

LOLC (CAMBODIA) PLC.

**Condensed Interim Financial Statements
for the three-month
period ended 31 March 2024
and
Independent Auditors' Report on Review of
Condensed Interim Financial Statements**

Corporate information

| | |
|---------------------|---|
| Company | LOLC (Cambodia) Plc. |
| Registration No. | 00012829 |
| Registered office | Building No. 666B, Street 271 Sangkat Boeung Tumpun 2 Khan Mean Chey, Phnom Penh Kingdom of Cambodia |
| Shareholders | LOLC Asia Private Limited TPC-ESOP Co., Ltd. |
| Board of Directors | Mr. Brindley Chrisantha 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 |
| Executive committee | Mr. Sok Voeun, Chief Executive Officer Mr. Sok Sophal, Deputy Chief Executive Officer/Chief Finance Officer Mr. Damburue Liyanage Duleep Roshan, Chief Information Officer Mrs. Svoeuy Sodyna, Chief Risk Officer Mr. Perera Hewa Ambepitiyage Chanaka Romesh, Chief Channel Officer Mrs. Chheang Kagna, Chief Digital Financial Services and Deposit Officer Mrs. Leng Thavy, Head of Human Resources Department Mrs. Keo Taraty, Head of Finance Department Ms. Try Sola, Head of Treasury Department Mr. Bun Bella, Head of Information Technology Department Mr. Teng Pheap, Head of Internal Audit Department Ms. Kith Marady, Head of Legal and Compliance Department Mr. Nuth Theng, Head of Business Department Mr. Muth Pisey, Head of Credit Department Mr. Thong Rithy, Head of iPay Sale and Digital Business Department Mr. Va Sok Oun, Head of Administration and Procurement Department Mr. Tun Kong, Deputy Head of Credit Department |
| Auditors | KPMG Cambodia Ltd |

LOLC (Cambodia) Plc.

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Statement by the Board of Directors

The Board of Directors has pleasure in submitting the condensed interim financial statements of LOLC (Cambodia) Plc. ("the Company") for the three-month period ended 31 March 2024.

Board of Directors

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

- | | |
|--|----------|
| 1. Mr. Brindley Chrishantha Gajanayake de Zylva | Chairman |
| 2. Mr. Indrajith Wijesiriwardana | Member |
| 3. Mr Chitral Nalin Wijesinha, Member | Member |
| 4. Mr. Dulip Rasika Samaraweera | Member |
| 5. Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias | Member |

In the opinion of the Board of Directors, the condensed interim financial statements of the Company together with the notes thereto, which are prepared in all material respects, the financial position of the Company as at 31 March 2024 and its financial performance, changes in equity and cash flows of the Company for the three-month period then ended, in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting".

On behalf of the Board of Directors



Mr. Sok Voeun
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: 27 June 2024



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

THE INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of LOLC (Cambodia) Plc.

Introduction

We have reviewed the accompanying 31 March 2024 condensed interim financial statements of LOLC (Cambodia) Plc. ("the Company"), as set out on pages 4 to 34 (hereafter referred to as "the condensed interim financial statements") which comprise of the condensed interim statement of financial position as at 31 March 2024 and the condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the Cambodian International Accounting Standard 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Cambodian International Standard on Review Engagements 2410, "*Review of Interim Financial statements Performed by the Independent Auditor of the Entity*". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the Cambodian International Accounting Standard 34, “*Interim Financial Reporting*”.

For **KPMG Cambodia Ltd**



Guek Teay
Partner

Phnom Penh, Kingdom of Cambodia

27 June 2024

LOLC (Cambodia) Plc.

Condensed interim statement of financial position As at 31 March 2024

| | Notes | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|--|-------|-----------------------------|--------------------------------|---|--|
| ASSETS | | | | | |
| Cash on hand | | 107,668,712 | 124,372,008 | 26,644,076 | 30,446,024 |
| Deposits and placements with the National Bank of Cambodia | | 203,272,353 | 134,192,224 | 50,302,488 | 32,849,994 |
| Deposits and placements with banks | | 515,069,304 | 672,287,486 | 127,460,852 | 164,574,660 |
| Financial assets at fair value through other comprehensive income | | 60,615 | 61,275 | 15,000 | 15,000 |
| Loans and advances at amortised cost | 6 | 5,023,698,817 | 5,003,139,376 | 1,243,182,088 | 1,224,758,721 |
| Statutory deposits with the National Bank of Cambodia | 7 | 344,443,142 | 371,611,761 | 85,237,105 | 90,969,831 |
| Property and equipment | 8 | 12,160,844 | 12,145,516 | 3,009,364 | 2,973,198 |
| Right-of-use assets | 9 | 33,606,560 | 28,661,010 | 8,316,397 | 7,016,159 |
| Intangible assets | 10 | 8,516,659 | 7,818,094 | 2,107,562 | 1,913,854 |
| Deferred tax assets | | 35,129,895 | 29,627,908 | 8,693,367 | 7,252,854 |
| Other assets | | 25,099,309 | 20,679,113 | 6,211,163 | 5,062,207 |
| TOTAL ASSETS | | 6,308,726,210 | 6,404,595,771 | 1,561,179,462 | 1,567,832,502 |
| LIABILITIES AND EQUITY | | | | | |
| LIABILITIES | | | | | |
| Deposits from banks and other financial institutions | 11 | 263,130,899 | 193,575,862 | 65,115,293 | 47,386,992 |
| Deposits from customers | 12 | 3,448,298,073 | 3,498,928,575 | 853,327,907 | 856,530,863 |
| Borrowings | 13 | 793,401,613 | 884,096,100 | 196,337,939 | 216,424,994 |
| Lease liabilities | 9 | 31,719,191 | 27,481,666 | 7,849,342 | 6,727,458 |
| Current income tax liabilities | | 13,004,207 | 50,339,592 | 3,218,067 | 12,323,034 |
| Employee benefits | | 2,295,008 | 2,099,290 | 567,931 | 513,902 |
| Other liabilities | | 23,692,771 | 39,263,064 | 5,863,095 | 9,611,521 |
| Subordinated debts | 14 | 249,453,657 | 253,753,175 | 61,730,675 | 62,118,280 |
| TOTAL LIABILITIES | | 4,824,995,419 | 4,949,537,324 | 1,194,010,249 | 1,211,637,044 |
| EQUITY | | | | | |
| Share capital | 15 | 424,377,400 | 424,377,400 | 103,969,218 | 103,969,218 |
| Retained earnings | | 536,747,342 | 623,203,250 | 131,601,863 | 153,048,830 |
| General reserves | | 380,415,116 | 380,415,116 | 93,768,951 | 93,768,951 |
| Regulatory reserves | | 10,579,505 | 21,938,040 | 2,556,938 | 5,367,761 |
| Other reserves | | 131,611,428 | 5,124,641 | 32,555,365 | 1,254,502 |
| Currency translation reserves | | - | - | 2,716,878 | (1,213,804) |
| TOTAL EQUITY | | 1,483,730,791 | 1,455,058,447 | 367,169,213 | 356,195,458 |
| TOTAL LIABILITIES AND EQUITY | | 6,308,726,210 | 6,404,595,771 | 1,561,179,462 | 1,567,832,502 |

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

LOLC (Cambodia) Plc.

Condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024

| | Notes | Three-month period ended | | | |
|---|-------|-----------------------------|-----------------------------|---|---|
| | | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| Interest income | 16 | 216,956,160 | 230,412,825 | 53,293,088 | 56,418,419 |
| Interest expense | 16 | (91,745,112) | (83,017,878) | (22,536,259) | (20,327,590) |
| Net interest income | 16 | <u>125,211,048</u> | <u>147,394,947</u> | <u>30,756,829</u> | <u>36,090,829</u> |
| Fee and commission income | | 4,975,416 | 7,407,551 | 1,222,161 | 1,813,798 |
| Fee and commission expense | | (149,773) | (286,893) | (36,790) | (70,248) |
| Net fee and commission income | | <u>4,825,643</u> | <u>7,120,658</u> | <u>1,185,371</u> | <u>1,743,550</u> |
| Other operating income | | 1,591,169 | 1,048,705 | 390,855 | 256,784 |
| Other (losses)/gains – net | | (7,747,968) | 802,401 | (1,903,210) | 196,474 |
| Credit impairment losses | 17 | (30,299,037) | (280,983) | (7,442,652) | (68,801) |
| Net gains on derecognition of financial assets measured at amortised cost | | 2,279,822 | 1,299,103 | 560,015 | 318,096 |
| Net other operating (loss)/income | | <u>(34,176,014)</u> | <u>2,869,226</u> | <u>(8,394,992)</u> | <u>702,553</u> |
| Personnel expenses | 18 | (39,049,348) | (40,912,368) | (9,592,078) | (10,017,720) |
| Depreciation and amortisation charges | | (3,974,112) | (3,278,562) | (976,200) | (802,782) |
| Other operating expenses | | (15,049,366) | (13,706,285) | (3,696,725) | (3,356,093) |
| Profit before income tax | | <u>37,787,851</u> | <u>99,487,616</u> | <u>9,282,205</u> | <u>24,360,337</u> |
| Income tax expense | 19 | (9,115,507) | (20,426,824) | (2,239,132) | (5,001,671) |
| Profit for the period | | <u>28,672,344</u> | <u>79,060,792</u> | <u>7,043,073</u> | <u>19,358,666</u> |
| Other comprehensive income: | | | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | | | |
| Currency translation differences | | - | - | 3,930,682 | 4,654,218 |
| Other comprehensive income for the period, net of tax | | - | - | 3,930,682 | 4,654,218 |
| Total comprehensive income for the period | | <u>28,672,344</u> | <u>79,060,792</u> | <u>10,973,755</u> | <u>24,012,884</u> |
| Profit attributable to: | | | | | |
| Owners of the Company | | <u>28,672,344</u> | <u>79,060,792</u> | <u>7,043,073</u> | <u>19,358,666</u> |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | <u>28,672,344</u> | <u>79,060,792</u> | <u>10,973,755</u> | <u>24,012,884</u> |

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

LOLC (Cambodia) Plc.

Condensed interim statement of changes in equity for the three-month period ended 31 March 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 | Total KHR'000 | Share capital US\$ (Note 2(b)) | Retained earnings US\$ (Note 2(b)) | General reserves US\$ (Note 2(b)) | Regulatory reserves US\$ (Note 2(b)) | Other reserve US\$ (Note 2(b)) | Currency translation reserves US\$ (Note 2(b)) | Total US\$ (Note 2(b)) |
| 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 period | - | 79,060,792 | - | - | - | 79,060,792 | - | 19,358,666 | - | - | - | - | 19,358,666 |
| Other comprehensive income – currency translation differences | - | - | - | - | - | - | - | - | - | - | - | 4,654,218 | 4,654,218 |
| Total comprehensive income for the period | - | 79,060,792 | - | - | - | 79,060,792 | - | 19,358,666 | - | - | - | 4,654,218 | 24,012,884 |
| Balance at 31 March 2023 | 224,377,400 | 669,337,703 | 380,415,116 | - | - | 1,274,130,219 | 55,460,850 | 164,295,491 | 93,768,951 | - | - | 764,353 | 314,289,645 |
| 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 period | - | 28,672,344 | - | - | - | 28,672,344 | - | 7,043,073 | - | - | - | - | 7,043,073 |
| Other comprehensive income – currency translation differences | - | - | - | - | - | - | - | - | - | - | - | 3,930,682 | 3,930,682 |
| Total comprehensive income for the period | - | 28,672,344 | - | - | - | 28,672,344 | - | 7,043,073 | - | - | - | 3,930,682 | 10,973,755 |
| Transfer from retained earnings to regulatory reserves | - | 11,358,535 | - | (11,358,535) | - | - | - | 2,810,823 | - | (2,810,823) | - | - | - |
| Transfer from retained earnings to other reserves | - | (126,486,787) | - | - | 126,486,787 | - | - | (31,300,863) | - | - | 31,300,863 | - | - |
| Total transactions with owners | - | (115,128,252) | - | (11,358,535) | 126,486,787 | - | - | (28,490,040) | - | (2,810,823) | 31,300,863 | - | - |
| Balance at 31 March 2024 | 424,377,400 | 536,747,342 | 380,415,116 | 10,579,505 | 131,611,428 | 1,483,730,791 | 103,969,218 | 131,601,863 | 93,768,951 | 2,556,938 | 32,555,365 | 2,716,878 | 367,169,213 |

The accompanying form an integral part of these condensed interim financial statements.

LOLC (Cambodia) Plc.

Condensed interim statement of cash flows for the three-month period ended 31 March 2024

| | Notes | Three-month period ended | | | |
|--|-------|-----------------------------|-----------------------------|---|---|
| | | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| Cash flows from operating activities | | | | | |
| Cash used in operations | 20 | (93,795,485) | (156,031,998) | (23,039,912) | (38,205,678) |
| Interest received | | 211,018,756 | 228,579,270 | 51,834,624 | 55,969,459 |
| Interest paid | | (78,993,394) | (73,651,873) | (19,403,929) | (18,034,249) |
| Income tax paid | | (51,952,879) | (66,166,656) | (12,761,700) | (16,201,434) |
| Net cash used in operating activities | | (13,723,002) | (67,271,257) | (3,370,917) | (16,471,902) |
| Cash flows from investing activities | | | | | |
| Deposits and placements with the National Bank of Cambodia - maturity more than three months | | 27,407 | 649,309 | 6,732 | 158,988 |
| Purchases of property and equipment | 8 | (1,364,061) | (1,317,522) | (335,068) | (322,606) |
| Purchases of intangible assets | 10 | (1,595,400) | (92,523) | (391,894) | (22,655) |
| Proceeds from disposals of property and equipment | | 171,751 | 302,914 | 42,189 | 74,171 |
| Net cash used in investing activities | | (2,760,303) | (457,822) | (678,041) | (112,102) |
| Cash flows from financing activities | | | | | |
| Proceeds from borrowings | | - | 12,048,000 | - | 2,950,049 |
| Repayments of borrowings | | (83,195,134) | (76,911,283) | (20,436,044) | (18,832,342) |
| Repayments of subordinated debts | | (4,042,000) | (4,052,000) | (992,876) | (992,165) |
| Payment of transaction costs | | - | (48,000) | - | (11,753) |
| Principal element of lease payment | | (2,457,434) | (1,537,746) | (603,644) | (376,529) |
| Net cash used in from financing activities | | (89,694,568) | (70,501,029) | (22,032,564) | (17,262,740) |
| Net decrease in cash and cash equivalents | | (106,177,873) | (138,230,108) | (26,081,522) | (33,846,744) |
| Cash and cash equivalents at beginning of period | | 932,327,813 | 672,183,723 | 229,977,260 | 163,270,275 |
| Currency translation differences | | - | - | 546,217 | 2,286,784 |
| Cash and cash equivalents at end of period | 20 | 826,149,940 | 533,953,615 | 204,441,955 | 131,710,315 |

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

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements for the three-month period ended 31 March 2024

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 March 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 condensed interim financial statements were authorised to issue by the Board of Directors on 27 June 2024.

This condensed interim financial statements for the three-month period ended 31 March 2024 has been reviewed, but not audited.

2. Basis of preparation

This condensed interim financial statements for the three-month period ended 31 March 2024 has been prepared in accordance with Cambodian International Accounting Standard 34, “Interim financial reporting” (“CIAS 34”) and should be read in conjunction with the last annual audited financial statements for the year ended 31 December 2023 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last annual financial statements.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

2. Basis of preparation (continued)

(a) New and amended standards not yet adopted by the Company

A number of amended standards became applicable for the current reporting period as follows:

- *Lease Liabilities in a Sale and Leaseback transaction* (Amendments to CIFRS16); and
- *Supplier Finance Arrangement* (Amendments to CIAS7 and CIFRS7).

Those amended standards have no material impact on the Company. As a result, the Company did not have to change its accounting policies or make retrospective adjustments.

(b) 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 Khmer Riel (“KHR”) into United States Dollars (“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 three-month |
|------------------|-------|-------------------------|-------------------------------------|
| 31 March 2024 | USD1= | KHR4,041 | KHR4,071 |
| 31 March 2023 | USD1= | KHR4,054 | KHR4,084 |
| 31 December 2023 | USD1= | <u>KHR4,085</u> | <u>N/A</u> |

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.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

3. Critical accounting estimates, assumptions and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Company's interim results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are outlined below:

(i) Judgements

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

- 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.
- 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.

(ii) Assumptions 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.

- Determination of the fair value of financial instruments with significant unobservable inputs.
- Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- lease term: whether the Company is reasonably certain to exercise extension option.

4. Seasonality

The principal businesses of the Company are mainly to providing lending and other financial services to the citizens and small and medium size enterprises, and to engage in all other activities that support these objectives. There is no significant seasonality factor associated with these businesses.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

5. Segment and revenue information

The Company has only one reportable segment, namely, interest income. The chief operating decision-maker (the management team) reviews the internal management report, which reports the performances of the interest income segment as a whole, to assess performance and allocate resources. The management team also reviews profit before tax and net profit as a whole compared to prior periods.

6. Loans and advances at amortised costs

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|---|-----------------------------|--------------------------------|---|--|
| Group loans | 561,256,606 | 574,400,820 | 138,890,524 | 140,612,196 |
| Individual loans | 4,550,619,191 | 4,483,991,759 | 1,126,112,149 | 1,097,672,401 |
| Staff loans | 32,394,440 | 33,588,984 | 8,016,440 | 8,222,517 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total gross loans | 5,144,270,237 | 5,091,981,563 | 1,273,019,113 | 1,246,507,114 |
| Less: Allowance for expected credit loss | (120,571,420) | (88,842,187) | (29,837,025) | (21,748,393) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 5,023,698,817 | 5,003,139,376 | 1,243,182,088 | 1,224,758,721 |

(a) Analysis by industry

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|--------------------|-----------------------------|--------------------------------|---|--|
| Household/family | 1,375,439,884 | 1,361,399,479 | 340,371,167 | 333,267,926 |
| Agriculture | 1,364,286,325 | 1,358,578,944 | 337,611,068 | 332,577,465 |
| Trade and commerce | 989,820,934 | 979,429,343 | 244,944,552 | 239,762,385 |
| Services | 793,348,102 | 778,684,244 | 196,324,697 | 190,620,378 |
| Manufacturing | 341,217,652 | 334,987,960 | 84,438,914 | 82,004,397 |
| Construction | 206,419,551 | 206,357,866 | 51,081,304 | 50,516,001 |
| Transportation | 73,737,789 | 72,543,727 | 18,247,411 | 17,758,562 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total gross loans | 5,144,270,237 | 5,091,981,563 | 1,273,019,113 | 1,246,507,114 |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

6. Loans and advances at amortised costs (continued)

(b) Analysis by loan classification

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ | 31 December 2023 US\$ |
|------------------------------------|-----------------------------|--------------------------------|--------------------------|-----------------------------|
| <i>Performing</i> | | | | |
| Gross amount | 4,802,604,491 | 4,921,687,690 | 1,188,469,312 | 1,204,819,508 |
| Exposure at default | 4,802,604,491 | 4,921,687,690 | 1,188,469,312 | 1,204,819,508 |
| Allowance for expected credit loss | (33,458,821) | (23,447,275) | (8,279,837) | (5,739,847) |
| <i>Under-performing</i> | | | | |
| Gross amount | 205,378,018 | 50,381,792 | 50,823,563 | 12,333,364 |
| Exposure at default | 205,378,018 | 50,381,792 | 50,823,563 | 12,333,364 |
| Allowance for expected credit loss | (18,082,567) | (5,771,271) | (4,474,775) | (1,412,796) |
| <i>Non-performing</i> | | | | |
| Gross amount | 136,287,728 | 119,912,081 | 33,726,238 | 29,354,242 |
| Exposure at default | 136,287,728 | 119,912,081 | 33,726,238 | 29,354,242 |
| Allowance for expected credit loss | (69,030,032) | (59,623,641) | (17,082,413) | (14,595,750) |
| Total gross loans | 5,144,270,237 | 5,091,981,563 | 1,273,019,113 | 1,246,507,114 |
| Exposure at default | 5,144,270,237 | 5,091,981,563 | 1,273,019,113 | 1,246,507,114 |
| Allowance for expected credit loss | (120,571,420) | (88,842,187) | (29,837,025) | (21,748,393) |

(c) Analysis by maturity

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|---|-----------------------------|--------------------------------|---|--|
| Not later than 1 year | 277,042,494 | 246,252,875 | 68,557,905 | 60,282,222 |
| Later than 1 year and no later than 3 years | 1,182,713,441 | 1,207,365,443 | 292,678,407 | 295,560,696 |
| Later than 3 years and no later than 5 years | 1,606,100,268 | 1,578,918,479 | 397,451,192 | 386,516,152 |
| Later than 5 years | 2,078,414,034 | 2,059,444,766 | 514,331,609 | 504,148,044 |
| Total gross loans | 5,144,270,237 | 5,091,981,563 | 1,273,019,113 | 1,246,507,114 |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

6. Loans and advances at amortised costs (continued)

(d) Analysis by relationship

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|---|-----------------------------|--------------------------------|---|--|
| Related parties (including staff loans) | 32,394,440 | 33,588,984 | 8,016,440 | 8,222,517 |
| Non-related parties | 5,111,875,797 | 5,058,392,579 | 1,265,002,673 | 1,238,284,597 |
| Total gross loans | <u>5,144,270,237</u> | <u>5,091,981,563</u> | <u>1,273,019,113</u> | <u>1,246,507,114</u> |

(e) Analysis by residency

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|-------------------|-----------------------------|--------------------------------|---|--|
| Residents | 5,144,270,237 | 5,091,981,563 | 1,273,019,113 | 1,246,507,114 |
| Non-residents | - | - | - | - |
| Total gross loans | <u>5,144,270,237</u> | <u>5,091,981,563</u> | <u>1,273,019,113</u> | <u>1,246,507,114</u> |

(f) Interest rates

These loans and advances earn annual interest rates as below:

| | 31 March 2024 | 31 December 2023 |
|------------------|-----------------------|-----------------------|
| Short term loans | 7.66% - 18.00% | 6.78% - 18.00% |
| Long term loans | <u>3.00% - 18.00%</u> | <u>6.78% - 18.00%</u> |

(g) Allowance for expected credit loss

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|---|-----------------------------|--------------------------------|---|--|
| 12-month ECL (Stage 1) | 33,458,821 | 23,447,275 | 8,279,837 | 5,739,847 |
| Lifetime ECL-not credit impaired (Stage 2) | 18,082,567 | 5,771,271 | 4,474,775 | 1,412,796 |
| Lifetime ECL-credit impaired (Stage 3) | 69,030,032 | 59,623,641 | 17,082,413 | 14,595,750 |
| | <u>120,571,420</u> | <u>88,842,187</u> | <u>29,837,025</u> | <u>21,748,393</u> |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

6. Loans and advances at amortised costs (continued)

(h) Expected credit loss reconciliation – loans and advances

| | 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 2024 | 23,447,275 | 5,771,271 | 59,623,641 | 88,842,187 |
| <i>Changes due to exposure:</i> | | | | |
| Transfer to stage 1 | 3,533,780 | (1,308,126) | (2,225,654) | - |
| Transfer to stage 2 | (2,974,277) | 5,983,679 | (3,009,402) | - |
| Transfer to stage 3 | (1,450,610) | (2,681,634) | 4,132,244 | - |
| Net remeasurement of loss allowance (*) | 10,431,636 | 11,097,695 | 10,213,242 | 31,742,573 |
| New financial assets originated or purchased | 2,735,529 | 68,514 | 2,071 | 2,806,114 |
| Financial assets derecognised during the period other than write off | (1,814,070) | (422,565) | (722,918) | (2,959,553) |
| Unwinding of discount (**) | - | - | 1,393,431 | 1,393,431 |
| Foreign exchange differences | (450,442) | (426,267) | (376,623) | (1,253,332) |
| Loss allowance as at 31 March 2024 | <u>33,458,821</u> | <u>18,082,567</u> | <u>69,030,032</u> | <u>120,571,420</u> |
| <i>In US\$ equivalent (Note 2(b))</i> | <u>8,279,837</u> | <u>4,474,775</u> | <u>17,082,413</u> | <u>29,837,025</u> |

(*) Impact of the measurement of ECL due to changes in loss given default (LGD) and probability of default (PD) during the period 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).

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

6. Loans and advances at amortised costs (continued)

(h) Expected credit loss reconciliation – loans and advances (continued)

| | 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 2024 | 4,921,687,690 | 50,381,792 | 119,912,081 | 5,091,981,563 |
| <i>Changes due to financial instruments recognised:</i> | | | | |
| Transfer to stage 1 | 10,386,756 | (6,253,462) | (4,133,294) | - |
| Transfer to stage 2 | (174,127,442) | 181,021,873 | (6,894,431) | - |
| Transfer to stage 3 | (13,533,407) | (13,725,494) | 27,258,901 | - |
| New financial assets originated or purchased | 465,693,773 | (3,005,148) | 1,529,041 | 464,217,666 |
| Financial assets derecognised during the period other than write off | <u>(407,502,879)</u> | <u>(3,041,543)</u> | <u>(1,384,570)</u> | <u>(411,928,992)</u> |
| Gross carrying amount as at 31 March 2024 | <u>4,802,604,491</u> | <u>205,378,018</u> | <u>136,287,728</u> | <u>5,144,270,237</u> |
| <i>In US\$ equivalent (Note 2(b))</i> | <u>1,188,469,312</u> | <u>50,823,563</u> | <u>33,726,238</u> | <u>1,273,019,113</u> |

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

6. Loans and advances at amortised costs (continued)

(h) Expected credit loss reconciliation – loans and advances (continued)

| | 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 2023 | 57,944,061 | 10,213,409 | 83,810,681 | 151,968,151 |
| <i>Changes due to exposure:</i> | | | | |
| Transfer to stage 1 | 798,948 | (630,748) | (168,200) | - |
| Transfer to stage 2 | (2,251,865) | 2,433,729 | (181,864) | - |
| Transfer to stage 3 | (2,001,071) | (6,273,272) | 8,274,343 | - |
| Net remeasurement of loss allowance (*) | 7,055,887 | (6,052,020) | 4,317,488 | 5,321,355 |
| New financial assets originated or purchased | 7,130,207 | 144,123 | - | 7,274,330 |
| Financial assets derecognised during the period other than write off | (7,180,204) | (1,791,370) | (2,889,179) | (11,860,753) |
| Unwinding of discount (**) | - | - | 1,925,992 | 1,925,992 |
| Foreign exchange differences | (12,855,071) | 14,127,343 | (2,620,795) | (1,348,523) |
| Loss allowance as at 31 March 2023 | <u>48,640,892</u> | <u>12,171,194</u> | <u>92,468,466</u> | <u>153,280,552</u> |
| <i>In US\$ equivalent (Note 2(b))</i> | <u>11,998,247</u> | <u>3,002,268</u> | <u>22,809,192</u> | <u>37,809,707</u> |

(*) Impact of the measurement of ECL due to changes in loss given default (LGD) and probability of default (PD) during the period 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).

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

6. Loans and advances at amortised costs (continued)

(h) Expected credit loss reconciliation – loans and advances (continued)

| | 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 2023 | 4,948,939,886 | 73,840,698 | 135,912,040 | 5,158,692,624 |
| <i>Changes due to financial instruments recognised:</i> | | | | |
| Transfer to stage 1 | 3,345,821 | (3,002,490) | (343,331) | - |
| Transfer to stage 2 | (43,139,948) | 43,522,366 | (382,418) | - |
| Transfer to stage 3 | (7,773,611) | (21,909,838) | 29,683,449 | - |
| New financial assets originated or purchased | 541,379,537 | (3,514,499) | 102,919 | 537,967,957 |
| Financial assets derecognised during the period other than write off | <u>(475,481,471)</u> | <u>(13,374,813)</u> | <u>(6,851,037)</u> | <u>(495,707,321)</u> |
| Gross carrying amount as at 31 March 2023 | <u>4,967,270,214</u> | <u>75,561,424</u> | <u>158,121,622</u> | <u>5,200,953,260</u> |
| <i>In US\$ equivalent (Note 2(b))</i> | <u>1,225,276,324</u> | <u>18,638,733</u> | <u>39,003,853</u> | <u>1,282,918,910</u> |

7. Statutory deposits with the National Bank of Cambodia

| | Note | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|---------------------|------|-----------------------------|--------------------------------|---|--|
| Capital guarantee | (a) | 42,750,805 | 42,437,740 | 10,579,264 | 10,388,676 |
| Reserve requirement | (b) | 301,692,337 | 329,174,021 | 74,657,841 | 80,581,155 |
| | | <u>344,443,142</u> | <u>371,611,761</u> | <u>85,237,105</u> | <u>90,969,831</u> |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and twelve-month periods ended 31 December 2023

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

(a) Capital guarantee

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. On 25 April 2023, the Company received approval from the National Bank of Cambodia (“NBC”) to transfer retained earnings amounting to KHR200,000 million to share capital. 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 rate at 3% (31 March 2023: 3%) during the periods.

(b) Reserve requirement

This represents the minimum reserve requirement which is calculated at 7.00% of the total deposits from customers (31 March 2023: 7.00% for local currency and 9% for foreign currencies) 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.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

8. Property and equipment

| 2024 | Furniture and equipment KHR'000 | Motor vehicles KHR'000 | Computer equipment KHR'000 | Leasehold improvement KHR'000 | Total KHR'000 | US\$ (Note 2(b)) |
|---------------------------------------|---------------------------------------|------------------------------|----------------------------------|-------------------------------------|-------------------|---------------------|
| Cost | | | | | | |
| At 1 January | 6,407,983 | 12,513,234 | 22,010,611 | 2,552,863 | 43,484,691 | 10,644,967 |
| Additions | 478,049 | 463,722 | 251,943 | 170,347 | 1,364,061 | 335,068 |
| Disposals | (50,404) | (499,662) | (111,788) | (2,087) | (663,941) | (163,090) |
| Currency translation difference | - | - | - | - | - | 117,183 |
| At 31 March | <u>6,835,628</u> | <u>12,477,294</u> | <u>22,150,766</u> | <u>2,721,123</u> | <u>44,184,811</u> | <u>10,934,128</u> |
| 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 period | 241,890 | 193,297 | 844,580 | 66,154 | 1,345,921 | 330,612 |
| Disposals | (47,702) | (499,662) | (112,156) | (1,609) | (661,129) | (162,400) |
| Currency translation difference | - | - | - | - | - | 84,783 |
| At 31 March | <u>4,776,178</u> | <u>10,280,197</u> | <u>15,203,598</u> | <u>1,763,994</u> | <u>32,023,967</u> | <u>7,924,764</u> |
| Carrying amounts | | | | | | |
| At 1 January | <u>1,825,993</u> | <u>1,926,672</u> | <u>7,539,437</u> | <u>853,414</u> | <u>12,145,516</u> | <u>2,973,198</u> |
| At 31 March | <u>2,059,450</u> | <u>2,197,097</u> | <u>6,947,168</u> | <u>957,129</u> | <u>12,160,844</u> | <u>3,009,364</u> |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

8. Property and equipment (continued)

| 2023 | Furniture and equipment KHR'000 | Motor vehicles KHR'000 | Computer equipment KHR'000 | Leasehold improvement KHR'000 | Total KHR'000 | US\$ (Note 2(b)) |
|---------------------------------------|---------------------------------------|------------------------------|----------------------------------|-------------------------------------|-------------------|---------------------|
| Cost | | | | | | |
| At 1 January | 4,705,627 | 13,905,072 | 15,942,656 | 2,366,310 | 36,919,665 | 8,967,614 |
| Additions | 641,977 | 450,164 | 225,381 | - | 1,317,522 | 322,606 |
| Disposals | (32,137) | (996,423) | (102,914) | - | (1,131,474) | (277,050) |
| Currency translation difference | - | - | - | - | - | 139,695 |
| At 31 March | <u>5,315,467</u> | <u>13,358,813</u> | <u>16,065,123</u> | <u>2,366,310</u> | <u>37,105,713</u> | <u>9,152,865</u> |
| 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 period | 113,555 | 179,984 | 515,095 | 73,730 | 882,364 | 216,054 |
| Disposals | (31,298) | (996,423) | (102,905) | - | (1,130,626) | (276,843) |
| Currency translation difference | - | - | - | - | - | 113,071 |
| At 31 March | <u>4,069,015</u> | <u>11,104,848</u> | <u>13,157,680</u> | <u>1,494,736</u> | <u>29,826,279</u> | <u>7,357,247</u> |
| Carrying amounts | | | | | | |
| At 1 January | <u>718,869</u> | <u>1,983,785</u> | <u>3,197,166</u> | <u>945,304</u> | <u>6,845,124</u> | <u>1,662,649</u> |
| At 31 March | <u>1,246,452</u> | <u>2,253,965</u> | <u>2,907,443</u> | <u>871,574</u> | <u>7,279,434</u> | <u>1,795,618</u> |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

9. Leases

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

The Company leases various buildings for its head office and branch operation. 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.

(i) Amounts recognised in the statement of financial position

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|--|-----------------------------|--------------------------------|---|--|
| <i>Right-of-use assets (Non-current)</i> | | | | |
| Buildings | 33,606,560 | 28,661,010 | 8,316,397 | 7,016,159 |
| <i>Lease liabilities</i> | | | | |
| Current | 6,185,753 | 5,733,058 | 1,530,748 | 1,403,441 |
| Non-current | 25,533,438 | 21,748,608 | 6,318,594 | 5,324,017 |
| | <u>31,719,191</u> | <u>27,481,666</u> | <u>7,849,342</u> | <u>6,727,458</u> |

Right-of-use assets' additions during the period were KHR7,024,624 thousand (2023: KHR1,542,894 thousand).

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

| | Three-month period ended | | | |
|--|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| <i>Depreciation of right-of-use assets</i> | | | | |
| Buildings | 1,731,356 | 1,621,744 | 425,290 | 397,097 |
| Interest expense (Note 16) | 612,771 | 509,981 | 150,521 | 124,872 |
| Expense relating to short-term lease and leases of low-value assets (included in operating expenses) | 2,443,464 | 2,229,120 | 600,212 | 545,818 |
| Total expenses related to leases | <u>4,787,591</u> | <u>4,360,845</u> | <u>1,176,023</u> | <u>1,067,787</u> |

Total cash outflow for lease during the period was KHR4,900,898 thousand (2023: KHR4,276,847 thousand).

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

10. Intangible assets

| 2024 | Software and license KHR'000 | Work in progress KHR'000 | Total KHR'000 (Note 2(b)) | US\$ (Note 2(b)) |
|---------------------------------------|---|---|--|-----------------------------|
| Cost | | | | |
| At 1 January | 15,753,537 | 1,719,829 | 17,473,366 | 4,277,446 |
| Additions | 15,168 | 1,580,232 | 1,595,400 | 391,894 |
| Transfers | 37,739 | (37,739) | - | - |
| Currency translation difference | - | - | - | 49,484 |
| At 31 March | <u>15,806,444</u> | <u>3,262,322</u> | <u>19,068,766</u> | <u>4,718,824</u> |
| Less: Accumulated depreciation | | | | |
| At 1 January | 9,655,272 | - | 9,655,272 | 2,363,592 |
| Amortisation for the period | 896,835 | - | 896,835 | 220,298 |
| Currency translation difference | - | - | - | 27,372 |
| At 31 March | <u>10,552,107</u> | <u>-</u> | <u>10,552,107</u> | <u>2,611,262</u> |
| Carrying amounts | | | | |
| At 1 January | <u>6,098,265</u> | <u>1,719,829</u> | <u>7,818,094</u> | <u>1,913,854</u> |
| At 31 March | <u>5,254,337</u> | <u>3,262,322</u> | <u>8,516,659</u> | <u>2,107,562</u> |
| 2023 | | | | |
| Cost | | | | |
| At 1 January | 14,132,015 | 316,425 | 14,448,440 | 3,509,458 |
| Additions | - | 92,523 | 92,523 | 22,655 |
| Currency translation difference | 107,667 | (107,667) | - | 54,706 |
| At 31 March | <u>14,239,682</u> | <u>301,281</u> | <u>14,540,963</u> | <u>3,586,819</u> |
| Less: Accumulated depreciation | | | | |
| At 1 January | 6,158,105 | - | 6,158,105 | 1,495,775 |
| Amortisation for the period | 774,454 | - | 774,454 | 189,631 |
| Currency translation difference | - | - | - | 24,648 |
| At 31 March | <u>6,932,559</u> | <u>-</u> | <u>6,932,559</u> | <u>1,710,054</u> |
| Carrying amounts | | | | |
| At 1 January | <u>7,973,910</u> | <u>316,425</u> | <u>8,290,335</u> | <u>2,013,683</u> |
| At 31 March | <u>7,307,123</u> | <u>301,281</u> | <u>7,608,404</u> | <u>1,876,765</u> |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

11. Deposits from banks and other financial institutions

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|------------------|--------------------------------------|---|---|--|
| Savings deposits | 8,181,591 | 3,195,172 | 2,024,645 | 782,172 |
| Fixed deposits | 254,949,308 | 190,380,690 | 63,090,648 | 46,604,820 |
| | <u>263,130,899</u> | <u>193,575,862</u> | <u>65,115,293</u> | <u>47,386,992</u> |
| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
| Current | 263,130,899 | 193,575,862 | 65,115,293 | 47,386,992 |
| Non-current | - | - | - | - |
| | <u>263,130,899</u> | <u>193,575,862</u> | <u>65,115,293</u> | <u>47,386,992</u> |

The annual interest rate for deposits from banks and other financial institutions are as below:

| | <u>31 March 2024</u> | <u>31 December 2023</u> |
|------------------|----------------------|-------------------------|
| Savings deposits | 1.00% - 3.00% | 1.00% - 3.00% |
| Fixed deposits | 4.50% - 7.90% | 5.00% - 7.90% |

12. Deposits from customers

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|------------------|-----------------------------|--------------------------------|---|--|
| Savings deposits | 205,931,847 | 198,741,416 | 50,960,615 | 48,651,509 |
| Fixed deposits | 3,242,366,226 | 3,300,187,159 | 802,367,292 | 807,879,354 |
| | <u>3,448,298,073</u> | <u>3,498,928,575</u> | <u>853,327,907</u> | <u>856,530,863</u> |

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

12. Deposits from customers (continued)

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|-------------|-----------------------------|--------------------------------|---|--|
| Current | 3,101,023,481 | 3,168,407,625 | 767,390,121 | 775,619,982 |
| Non-current | 347,274,592 | 330,520,950 | 85,937,786 | 80,910,881 |
| | <u>3,448,298,073</u> | <u>3,498,928,575</u> | <u>853,327,907</u> | <u>856,530,863</u> |

The annual interest rate for deposits from customers are as below:

| | 31 March 2024 | 31 December 2023 |
|------------------|----------------------|----------------------|
| Savings deposits | 1.00% - 5.00% | 0.00% - 5.00% |
| Fixed deposits | <u>2.75% - 9.35%</u> | <u>2.90% - 9.40%</u> |

13. Borrowings

As at 31 March 2024, the Company is in breach of a covenant of one lender, of which the actual performance ratio exceeded the limit as follow:

| | Limit | Actual | 31 March 2024 KHR'000 | 31 March 2024 US\$ (Note 2(b)) |
|---------------------------|----------|--------|-----------------------------|---|
| Portfolio at risk 30 days | <= 5.00% | 6.46% | <u>40,300,429</u> | <u>9,972,885</u> |

As of the date of these condensed interim financial statements, the non-current liabilities portion of KHR32,153,845 thousand (US\$7,956,903) had been reclassified to current liabilities.

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|-------------|-----------------------------|--------------------------------|---|--|
| Current | 443,873,134 | 426,603,927 | 109,842,399 | 104,431,806 |
| Non-current | 349,528,479 | 457,492,173 | 86,495,540 | 111,993,188 |
| | <u>793,401,613</u> | <u>884,096,100</u> | <u>196,337,939</u> | <u>216,424,994</u> |

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

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

14. Subordinated debts

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|-------------|-----------------------------|--------------------------------|---|--|
| Current | 86,730,687 | 72,213,624 | 21,462,679 | 17,677,754 |
| Non-current | 162,722,970 | 181,539,551 | 40,267,996 | 44,440,526 |
| | <u>249,453,657</u> | <u>253,753,175</u> | <u>61,730,675</u> | <u>62,118,280</u> |

The annual interest rates for all subordinated debts are ranging from 7.50% to 10.47% (2023: 7.50% to 10.47%).

15. Share capital

The total number of authorised share of the Company as at 31 March 2024 was 4,243,774 shares (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 March 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 |
| | <u>4,243,774</u> | <u>100%</u> | <u>424,377,400</u> |
| In US\$ equivalent (Note 2(b)) | | | <u>103,969,218</u> |

16. Net interest income

| | Three-month period ended | | | |
|--|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| <i>Interest income from financial assets at amortised cost</i> | | | | |
| Loans and advances | 212,305,120 | 229,162,672 | 52,150,607 | 56,112,310 |
| Deposits and placements with banks | 4,325,489 | 1,062,384 | 1,062,513 | 260,133 |
| Deposits and placements with the National Bank of Cambodia | 325,551 | 187,769 | 79,968 | 45,976 |
| Total interest income | <u>216,956,160</u> | <u>230,412,825</u> | <u>53,293,088</u> | <u>56,418,419</u> |

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

16. Net interest income (continued)

| | Three-month period ended | | | |
|--|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| <i>Interest expense on financial liabilities at amortised cost</i> | | | | |
| Deposits from customers | (70,620,679) | (53,913,360) | (17,347,256) | (13,201,117) |
| Borrowings | (14,510,893) | (21,109,735) | (3,564,454) | (5,168,887) |
| Subordinated debts | (6,000,769) | (7,484,802) | (1,474,028) | (1,832,714) |
| Lease liabilities (Note 9) | (612,771) | (509,981) | (150,521) | (124,872) |
| | <u>(91,745,112)</u> | <u>(83,017,878)</u> | <u>(22,536,259)</u> | <u>(20,327,590)</u> |
| Net interest income | <u>125,211,048</u> | <u>147,394,947</u> | <u>30,756,829</u> | <u>36,090,829</u> |

17. Credit impairment losses

| | Three-month period ended | | | |
|------------------------------------|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| <i>Expected Credit Loss (ECL):</i> | | | | |
| Loans and advances | 31,589,134 | 734,932 | 7,759,551 | 179,954 |
| Deposits and placements with banks | (1,290,097) | (453,949) | (316,899) | (111,153) |
| | <u>30,299,037</u> | <u>280,983</u> | <u>7,442,652</u> | <u>68,801</u> |

18. Personnel expenses

| | Three-month period ended | | | |
|----------------------------|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| Salaries and wage expenses | 35,680,860 | 37,786,403 | 8,764,643 | 9,252,302 |
| Other benefits | 3,368,488 | 3,125,965 | 827,435 | 765,418 |
| | <u>39,049,348</u> | <u>40,912,368</u> | <u>9,592,078</u> | <u>10,017,720</u> |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

19. Income tax expense

(a) Income tax expense

| | Three-month period ended | | | |
|---------------------|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| Current income tax | 14,617,494 | 16,533,743 | 3,590,640 | 4,048,419 |
| Deferred income tax | (5,501,987) | 3,893,081 | (1,351,508) | 953,252 |
| | <u>9,115,507</u> | <u>20,426,824</u> | <u>2,239,132</u> | <u>5,001,671</u> |

(b) Reconciliation between income tax expenses and accounting profit

| | Three-month period ended | | | |
|---|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| Profit before income tax | 37,787,851 | 99,487,616 | 9,282,205 | 24,360,337 |
| Tax expenses at 20% | 7,557,570 | 19,897,523 | 1,856,441 | 4,872,067 |
| Tax effect of reconciling items: | | | | |
| Expenses not deductible for tax purposes | 180,208 | 529,301 | 44,266 | 129,604 |
| Others | 1,377,729 | - | 338,425 | - |
| Income tax expense | <u>9,115,507</u> | <u>20,426,824</u> | <u>2,239,132</u> | <u>5,001,671</u> |

Under the Cambodian tax regulations, the Company is subject to Income Tax at 20%.

20. Cash used in operations

| | Three-month period ended | | | |
|--|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| Profit before income tax | 37,787,851 | 99,487,616 | 9,282,205 | 24,360,337 |
| <i>Adjustments for:</i> | | | | |
| Depreciation and amortisation charges | 3,974,112 | 3,278,562 | 976,200 | 802,782 |
| Credit impairment losses | 30,299,037 | 280,983 | 7,442,652 | 68,801 |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

20. Cash used in operations (continued)

| | Three-month period ended | | | |
|---|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| Net gains on derecognition of financial assets measured at amortised cost | (2,279,822) | (1,299,103) | (560,015) | (318,096) |
| Gain on disposals of property and equipment | (168,939) | (302,066) | (41,498) | (73,963) |
| Provision for employee benefits | 195,718 | (28,466) | 48,076 | (6,970) |
| Unrealised exchange gains | (42,542,187) | (16,659,189) | (10,450,059) | (4,079,135) |
| Net interest income (Note 16) | (125,211,048) | (147,394,947) | (30,756,829) | (36,090,829) |
| <i>Changes in working capital:</i> | | | | |
| Reserve requirement deposits | 27,168,619 | (29,024,568) | 6,673,697 | (7,106,897) |
| Loans and advances | (21,952,872) | (38,631,039) | (5,392,501) | (9,459,118) |
| Other assets | (4,420,196) | (2,383,324) | (1,085,776) | (583,576) |
| Deposits from banks and other financial institutions | 69,555,037 | 55,575,989 | 17,085,492 | 13,608,225 |
| Deposits from customers | (50,630,502) | (62,025,441) | (12,436,871) | (15,187,424) |
| Other liabilities | (15,570,293) | (16,907,005) | (3,824,685) | (4,139,815) |
| Cash used in operations | <u>(93,795,485)</u> | <u>(156,031,998)</u> | <u>(23,039,912)</u> | <u>(38,205,678)</u> |

For purpose of preparing the condensed interim statement of cash flows, cash and cash equivalents comprise the following:

| | Three-month period ended | | | |
|--|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| Cash on hand | 107,668,712 | 108,181,110 | 26,644,076 | 26,685,030 |
| <i>Balances with the NBC</i> | | | | |
| Current accounts | 170,442,363 | 134,658,504 | 42,178,264 | 33,216,207 |
| Settlement accounts | 28,080,877 | 31,243,117 | 6,948,992 | 7,706,738 |
| <i>Balances with other banks</i> | | | | |
| Current accounts | 204,440,944 | 162,784,741 | 50,591,671 | 40,154,105 |
| Savings accounts | 252,068,455 | 76,811,075 | 62,377,742 | 18,946,985 |
| Term deposits (original maturity up to three months) | 63,448,589 | 20,275,068 | 15,701,210 | 5,001,250 |
| | <u>826,149,940</u> | <u>533,953,615</u> | <u>204,441,955</u> | <u>131,710,315</u> |

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

21. Related party transactions and balances

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 period end and relating expenses and income for the period are as follows:

(a) Related parties and relationship

The related parties of and their relationship with 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

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|-----------------------------------|-----------------------------|--------------------------------|---|--|
| Loans to key management personnel | <u>3,466,433</u> | <u>4,369,644</u> | <u>857,816</u> | <u>1,069,680</u> |

Loans and advances to key management personnel are secured and having interest rate of 7.66% to 14.40% (31 December 2023: 6.78% to 14.40%) per annum. Allowances for expected credit losses for loans to related parties recognised during the period was KHR2,041 thousand (2023: KHR4,092 thousand).

(c) Related parties balances

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|-------------------------------|-----------------------------|--------------------------------|---|--|
| Payables to related companies | <u>1,529,169</u> | <u>1,140,781</u> | <u>378,414</u> | <u>279,261</u> |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

21. Related party transactions and balances (continued)

(c) Related parties balances (continued)

Deposits from related parties

| | 31 March 2024 KHR'000 | 31 December 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 December 2023 US\$ (Note 2(b)) |
|--------------------------|-----------------------------|--------------------------------|---|--|
| Shareholders | 94,829 | 95,771 | 23,467 | 23,445 |
| Board of directors | 2,036,316 | 1,936,539 | 503,914 | 474,061 |
| Key management personnel | 15,901,948 | 13,912,464 | 3,935,152 | 3,405,744 |
| Related companies | 340,915 | 187,003 | 84,364 | 45,778 |
| | <u>18,374,008</u> | <u>16,131,777</u> | <u>4,546,897</u> | <u>3,949,028</u> |
| Interest payables | <u>448,499</u> | <u>403,812</u> | <u>110,987</u> | <u>98,852</u> |

Annual interest rates during the period are as follows:

| | <u>31 March 2024</u> | <u>31 December 2023</u> |
|--------------------------|----------------------|-------------------------|
| Shareholders | 3.00% - 8.50% | 3.00% - 8.50% |
| Board of directors | 3.00% - 8.75% | 3.00% - 8.75% |
| Key management personnel | 1.00% - 9.13% | 1.00% - 9.13% |
| Related businesses | 1.00% - 3.00% | 1.00% - 3.00% |

(d) Transactions with related parties

| | <u>Three-month period ended</u> | | | |
|--|--------------------------------------|--------------------------------------|---|---|
| | <u>31 March 2024 KHR'000</u> | <u>31 March 2023 KHR'000</u> | <u>31 March 2024 US\$ (Note 2(b))</u> | <u>31 March 2023 US\$ (Note 2(b))</u> |
| <i>(i) Incomes from related companies:</i> | | | | |
| Rental income | 13,679 | 16,418 | 3,360 | 4,020 |
| Management fee income | 50,883 | 49,915 | 12,499 | 12,222 |
| | <u>64,562</u> | <u>66,333</u> | <u>15,859</u> | <u>16,242</u> |
| <i>(ii) Expenses to related companies:</i> | | | | |
| License fees | 156,213 | 156,711 | 38,372 | 38,372 |
| IT consultancy and support fees | 281,652 | 104,461 | 69,185 | 25,578 |
| Rental expense | - | 6,739 | - | 1,650 |
| Commission income | 1,624,436 | 777,867 | 399,026 | 190,467 |
| | <u>2,062,301</u> | <u>1,045,778</u> | <u>506,583</u> | <u>256,067</u> |

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

21. Related party transactions and balances (continued)

(d) Transactions with related parties (continued)

| | Three-month period ended | | | |
|--------------------------------------|--------------------------|------------------|------------------|------------------|
| | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 |
| (iii) <i>Interest income/expense</i> | | | | |
| Interest income | 84,588 | 57,797 | 20,778 | 14,152 |
| Interest expense | 270,324 | 304,235 | 66,402 | 74,494 |

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

(e) Key management compensation

| | Three-month period ended | | | |
|--|-----------------------------|-----------------------------|---|---|
| | 31 March 2024 KHR'000 | 31 March 2023 KHR'000 | 31 March 2024 US\$ (Note 2(b)) | 31 March 2023 US\$ (Note 2(b)) |
| Directors' fees | 188,317 | 195,597 | 46,258 | 47,893 |
| Salaries and other benefits to key management | 3,186,376 | 3,130,901 | 782,701 | 766,626 |
| | <u>3,374,693</u> | <u>3,326,498</u> | <u>828,959</u> | <u>814,519</u> |

22. Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual audited financial statements.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

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

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Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

22. Fair value measurement of financial instruments (continued)

(a) Fair value hierarchy (continued)

| | Level 1 KHR'000 | Level 2 KHR'000 | Level 3 KHR'000 | Total KHR'000 |
|--|--------------------|--------------------|--------------------|------------------|
| As at 31 March 2024 | | | | |
| Financial assets | | | | |
| <i>Financial assets at fair value through other comprehensive income (FVOCI)</i> | | | | |
| Equity securities | - | - | 60,615 | 60,615 |
| Total financial assets | - | - | 60,615 | 60,615 |
| <i>In US\$ equivalent (Note 2(b))</i> | - | - | 15,000 | 15,000 |
| As at 31 December 2023 | | | | |
| Financial assets | | | | |
| <i>Financial assets at fair value through other comprehensive income (FVOCI)</i> | | | | |
| Equity securities | - | - | 61,275 | 61,275 |
| Total financial assets | - | - | 61,275 | 61,275 |
| <i>In US\$ equivalent (Note 2(b))</i> | - | - | 15,000 | 15,000 |

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.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

22. Fair value measurement of financial instruments (continued)

(b) Fair value measurements using significant unobservable inputs (level 3)

The unlisted equity securities are the 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 recognize 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 FVOCI have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

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

(c) 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) *Loans and advances*

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 is approximate to their carrying value as reporting date.

(iii) *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 values due to the relatively short maturity of these instruments. The fair value of deposits from customers with remaining maturities of one year or more are expected to approximate their carrying amount due to the Company offered similar interest rate of the instrument with similar maturities and terms.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2024

22. Fair value measurement of financial instruments (continued)

(c) Financial instruments not measured at fair value (continued)

(iv) *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.

(v) *Borrowings and subordinated debts*

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

23. Tax contingency

Taxes are calculated on the basis of current interpretation of the tax regulations enacted at reporting date. The management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

24. Subsequent event

On 19 February 2024, the Company submitted a request letter to the NBC for the dividend distribution amounting to KHR53,895,930 thousand following the BOD approved on 14 February 2024. This subsequently approved by the NBC on 18 April 2024. The amount was paid to the shareholders on 16 May 2024.