

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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STATEMENT BY BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting the condensed interim financial information of LOLC (Cambodia) Plc. (the Company) for the nine-month period ended 30 September 2022.

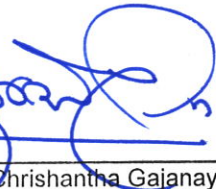

BOARD OF DIRECTORS

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. Hans Michael Theodor Moormann | 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 information of the Company is prepared, in all material respects, the financial position of the Company as at 30 September 2022 and its financial performance for the three-month and nine-month periods then ended, changes in equity and cash flows of the Company for the nine-month period then ended, in accordance with Cambodian International Accounting Standard 34, 'Interim Financial Reporting'.

On behalf of the Board of Directors



Mr. Brindley Chrishantha Gajanayake de Zylva
Chairman

Phnom Penh, Kingdom of Cambodia
14 November 2022



Report on review of condensed interim financial information

To the Shareholders of LOLC (Cambodia) Plc.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of LOLC (Cambodia) Plc. (the Company) as at 30 September 2022 and the related condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and condensed interim statements of changes in equity and cash flows for the nine-month period then ended and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with Cambodian International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information 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 information is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, 'Interim Financial Reporting'.

For PricewaterhouseCoopers (Cambodia) Ltd.

By Kuy Lim
Partner

Phnom Penh, Kingdom of Cambodia
14 November 2022

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

		30 September 2022	31 December 2021	30 September 2022	31 December 2021
	Notes	KHR'000	KHR'000	US\$	US\$
ASSETS					
Cash on hand		116,933,068	95,083,129	28,388,703	23,339,011
Deposits and placements with the Central Bank		183,526,530	126,233,530	44,556,089	30,985,157
Deposits and placements with banks		385,571,103	268,874,510	93,607,940	65,997,671
Financial assets at fair value through other comprehensive income		61,785	61,110	15,000	15,000
Loans and advances at amortised cost	6	4,948,324,539	4,134,913,292	1,201,341,233	1,014,951,716
Statutory deposits with the Central Bank		289,306,333	219,654,230	70,237,032	53,916,109
Property and equipment	7	7,139,003	6,408,761	1,733,188	1,573,088
Right-of-use assets	8	29,757,271	27,730,520	7,224,392	6,806,706
Intangible assets	9	8,732,413	10,602,031	2,120,032	2,602,364
Deferred tax assets		39,750,386	26,225,612	9,650,494	6,437,313
Other assets		34,908,757	19,274,179	8,475,057	4,731,021
TOTAL ASSETS		6,044,011,188	4,935,060,904	1,467,349,160	1,211,355,156
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	10	232,419,595	195,570,226	56,426,219	48,004,474
Deposits from customers	11	2,906,189,103	2,175,241,605	705,556,956	533,932,647
Borrowings	12	1,347,793,473	1,152,112,820	327,213,759	282,796,470
Debt securities		-	81,741,176	-	20,064,108
Lease liabilities	8	27,482,392	25,228,428	6,672,103	6,192,545
Current income tax liabilities		55,909,215	54,764,710	13,573,492	13,442,491
Employee benefits		3,655,211	2,449,007	887,403	601,131
Other liabilities		38,236,412	40,171,071	9,282,936	9,860,352
Subordinated debts	13	307,005,365	252,600,043	74,533,956	62,002,956
TOTAL LIABILITIES		4,918,690,766	3,979,879,086	1,194,146,824	976,897,174
EQUITY					
Share capital		224,377,400	224,377,400	55,460,850	55,460,850
Retained earnings		520,527,906	350,389,302	128,003,598	86,241,545
General reserves		380,415,116	380,415,116	93,768,951	93,768,951
Regulatory reserves		-	-	-	-
Other reserves		-	-	(4,031,063)	(1,013,364)
TOTAL EQUITY		1,125,320,422	955,181,818	273,202,336	234,457,982
TOTAL LIABILITIES AND EQUITY		6,044,011,188	4,935,060,904	1,467,349,160	1,211,355,156

The accompanying notes on pages 7 to 27 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

Notes	Three-month period ended				Nine-month period ended				
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021	
	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	US\$	US\$	
Interest income	14	224,347,873	180,566,845	55,149,428	44,300,011	636,494,651	527,929,463	156,233,346	129,840,006
Interest expense	14	(79,241,700)	(62,650,658)	(19,479,277)	(15,370,623)	(223,046,241)	(187,353,421)	(54,748,709)	(46,078,067)
Net interest income	14	<u>145,106,173</u>	<u>117,916,187</u>	<u>35,670,151</u>	<u>28,929,388</u>	<u>413,448,410</u>	<u>340,576,042</u>	<u>101,484,637</u>	<u>83,761,939</u>
Fee and commission income		7,640,809	5,768,189	1,878,272	1,415,159	21,053,345	18,162,765	5,167,733	4,466,986
Fee and commission expense		(217,188)	(111,695)	(53,389)	(27,403)	(712,385)	(402,411)	(174,861)	(98,970)
Net fee and commission income		<u>7,423,621</u>	<u>5,656,494</u>	<u>1,824,883</u>	<u>1,387,756</u>	<u>20,340,960</u>	<u>17,760,354</u>	<u>4,992,872</u>	<u>4,368,016</u>
Other operating income		930,972	495,585	228,853	121,586	2,189,106	1,473,441	537,336	362,381
Other (losses)/gains- net		(6,025,617)	437,290	(1,481,223)	107,284	(7,116,769)	(430,012)	(1,746,875)	(105,758)
Total other operating income		<u>(5,094,645)</u>	<u>932,875</u>	<u>(1,252,370)</u>	<u>228,870</u>	<u>(4,927,663)</u>	<u>1,043,429</u>	<u>(1,209,539)</u>	<u>256,623</u>
Credit impairment losses	15	(30,095,741)	(4,255,769)	(7,398,166)	(1,044,104)	(59,277,256)	(26,633,148)	(14,550,136)	(6,550,209)
Net gains on derecognition of financial assets measured at amortised cost		675,442	643,311	166,038	157,829	2,522,886	1,750,429	619,265	430,504
Net other operating losses		<u>(34,514,944)</u>	<u>(2,679,583)</u>	<u>(8,484,498)</u>	<u>(657,405)</u>	<u>(61,682,033)</u>	<u>(23,839,290)</u>	<u>(15,140,410)</u>	<u>(5,863,082)</u>
Personnel expenses	16	(36,106,421)	(33,077,700)	(8,875,718)	(8,115,236)	(108,837,671)	(98,839,420)	(26,715,187)	(24,308,760)
Depreciation and amortisation charges		(3,062,021)	(3,522,814)	(752,709)	(864,282)	(9,297,229)	(8,814,347)	(2,282,089)	(2,167,818)
Other operating expenses		(15,197,603)	(10,828,074)	(3,735,891)	(2,656,544)	(40,507,839)	(30,827,681)	(9,943,014)	(7,581,820)
Profit before income tax		<u>63,648,805</u>	<u>73,464,510</u>	<u>15,646,218</u>	<u>18,023,677</u>	<u>213,464,598</u>	<u>196,015,658</u>	<u>52,396,809</u>	<u>48,208,475</u>
Income tax expense	17	(12,926,287)	(15,319,141)	(3,177,553)	(3,758,376)	(43,325,994)	(40,120,953)	(10,634,756)	(9,867,426)
Profit for the period		<u>50,722,518</u>	<u>58,145,369</u>	<u>12,468,665</u>	<u>14,265,301</u>	<u>170,138,604</u>	<u>155,894,705</u>	<u>41,762,053</u>	<u>38,341,049</u>
Other comprehensive income: <i>Items that will not reclassified to profit or loss</i>									
Currency translation differences		-	-	(3,175,859)	(215,858)	-	-	(3,017,699)	(1,632,367)
Other comprehensive income for the period, net of tax		-	-	(3,175,859)	(215,858)	-	-	(3,017,699)	(1,632,367)
Total comprehensive income for the period		<u>50,722,518</u>	<u>58,145,369</u>	<u>9,292,806</u>	<u>14,049,443</u>	<u>170,138,604</u>	<u>155,894,705</u>	<u>38,744,354</u>	<u>36,708,682</u>
Profit attributable to:									
Owners of the Company		<u>50,722,518</u>	<u>58,145,369</u>	<u>12,468,665</u>	<u>14,265,301</u>	<u>170,138,604</u>	<u>155,894,705</u>	<u>41,762,053</u>	<u>38,341,049</u>
Total comprehensive income attributable to:									
Owners of the Company		<u>50,722,518</u>	<u>58,145,369</u>	<u>9,292,806</u>	<u>14,049,443</u>	<u>170,138,604</u>	<u>155,894,705</u>	<u>38,744,354</u>	<u>36,708,682</u>

The accompanying notes on pages 7 to 27 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	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\$	Retained earnings US\$	General reserves US\$	Regulatory reserves US\$	Other reserves US\$	Total US\$
Balance at 1 January 2021	224,377,400	298,065,276	210,415,116	-	-	732,857,792	55,460,850	73,379,198	51,979,374	-	356,794	181,176,216
Profit for the period	-	155,894,705	-	-	-	155,894,705	-	38,341,049	-	-	-	38,341,049
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	(1,632,367)	(1,632,367)
Total comprehensive income the period	-	155,894,705	-	-	-	155,894,705	-	38,341,049	-	-	(1,632,367)	36,708,682
Balance at 30 September 2021	<u>224,377,400</u>	<u>453,959,981</u>	<u>210,415,116</u>	<u>-</u>	<u>-</u>	<u>888,752,497</u>	<u>55,460,850</u>	<u>111,720,247</u>	<u>51,979,374</u>	<u>-</u>	<u>(1,275,573)</u>	<u>217,884,898</u>
Balance at 1 January 2022	224,377,400	350,389,302	380,415,116	-	-	955,181,818	55,460,850	86,241,545	93,768,951	-	(1,013,364)	234,457,982
Profit for the period	-	170,138,604	-	-	-	170,138,604	-	41,762,053	-	-	-	41,762,053
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	(3,017,699)	(3,017,699)
Total comprehensive income for the period	-	170,138,604	-	-	-	170,138,604	-	41,762,053	-	-	(3,017,699)	38,744,354
Balance at 30 September 2022	<u>224,377,400</u>	<u>520,527,906</u>	<u>380,415,116</u>	<u>-</u>	<u>-</u>	<u>1,125,320,422</u>	<u>55,460,850</u>	<u>128,003,598</u>	<u>93,768,951</u>	<u>-</u>	<u>(4,031,063)</u>	<u>273,202,336</u>

The accompanying notes on pages 7 to 27 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Notes	Nine-month period ended			
		30	30	30	30
		September 2022 KHR'000	September 2021 KHR'000	September 2022 US\$	September 2021 US\$
Cash flows from operating activities					
Cash used in operations	18	(359,946,179)	(479,159,677)	(88,305,453)	(117,837,405)
Interest received		644,486,613	527,925,241	158,195,045	129,838,967
Interest paid		(188,286,910)	(174,551,663)	(46,216,718)	(42,929,578)
Income tax paid		(55,706,263)	(48,113,707)	(13,673,604)	(11,833,179)
Employee benefits paid		(4,043,646)	(3,267,933)	(992,549)	(803,722)
Net cash from/(used in) operating activities		<u>36,503,615</u>	<u>(177,167,739)</u>	<u>9,006,721</u>	<u>(43,564,917)</u>
Cash flows from investing activities					
Deposits and placements with the Central Bank - maturity more than three months		(525,824)	(516,410)	(129,068)	(127,007)
Purchases of property and equipment	7	(3,406,118)	(1,738,066)	(836,062)	(427,463)
Purchases of intangible assets	9	(129,811)	(6,496,324)	(31,863)	(1,597,719)
Proceeds from disposals of property and equipment		363,378	35,078	89,194	8,627
Net cash used in investing activities		<u>(3,698,375)</u>	<u>(8,715,722)</u>	<u>(907,799)</u>	<u>(2,143,562)</u>
Cash flows from financing activities					
Proceeds from borrowings		535,547,883	272,322,302	131,455,052	66,975,480
Repayments of borrowings		(324,455,505)	(371,694,399)	(79,640,527)	(91,415,248)
Proceeds from subordinated debts		87,496,944	61,549,521	21,476,913	15,137,610
Repayments of subordinated debts		(17,973,800)	(32,516,200)	(4,411,831)	(7,997,098)
Repayments of debt securities		(80,504,783)	-	(19,760,624)	-
Payments of transaction costs		(32,680,759)	(3,173,772)	(8,021,787)	(780,564)
Principal element of lease payments		(4,448,225)	(4,943,015)	(1,091,857)	(1,215,695)
Net cash generated from/(used in) financing activities		<u>162,981,755</u>	<u>(78,455,563)</u>	<u>40,005,339</u>	<u>(19,295,515)</u>
Net increase/(decrease) in cash and cash equivalents		<u>195,786,995</u>	<u>(264,339,024)</u>	<u>48,104,261</u>	<u>(65,003,994)</u>
Cash and cash equivalents at beginning of period		490,359,898	648,240,207	120,363,254	160,257,159
Currency translation differences		-	-	(1,886,574)	(1,136,670)
Cash and cash equivalents at end of period		<u>686,146,893</u>	<u>383,901,183</u>	<u>166,580,941</u>	<u>94,116,495</u>

The accompanying notes on pages 7 to 27 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

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. After the change in the shareholding structure in September 2014, the Company became a subsidiary of LOLC Micro Investments Ltd., a company incorporated in Sri Lanka. The ultimate parent is LOLC Holdings PLC (previously known as Lanka ORIX Leasing Company PLC), a company incorporated in Sri Lanka and listed on the Colombo Stock Exchange.

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 or the Central Bank).

On 16 September 2017, LOLC Micro investments Ltd. and DWM Investment Asia Ltd, transferred/sold all their shareholding of 96.97% to LOLC Private Limited which was approved by NBC on 28 November 2017. NBC approved for the change in ownership on 14 March 2018 and endorsed by the MoC on 25 June 2018.

The Company's shareholder which is LOLC Private Limited changed name to LOLC Asia Private Limited, and the Company got approval from NBC to change its shareholder name on 15 December 2021. On 30 December 2021, MoC approved the change in shareholder name.

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 30 September 2022, the Company has 82 office locations (81 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 information was authorised to issue by the Board of Directors on 14 November 2022.

This condensed interim financial information for the nine-month period ended 30 September 2022 has been reviewed, but not audited.

2. BASIS OF PREPARATION

This condensed interim financial information for the nine-month period ended 30 September 2022 has been prepared in accordance with Cambodian International Accounting Standard 34, 'Interim financial reporting' (CIAS 34).

This condensed interim financial information does not include all the notes of the type normally included in the annual audited financial statements. Accordingly, this report is to be read in conjunction with the annual audited financial statements for the year ended 31 December 2021, which have been prepared in accordance with Cambodian International Financial Reporting Standards (CIFRS).

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

An English version of this condensed interim financial information has been prepared from the condensed interim financial information that is in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language condensed interim financial information shall prevail.

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

2. BASIS OF PREPARATION (continued)

New and amended standards adopted by the Company

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

- Property, Plant, and Equipment: Proceeds before intended use – Amendments to CIAS 16,
- Reference to the Conceptual Framework – Amendments to CIFRS 3,
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to CIAS 37, and
- Annual Improvement to CIFRS Standards 2018 – 2020.

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.

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 Central Bank as at the reporting dates and average rate for the year. The statement of profit or loss and other comprehensive income and cash flow statement are translated into US\$ using the average rate for the year. Assets and liabilities for each statement of financial position presented are translated at the closing rate as of the reporting date. Shareholders' capital and reserves are translated at the rate at the date of transaction. Resulting exchange difference arising from the translation of reserves are recognised 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 per US\$1:

	For the three-month period ended		For the nine-month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Average rate	KHR 4,068	KHR 4,076	KHR 4,074	KHR 4,066
			<u>30 September 2022</u>	<u>31 December 2021</u>
Closing rate			KHR 4,119	KHR 4,074

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The following are the significant events that occurred in the current reporting period:

(i) Impact on impairment charge from COVID-19 pandemic and economy

The COVID-19 pandemic and its ongoing effect on global and domestic economies have continued to impact the Company's customers, operations and performance. Therefore, management has continuously refreshed the macroeconomic variables quarterly to reflect the recent economic condition in its forward-looking model for the allowances for expected losses for loans and advances to customers.

The management has considered the recent economic trend driven by local and international events which may impact the future prospect of the economy. Any unexpected events and pressing issues could potentially have an impact on the disposable incomes of the Company's customers in making repayments to loans and advances. The management believes that the uncertain economic environment may result in higher credit impairment losses. Consequently, the management has adjusted the Company's probability weighted percentage in the probability weighted forward looking Probability of Default (PD) to give a heavier weight to the worse-case scenario and a lighter weight to the best-case scenario while maintaining the base percentage the same.

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD (continued)

(i) Impact on impairment charge from COVID-19 pandemic and economy (continued)

The table below shows the scenario probability weighted percentage as at 30 September 2022 and 31 Dec 2021.

Scenario probability weighted percentage

	Base %	Best %	Worst %
As at 30 September 2022			
Scenario probability weighting	60%	10%	30%
As at 31 December 2021			
Scenario probability weighting	60%	20%	20%

Other than additional impairment loss recognised, management considers that the Company's activities may be slow in this short period but would not lead to a going concern issue given the size of the operations, current profitability level and liquidity headroom of the Company.

(ii) Classification and provisioning requirement by the Central Bank on restructured loans

The Central Bank's new circular B7-021-2314 on classification and provisioning requirement on restructured loan dated 28 December 2021 requires the financial institutions to classify and make provision on the restructured loan into three groups of viable, need more restructuring, and non-viable. Each group is classified into five loan classes and calculated provision accordingly. The implementation of this new circular is effective for the financial reporting period on 31 January 2022.

Following the adoption of this new circular, the impact on the regulatory provision has been increased but still lower than provision based on CIFRS 9.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The significant estimates, assumptions and judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual audited financial statements for the year ended 31 December 2021.

5. SEGMENT REVENUE AND 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.

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

6. LOANS AND ADVANCES

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
<i>At amortised cost</i>				
Group loans	742,362,175	626,723,724	180,228,739	153,834,984
Individual loans	4,328,157,885	3,572,565,196	1,050,778,802	876,918,310
Staff loans	26,710,322	22,519,365	6,484,661	5,527,581
Total gross loans	5,097,230,382	4,221,808,285	1,237,492,202	1,036,280,875
Less: Allowance for expected credit loss	(148,905,843)	(86,894,993)	(36,150,969)	(21,329,159)
Total net loans	<u>4,948,324,539</u>	<u>4,134,913,292</u>	<u>1,201,341,233</u>	<u>1,014,951,716</u>

(a) Analysis by industry

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Household/family	1,451,206,134	1,343,563,880	352,320,013	329,789,858
Agriculture	1,309,726,044	1,048,364,627	317,971,849	257,330,542
Trade and commerce	1,181,261,474	875,579,429	286,783,558	214,918,858
Services	781,913,569	669,714,969	189,830,922	164,387,572
Construction	200,633,731	173,398,312	48,709,330	42,562,178
Manufacturing	96,141,457	75,093,602	23,340,970	18,432,401
Transportation	61,140,869	35,512,349	14,843,620	8,716,826
Others	15,207,104	581,117	3,691,940	142,640
Total gross loans	<u>5,097,230,382</u>	<u>4,221,808,285</u>	<u>1,237,492,202</u>	<u>1,036,280,875</u>

(b) Analysis by loan classification

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
<i>Performing</i>				
Gross amount	4,847,894,542	3,932,943,702	1,176,959,102	965,376,461
Exposure at default	4,847,894,542	3,932,943,702	1,176,959,102	965,376,461
Allowance for expected credit loss	(57,205,792)	(25,163,215)	(13,888,272)	(6,176,538)
<i>Under-performing</i>				
Gross amount	109,129,041	181,173,597	26,494,062	44,470,691
Exposure at default	109,129,041	181,173,597	26,494,062	44,470,691
Allowance for expected credit loss	(9,869,855)	(3,715,030)	(2,396,177)	(911,888)
<i>Non-performing</i>				
Gross amount	140,206,799	107,690,986	34,039,038	26,433,723
Exposure at default	140,206,799	107,690,986	34,039,038	26,433,723
Allowance for expected credit loss	(81,830,196)	(58,016,748)	(19,866,520)	(14,240,733)
Total gross loans	<u>5,097,230,382</u>	<u>4,221,808,285</u>	<u>1,237,492,202</u>	<u>1,036,280,875</u>
Exposure at default	<u>5,097,230,382</u>	<u>4,221,808,285</u>	<u>1,237,492,202</u>	<u>1,036,280,875</u>
Allowance for expected credit loss	<u>(148,905,843)</u>	<u>(86,894,993)</u>	<u>(36,150,969)</u>	<u>(21,329,159)</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

6. LOANS AND ADVANCES (continued)

(c) Analysis by maturity

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Not later than 1 year	223,359,260	240,410,337	54,226,574	59,010,883
Later than 1 year and no later than 3 years	1,539,021,855	1,377,467,302	373,639,683	338,111,758
Later than 3 years and no later than 5 years	1,552,973,567	1,330,534,774	377,026,843	326,591,746
Later than 5 years	1,781,875,700	1,273,395,872	432,599,102	312,566,488
Total gross loans	<u>5,097,230,382</u>	<u>4,221,808,285</u>	<u>1,237,492,202</u>	<u>1,036,280,875</u>

(d) Analysis by relationship

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Related parties (including staff loans)	26,710,322	22,519,367	6,484,661	5,527,581
Non-related parties	<u>5,070,520,060</u>	<u>4,199,288,918</u>	<u>1,231,007,541</u>	<u>1,030,753,294</u>
Total gross loans	<u>5,097,230,382</u>	<u>4,221,808,285</u>	<u>1,237,492,202</u>	<u>1,036,280,875</u>

(e) Analysis by residency

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Residents	5,097,230,382	4,221,808,285	1,237,492,202	1,036,280,875
Non-residents	-	-	-	-
Total gross loans	<u>5,097,230,382</u>	<u>4,221,808,285</u>	<u>1,237,492,202</u>	<u>1,036,280,875</u>

(f) Interest rates

These loans and advances to customers earn annual interest rates as below:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Short term loans	8.87% – 18.00%	7.30% – 18.00%
Long term loans	8.49% – 18.00%	8.92% – 18.00%

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

6. LOANS AND ADVANCES (continued)

(g) Allowance for expected credit loss

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
12-month ECL (Stage 1)	57,205,792	25,163,215	13,888,272	6,176,538
Lifetime ECL-not credit impaired (Stage 2)	9,869,855	3,715,030	2,396,177	911,888
Lifetime ECL-credit impaired (Stage 3)	<u>81,830,196</u>	<u>58,016,748</u>	<u>19,866,520</u>	<u>14,240,733</u>
	<u>148,905,843</u>	<u>86,894,993</u>	<u>36,150,969</u>	<u>21,329,159</u>

(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 2022	25,163,215	3,715,030	58,016,748	86,894,993
<i>Changes due to exposure:</i>				
Transfer to stage 1	1,114,909	(796,449)	(318,460)	-
Transfer to stage 2	(489,137)	793,520	(304,383)	-
Transfer to stage 3	(520,267)	(1,142,598)	1,662,865	-
Net remeasurement of loss allowance (*)	6,793,574	6,191,585	25,258,639	38,243,798
New financial assets originated or purchased	30,522,624	2,192,637	1,988,671	34,703,932
Financial assets derecognised during the period other than write off	(5,398,527)	(1,089,541)	(7,623,239)	(14,111,307)
Unwinding of discount (**)	-	-	3,114,424	3,114,424
Foreign exchange differences	<u>19,401</u>	<u>5,671</u>	<u>34,931</u>	<u>60,003</u>
Loss allowance as at 30 September 2022	<u>57,205,792</u>	<u>9,869,855</u>	<u>81,830,196</u>	<u>148,905,843</u>
<i>In US\$ equivalent</i>	<u>13,888,272</u>	<u>2,396,177</u>	<u>19,866,520</u>	<u>36,150,969</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 INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

6. LOANS AND ADVANCES (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 2022	3,932,943,702	181,173,597	107,690,986	4,221,808,285
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	49,915,158	(49,298,834)	(616,324)	-
Transfer to stage 2	(62,333,395)	62,910,950	(577,555)	-
Transfer to stage 3	(27,992,103)	(21,051,044)	49,043,147	-
New financial assets originated or purchased	2,012,512,873	(7,891,768)	2,107,156	2,006,728,261
Financial assets derecognised during the period other than write off	<u>(1,057,151,693)</u>	<u>(56,713,860)</u>	<u>(17,440,611)</u>	<u>(1,131,306,164)</u>
Gross carrying amount as at 30 September 2022	<u>4,847,894,542</u>	<u>109,129,041</u>	<u>140,206,799</u>	<u>5,097,230,382</u>
<i>In US\$ equivalent</i>	<u>1,176,959,102</u>	<u>26,494,062</u>	<u>34,039,038</u>	<u>1,237,492,202</u>
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	Total
	KHR'000	KHR'000	KHR'000	KHR'000
Expected Credit Losses				
Loss allowance as at 1 January 2021	30,823,708	5,132,755	31,371,536	67,327,999
<i>Changes due to exposure:</i>				
Transfer to stage 1	627,876	(495,240)	(132,636)	-
Transfer to stage 2	(2,885,541)	3,507,411	(621,870)	-
Transfer to stage 3	(767,610)	(2,109,363)	2,876,973	-
Net remeasurement of loss allowance	(1,626,713)	2,315,506	26,096,301	26,785,094
New financial assets originated or purchased	15,469,871	2,192,759	1,975,114	19,637,744
Financial assets derecognised during the period other than write off	(10,786,920)	(2,030,195)	(7,010,777)	(19,827,892)
Unwinding of discount	-	-	2,748,467	2,748,467
Foreign exchange differences	-	-	(179,894)	(179,894)
Loss allowance as at 30 September 2021	<u>30,854,671</u>	<u>8,513,633</u>	<u>57,123,214</u>	<u>96,491,518</u>
<i>In US\$ equivalent</i>	<u>7,564,273</u>	<u>2,087,186</u>	<u>14,004,221</u>	<u>23,655,680</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 INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

6. LOANS AND ADVANCES (continued)

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

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	Total
	KHR'000	KHR'000	KHR'000	KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 2021	3,295,828,183	101,152,077	65,222,656	3,462,202,916
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	18,679,609	(18,310,032)	(369,577)	-
Transfer to stage 2	(304,773,394)	306,476,281	(1,702,887)	-
Transfer to stage 3	(31,810,843)	(25,690,316)	57,501,159	-
New financial assets originated or purchased	1,670,978,375	24,640,886	3,498,691	1,699,117,952
Financial assets derecognised during the period other than write off	<u>(1,208,763,551)</u>	<u>(44,378,061)</u>	<u>(17,942,789)</u>	<u>(1,271,084,401)</u>
Gross carrying amount as at 30 September 2021	<u>3,440,138,379</u>	<u>343,890,835</u>	<u>106,207,253</u>	<u>3,890,236,467</u>
<i>In US\$ equivalent</i>	<u>843,377,882</u>	<u>84,307,633</u>	<u>26,037,571</u>	<u>953,723,086</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

7. PROPERTY AND EQUIPMENT

	Furniture and equipment KHR'000	Motor vehicles KHR'000	Computer equipment KHR'000	Leasehold improvement KHR'000	Total KHR'000
As at 31 December 2021					
Cost	4,293,667	14,150,343	14,561,067	1,971,061	34,976,138
Accumulated depreciation	<u>(3,600,771)</u>	<u>(12,384,608)</u>	<u>(11,422,902)</u>	<u>(1,159,096)</u>	<u>(28,567,377)</u>
Net book amount	<u>692,896</u>	<u>1,765,735</u>	<u>3,138,165</u>	<u>811,965</u>	<u>6,408,761</u>
<i>In US\$ equivalents</i>	<u>170,078</u>	<u>433,416</u>	<u>770,291</u>	<u>199,303</u>	<u>1,573,088</u>
Nine-month period ended 30 September 2022					
Opening net book amount	692,896	1,765,735	3,138,165	811,965	6,408,761
Additions	373,058	883,764	1,754,047	395,249	3,406,118
Disposals	(35)	(75,145)	(3,188)	-	(78,368)
Depreciation charge	<u>(334,838)</u>	<u>(422,611)</u>	<u>(1,653,366)</u>	<u>(186,693)</u>	<u>(2,597,508)</u>
Closing net book amount	<u>731,081</u>	<u>2,151,743</u>	<u>3,235,658</u>	<u>1,020,521</u>	<u>7,139,003</u>
As at 30 September 2022					
Cost	4,624,862	14,087,612	15,719,087	2,366,310	36,797,871
Accumulated depreciation	<u>(3,893,781)</u>	<u>(11,935,869)</u>	<u>(12,483,429)</u>	<u>(1,345,789)</u>	<u>(29,658,868)</u>
Net book amount	<u>731,081</u>	<u>2,151,743</u>	<u>3,235,658</u>	<u>1,020,521</u>	<u>7,139,003</u>
<i>In US\$ equivalents</i>	<u>177,490</u>	<u>522,395</u>	<u>785,544</u>	<u>247,759</u>	<u>1,733,188</u>

8. 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

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
<i>Right-of-use assets (Non-current)</i>				
Buildings	<u>29,757,271</u>	<u>27,730,520</u>	<u>7,224,392</u>	<u>6,806,706</u>
	<u>29,757,271</u>	<u>27,730,520</u>	<u>7,224,392</u>	<u>6,806,706</u>
<i>Lease liabilities</i>				
Current	6,889,601	6,464,760	1,672,639	1,586,834
Non-current	<u>20,592,791</u>	<u>18,763,668</u>	<u>4,999,464</u>	<u>4,605,711</u>
	<u>27,482,392</u>	<u>25,228,428</u>	<u>6,672,103</u>	<u>6,192,545</u>

Right-of-use assets' additions during the period were KHR 6,401,945 thousand (2021: KHR 13,050,632 thousand).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

8. LEASES (continued)

(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			Nine-month period ended				
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
Depreciation of right-of-use assets <i>Buildings</i>	1,595,553	1,573,714	392,221	386,093	4,700,292	4,451,453	1,153,729	1,094,799
Interest expense (Note 14)	540,444	522,050	132,852	128,079	1,607,197	1,359,719	394,500	334,412
Expense relating to short-term lease and leases of low-value assets (included in operating expenses)	2,099,838	1,500,052	516,184	368,021	5,812,505	4,448,573	1,426,732	1,094,091
Total expenses related to leases	4,235,835	3,595,816	1,041,257	882,193	12,119,994	10,259,745	2,974,961	2,523,302

Total cash outflow for lease during the period was KHR 10,260,730 thousand (2021: KHR 5,532,576 thousand).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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9. INTANGIBLE ASSETS

	Software and license KHR'000	Work in progress KHR'000	Total KHR'000
As at 31 December 2021			
Cost	12,435,484	1,627,825	14,063,309
Accumulated amortisation	(3,461,278)	-	(3,461,278)
Net book amount	<u>8,974,206</u>	<u>1,627,825</u>	<u>10,602,031</u>
<i>In US\$ equivalents</i>	<u>2,202,800</u>	<u>399,564</u>	<u>2,602,364</u>
Nine-month period ended 30 September 2022			
Opening net book amount	8,974,206	1,627,825	10,602,031
Additions	11,615	118,196	129,811
Transfers	14,666	(14,666)	-
Disposals	-	-	-
Amortisation charge	(1,999,429)	-	(1,999,429)
Closing net book amount	<u>7,001,058</u>	<u>1,731,355</u>	<u>8,732,413</u>
As at 30 September 2022			
Cost	12,461,765	1,731,355	14,193,120
Accumulated amortisation	(5,460,707)	-	(5,460,707)
Net book amount	<u>7,001,058</u>	<u>1,731,355</u>	<u>8,732,413</u>
<i>In US\$ equivalents</i>	<u>1,699,698</u>	<u>420,334</u>	<u>2,120,032</u>

10. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Savings deposits	19,392,062	5,653,893	4,707,954	1,387,799
Fixed deposits	209,674,077	186,507,446	50,904,122	45,779,933
	<u>229,066,139</u>	<u>192,161,339</u>	<u>55,612,076</u>	<u>47,167,732</u>
Accrued interest payables	<u>3,353,456</u>	<u>3,408,887</u>	<u>814,143</u>	<u>836,742</u>
	<u>232,419,595</u>	<u>195,570,226</u>	<u>56,426,219</u>	<u>48,004,474</u>
	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Current	232,419,595	195,120,551	56,426,219	47,894,097
Non-current	-	449,675	-	110,377
	<u>232,419,595</u>	<u>195,570,226</u>	<u>56,426,219</u>	<u>48,004,474</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

11. DEPOSITS FROM CUSTOMERS

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Savings deposits	181,928,848	188,717,541	44,168,208	46,322,420
Fixed deposits	<u>2,643,185,250</u>	<u>1,932,336,847</u>	<u>641,705,571</u>	<u>474,309,486</u>
	2,825,114,098	2,121,054,388	685,873,779	520,631,906
Accrued interest payables	<u>81,075,005</u>	<u>54,187,217</u>	<u>19,683,177</u>	<u>13,300,741</u>
	<u>2,906,189,103</u>	<u>2,175,241,605</u>	<u>705,556,956</u>	<u>533,932,647</u>
	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Current	2,542,654,134	1,880,583,014	617,298,891	461,606,042
Non-current	<u>363,534,969</u>	<u>294,658,591</u>	<u>88,258,065</u>	<u>72,326,605</u>
	<u>2,906,189,103</u>	<u>2,175,241,605</u>	<u>705,556,956</u>	<u>533,932,647</u>

12. BORROWINGS

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Current	427,074,914	411,272,313	103,684,126	100,950,494
Non-current	<u>920,718,559</u>	<u>740,840,507</u>	<u>223,529,633</u>	<u>181,845,976</u>
	<u>1,347,793,473</u>	<u>1,152,112,820</u>	<u>327,213,759</u>	<u>282,796,470</u>

During the period, the Company obtained additional borrowings from various financial institutions of KHR 506,716,318 thousand (US\$ 124,378,085). The annual interest rates are ranging from 4.75% to 9.48% (2021: 4.00% to 8.49%).

13. SUBORDINATED DEBTS

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Current	30,351,889	30,032,038	7,368,752	7,371,634
Non-current	<u>276,653,476</u>	<u>222,568,005</u>	<u>67,165,204</u>	<u>54,631,322</u>
	<u>307,005,365</u>	<u>252,600,043</u>	<u>74,533,956</u>	<u>62,002,956</u>

During the period, the Company obtained additional subordinated debts of KHR 83,647,750 thousand (US\$ 20,532,094). The annual interest rates for all subordinated debts are ranging from 7.50% to 10.47% (2021: 9.77% to 12.21%).

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14. NET INTEREST INCOME

	Three-month period ended				Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
<i>Interest income from financial assets at amortised cost</i>								
Loans and advances	223,670,724	179,995,292	54,982,971	44,159,787	634,496,518	525,464,934	155,742,886	129,233,875
Deposits and placements with banks	498,993	395,966	122,663	97,146	1,470,567	1,947,255	360,964	478,912
Deposits and placements with the Central Bank	178,156	175,587	43,794	43,078	527,566	517,274	129,496	127,219
Total interest income	<u>224,347,873</u>	<u>180,566,845</u>	<u>55,149,428</u>	<u>44,300,011</u>	<u>636,494,651</u>	<u>527,929,463</u>	<u>156,233,346</u>	<u>129,840,006</u>
<i>Interest expense on financial liabilities at amortised cost</i>								
Deposits from customers	(47,518,425)	(35,885,074)	(11,681,029)	(8,803,993)	(129,992,677)	(109,236,848)	(31,907,874)	(26,865,924)
Borrowings	(24,028,558)	(19,195,869)	(5,906,725)	(4,709,487)	(68,422,698)	(57,010,389)	(16,794,968)	(14,021,247)
Subordinated debts	(7,154,273)	(5,355,418)	(1,758,671)	(1,313,891)	(20,905,035)	(14,720,023)	(5,131,329)	(3,620,271)
Debt Securities	-	(1,692,247)	-	(415,173)	(2,118,634)	(5,026,442)	(520,038)	(1,236,213)
Lease liabilities	(540,444)	(522,050)	(132,852)	(128,079)	(1,607,197)	(1,359,719)	(394,500)	(334,412)
	<u>(79,241,700)</u>	<u>(62,650,658)</u>	<u>(19,479,277)</u>	<u>(15,370,623)</u>	<u>(223,046,241)</u>	<u>(187,353,421)</u>	<u>(54,748,709)</u>	<u>(46,078,067)</u>
Net interest income	<u>145,106,173</u>	<u>117,916,187</u>	<u>35,670,151</u>	<u>28,929,388</u>	<u>413,448,410</u>	<u>340,576,042</u>	<u>101,484,637</u>	<u>83,761,939</u>

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15. CREDIT IMPAIRMENT LOSSES

	Three-month period ended				Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
<i>Expected Credit Loss (ECL):</i>								
Loans and advances	29,893,548	4,371,863	7,348,463	1,072,587	58,836,423	26,594,946	14,441,930	6,540,813
Deposits and placements with banks	202,193	(116,094)	49,703	(28,483)	440,833	38,202	108,206	9,396
	<u>30,095,741</u>	<u>4,255,769</u>	<u>7,398,166</u>	<u>1,044,104</u>	<u>59,277,256</u>	<u>26,633,148</u>	<u>14,550,136</u>	<u>6,550,209</u>

16. PERSONNEL EXPENSES

	Three-month period ended				Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
Salaries and wage expenses	33,024,030	30,436,317	8,118,001	7,467,202	100,527,855	91,713,456	24,675,468	22,556,187
Other benefits	3,082,391	2,641,383	757,717	648,034	8,309,816	7,125,964	2,039,719	1,752,573
	<u>36,106,421</u>	<u>33,077,700</u>	<u>8,875,718</u>	<u>8,115,236</u>	<u>108,837,671</u>	<u>98,839,420</u>	<u>26,715,187</u>	<u>24,308,760</u>

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17. INCOME TAX EXPENSE

(a) Income tax expense

	Three-month period ended				Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
Current income tax	19,081,796	14,955,333	4,690,707	3,669,120	56,850,768	43,035,794	13,954,534	10,584,308
Deferred income tax	(6,155,509)	363,808	(1,513,154)	89,256	(13,524,774)	(2,914,841)	(3,319,778)	(716,882)
	<u>12,926,287</u>	<u>15,319,141</u>	<u>3,177,553</u>	<u>3,758,376</u>	<u>43,325,994</u>	<u>40,120,953</u>	<u>10,634,756</u>	<u>9,867,426</u>

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended				Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
Profit /(loss) before taxation	63,648,805	73,464,510	15,646,216	18,023,677	213,464,598	196,015,658	52,396,809	48,208,475
Tax expenses at 20%	12,729,761	14,692,902	3,129,243	3,604,736	42,692,920	39,203,132	10,479,362	9,641,695
Tax effect of reconciling items:								
Expenses not deductible for tax purposes	196,526	626,239	48,310	153,640	633,074	917,821	155,394	225,731
Income tax expense	<u>12,926,287</u>	<u>15,319,141</u>	<u>3,177,553</u>	<u>3,758,376</u>	<u>43,325,994</u>	<u>40,120,953</u>	<u>10,634,756</u>	<u>9,867,426</u>

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

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18. CASH FLOW FROM OPERATING ACTIVITIES

	Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
Profit before income tax	213,464,598	196,015,658	52,396,809	48,208,475
<i>Adjustments for:</i>				
Depreciation and amortisation charges	9,297,229	8,814,347	2,282,089	2,167,818
Credit impairment losses	59,277,256	26,633,148	14,596,714	6,558,273
Gain on disposals of property and equipment	(285,010)	(35,078)	(69,958)	(8,627)
Provision for employee benefits	5,249,850	4,416,534	1,288,623	1,086,211
Unrealised exchange gains	(6,944,805)	(4,762,498)	(1,704,665)	(1,171,298)
Net interest income (Note 14)	(413,448,410)	(340,576,042)	(101,484,637)	(83,761,939)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(69,482,437)	(2,061,291)	(17,055,090)	(506,958)
Loans and advances	(880,469,723)	(425,151,596)	(216,119,225)	(104,562,616)
Other assets	(15,634,578)	(7,402,323)	(3,837,648)	(1,820,542)
Deposits from banks and other financial institutions	36,904,800	39,733,375	9,058,616	9,772,104
Deposits from customers	704,059,710	25,786,561	172,817,798	6,341,997
Other liabilities	(1,934,659)	(570,472)	(474,879)	(140,303)
Cash used in operations	<u>(359,946,179)</u>	<u>(479,159,677)</u>	<u>(88,305,453)</u>	<u>(117,837,405)</u>

19. 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 Shareholders	LOLC Holdings Plc. 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

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
	Loans to key management personnel	<u>2,245,167</u>	<u>2,368,233</u>	<u>545,076</u>

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	Three-month period ended				Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
Interest income	49,389	67,185	12,141	16,483	167,454	200,808	41,103	49,387

Loans and advances to key management personnel are secured and having interest rate of 8.84% to 9.40% per annum (2021: 8.92% to 9.48% per annum). Allowances for expected credit losses for loans to related parties recognised during the period of KHR 2,031 thousand (2021: KHR 2,321 thousand).

(c) Receivable from related parties

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Receivables from related companies	21	-	5	-

(d) Payables to related parties

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Payables to related companies	169,971	-	41,265	-

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(e) Deposits from related parties

	30 September 2022 KHR'000	31 December 2021 KHR'000	30 September 2022 US\$	31 December 2021 US\$
Shareholders	241,416	16,822	58,610	4,129
Board of directors	1,554,565	1,150,377	377,413	282,370
Key management personnel	8,618,015	6,271,331	2,092,259	1,539,355
Related company	2,751,979	2,497,248	668,118	612,972
	<u>13,165,975</u>	<u>9,935,778</u>	<u>3,196,400</u>	<u>2,438,826</u>
Interest payable	<u>241,124</u>	<u>110,117</u>	<u>58,539</u>	<u>27,029</u>

	Three-month period ended				Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
Interest expense	<u>159,192</u>	<u>103,816</u>	<u>39,133</u>	<u>25,470</u>	<u>378,387</u>	<u>306,259</u>	<u>92,878</u>	<u>75,322</u>

Annual interest rates during the period are as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Shareholders	3.00%	3.00%
Board of directors	3.00% – 7.75%	3.00% – 7.50%
Key management personnel	3.00% – 9.00%	3.00% – 7.70%
Related company	1.00% – 4.50%	1.00% – 4.50%

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(f) Transactions with related parties

	Three-month period ended				Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
<i>Incomes from related companies:</i>								
Rental income	32,707	29,999	8,040	7,360	49,132	37,976	12,060	9,340
Management fee	99,434	25,779	24,443	6,325	148,640	40,603	36,485	9,986
	<u>132,141</u>	<u>55,778</u>	<u>32,483</u>	<u>13,685</u>	<u>197,772</u>	<u>78,579</u>	<u>48,545</u>	<u>19,326</u>
<i>Expenses to related companies:</i>								
Purchase of assets used in leasing product	-	-	-	-	-	63,755	-	15,680
License fees	302,734	6,310,455	74,418	1,548,198	445,298	600,146	109,302	147,601
IT consultancy and support fees	308,589	3,520,286	75,858	863,662	514,651	9,852,439	126,326	2,423,128
Rental expense	13,424	6,725	3,300	1,650	20,166	6,709	4,950	1,650
Insurance expense	1,299,169	-	319,363	-	1,301,083	-	319,363	-
	<u>1,923,916</u>	<u>9,837,466</u>	<u>472,939</u>	<u>2,413,510</u>	<u>2,281,198</u>	<u>10,523,049</u>	<u>559,941</u>	<u>2,588,059</u>

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

(g) Key management compensation

	Three-month period ended				Nine-month period ended			
	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$	30 September 2022 KHR'000	30 September 2021 KHR'000	30 September 2022 US\$	30 September 2021 US\$
Directors' fees	366,237	158,645	90,029	38,922	533,110	477,630	130,857	117,469
Salaries and other benefits to key management	5,309,316	760,005	1,305,142	186,459	7,959,353	6,092,224	1,953,695	1,498,333
	<u>5,675,553</u>	<u>918,650</u>	<u>1,395,171</u>	<u>225,381</u>	<u>8,492,463</u>	<u>6,569,854</u>	<u>2,084,552</u>	<u>1,615,802</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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20. 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 30 September 2022 and 31 December 2021 on a recurring basis:

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'000
As at 30 September 2022				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,785	61,785
Total financial assets	-	-	61,785	61,785
<i>In US\$ equivalent</i>	-	-	15,000	15,000
As at 31 December 2021				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,110	61,110
Total financial assets	-	-	61,110	61,110
<i>In US\$ equivalent</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.

20. 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 recognized 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 Central Bank and banks

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

(ii) 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 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.

(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.