

LOLC (CAMBODIA) PLC.

**Condensed Interim Financial Statements
for the three-month and nine-month
periods ended 30 September 2024
and
Independent Auditors' Report on Review of
Condensed Interim Financial Statements**

Corporate information

Company	LOLC (Cambodia) Plc.
Registration No.	00012829
Registered office	Building No. 666B, Street 271 Sangkat Boeung Tumpun 2 Khan Mean Chey, Phnom Penh Kingdom of Cambodia
Shareholders	LOLC Asia Private Limited TPC-ESOP Co., Ltd.
Board of Directors	Mr. Brindley Chrishantha Gajanayake de Zylva, Chairman Mr. Indrajith Wijesiriwardana, Member Mr. Chitral Nalin Wijesinha, Member Mr. Dulip Rasika Samaraweera, Member Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias, Member
Executive committee	Mr. Sok Voeun, Chief Executive Officer Mr. Sok Sophal, Deputy Chief Executive Officer/Chief Finance Officer Mr. Damburæ Liyanage Duleep Roshan, Chief Information Officer Mrs. Svoeuy Sodyna, Chief Risk Officer Mr. Perera Hewa Ambepitiyage Chanaka Romesh, Chief Channel Officer Mrs. Chheang Kagna, Chief Digital Financial Services and Deposit Officer Mrs. Leng Thavy, Head of Human Resources Department Mrs. Keo Taraty, Head of Finance Department Ms. Try Sola, Head of Treasury Department Mr. Bun Bella, Head of Information Technology Department Mr. Teng Pheap, Head of Internal Audit Department Mrs. Srun Houg, Head of Legal and Compliance Department (appointed on 26 August 2024) Mr. Chann Savoeung, Head of Business Department (appointed on 1 July 2024) Mr. Muth Pisey, Head of Credit Department Mr. Thong Rithy, Head of iPay Sale and Digital Business Department (resigned on 2 September 2024) Mr. Va Sok Oun, Head of Administration and Procurement Department Mr. Tun Korng, Deputy Head of Credit Department
Auditors	KPMG Cambodia Ltd

LOLC (Cambodia) Plc.

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LOLC (Cambodia) Plc.

Statement by the Board of Directors

The Board of Directors hereby submit the condensed interim financial statements of LOLC (Cambodia) Plc. (“the Company”) for the three-month and nine-month periods ended 30 September 2024.

Board of Directors

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

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

In the opinion of the Board of Directors, the condensed interim financial statements of the Company together with the notes thereto, are prepared in all material respects, the financial position of the Company as at 30 September 2024 and its financial performance for the three-month and nine-month periods then ended, statements of 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. Sok Voeun
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: 2 December 2024



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

To the Shareholders of
LOLC (Cambodia) Plc.

Introduction

We have reviewed the accompanying 30 September 2024 condensed interim financial statements of LOLC (Cambodia) Plc. ("the Company"), as set out on pages 4 to 41 (hereafter referred to as "the condensed interim financial statements") which comprise the condensed interim statement of financial position as at 30 September 2024 and the condensed interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, changes in equity and cash flows for the nine-month period then ended and other explanatory notes to the condensed interim financial statements.

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

Scope of Review

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



Conclusion

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

For KPMG Cambodia Ltd


Guek Teav
Partner



Phnom Penh, Kingdom of Cambodia

2 December 2024

LOLC (Cambodia) Plc.

Condensed interim statement of financial position As at 30 September 2024

		30 September 2024	31 December 2023	30 September 2024	31 December 2023
	Notes	KHR'000	KHR'000	US\$ (Note 2(b))	US\$ (Note 2(b))
ASSETS					
Cash on hand		106,324,060	124,372,008	26,181,743	30,446,024
Deposits and placements with the National Bank of Cambodia		199,002,167	134,192,224	49,003,242	32,849,994
Deposits and placements with banks		503,975,894	672,287,486	124,101,427	164,574,660
Investment securities at amortised cost	6	3,380,590	-	832,453	-
Financial assets at fair value through other comprehensive income		60,915	61,275	15,000	15,000
Loans and advances at amortised cost	7	5,112,032,233	5,003,139,376	1,258,811,188	1,224,758,721
Statutory deposits with the National Bank of Cambodia	8	342,253,762	371,611,761	84,278,198	90,969,831
Property and equipment	9	10,841,099	12,145,516	2,669,564	2,973,198
Right-of-use assets	10	32,576,388	28,661,010	8,021,765	7,016,159
Intangible assets	11	9,516,175	7,818,094	2,343,308	1,913,854
Deferred tax assets		39,677,187	29,627,908	9,770,300	7,252,854
Other assets		28,825,734	20,679,113	7,098,186	5,062,207
TOTAL ASSETS		6,388,466,204	6,404,595,771	1,573,126,374	1,567,832,502
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	12	341,812,049	193,575,862	84,169,428	47,386,992
Deposits from customers	13	3,571,349,461	3,498,928,575	879,426,117	856,530,863
Borrowings	14	665,755,627	884,096,100	163,938,839	216,424,994
Lease liabilities	10	30,421,252	27,481,666	7,491,074	6,727,458
Current income tax liabilities		30,363,607	50,339,592	7,476,879	12,323,034
Employee benefits		1,916,348	2,099,290	471,891	513,902
Other liabilities		31,813,103	39,263,064	7,833,811	9,611,521
Subordinated debts	15	214,237,051	253,753,175	52,754,753	62,118,280
TOTAL LIABILITIES		4,887,668,498	4,949,537,324	1,203,562,792	1,211,637,044
EQUITY					
Share capital	16	424,377,400	424,377,400	103,969,218	103,969,218
Retained earnings		560,985,630	623,203,250	137,675,618	153,048,830
General reserves		380,415,116	380,415,116	93,768,951	93,768,951
Regulatory reserves		3,408,132	21,938,040	804,868	5,367,761
Other reserves	17	131,611,428	5,124,641	32,401,211	1,254,502
Currency translation reserves		-	-	943,716	(1,213,804)
TOTAL EQUITY		1,500,797,706	1,455,058,447	369,563,582	356,195,458
TOTAL LIABILITIES AND EQUITY		6,388,466,204	6,404,595,771	1,573,126,374	1,567,832,502

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

LOLC (Cambodia) Plc.

Condensed interim statement of profit or loss and other comprehensive income for three-month and nine-month periods ended 30 September 2024

	Notes	Three-month period ended				Nine-month period ended			
		30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
Interest income	18	229,182,181	223,395,134	56,062,177	54,051,569	667,696,794	677,847,372	163,651,175	165,046,840
Interest expense	18	(82,812,920)	(91,110,468)	(20,257,564)	(22,044,633)	(264,738,652)	(259,604,834)	(64,886,925)	(63,210,332)
Net interest income	18	<u>146,369,261</u>	<u>132,284,666</u>	<u>35,804,613</u>	<u>32,006,936</u>	<u>402,958,142</u>	<u>418,242,538</u>	<u>98,764,250</u>	<u>101,836,508</u>
Fee and commission income		4,236,633	5,761,309	1,036,358	1,393,977	13,476,822	18,207,300	3,303,143	4,433,236
Fee and commission expense		(182,000)	(229,369)	(44,521)	(55,497)	(503,264)	(667,817)	(123,349)	(162,605)
Net fee and commission income		<u>4,054,633</u>	<u>5,531,940</u>	<u>991,837</u>	<u>1,338,480</u>	<u>12,973,558</u>	<u>17,539,483</u>	<u>3,179,794</u>	<u>4,270,631</u>
Other operating income		2,550,446	1,766,555	623,886	427,427	6,409,345	4,108,104	1,570,918	1,000,269
Other gains/(losses) – net		11,222,083	(3,121,930)	2,745,128	(755,367)	3,880,262	(5,532,174)	951,045	(1,347,011)
Credit impairment losses	19	(47,436,264)	(62,363,035)	(11,603,783)	(15,089,048)	(128,073,333)	(91,641,083)	(31,390,523)	(22,313,388)
Net gains/(losses) on derecognition of financial assets measured at amortised cost		1,318,841	921,615	322,613	222,989	(7,412,415)	2,967,666	(1,816,768)	722,587
Net other operating losses		<u>(32,344,894)</u>	<u>(62,796,795)</u>	<u>(7,912,156)</u>	<u>(15,193,999)</u>	<u>(125,196,141)</u>	<u>(90,097,487)</u>	<u>(30,685,328)</u>	<u>(21,937,543)</u>
Personnel expenses	20	(39,293,898)	(21,772,173)	(9,612,010)	(5,267,886)	(110,050,525)	(100,489,724)	(26,973,168)	(24,467,914)
Depreciation and amortisation charges		(3,463,139)	(3,601,155)	(847,148)	(871,317)	(11,176,329)	(10,339,166)	(2,739,296)	(2,517,450)
Other operating expenses		(14,921,372)	(13,718,434)	(3,650,042)	(3,319,244)	(43,352,739)	(40,774,750)	(10,625,671)	(9,928,111)

LOLC (Cambodia) Plc.

Condensed interim statement of profit or loss and other comprehensive income (continued) for three-month and nine-month periods ended 30 September 2024

	Notes	Three-month period ended				Nine-month period ended			
		30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
Profit before income tax		60,400,591	35,928,049	14,775,094	8,692,970	126,155,966	194,080,894	30,920,581	47,256,121
Income tax expense	21	(12,226,086)	(7,300,256)	(2,990,726)	(1,766,333)	(26,520,777)	(40,445,359)	(6,500,190)	(9,847,908)
Profit for the period		<u>48,174,505</u>	<u>28,627,793</u>	<u>11,784,368</u>	<u>6,926,637</u>	<u>99,635,189</u>	<u>153,635,535</u>	<u>24,420,391</u>	<u>37,408,213</u>
Other comprehensive income:									
<i>Items that will not be reclassified to profit or loss:</i>									
Currency translation differences		-	-	4,319,069	(5,142,452)	-	-	2,157,520	(488,234)
Other comprehensive income/(losses) for the period, net of tax		-	-	4,319,069	(5,142,452)	-	-	2,157,520	(488,234)
Total comprehensive income for the period		<u>48,174,505</u>	<u>28,627,793</u>	<u>16,103,437</u>	<u>1,784,185</u>	<u>99,635,189</u>	<u>153,635,535</u>	<u>26,577,911</u>	<u>36,919,979</u>
Profit attributable to:									
Owners of the Company		<u>48,174,505</u>	<u>28,627,793</u>	<u>11,784,368</u>	<u>6,926,637</u>	<u>99,635,189</u>	<u>153,635,535</u>	<u>24,420,391</u>	<u>37,408,213</u>
Total comprehensive income attributable to:									
Owners of the Company		<u>48,174,505</u>	<u>28,627,793</u>	<u>16,103,437</u>	<u>1,784,185</u>	<u>99,635,189</u>	<u>153,635,535</u>	<u>26,577,911</u>	<u>36,919,979</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 nine-month period ended 30 September 2024

	Attributable to owners of the Company												
	Share capital KHR'000	Retained earnings KHR'000	General reserves KHR'000	Regulatory reserves KHR'000	Other reserves KHR'000	Total KHR'000	Share capital US\$ (Note 2(b))	Retained earnings US\$ (Note 2(b))	General reserves US\$ (Note 2(b))	Regulatory reserves US\$ (Note 2(b))	Other reserves US\$ (Note 2(b))	Currency translation reserves US\$ (Note 2(b))	Total US\$ (Note 2(b))
Balance at 1 January 2023	224,377,400	590,276,911	380,415,116	-	-	1,195,069,427	55,460,850	144,936,825	93,768,951	-	-	(3,889,865)	290,276,761
Profit for the period	-	153,635,535	-	-	-	153,635,535	-	37,408,213	-	-	-	-	37,408,213
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	(488,234)	(488,234)
Total comprehensive income for the period	-	153,635,535	-	-	-	153,635,535	-	37,408,213	-	-	-	(488,234)	36,919,979
Transfer from retained earnings to share capital	200,000,000	(200,000,000)	-	-	-	-	48,508,368	(48,508,368)	-	-	-	-	-
Balance at 30 September 2023	424,377,400	543,912,446	380,415,116	-	-	1,348,704,962	103,969,218	133,836,670	93,768,951	-	-	(4,378,099)	327,196,740
Balance at 1 January 2024	424,377,400	623,203,250	380,415,116	21,938,040	5,124,641	1,455,058,447	103,969,218	153,048,830	93,768,951	5,367,761	1,254,502	(1,213,804)	356,195,458
Profit for the period	-	99,635,189	-	-	-	99,635,189	-	24,420,391	-	-	-	-	24,420,391
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	2,157,520	2,157,520
Total comprehensive income for the period	-	99,635,189	-	-	-	99,635,189	-	24,420,391	-	-	-	2,157,520	26,577,911
Dividend paid (Note 16B)	-	(53,895,930)	-	-	-	(53,895,930)	-	(13,209,787)	-	-	-	-	(13,209,787)
Transfer from regulatory reserves to retained earnings	-	18,529,908	-	(18,529,908)	-	-	-	4,562,893	-	(4,562,893)	-	-	-
Transfer from retained earnings to other reserves	-	(126,486,787)	-	-	126,486,787	-	-	(31,146,709)	-	-	31,146,709	-	-
	-	(161,852,809)	-	(18,529,908)	126,486,787	(53,895,930)	-	(39,793,603)	-	(4,562,893)	31,146,709	-	(13,209,787)
Balance at 30 September 2024	424,377,400	560,985,630	380,415,116	3,408,132	131,611,428	1,500,797,706	103,969,218	137,675,618	93,768,951	804,868	32,401,211	943,716	369,563,582

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

LOLC (Cambodia) Plc.

Condensed interim statement of cash flows for the six-month period ended 30 September 2024

		Nine-month period ended			
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
Notes	KHR'000	KHR'000	US\$ (Note 2(b))	US\$ (Note 2(b))	
Cash flows from operating activities					
	22	(65,042,055)	166,293,302	(15,941,678)	40,490,211
		589,820,683	673,086,088	144,563,893	163,887,531
		(259,469,154)	(241,008,017)	(63,595,381)	(58,682,254)
		(56,546,041)	(71,697,147)	(13,859,324)	(17,457,304)
		(4,377,360)	(4,341,637)	(1,072,882)	(1,057,131)
Net cash generated from operating activities		<u>204,386,073</u>	<u>522,332,589</u>	<u>50,094,628</u>	<u>127,181,053</u>
Cash flows from investing activities					
		(1,626,958)	(311,488)	(398,764)	(75,843)
		(3,346,213)	-	(820,150)	-
	9	(2,744,397)	(3,442,845)	(672,646)	(838,287)
	11	(3,458,680)	(2,918,078)	(847,716)	(710,513)
		236,125	489,101	57,874	119,090
Net cash used in investing activities		<u>(10,940,123)</u>	<u>(6,183,310)</u>	<u>(2,681,402)</u>	<u>(1,505,553)</u>
Cash flows from financing activities					
		52,320,000	93,452,718	12,823,529	22,754,497
		(267,013,522)	(315,486,714)	(65,444,491)	(76,816,828)
		(39,582,400)	(22,237,400)	(9,701,569)	(5,414,512)
		(320,000)	(290,518)	(78,431)	(70,737)
		(53,895,930)	-	(13,209,787)	-
		(6,361,524)	(4,208,869)	(1,559,197)	(1,024,804)
Net cash used in from financing activities		<u>(314,853,376)</u>	<u>(248,770,783)</u>	<u>(77,169,946)</u>	<u>(60,572,384)</u>
Net (decrease)/ increase in cash and cash equivalents		(121,407,426)	267,378,496	(29,756,721)	65,103,116
Cash and cash equivalents at the beginning of period		932,327,813	672,183,723	228,232,023	163,270,275
Currency translation differences		-	-	1,209,600	(434,959)
Cash and cash equivalents at the end of period		<u>810,920,387</u>	<u>939,562,219</u>	<u>199,684,902</u>	<u>227,938,432</u>

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 and nine-month periods ended 30 September 2024

1. General information

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

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

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

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

As at 30 September 2024, the Company has 83 office locations (82 branches and a Head Office in Phnom Penh). The Company’s registered office is at Building No. 666B, Street 271, Sangkat Boeung Tumpun 2, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia.

The condensed interim financial statements were authorised to issue by the Board of Directors on 29 November 2024.

This condensed interim financial statements for the three-month and nine-month periods ended 2 December 2024 have been reviewed, but not audited.

2. Basis of accounting

This condensed interim financial statements for the three-month and nine-month periods ended 30 September 2024 have been prepared in accordance with Cambodian International Accounting Standard 34, “Interim financial reporting” (“CIAS 34”) and should be read in conjunction with the last annual audited financial statements for the year ended 31 December 2023 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last annual financial statements.

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

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

2. Basis of accounting (continued)

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

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

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

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

(b) Presentation in United States dollars (US\$)

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

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

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

		Closing rate	Average rate nine-month	Average rate three-month
30 September 2024	USD1=	KHR4,061	KHR4,080	KHR4,088
30 September 2023	USD1=	KHR4,122	KHR4,107	KHR4,133
31 December 2023	USD1=	<u>KHR4,085</u>	<u>N/A</u>	<u>N/A</u>

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

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

3. Critical accounting estimates, assumptions and judgements

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

(i) Judgements

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

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

(ii) Assumptions and estimation uncertainties

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

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

4. Seasonality

The principal business 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.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

5. Segment and revenue information

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

6. Investment securities at amortised cost

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Investment in government bonds	3,380,590	-	832,453	-

Investment in government bonds is measured at amortised cost. These government bonds have maturity term of 3 years effective from 28 June 2024 to 28 June 2027 and earned annual interest rate at 4.5%. As at 30 September 2024, there were no allowance for expected credit loss being recognised.

7. Loans and advances at amortised cost

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Group loans	529,225,611	574,400,820	130,319,037	140,612,196
Individual loans	4,769,611,824	4,483,991,759	1,174,491,954	1,097,672,401
Staff loans	31,929,158	33,588,984	7,862,389	8,222,517
Total gross loans	5,330,766,593	5,091,981,563	1,312,673,380	1,246,507,114
Less: Allowance for expected credit loss	(218,734,360)	(88,842,187)	(53,862,192)	(21,748,393)
	<u>5,112,032,233</u>	<u>5,003,139,376</u>	<u>1,258,811,188</u>	<u>1,224,758,721</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

7. Loans and advances at amortised cost (continued)

(a) Analysis by industry

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Household/family	1,423,613,272	1,361,399,479	350,557,319	333,267,926
Agriculture	1,422,187,151	1,358,578,944	350,206,144	332,577,465
Trade and commerce	1,008,004,822	979,429,343	248,215,913	239,762,385
Services	832,214,602	778,684,244	204,928,491	190,620,378
Manufacturing	359,840,877	334,987,960	88,608,933	82,004,397
Construction	207,720,596	206,357,866	51,150,110	50,516,001
Transportation	77,185,273	72,543,727	19,006,470	17,758,562
Total gross loans	<u>5,330,766,593</u>	<u>5,091,981,563</u>	<u>1,312,673,380</u>	<u>1,246,507,114</u>

(b) Analysis by loan classification

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
<i>Performing</i>				
Gross amount	<u>4,652,569,322</u>	<u>4,921,687,690</u>	<u>1,145,670,851</u>	<u>1,204,819,508</u>
Exposure at default	<u>4,652,569,322</u>	<u>4,921,687,690</u>	<u>1,145,670,851</u>	<u>1,204,819,508</u>
Allowance for expected credit loss	<u>(33,710,652)</u>	<u>(23,447,275)</u>	<u>(8,301,072)</u>	<u>(5,739,847)</u>
<i>Under-performing</i>				
Gross amount	<u>366,950,327</u>	<u>50,381,792</u>	<u>90,359,598</u>	<u>12,333,364</u>
Exposure at default	<u>366,950,327</u>	<u>50,381,792</u>	<u>90,359,598</u>	<u>12,333,364</u>
Allowance for expected credit loss	<u>(28,699,680)</u>	<u>(5,771,271)</u>	<u>(7,067,146)</u>	<u>(1,412,796)</u>
<i>Non-performing</i>				
Gross amount	<u>311,246,944</u>	<u>119,912,081</u>	<u>76,642,931</u>	<u>29,354,242</u>
Exposure at default	<u>311,246,944</u>	<u>119,912,081</u>	<u>76,642,931</u>	<u>29,354,242</u>
Allowance for expected credit loss	<u>(156,324,028)</u>	<u>(59,623,641)</u>	<u>(38,493,974)</u>	<u>(14,595,750)</u>
Total gross loans	<u>5,330,766,593</u>	<u>5,091,981,563</u>	<u>1,312,673,380</u>	<u>1,246,507,114</u>
Exposure at default	<u>5,330,766,593</u>	<u>5,091,981,563</u>	<u>1,312,673,380</u>	<u>1,246,507,114</u>
Allowance for expected credit loss	<u>(218,734,360)</u>	<u>(88,842,187)</u>	<u>(53,862,192)</u>	<u>(21,748,393)</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

7. Loans and advances at amortised cost (continued)

(c) Analysis by maturity

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Not later than 1 year	274,856,255	246,252,875	67,681,915	60,282,222
Later than 1 year and no later than 3 years	1,160,405,691	1,207,365,443	285,743,829	295,560,696
Later than 3 years and no later than 5 years	1,573,638,254	1,578,918,479	387,500,186	386,516,152
Later than 5 years	2,321,866,393	2,059,444,766	571,747,450	504,148,044
Total gross loans	<u>5,330,766,593</u>	<u>5,091,981,563</u>	<u>1,312,673,380</u>	<u>1,246,507,114</u>

(d) Analysis by relationship

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Related parties (including staff loans)	31,929,158	33,588,984	7,862,389	8,222,518
Non-related parties	5,298,837,435	5,058,392,579	1,304,810,991	1,238,284,596
Total gross loans	<u>5,330,766,593</u>	<u>5,091,981,563</u>	<u>1,312,673,380</u>	<u>1,246,507,114</u>

(e) Analysis by residency

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Residents	5,330,766,593	5,091,981,563	1,312,673,380	1,246,507,114
Non-residents	-	-	-	-
Total gross loans	<u>5,330,766,593</u>	<u>5,091,981,563</u>	<u>1,312,673,380</u>	<u>1,246,507,114</u>

(f) Interest rates

These loans and advances earn annual interest rates as below:

	30 September 2024	31 December 2023
Short term loans	6.75% - 18.00%	6.78% - 18.00%
Long term loans	<u>6.75% - 18.00%</u>	<u>6.78% - 18.00%</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

7. Loans and advances at amortised cost (continued)

(g) Allowance for expected credit loss

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
12-month ECL (Stage 1)	33,710,652	23,447,275	8,301,072	5,739,847
Lifetime ECL-not credit impaired (Stage 2)	28,699,680	5,771,271	7,067,146	1,412,796
Lifetime ECL-credit impaired (Stage 3)	156,324,028	59,623,641	38,493,974	14,595,750
	<u>218,734,360</u>	<u>88,842,187</u>	<u>53,862,192</u>	<u>21,748,393</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 2024	23,447,275	5,771,271	59,623,641	88,842,187
<i>Changes due to exposure:</i>				
Transfer to stage 1	1,351,807	(592,461)	(759,346)	-
Transfer to stage 2	(2,993,294)	5,298,566	(2,305,272)	-
Transfer to stage 3	(4,110,823)	(3,365,190)	7,476,013	-
Net remeasurement of loss allowance (*)	9,542,890	16,781,719	90,745,177	117,069,786
New financial assets originated or purchased	11,697,194	5,144,402	3,626,953	20,468,549
Financial assets derecognised during the period other than write off	(5,563,569)	(809,122)	(1,712,762)	(8,085,453)
Write-offs	(10,106)	-	(11,668,848)	(11,678,954)
Unwinding of discount (**)	-	-	9,233,986	9,233,986
Foreign exchange differences	349,278	470,495	2,064,486	2,884,259
Loss allowance as at 30 September 2024	<u>33,710,652</u>	<u>28,699,680</u>	<u>156,324,028</u>	<u>218,734,360</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>8,301,072</u>	<u>7,067,146</u>	<u>38,493,974</u>	<u>53,862,192</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

7. Loans and advances at amortised cost (continued)

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

(*) 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).

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit-Impaired KHR'000	Stage 3 Lifetime ECL Credit-Impaired KHR'000	Total KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 2024	4,921,687,690	50,381,792	119,912,081	5,091,981,563
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	6,500,573	(5,013,020)	(1,487,553)	-
Transfer to stage 2	(318,354,873)	324,387,265	(6,032,392)	-
Transfer to stage 3	(182,079,538)	(22,248,025)	204,327,563	-
New financial assets originated or purchased	1,608,770,617	27,836,849	21,895,882	1,658,503,348
Financial assets derecognised during the period other than write off	(1,383,939,854)	(8,394,534)	(3,595,503)	(1,395,929,891)
Write-offs	(15,293)	-	(23,773,134)	(23,788,427)
Gross carrying amount as at 30 September 2024	<u>4,652,569,322</u>	<u>366,950,327</u>	<u>311,246,944</u>	<u>5,330,766,593</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>1,145,670,851</u>	<u>90,359,598</u>	<u>76,642,931</u>	<u>1,312,673,380</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

7. Loans and advances at amortised cost (continued)

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

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit-Impaired KHR'000	Stage 3 Lifetime ECL Credit-Impaired KHR'000	Total KHR'000
Expected Credit Losses				
Loss allowance as at 1 January 2023	57,944,061	10,213,409	83,810,681	151,968,151
<i>Changes due to exposure:</i>				
Transfer to stage 1	2,668,514	(1,111,897)	(1,556,617)	-
Transfer to stage 2	(1,880,311)	3,877,985	(1,997,674)	-
Transfer to stage 3	(4,355,707)	(5,534,681)	9,890,388	-
Net remeasurement of loss allowance (*)	2,940,840	16,043,465	47,250,054	66,234,359
New financial assets originated or purchased	27,695,056	9,428,880	7,872,688	44,996,624
Financial assets derecognised during the period other than write off	(16,086,107)	(2,580,430)	(3,518,244)	(22,184,781)
Write-offs	-	(1,866)	(37,758,675)	(37,760,541)
Unwinding of discount (**)	-	-	916,112	916,112
Foreign exchange differences	(1,876,630)	(2,952,596)	(6,655,942)	(11,485,168)
Loss allowance as at 30 September 2023	<u>67,049,716</u>	<u>27,382,269</u>	<u>98,252,771</u>	<u>192,684,756</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>16,266,307</u>	<u>6,642,957</u>	<u>23,836,189</u>	<u>46,745,453</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 and nine-month periods ended 30 September 2024

7. Loans and advances at amortised cost (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	10,533,298	(7,016,358)	(3,516,940)	-
Transfer to stage 2	(73,908,458)	78,547,562	(4,639,104)	-
Transfer to stage 3	(91,313,043)	(20,781,627)	112,094,670	-
New financial assets originated or purchased	1,364,182,099	25,404,955	19,616,146	1,409,203,200
Financial assets derecognised during the period other than write off	(1,364,792,497)	(23,830,311)	(9,447,833)	(1,398,070,641)
Write-offs	-	(7,381)	(58,890,885)	(58,898,266)
Gross carrying amount as at 30 September 2023	<u>4,793,641,285</u>	<u>126,157,538</u>	<u>191,128,094</u>	<u>5,110,926,917</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>1,162,940,632</u>	<u>30,605,904</u>	<u>46,367,806</u>	<u>1,239,914,342</u>

8. Statutory deposits with the National Bank of Cambodia

	Note	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Capital guarantee	(a)	42,757,763	42,437,740	10,528,875	10,388,676
Reserve requirement	(b)	299,495,999	329,174,021	73,749,323	80,581,155
		<u>342,253,762</u>	<u>371,611,761</u>	<u>84,278,198</u>	<u>90,969,831</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

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

(a) Capital guarantee

Under Prakas No. B7-07-163 dated 13 December 2007 on Licensing of Deposit-Taking Microfinance Institutions, the Company is required to maintain a capital guarantee deposit equivalent to 10% of registered capital with the NBC. On 25 April 2023, the Company received approval from the National Bank of Cambodia (“NBC”) to transfer retained earnings amounting to KHR200,000 million to share capital. This deposit is not available for use in the Company’s day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia. The capital guarantee deposit earns annual interest rate at 3% (31 December 2023: 3%) during the periods.

(b) Reserve requirement

This represents the minimum reserve requirement which is calculated at 7.00% of the total deposits from customers (31 December 2023: 7.00%) as required by the NBC’s Prakas No. B7-07-163. The reserve requirement fluctuates depending on the level of deposits from customers and does not earn interest.

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

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

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

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

9. Property and equipment

2024	Furniture and equipment KHR'000	Motor vehicles KHR'000	Computer equipment KHR'000	Leasehold improvement KHR'000	Total KHR'000	US\$ (Note 2(b))
Cost						
At 1 January	6,407,983	12,513,234	22,010,611	2,552,863	43,484,691	10,644,967
Additions	692,055	855,946	919,184	277,212	2,744,397	672,646
Disposals	(126,762)	(774,520)	(337,671)	(2,086)	(1,241,039)	(304,176)
Currency translation difference	-	-	-	-	-	64,635
At 30 September	<u>6,973,276</u>	<u>12,594,660</u>	<u>22,592,124</u>	<u>2,827,989</u>	<u>44,988,049</u>	<u>11,078,072</u>
Less: Accumulated depreciation						
At 1 January	4,581,990	10,586,562	14,471,174	1,699,449	31,339,175	7,671,769
Depreciation for the period	752,488	577,640	2,536,246	175,151	4,041,525	990,570
Disposals	(122,797)	(774,520)	(334,817)	(1,616)	(1,233,750)	(302,390)
Currency translation difference	-	-	-	-	-	48,559
At 30 September	<u>5,211,681</u>	<u>10,389,682</u>	<u>16,672,603</u>	<u>1,872,984</u>	<u>34,146,950</u>	<u>8,408,508</u>
Carrying amounts						
At 1 January	<u>1,825,993</u>	<u>1,926,672</u>	<u>7,539,437</u>	<u>853,414</u>	<u>12,145,516</u>	<u>2,973,198</u>
At 30 September	<u>1,761,595</u>	<u>2,204,978</u>	<u>5,919,521</u>	<u>955,005</u>	<u>10,841,099</u>	<u>2,669,564</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

9. Property and equipment (continued)

2023	Furniture and equipment KHR'000	Motor vehicles KHR'000	Computer equipment KHR'000	Leasehold improvement KHR'000	Total KHR'000	US\$ (Note 2(b))
Cost						
At 1 January	4,705,627	13,905,072	15,942,656	2,366,310	36,919,665	8,967,614
Additions	1,783,807	685,631	966,029	7,378	3,442,845	838,287
Disposals	(136,809)	(1,962,311)	(321,081)	(4,063)	(2,424,264)	(590,276)
Currency translation difference	-	-	-	-	-	(11,781)
At 30 September	<u>6,352,625</u>	<u>12,628,392</u>	<u>16,587,604</u>	<u>2,369,625</u>	<u>37,938,246</u>	<u>9,203,844</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	530,015	547,311	1,506,992	217,178	2,801,496	682,127
Disposals	(135,110)	(1,950,611)	(320,198)	(3,996)	(2,409,915)	(586,782)
Currency translation difference	-	-	-	-	-	(9,208)
At 30 September	<u>4,381,663</u>	<u>10,517,987</u>	<u>13,932,284</u>	<u>1,634,188</u>	<u>30,466,122</u>	<u>7,391,102</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 30 September	<u>1,970,962</u>	<u>2,110,405</u>	<u>2,655,320</u>	<u>735,437</u>	<u>7,472,124</u>	<u>1,812,742</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

10. 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 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
<i>Right-of-use assets (Non-current)</i>				
Buildings	<u>32,576,388</u>	<u>28,661,010</u>	<u>8,021,765</u>	<u>7,016,159</u>
<i>Lease liabilities</i>				
Current	6,433,220	5,733,058	1,584,147	1,403,441
Non-current	<u>23,988,032</u>	<u>21,748,608</u>	<u>5,906,927</u>	<u>5,324,017</u>
	<u>30,421,252</u>	<u>27,481,666</u>	<u>7,491,074</u>	<u>6,727,458</u>

Right-of-use assets' additions during the period were KHR9,477,077 thousand (2023: KHR4,456,112 thousand).

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

10. 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 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
<i>Depreciation of right-of-use assets</i>								
Buildings	<u>1,797,976</u>	<u>1,707,792</u>	<u>439,818</u>	<u>413,209</u>	<u>5,374,205</u>	<u>4,970,804</u>	<u>1,317,207</u>	<u>1,210,325</u>
Interest expense (Note 18)	<u>398,115</u>	<u>533,809</u>	<u>97,386</u>	<u>129,159</u>	<u>1,659,136</u>	<u>1,549,761</u>	<u>406,652</u>	<u>377,346</u>
Expense relating to short-term lease and leases of low- value assets (included in operating expenses)	<u>2,404,318</u>	<u>2,269,390</u>	<u>588,140</u>	<u>549,090</u>	<u>7,318,674</u>	<u>6,791,893</u>	<u>1,793,793</u>	<u>1,653,736</u>
Total expenses related to leases	<u>4,600,409</u>	<u>4,510,991</u>	<u>1,125,344</u>	<u>1,091,458</u>	<u>14,352,015</u>	<u>13,312,458</u>	<u>3,517,652</u>	<u>3,241,407</u>

Total cash outflow for lease during the period was KHR6,339,997 thousand (2023: KHR5,464,567 thousand).

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

11. Intangible assets

2024	Software and license KHR'000	Work in progress KHR'000	Total KHR'000	US\$ (Note 2(b))
Cost				
At 1 January	15,753,537	1,719,829	17,473,366	4,277,446
Additions	257,593	3,201,087	3,458,680	847,716
Transfers	37,738	(37,738)	-	-
Currency translation difference	-	-	-	29,245
At 30 September	<u>16,048,868</u>	<u>4,883,178</u>	<u>20,932,046</u>	<u>5,154,407</u>
Less: Accumulated amortisation				
At 1 January	9,655,272	-	9,655,272	2,363,592
Amortisation for the period	1,760,599	-	1,760,599	431,519
Currency translation difference	-	-	-	15,988
At 30 September	<u>11,415,871</u>	<u>-</u>	<u>11,415,871</u>	<u>2,811,099</u>
Carrying amounts				
At 1 January	<u>6,098,265</u>	<u>1,719,829</u>	<u>7,818,094</u>	<u>1,913,854</u>
At 30 September	<u>4,632,997</u>	<u>4,883,178</u>	<u>9,516,175</u>	<u>2,343,308</u>
2023				
Cost				
At 1 January	14,132,015	316,425	14,448,440	3,509,458
Additions	1,462,985	1,455,093	2,918,078	710,513
Transfers	158,537	(158,537)	-	-
Currency translation difference	-	-	-	(6,842)
At 30 September	<u>15,753,537</u>	<u>1,612,981</u>	<u>17,366,518</u>	<u>4,213,129</u>
Less: Accumulated amortisation				
At 1 January	6,158,105	-	6,158,105	1,495,775
Amortisation for the period	2,566,866	-	2,566,866	624,998
Currency translation difference	-	-	-	(4,089)
At 30 September	<u>8,724,971</u>	<u>-</u>	<u>8,724,971</u>	<u>2,116,684</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 30 September	<u>7,028,566</u>	<u>1,612,981</u>	<u>8,641,547</u>	<u>2,096,445</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

12. Deposits from banks and other financial institutions

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Savings deposits	7,923,397	3,195,172	1,951,095	782,172
Fixed deposits	333,888,652	190,380,690	82,218,333	46,604,820
	<u>341,812,049</u>	<u>193,575,862</u>	<u>84,169,428</u>	<u>47,386,992</u>
	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Current	341,812,049	193,575,862	84,169,428	47,386,992
Non-current	-	-	-	-
	<u>341,812,049</u>	<u>193,575,862</u>	<u>84,169,428</u>	<u>47,386,992</u>

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

	30 September 2024	31 December 2023
Savings deposits	0.00% - 3.00%	1.00% - 3.00%
Fixed deposits	3.50% - 6.25%	5.00% - 7.90%

13. Deposits from customers

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Savings deposits	221,205,350	198,741,416	54,470,660	48,651,509
Fixed deposits	3,350,144,111	3,300,187,159	824,955,457	807,879,354
	<u>3,571,349,461</u>	<u>3,498,928,575</u>	<u>879,426,117</u>	<u>856,530,863</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

13. Deposits from customers (continued)

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Current	3,249,796,896	3,168,407,625	800,245,480	775,619,982
Non-current	321,552,565	330,520,950	79,180,637	80,910,881
	<u>3,571,349,461</u>	<u>3,498,928,575</u>	<u>879,426,117</u>	<u>856,530,863</u>

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

	30 September 2024	31 December 2023
Savings deposits	0.00% - 5.00%	0.00% - 5.00%
Fixed deposits	<u>2.75% - 9.13%</u>	<u>2.90% - 9.40%</u>

14. Borrowings

As at 30 September 2024, the Company is in breach of covenants of thirteen lenders, of which the actual performance ratio exceeded the limit and the related borrowings amounts are as follows:

	Limit	Actual	30 September 2024 KHR'000	30 September 2024 US\$ (Note 2(b))
PAR(*) 90 days	<=3%	5.30%	24,060,958	5,924,885
PAR(*) 90 days	<=5%	5.30%	53,499,663	13,174,012
Non-performing loan	<=5%	6.21%	183,029,844	45,070,141
PAR(*) 30 days	<=5%	7.59%	24,060,958	5,924,885
PAR(*) 30 days	<=6.5%	7.59%	24,628,059	6,064,531
PAR(*) 30 days plus restructured	<=5%	12.80%	38,893,989	9,577,441
PAR(*) 30 days plus restructured	<=6%	12.80%	60,687,132	14,943,889
PAR(*) 30 days plus restructured	<=11%	12.80%	33,902,094	8,348,213
Open loan exposure ratio	<=15%	21.90%	60,687,132	14,943,889
Open credit exposure ratio	<=20%	20.85%	24,251,197	5,971,730
Provisioning PAR(*) 90 days	>=100%	63.10%	<u>111,946,329</u>	<u>27,566,198</u>

(*) Portfolio at risk

As of the date of these condensed interim financial statements, the non-current liabilities portion of KHR165,700,250 thousands (equivalent to US\$40,802,820) had been reclassified to current liabilities.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

14. Borrowings (continued)

Borrowings are further analysed as follows:

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Current	550,361,825	426,603,927	135,523,719	104,431,806
Non-current	115,393,802	457,492,173	28,415,120	111,993,188
	<u>665,755,627</u>	<u>884,096,100</u>	<u>163,938,839</u>	<u>216,424,994</u>

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

15. Subordinated debts

As at 30 September 2024, the Company is in breach of covenants of six lenders, of which the actual performance ratio exceeded the limit and the related subordinated debts amounts are as follows:

	Limit	Actual	30 September 2024 KHR'000	30 September 2024 US\$ (Note 2(b))
PAR(*) 30 days	<=5%	7.59%	80,669,648	19,864,479
PAR(*) 30 days plus restructured	<=6.5%	12.53%	5,002,707	1,231,890
PAR(*) 30 days non-restructured plus restructured	<=7%	7.59%	39,990,009	9,847,331
PAR(*) 30 days plus restructured	<=9%	12.80%	80,669,648	19,864,479
PAR(*) 30 days plus restructure excluded Covid	<=11%	12.80%	29,332,227	7,222,907
PAR(*) 30 days plus net write-off last 12 months	<=7%	13.89%	124,175,930	30,577,673
Provisioning PAR(*) 90 days	>=100%	63.10%	<u>221,251,992</u>	<u>54,482,145</u>

(*) Portfolio at risk

As of the date of these condensed interim financial statements, the non-current liabilities portion of KHR127,755,483 thousands (equivalent to US\$31,459,119) had been reclassified to current liabilities.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

15. Subordinated debts (continued)

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Current	199,891,048	72,213,624	49,222,125	17,677,754
Non-current	14,346,003	181,539,551	3,532,628	44,440,526
	<u>214,237,051</u>	<u>253,753,175</u>	<u>52,754,753</u>	<u>62,118,280</u>

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

16. Share capital

A. Share capital

The total number of authorised share capital of the Company as at 30 September 2024 was 4,243,774 shares (2023: 4,243,774 shares) with a par value of KHR100 thousand per share (2023: KHR100 thousand). All authorised share capital is issued and fully paid up.

The detail of shareholders and shareholding structure are as follows:

Shareholders:	30 September 2024/31 December 2023		
	%	Number of shares	KHR'000
LOLC Asia Private Limited	97	4,115,192	411,519,200
TPC-ESOP Co., Ltd	3	128,582	12,858,200
	<u>100</u>	<u>4,243,774</u>	<u>424,377,400</u>
In US\$ equivalent (Note 2(b))			<u>103,969,218</u>

B. Dividend

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

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

17. Other reserves

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

As at 30 September 2024, the Company transferred from retained earnings to other reserves accumulatively amounting to KHR131,611,428 thousands (equivalent to US\$32,401,211) (31 December 2023: KHR5,124,641 thousands (equivalent to US\$1,254,502)).

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

18. Net interest income

	Three-month period ended				Nine-month period ended			
	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
<i>Interest income from financial assets at amortised cost</i>								
Loans and advances	225,619,423	220,256,090	55,190,661	53,292,061	655,163,665	671,682,017	160,579,330	163,545,658
Deposits and placements with banks	3,213,094	2,794,728	785,982	676,198	11,528,038	5,332,203	2,825,500	1,298,321
Deposits and placements with the central bank	349,664	344,316	85,534	83,310	1,005,091	833,152	246,345	202,861
Total interest income	<u>229,182,181</u>	<u>223,395,134</u>	<u>56,062,177</u>	<u>54,051,569</u>	<u>667,696,794</u>	<u>677,847,372</u>	<u>163,651,175</u>	<u>165,046,840</u>
<i>Interest expense on financial liabilities at amortised cost</i>								
Deposits from customers	(65,727,390)	(64,736,573)	(16,078,129)	(15,663,337)	(207,177,695)	(176,558,394)	(50,778,847)	(42,989,626)
Borrowings	(11,150,661)	(18,667,614)	(2,727,657)	(4,516,722)	(38,561,677)	(59,414,348)	(9,451,391)	(14,466,605)
Subordinated debts	(5,536,754)	(7,172,472)	(1,354,392)	(1,735,415)	(17,340,144)	(22,082,331)	(4,250,035)	(5,376,755)
Lease liabilities	(398,115)	(533,809)	(97,386)	(129,159)	(1,659,136)	(1,549,761)	(406,652)	(377,346)
Total interest expense	<u>(82,812,920)</u>	<u>(91,110,468)</u>	<u>(20,257,564)</u>	<u>(22,044,633)</u>	<u>(264,738,652)</u>	<u>(259,604,834)</u>	<u>(64,886,925)</u>	<u>(63,210,332)</u>
Net interest income	<u>146,369,261</u>	<u>132,284,666</u>	<u>35,804,613</u>	<u>32,006,936</u>	<u>402,958,142</u>	<u>418,242,538</u>	<u>98,764,250</u>	<u>101,836,508</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

19. Credit impairment losses

	Three-month period ended				Nine-month period ended			
	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
<i>Expected Credit Loss (ECL):</i>								
Loans and advances	47,715,983	61,154,653	11,672,207	14,796,674	129,452,882	89,046,202	31,728,648	21,681,569
Deposits and placements with banks	(279,719)	1,208,382	(68,424)	292,374	(1,379,549)	2,594,881	(338,125)	631,819
	<u>47,436,264</u>	<u>62,363,035</u>	<u>11,603,783</u>	<u>15,089,048</u>	<u>128,073,333</u>	<u>91,641,083</u>	<u>31,390,523</u>	<u>22,313,388</u>

20. Personnel expenses

	Three-month period ended				Nine-month period ended			
	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
Salaries and wage expenses	36,011,307	18,772,621	8,809,028	4,542,129	100,430,186	91,066,558	24,615,242	22,173,498
Other benefits	3,282,591	2,999,552	802,982	725,757	9,620,339	9,423,166	2,357,926	2,294,416
	<u>39,293,898</u>	<u>21,772,173</u>	<u>9,612,010</u>	<u>5,267,886</u>	<u>110,050,525</u>	<u>100,489,724</u>	<u>26,973,168</u>	<u>24,467,914</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

21. Income tax expense

(a) Income tax expense

	Three-month period ended				Nine-month period ended			
	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
Current income tax	9,323,390	15,501,616	2,280,673	3,750,693	36,570,056	50,302,761	8,963,249	12,248,055
Deferred income tax	2,902,696	(8,201,360)	710,053	(1,984,360)	(10,049,279)	(9,857,402)	(2,463,059)	(2,400,147)
	<u>12,226,086</u>	<u>7,300,256</u>	<u>2,990,726</u>	<u>1,766,333</u>	<u>26,520,777</u>	<u>40,445,359</u>	<u>6,500,190</u>	<u>9,847,908</u>

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended				Nine-month period ended			
	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
Profit before income tax	60,400,591	35,928,049	14,775,094	8,692,970	126,155,966	194,080,894	30,920,581	47,256,121
Tax expenses at 20%	12,080,118	7,185,610	2,955,020	1,738,594	25,231,193	38,816,179	6,184,116	9,451,224
Tax effect of reconciling items:								
Expenses not deductible for tax purposes	15,126	114,646	3,700	27,739	531,107	1,629,180	130,173	396,684
Others	130,842	-	32,006	-	758,477	-	185,901	-
Income tax expense	<u>12,226,086</u>	<u>7,300,256</u>	<u>2,990,726</u>	<u>1,766,333</u>	<u>26,520,777</u>	<u>40,445,359</u>	<u>6,500,190</u>	<u>9,847,908</u>

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

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

22. Cash (used in)/generated from operations

	Nine-month period ended			
	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
Profit before income tax	126,155,966	194,080,894	30,920,581	47,256,121
<i>Adjustments for:</i>				
Depreciation and amortisation charge	11,176,329	10,339,166	2,739,296	2,517,450
Credit impairment losses	128,073,333	91,641,083	31,390,523	22,313,388
Net losses/(gains) on derecognition of financial assets measured at amortised cost	7,412,415	(2,967,666)	1,816,768	(722,587)
Gain on disposals of property and equipment	(228,836)	(474,752)	(56,087)	(115,596)
Provision employee benefits	4,194,418	4,114,227	1,028,044	1,001,760
Unrealised exchange gains	(9,932,745)	(46,155,754)	(2,434,496)	(11,238,314)
Net interest income (Note 18)	(402,958,142)	(418,242,538)	(98,764,250)	(101,836,508)
<i>Changes in working capital:</i>				
Statutory deposits with the National bank of Cambodia	29,357,999	(83,212,576)	7,195,588	(20,261,158)
Loans and advances	(159,642,249)	53,130,068	(39,128,002)	12,936,467
Other assets	(8,146,621)	(8,454,849)	(1,996,721)	(2,058,644)
Deposits from banks and other financial institutions	148,236,187	150,375,199	36,332,399	36,614,365
Deposits from customers	68,709,852	241,230,090	16,840,650	58,736,326
Other liabilities	(7,449,961)	(19,109,290)	(1,825,971)	(4,652,859)
Cash (used in)/generated from operations	<u>(65,042,055)</u>	<u>166,293,302</u>	<u>(15,941,678)</u>	<u>40,490,211</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

22. Cash (used in)/ generated from operations

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

	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
Cash on hand	106,324,060	125,200,393	26,181,743	30,373,700
<i>Balances with the NBC</i>				
Current accounts	151,646,926	198,433,072	37,342,262	48,139,998
Settlement accounts	44,205,679	31,131,742	10,885,417	7,552,582
<i>Balances with other banks</i>				
Current accounts	183,683,810	312,487,712	45,231,177	75,809,731
Savings accounts	175,117,425	252,287,108	43,121,750	61,205,024
Term deposits (original maturity up to three months)	149,942,487	20,022,192	36,922,553	4,857,397
	<u>810,920,387</u>	<u>939,562,219</u>	<u>199,684,902</u>	<u>227,938,432</u>

23. 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 party 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 and nine-month periods ended 30 September 2024

23. Related party transactions and balances

(b) Loans and advances to key management personnel

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Loans to key management personnel	<u>3,129,981</u>	<u>4,369,644</u>	<u>770,741</u>	<u>1,069,680</u>

Loans and advances to key management personnel are secured and having interest rate range from 7.66% to 9.83% (2023: 6.78% to 14.40%) per annum. Allowances for expected credit losses for loans to key management personnel during the period was KHR794 thousand (2023: KHR4,541 thousand).

(c) Related party balances

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Payables to related companies	<u>1,807,144</u>	<u>1,140,781</u>	<u>445,000</u>	<u>279,261</u>

Deposits from related parties

	30 September 2024 KHR'000	31 December 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	31 December 2023 US\$ (Note 2(b))
Shareholders	101,439	95,771	24,979	23,445
Board of directors	2,246,862	1,936,539	553,278	474,061
Key management personnel	17,598,771	13,912,464	4,333,605	3,405,744
Related companies	<u>623,394</u>	<u>187,003</u>	<u>153,508</u>	<u>45,778</u>
	<u>20,570,466</u>	<u>16,131,777</u>	<u>5,065,370</u>	<u>3,949,028</u>
Interest payables	<u>661,356</u>	<u>403,812</u>	<u>162,855</u>	<u>98,852</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

23. Related party transactions and balances (continued)

(c) Related party balances (continued)

Annual interest rates during the period are as follows:

	30 September 2024	31 December 2023
Shareholders	3.00% - 7.00%	3.00% - 8.50%
Board of directors	3.00% - 8.50%	3.00% - 8.75%
Key management personnel	0.00% - 9.13%	1.00% - 9.13%
Related companies	<u>0.00% - 3.00%</u>	<u>1.00% - 3.00%</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

23. Related party transactions and balances (continued)

(d) Transactions with related parties

	Three-month period ended				Nine-month period ended			
	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
<i>(i) Incomes from related companies:</i>								
Rental income	-	13,887	-	3,360	19,751	44,109	4,841	10,740
Management fee income	51,117	46,963	12,504	11,363	152,984	143,527	37,496	34,947
Insurance commission incomes	2,302,652	543,357	563,271	131,468	5,987,890	2,318,911	1,467,620	564,624
	<u>2,353,769</u>	<u>604,207</u>	<u>575,775</u>	<u>146,191</u>	<u>6,160,625</u>	<u>2,506,547</u>	<u>1,509,957</u>	<u>610,311</u>
<i>(ii) Expenses to related companies:</i>								
License fees	226,917	158,591	55,508	38,372	539,649	472,781	132,267	115,116
IT consultancy and support fees	631,165	313,087	154,395	75,753	1,107,871	511,905	271,537	124,642
Rental expense	-	-	-	-	-	6,777	-	1,650
	<u>858,082</u>	<u>471,678</u>	<u>209,903</u>	<u>114,125</u>	<u>1,647,520</u>	<u>991,463</u>	<u>403,804</u>	<u>241,408</u>
<i>(iii) Interest income/expense</i>								
Interest income	66,690	74,731	16,314	18,082	227,756	198,335	55,823	48,292
Interest expense	395,399	228,051	96,722	55,178	959,747	571,725	235,232	139,207

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

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

23. Related party transactions and balances (continued)

(e) Key management compensation

	Three-month period ended				Nine-month period ended			
	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))	30 September 2024 KHR'000	30 September 2023 KHR'000	30 September 2024 US\$ (Note 2(b))	30 September 2023 US\$ (Note 2(b))
Directors' fees	188,635	241,088	46,144	58,332	561,883	593,849	137,716	144,594
Salaries and other benefits to key management	<u>1,888,160</u>	<u>509,912</u>	<u>461,879</u>	<u>123,376</u>	<u>8,114,214</u>	<u>6,940,013</u>	<u>1,988,778</u>	<u>1,689,801</u>
	<u>2,076,795</u>	<u>751,000</u>	<u>508,023</u>	<u>181,708</u>	<u>8,676,097</u>	<u>7,533,862</u>	<u>2,126,494</u>	<u>1,834,395</u>

24. 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.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

24. Fair value measurement of financial instruments (continued)

(a) Fair value hierarchy (continued)

The following table presents the Company's financial assets measured and recognised at fair value at 30 September 2024 and 31 December 2023 on a recurring basis:

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'000
As at 30 September 2024				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	60,915	60,915
Total financial assets	-	-	60,915	60,915
<i>In US\$ equivalent (Note 2(b))</i>	-	-	15,000	15,000
As at 31 December 2023				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,275	61,275
Total financial assets	-	-	61,275	61,275
<i>In US\$ equivalent (Note 2(b))</i>	-	-	15,000	15,000

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

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

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

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

24. Fair value measurement of financial instruments (continued)

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

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

The fair value of FVOCI have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

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

(c) Financial instruments not measured at fair value

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

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

(i) *Deposits and placements with the 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) *Investment securities at amortised cost*

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

(iii) *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.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2024

24. Fair value measurement of financial instruments (continued)

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

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

The fair value of deposits from banks, other financial institutions and customers with maturities of less than one year approximate their carrying 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.

(v) *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.

(vi) *Borrowings and subordinated debts*

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

25. 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.