | 1,639,312,909 | 356,522,009 | 402,027,127 |

## 37. Financial risk management (continued)

### 37.6 Capital management (continued)

(*) The provision for accrued interest receivables is allowed to be added back by the NBC in accordance with its notification letter dated 5 February 2025. This requirement is applicable from 31 December 2024, and will remain in effect until 30 June 2025.

### 37.7 Capital allocation

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

## 38. Tax contingency

The Company assesses its tax obligations based on applicable tax laws and regulations as of the reporting date. Given the evolving nature of tax legislation, certain tax treatments may necessitate judgment and interpretation. Management exercises judgment in establishing the Company's tax positions and continually monitors regulatory developments. While the Company strives to comply with current tax requirements, interpretations of tax regulations may vary. Any adjustments resulting from regulatory reviews, once conducted and finalised, will be reflected into the financial statements as appropriate.

## 39. Subsequent event

On 6 January 2025, the Company obtained approval from the NBC on the investment in equity of Serendib Micro Insurance Plc. amounting to US$1,000,000 equivalent to 25% of Serendib Micro Insurance Plc.'s total share capital in response to the Company's request letter dated 18 November 2024.