

LOLC (CAMBODIA) PLC.

**Condensed Interim Financial Statements
for the three-month
period ended 31 March 2023
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. Hans Michael Theodor Moormann, 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 Mrs. Try Sola, Head of Treasury Department Mr. Bun Bella, Head of Information Technology Department Mr. Phai Phalla, Head of Marketing Mr. Teng Pheap, Head of Internal Audit Department Mrs. 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. Tun Kong, Deputy Head of Credit Department
Auditors	KPMG Cambodia Ltd

LOLC (Cambodia) Plc.

Contents	Pages
Statement by the Board of Directors	1
Independent auditors' report on review of condensed interim financial statements	2 – 3
Condensed interim financial statements:	
Condensed interim statement of financial position	4
Condensed interim statement of profit or loss and other comprehensive income	5
Condensed interim statement of changes in equity	6
Condensed interim statement of cash flows	7
Notes to the condensed interim financial statements	8 – 34



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 2023.

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 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 2023 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: *30 May 2023*



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 2023 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 2023 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.

Other Matter

The condensed interim financial statements of the Company as at 31 March 2022 and for the three-month period then ended were reviewed by another firm of auditors who expressed an unmodified conclusion on 12 May 2022. In addition, the financial statements of the Company for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on 20 March 2023.



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 Teav
Partner

Phnom Penh, Kingdom of Cambodia

30 May 2023

LOLC (Cambodia) Plc.

Condensed interim statement of financial position As at 31 March 2023

	Notes	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
ASSETS					
Cash on hand		108,181,110	106,809,850	26,685,030	25,943,612
Deposits and placements with the National Bank of Cambodia		169,759,272	194,853,393	41,874,512	47,328,976
Deposits and placements with banks		257,316,009	371,988,949	63,472,129	90,354,372
Financial assets at fair value through other comprehensive income		60,810	61,755	15,000	15,000
Loans and advances at amortised cost	5	5,047,672,708	5,006,724,473	1,245,109,203	1,216,109,904
Statutory deposits with the National Bank of Cambodia		320,001,702	290,813,000	78,934,806	70,637,114
Property and equipment	6	7,279,434	6,845,124	1,795,618	1,662,649
Right-of-use assets	7	27,851,730	28,364,039	6,870,185	6,889,492
Intangible assets	8	7,608,404	8,290,335	1,876,765	2,013,683
Deferred tax assets		35,051,062	38,944,143	8,646,044	9,459,350
Other assets		23,995,118	21,611,794	5,918,875	5,249,404
TOTAL ASSETS		6,004,777,359	6,075,306,855	1,481,198,167	1,475,663,556
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	9	177,611,791	121,960,652	43,811,493	29,623,671
Deposits from customers	10	2,978,125,875	3,036,496,755	734,614,177	737,550,827
Borrowings	11	1,194,842,914	1,269,650,543	294,731,849	308,392,165
Lease liabilities	7	25,930,227	26,341,727	6,396,208	6,398,282
Current income tax liabilities		15,755,943	64,678,039	3,886,518	15,709,992
Employee benefits		2,281,859	2,310,325	562,866	561,167
Other liabilities		27,713,114	44,620,119	6,835,994	10,838,020
Subordinated debts	12	308,385,417	314,179,268	76,069,417	76,312,671
TOTAL LIABILITIES		4,730,647,140	4,880,237,428	1,166,908,522	1,185,386,795
EQUITY					
Share capital	13	224,377,400	224,377,400	55,460,850	55,460,850
Retained earnings		669,337,703	590,276,911	164,295,491	144,936,825
General reserves		380,415,116	380,415,116	93,768,951	93,768,951
Regulatory reserves		-	-	-	-
Other reserves		-	-	764,353	(3,889,865)
TOTAL EQUITY		1,274,130,219	1,195,069,427	314,289,645	290,276,761
TOTAL LIABILITIES AND EQUITY		6,004,777,359	6,075,306,855	1,481,198,167	1,475,663,556

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 2023

	Notes	Three-month period ended			
		31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Interest income	14	230,412,825	198,496,723	56,418,419	48,854,719
Interest expense	14	(83,017,878)	(68,617,496)	(20,327,590)	(16,888,382)
Net interest income	14	<u>147,394,947</u>	<u>129,879,227</u>	<u>36,090,829</u>	<u>31,966,337</u>
Fee and commission income		7,407,551	6,438,954	1,813,798	1,584,778
Fee and commission expense		(286,893)	(224,921)	(70,248)	(55,358)
Net fee and commission income		<u>7,120,658</u>	<u>6,214,033</u>	<u>1,743,550</u>	<u>1,529,420</u>
Other operating income		1,048,705	409,468	256,784	100,780
Other gains – net		802,401	630,480	196,474	155,176
Credit impairment losses	15	(280,983)	(14,896,287)	(68,801)	(3,666,327)
Net gains on derecognition of financial assets measured at amortised cost		1,299,103	1,061,309	318,096	261,213
Net other operating income/(loss)		<u>2,869,226</u>	<u>(12,795,030)</u>	<u>702,553</u>	<u>(3,149,158)</u>
Personnel expenses	16	(40,912,368)	(35,866,219)	(10,017,720)	(8,827,521)
Depreciation and amortisation charges		(3,278,562)	(3,194,799)	(802,782)	(786,315)
Other operating expenses		(13,706,285)	(12,915,914)	(3,356,093)	(3,178,910)
Profit before income tax		<u>99,487,616</u>	<u>71,321,298</u>	<u>24,360,337</u>	<u>17,553,853</u>
Income tax expense	17	(20,426,824)	(14,453,210)	(5,001,671)	(3,557,276)
Profit for the period		<u>79,060,792</u>	<u>56,868,088</u>	<u>19,358,666</u>	<u>13,996,577</u>
Other comprehensive income: <i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	-	4,654,218	1,434,307
Other comprehensive income for the period, net of tax		-	-	4,654,218	1,434,307
Total comprehensive income for the period		<u>79,060,792</u>	<u>56,868,088</u>	<u>24,012,884</u>	<u>15,430,884</u>
Profit attributable to:					
Owners of the Company		<u>79,060,792</u>	<u>56,868,088</u>	<u>19,358,666</u>	<u>13,996,577</u>
Total comprehensive income attributable to:					
Owners of the Company		<u>79,060,792</u>	<u>56,868,088</u>	<u>24,012,884</u>	<u>15,430,884</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 2023

	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))	Total US\$ (Note 2(b))
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	-	56,868,088	-	-	-	56,868,088	-	13,996,577	-	-	-	13,996,577
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	1,434,307	1,434,307
Total comprehensive income for the period	-	56,868,088	-	-	-	56,868,088	-	13,996,577	-	-	1,434,307	15,430,884
Balance at 31 March 2022	<u>224,377,400</u>	<u>407,257,390</u>	<u>380,415,116</u>	<u>-</u>	<u>-</u>	<u>1,012,049,906</u>	<u>55,460,850</u>	<u>100,238,122</u>	<u>93,768,951</u>	<u>-</u>	<u>420,943</u>	<u>249,888,866</u>
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	<u>224,377,400</u>	<u>669,337,703</u>	<u>380,415,116</u>	<u>-</u>	<u>-</u>	<u>1,274,130,219</u>	<u>55,460,850</u>	<u>164,295,491</u>	<u>93,768,951</u>	<u>-</u>	<u>764,353</u>	<u>314,289,645</u>

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 2023

	Notes	Three-month period ended			
		31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Cash flows from operating activities					
Cash used in operations	18	(156,031,998)	(158,160,606)	(38,205,678)	(38,927,050)
Interest received		228,579,270	201,530,682	55,969,459	49,601,448
Interest paid		(73,651,873)	(54,476,710)	(18,034,249)	(13,408,001)
Income tax paid		(66,166,656)	(55,694,284)	(16,201,434)	(13,711,193)
Net cash used in operating activities		(67,271,257)	(66,800,918)	(16,471,902)	(16,444,796)
Cash flows from investing activities					
Deposits and placements with the National Bank of Cambodia - maturity more than three months		649,309	(1,202,106)	158,988	(295,867)
Purchases of property and equipment	6	(1,317,522)	(460,029)	(322,606)	(113,224)
Purchases of intangible assets	8	(92,523)	(118,196)	(22,655)	(29,091)
Proceeds from disposals of property and equipment		302,914	13,142	74,171	3,235
Net cash used in investing activities		(457,822)	(1,767,189)	(112,102)	(434,947)
Cash flows from financing activities					
Proceeds from borrowings		12,048,000	159,896,865	2,950,049	39,354,385
Repayments of borrowings		(76,911,283)	(59,271,742)	(18,832,342)	(14,588,172)
Repayments of subordinated debts		(4,052,000)	(4,050,000)	(992,165)	(996,800)
Payment of transaction costs of borrowings and subordinated debts		(48,000)	(1,166,611)	(11,753)	(287,130)
Principal element of lease payment		(1,537,746)	(1,374,609)	(376,529)	(338,324)
Net cash (used in)/generated from financing activities		(70,501,029)	94,033,903	(17,262,740)	23,143,959
Net (decrease)/increase in cash and cash equivalents		(138,230,108)	25,465,796	(33,846,744)	6,264,216
Cash and cash equivalents at beginning of period		672,183,723	490,359,897	163,270,275	120,363,254
Currency translation differences		-	-	2,286,784	736,899
Cash and cash equivalents at end of period	18	533,953,615	515,825,693	131,710,315	127,364,369

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 2023

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 2023, 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 30 May 2023.

This condensed interim financial statements for the three-month period ended 31 March 2023 has been reviewed, but not audited.

2. Basis of preparation

This condensed interim financial statements for the three-month period ended 31 March 2023 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 2022 (‘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 2023

2. Basis of preparation (continued)

(a) New and amended standards adopted by the Company

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

- Disclosure of Accounting Policies (Amendments to CIAS 1 and CIFRS Practice Statement 2); and
- Definition of Accounting Estimates (*Amendment to CIAS 18*).

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 year. The condensed interim statements of profit or loss and other comprehensive income and cash flow are translated into US\$ using the average rate for the period. Assets and liabilities on the condensed interim 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	
	31 March 2023	31 March 2022
Average rate	<u>KHR4,084</u>	<u>KHR4,063</u>
	31 March 2023	31 December 2022
Closing rate	<u>KHR4,054</u>	<u>KHR4,117</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.

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:

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

3. Critical accounting estimates, assumptions and judgements (continued)

(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. 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.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

5. Loans and advances at amortised costs

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Group loans	692,559,319	718,540,912	170,833,576	174,530,219
Individual loans	4,479,296,776	4,411,542,341	1,104,907,937	1,071,542,954
Staff loans	29,097,165	28,609,371	7,177,397	6,949,082
	<u>5,200,953,260</u>	<u>5,158,692,624</u>	<u>1,282,918,910</u>	<u>1,253,022,255</u>
Total gross loans				
Less: Allowance for expected credit loss	<u>(153,280,552)</u>	<u>(151,968,151)</u>	<u>(37,809,707)</u>	<u>(36,912,351)</u>
	<u>5,047,672,708</u>	<u>5,006,724,473</u>	<u>1,245,109,203</u>	<u>1,216,109,904</u>

(a) Analysis by industry

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Trade and commerce	999,043,992	979,707,174	246,434,137	237,966,280
Services	795,168,705	788,991,815	196,144,229	191,642,413
Manufacturing	332,287,103	324,771,580	81,965,245	78,885,494
Transportation	69,895,351	65,517,963	17,241,083	15,914,006
Agriculture	1,363,247,628	1,343,970,902	336,272,232	326,444,232
Construction	205,788,846	201,794,944	50,761,926	49,015,046
Household/family	1,434,414,458	1,441,102,623	353,826,951	350,037,071
Others	<u>1,107,177</u>	<u>12,835,623</u>	<u>273,107</u>	<u>3,117,713</u>
Total gross loans	<u>5,200,953,260</u>	<u>5,158,692,624</u>	<u>1,282,918,910</u>	<u>1,253,022,255</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

5. Loans and advances at amortised costs (continued)

(b) Analysis by loan classification

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
<i>Performing</i>				
Gross amount	<u>4,967,270,214</u>	<u>4,948,939,886</u>	<u>1,225,276,324</u>	<u>1,202,074,298</u>
Exposure at default	<u>4,967,270,214</u>	<u>4,948,939,886</u>	<u>1,225,276,324</u>	<u>1,202,074,298</u>
Allowance for expected credit loss	<u>(48,640,892)</u>	<u>(57,944,061)</u>	<u>(11,998,247)</u>	<u>(14,074,341)</u>
<i>Under-performing</i>				
Gross amount	<u>75,561,424</u>	<u>73,840,698</u>	<u>18,638,733</u>	<u>17,935,559</u>
Exposure at default	<u>75,561,424</u>	<u>73,840,698</u>	<u>18,638,733</u>	<u>17,935,559</u>
Allowance for expected credit loss	<u>(12,171,194)</u>	<u>(10,213,409)</u>	<u>(3,002,268)</u>	<u>(2,480,789)</u>
<i>Non-performing</i>				
Gross amount	<u>158,121,622</u>	<u>135,912,040</u>	<u>39,003,853</u>	<u>33,012,398</u>
Exposure at default	<u>158,121,622</u>	<u>135,912,040</u>	<u>39,003,853</u>	<u>33,012,398</u>
Allowance for expected credit loss	<u>(92,468,466)</u>	<u>(83,810,681)</u>	<u>(22,809,192)</u>	<u>(20,357,221)</u>
Total gross loans	<u>5,200,953,260</u>	<u>5,158,692,624</u>	<u>1,282,918,910</u>	<u>1,253,022,255</u>
Exposure at default	<u>5,200,953,260</u>	<u>5,158,692,624</u>	<u>1,282,918,910</u>	<u>1,253,022,255</u>
Allowance for expected credit loss	<u>(153,280,552)</u>	<u>(151,968,151)</u>	<u>(37,809,707)</u>	<u>(36,912,351)</u>

(c) Analysis by maturity

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Not later than 1 year	238,123,974	210,099,253	58,738,031	51,032,124
Later than 1 year and no later than 3 years	1,435,959,793	1,501,645,251	354,208,138	364,742,592
Later than 3 years and no later than 5 years	1,606,309,611	1,571,858,678	396,228,320	381,797,104
Later than 5 years	<u>1,920,559,882</u>	<u>1,875,089,442</u>	<u>473,744,421</u>	<u>455,450,435</u>
Total gross loans	<u>5,200,953,260</u>	<u>5,158,692,624</u>	<u>1,282,918,910</u>	<u>1,253,022,255</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

5. Loans and advances at amortised costs (continued)

(d) Analysis by relationship

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Related parties (including staff loans)	29,097,164	28,609,371	7,177,396	6,949,082
Non-related parties	<u>5,171,856,096</u>	<u>5,130,083,253</u>	<u>1,275,741,514</u>	<u>1,246,073,173</u>
Total gross loans	<u>5,200,953,260</u>	<u>5,158,692,624</u>	<u>1,282,918,910</u>	<u>1,253,022,255</u>

(e) Analysis by residency

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Residents	5,200,953,260	5,158,692,624	1,282,918,910	1,253,022,255
Non-residents	-	-	-	-
Total gross loans	<u>5,200,953,260</u>	<u>5,158,692,624</u>	<u>1,282,918,910</u>	<u>1,253,022,255</u>

(f) Interest rates

These loans and advances earn annual interest rates as below:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Short term loans	8.40% - 18.00%	8.87% - 18.00%
Long term loans	8.28% - 18.00%	8.30% - 18.00%

(g) Allowance for expected credit loss

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
12-month ECL (Stage 1)	48,640,892	57,944,061	11,998,247	14,074,341
Lifetime ECL-not credit impaired (Stage 2)	12,171,194	10,213,409	3,002,268	2,480,789
Lifetime ECL-credit impaired (Stage 3)	<u>92,468,466</u>	<u>83,810,681</u>	<u>22,809,192</u>	<u>20,357,221</u>
	<u>153,280,552</u>	<u>151,968,151</u>	<u>37,809,707</u>	<u>36,912,351</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

5. 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 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 2023

5. 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>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

5. 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 2022	25,163,215	3,715,030	58,016,748	86,894,993
<i>Changes due to exposure:</i>				
Transfer to stage 1	1,141,871	(798,410)	(343,461)	-
Transfer to stage 2	(454,784)	821,833	(367,049)	-
Transfer to stage 3	(180,427)	(970,519)	1,150,946	-
Net remeasurement of loss allowance (*)	1,082,828	2,305,259	7,511,936	10,900,023
New financial assets originated or purchased	8,011,082	48,343	-	8,059,425
Financial assets derecognised during the period other than write off	(1,793,220)	(465,791)	(2,781,789)	(5,040,800)
Unwinding of discount (**)	-	-	878,425	878,425
Foreign exchange differences	(152,339)	(21,512)	(296,012)	(469,863)
Loss allowance as at 31 March 2022	<u>32,818,226</u>	<u>4,634,233</u>	<u>63,769,744</u>	<u>101,222,203</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>8,103,266</u>	<u>1,144,255</u>	<u>15,745,615</u>	<u>24,993,136</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 2023

5 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 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	46,118,962	(45,514,324)	(604,638)	-
Transfer to stage 2	(39,568,170)	40,265,855	(697,685)	-
Transfer to stage 3	(1,758,865)	(13,040,267)	14,799,132	-
New financial assets originated or purchased	776,916,976	(7,472,601)	(513,817)	768,930,558
Financial assets derecognised during the period other than write off	<u>(359,047,750)</u>	<u>(19,568,134)</u>	<u>(6,474,781)</u>	<u>(385,090,665)</u>
Gross carrying amount as at 31 March 2022	<u>4,355,604,855</u>	<u>135,844,126</u>	<u>114,199,197</u>	<u>4,605,648,178</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>1,075,457,989</u>	<u>33,541,760</u>	<u>28,197,331</u>	<u>1,137,197,080</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 Mar 2023

6. Property and equipment

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 Mar 2023

6. Property and equipment (continued)

2022	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	4,293,667	14,150,343	14,561,067	1,971,061	34,976,138	8,585,208
Additions	68,732	-	275,906	115,391	460,029	113,224
Disposals	(16,986)	(158,065)	(287,949)	-	(463,000)	(113,955)
Currency translation difference	-	-	-	-	-	50,873
At 31 March	<u>4,345,413</u>	<u>13,992,278</u>	<u>14,549,024</u>	<u>2,086,452</u>	<u>34,973,167</u>	<u>8,635,350</u>
Less: Accumulated depreciation						
At 1 January	3,600,771	12,384,608	11,422,902	1,159,096	28,567,377	7,012,120
Depreciation for the period	111,808	135,696	669,774	59,480	976,758	240,403
Disposals	(16,953)	(158,065)	(285,949)	-	(460,967)	(113,455)
Currency translation difference	-	-	-	-	-	41,961
At 31 March	<u>3,695,626</u>	<u>12,362,239</u>	<u>11,806,727</u>	<u>1,218,576</u>	<u>29,083,168</u>	<u>7,181,029</u>
Carrying amounts						
At 1 January	<u>692,896</u>	<u>1,765,735</u>	<u>3,138,165</u>	<u>811,965</u>	<u>6,408,761</u>	<u>1,573,088</u>
At 31 March	<u>649,787</u>	<u>1,630,039</u>	<u>2,742,297</u>	<u>867,876</u>	<u>5,889,999</u>	<u>1,454,321</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

7. 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 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
<i>Right-of-use assets (Non-current)</i>				
Buildings	27,851,730	28,364,039	6,870,185	6,889,492
	<u>27,851,730</u>	<u>28,364,039</u>	<u>6,870,185</u>	<u>6,889,492</u>
<i>Lease liabilities</i>				
Current	4,909,513	5,006,649	1,211,029	1,216,092
Non-current	21,020,714	21,335,078	5,185,179	5,182,190
	<u>25,930,227</u>	<u>26,341,727</u>	<u>6,396,208</u>	<u>6,398,282</u>

Right-of-use assets' additions during the period were KHR1,542,894 thousand (2022: KHR6,671,803 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 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
<i>Depreciation of right-of-use assets</i>				
Buildings	1,621,744	1,558,323	397,097	383,540
Interest expense (Note 14)	509,981	528,088	124,872	129,975
Expense relating to short-term lease and leases of low-value assets (included in operating expenses)	2,229,120	1,718,693	545,818	423,011
Total expenses related to leases	<u>4,360,845</u>	<u>3,805,104</u>	<u>1,067,787</u>	<u>936,526</u>

Total cash outflow for lease during the period was KHR4,276,847 thousand (2022: KHR3,621,390 thousand).

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

8. Intangible assets

2023	Software and license	Work in progress	Total	
	KHR'000	KHR'000	KHR'000 (Note 2(b))	US\$ (Note 2(b))
Cost				
At 1 January	14,132,015	316,425	14,448,440	3,509,458
Additions	-	92,523	92,523	22,655
Transfers	107,667	(107,667)	-	-
Currency translation difference	-	-	-	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>
2022				
Cost				
At 1 January	12,435,484	1,627,825	14,063,309	3,451,966
Additions	-	118,196	118,196	29,091
Currency translation difference	-	-	-	20,549
At 31 March	<u>12,435,484</u>	<u>1,746,021</u>	<u>14,181,505</u>	<u>3,501,606</u>
Less: Accumulated depreciation				
At 1 January	3,461,278	-	3,461,278	849,602
Amortisation for the period	659,718	-	659,718	162,372
Currency translation difference	-	-	-	5,556
At 31 March	<u>4,120,996</u>	<u>-</u>	<u>4,120,996</u>	<u>1,017,530</u>
Carrying amounts				
At 1 January	<u>8,974,206</u>	<u>1,627,825</u>	<u>10,602,031</u>	<u>2,602,364</u>
At 31 March	<u>8,314,488</u>	<u>1,746,021</u>	<u>10,060,509</u>	<u>2,484,076</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

9. Deposits from banks and other financial institutions

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Savings deposits	12,334,392	6,372,888	3,042,524	1,547,945
Fixed deposits	162,869,609	113,255,124	40,175,039	27,509,139
	<u>175,204,001</u>	<u>119,628,012</u>	<u>43,217,563</u>	<u>29,057,084</u>
Accrued interest payables	2,407,790	2,332,640	593,930	566,587
	<u>177,611,791</u>	<u>121,960,652</u>	<u>43,811,493</u>	<u>29,623,671</u>
	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Current	177,611,791	121,960,652	43,811,493	29,623,671
Non-current	-	-	-	-
	<u>177,611,791</u>	<u>121,960,652</u>	<u>43,811,493</u>	<u>29,623,671</u>

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Savings deposits	1.00% - 3.00%	1.00% - 3.00%
Fixed deposits	4.50% - 7.50%	4.00% - 6.25%

10. Deposits from customers

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Savings deposits	184,213,784	185,279,195	45,440,006	45,003,448
Fixed deposits	2,708,326,854	2,769,286,884	668,062,865	672,646,802
	<u>2,892,540,638</u>	<u>2,954,566,079</u>	<u>713,502,871</u>	<u>717,650,250</u>
Accrued interest payables	85,585,237	81,930,676	21,111,306	19,900,577
	<u>2,978,125,875</u>	<u>3,036,496,755</u>	<u>734,614,177</u>	<u>737,550,827</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

10. Deposits from customers (continued)

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Current	2,889,448,988	2,845,987,099	712,740,254	691,276,925
Non-current	88,676,887	190,509,656	21,873,923	46,273,902
	<u>2,978,125,875</u>	<u>3,036,496,755</u>	<u>734,614,177</u>	<u>737,550,827</u>

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Savings deposits	1.00% - 5.25%	1.00% - 5.25%
Fixed deposits	2.90% - 10.00%	2.90% - 10.00%

11. Borrowings

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Current	472,459,951	457,438,448	116,541,675	111,109,655
Non-current	722,382,963	812,212,095	178,190,174	197,282,510
	<u>1,194,842,914</u>	<u>1,269,650,543</u>	<u>294,731,849</u>	<u>308,392,165</u>

During the period, the Company obtained additional borrowings from various financial institutions of KHR12,000,000 thousand (US\$2,938,296). The annual interest rates are ranging from 4.75% to 8.30% (2022: 4.75% to 8.30%).

12. Subordinated debts

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Current	85,439,841	58,600,532	21,075,442	14,233,795
Non-current	222,945,576	255,578,736	54,993,975	62,078,876
	<u>308,385,417</u>	<u>314,179,268</u>	<u>76,069,417</u>	<u>76,312,671</u>

The annual interest rates for all subordinated debts are ranging from 7.50% to 10.47% (2022: 7.50% to 10.47%).

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

13. Share capital

The total number of authorised share of the Company as at 31 March 2023 was 2,243,774 shares (2022: 2,243,774 shares) with a par value of KHR100 thousand per share (2022: KHR 100 thousand). All authorised shares are issued and fully paid up.

	2023/2022		
	Number of shares	%	KHR'000
Shareholders:			
LOLC Asia Private Limited	2,175,792	97%	217,579,200
TPC-ESOP Co., Ltd	67,982	3%	6,798,200
	<u>2,243,774</u>	<u>100%</u>	<u>224,377,400</u>
In US\$ equivalent (Note 2(b))			<u>55,460,850</u>

14. Net interest income

	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
<i>Interest income from financial assets at amortised cost</i>				
Loans and advances	229,162,672	198,037,230	56,112,310	48,741,627
Deposits and placements with banks	1,062,384	288,273	260,133	70,951
Deposits and placements with the central bank	187,769	171,220	45,976	42,141
Total interest income	<u>230,412,825</u>	<u>198,496,723</u>	<u>56,418,419</u>	<u>48,854,719</u>
<i>Interest expense on financial liabilities at amortised cost</i>				
Deposits from customers	(53,913,360)	(38,867,324)	(13,201,117)	(9,566,164)
Borrowings	(21,109,735)	(21,272,797)	(5,168,887)	(5,235,736)
Subordinated debts	(7,484,802)	(6,306,860)	(1,832,714)	(1,552,267)
Debt securities	-	(1,642,427)	-	(404,240)
Lease liabilities	(509,981)	(528,088)	(124,872)	(129,975)
	<u>(83,017,878)</u>	<u>(68,617,496)</u>	<u>(20,327,590)</u>	<u>(16,888,382)</u>
Net interest income	<u>147,394,947</u>	<u>129,879,227</u>	<u>36,090,829</u>	<u>31,966,337</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

15. Credit impairment losses

	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
<i>Expected Credit Loss (ECL):</i>				
Loans and advances	734,932	13,918,648	179,954	3,425,707
Deposits and placements with banks	(453,949)	977,639	(111,153)	240,620
	<u>280,983</u>	<u>14,896,287</u>	<u>68,801</u>	<u>3,666,327</u>

16. Personnel expenses

	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Salaries and wage expenses	37,786,403	33,236,319	9,252,302	8,180,241
Other benefits	3,125,965	2,629,900	765,418	647,280
	<u>40,912,368</u>	<u>35,866,219</u>	<u>10,017,720</u>	<u>8,827,521</u>

17. Income tax expense

(a) Income tax expense

	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Current income tax	16,533,743	17,933,271	4,048,419	4,413,800
Deferred income tax	3,893,081	(3,480,061)	953,252	(856,524)
	<u>20,426,824</u>	<u>14,453,210</u>	<u>5,001,671</u>	<u>3,557,276</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

17. Income tax expense (continued)

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Profit before income tax	99,487,616	71,321,298	24,360,337	17,553,853
Tax expenses at 20%	19,897,523	14,264,260	4,872,067	3,510,771
Tax effect of reconciling items:				
Expenses not deductible for tax purposes	529,301	188,950	129,604	46,505
Income tax expense	20,426,824	14,453,210	5,001,671	3,557,276

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

18. Cash used in operations

	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Profit before income tax	99,487,616	71,321,298	24,360,337	17,553,853
<i>Adjustments for:</i>				
Depreciation and amortisation charges	3,278,562	3,194,799	802,782	786,315
Credit impairment losses	280,983	14,896,287	68,801	3,666,327
Net losses on derecognition of financial assets measured at amortised cost	(1,299,103)	(1,061,309)	(318,096)	(261,213)
Gain on disposals of property and equipment	(302,066)	(11,109)	(73,963)	(2,734)
Provision for employee benefits	(28,466)	2,230,875	(6,970)	549,071
Unrealised exchange gains	(16,659,189)	(5,721,218)	(4,079,135)	(1,408,127)
Net interest income (Note 14)	(147,394,947)	(129,879,227)	(36,090,829)	(31,966,337)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(29,024,568)	(26,453,441)	(7,106,897)	(6,510,815)
Loans and advances	(38,631,039)	(386,447,136)	(9,459,118)	(95,113,743)
Other assets	(2,383,324)	(3,043,472)	(583,576)	(749,070)
Deposits from banks and other financial institutions	55,575,989	45,400,632	13,608,225	11,174,165
Deposits from customers	(62,025,441)	273,976,912	(15,187,424)	67,432,171
Other liabilities	(16,907,005)	(16,564,497)	(4,139,815)	(4,076,913)
Cash used in operations	(156,031,998)	(158,160,606)	(38,205,678)	(38,927,050)

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

18. Cash used in operations (continued)

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

	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Cash on hand	108,181,110	100,510,905	26,685,030	24,817,508
<i>Balances with the NBC</i>				
Current accounts	134,658,504	35,603,744	33,216,207	8,791,048
Settlement accounts	31,243,117	22,451,587	7,706,738	5,543,602
<i>Balances with other banks</i>				
Current accounts	162,784,741	226,113,739	40,154,105	55,830,553
Savings accounts	76,811,075	139,220,015	18,946,985	34,375,312
Term deposits (original maturity up to three months)	20,275,068	-	5,001,250	-
Overdraft	-	(8,074,297)	-	(1,993,654)
	<u>533,953,615</u>	<u>515,825,693</u>	<u>131,710,315</u>	<u>127,364,369</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	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)

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

19. Related party transactions and balances (continued)

(b) Loans and advances to key management personnel

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Loans to key management personnel	<u>2,977,288</u>	<u>2,725,576</u>	<u>734,407</u>	<u>662,030</u>
	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Interest income	<u>57,797</u>	<u>59,743</u>	<u>14,152</u>	<u>14,704</u>

Loans and advances to key management personnel are secured and having interest rate of 8.30% to 12% (2022: 8.30% to 12%) per annum. Allowances for expected credit losses for loans to related parties recognised during the period was KHR4,092 thousand (2022: KHR4,184 thousand).

(c) Related parties balances

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Receivables from related companies	<u>414,128</u>	<u>134,663</u>	<u>102,153</u>	<u>32,709</u>
Payables to related companies	<u>1,389,085</u>	<u>480,017</u>	<u>342,646</u>	<u>116,594</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

19. Related party transactions and balances (continued)

(c) Related parties balances (continued)

Deposits from related parties

	31 March 2023 KHR'000	31 December 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Shareholders	10,747	215,211	2,651	52,274
Board of directors	1,949,389	1,706,698	480,856	414,549
Key management personnel	11,388,791	9,030,492	2,809,273	2,193,464
Related companies	137,889	1,710,763	34,013	415,536
	<u>13,486,816</u>	<u>12,663,164</u>	<u>3,326,793</u>	<u>3,075,823</u>
Interest payables	<u>228,371</u>	<u>187,187</u>	<u>56,332</u>	<u>45,467</u>
	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Interest expense	<u>304,235</u>	<u>153,910</u>	<u>74,494</u>	<u>37,881</u>

The receivables are unsecured and bear no interest. There are no allowances against receivables from related parties.

Annual interest rates during the period are as follows:

	31 March 2023	31 December 2022
Shareholders	3.00%	3.00%
Board of directors	3.00% - 8.25%	3.00% - 7.90%
Key management personnel	1.00% - 9.00%	1.00% - 9.00%
Related companies	1.00%	3.00%

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

19. Related party transactions and balances (continued)

(d) Transactions with related parties

	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
<i>(i) Incomes from related companies:</i>				
Rental income	16,418	16,333	4,020	4,020
Management fee income	49,915	48,927	12,222	12,042
	<u>66,333</u>	<u>65,260</u>	<u>16,242</u>	<u>16,062</u>
<i>(ii) Expenses to related companies:</i>				
License fees	156,711	141,734	38,372	34,884
IT consultancy and support fees	104,461	244,621	25,578	60,217
Rental expense	6,739	6,704	1,650	1,650
Commission income	777,867	-	190,467	-
	<u>1,045,778</u>	<u>393,059</u>	<u>256,067</u>	<u>96,751</u>

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

(e) Key management compensation

	Three-month period ended			
	31 March 2023 KHR'000	31 March 2022 KHR'000	31 March 2023 US\$ (Note 2(b))	31 March 2022 US\$ (Note 2(b))
Directors' fees	195,597	166,873	47,893	41,071
Salaries and other benefits to key management	3,130,901	2,650,037	766,626	652,237
	<u>3,326,498</u>	<u>2,816,910</u>	<u>814,519</u>	<u>693,308</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

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 31 March 2023 and 31 December 2022 on a recurring basis:

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'000
As at 31 March 2023				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	60,810	60,810
Total financial assets	-	-	60,810	60,810
<i>In US\$ equivalent (Note 2(b))</i>	-	-	15,000	15,000
As at 31 December 2022				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,755	61,755
Total financial assets	-	-	61,755	61,755
<i>In US\$ equivalent (Note 2(b))</i>	-	-	15,000	15,000

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

20. Fair value measurement of financial instruments (continued)

(a) Fair value hierarchy (continued)

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

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

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

(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 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.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

20. Fair value measurement of financial instruments (continued)

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

(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.

(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.

21. 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.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2023

22. 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.

23. Subsequent event

On 25 April 2023, the Company received approval from National Bank of Cambodia (“NBC”) to transfer retained earnings amounting to KHR200,000 million to share capital and the Memorandum and Articles of Association (“MoAA”) of the Company had been updated to reflect this change and was endorsed by the Ministry of Commerce (“MoC”) on 10 May 2023.