

LOLC (CAMBODIA) PLC.

**Condensed Interim Financial Statements
for the three-month and six-month
periods ended 30 June 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 – 6
Condensed interim statement of changes in equity	7
Condensed interim statement of cash flows	8
Notes to the condensed interim financial statements	9 – 38



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 and six-month periods ended 30 June 2023.

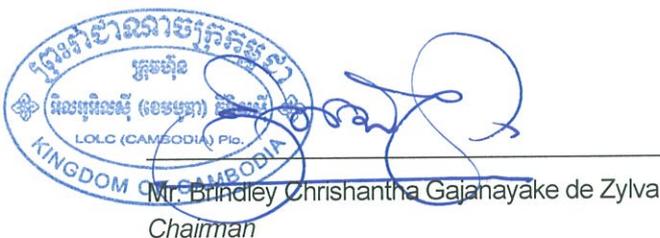
Board of Directors

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

- | | | |
|----|---|----------|
| 1. | Mr. Brindley Chrisantha 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 30 June 2023 and its financial performance for the three-month and six-month periods then ended, statements of changes in equity and cash flows of the Company for the six-month period then ended, in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting".

On behalf of the Board of Directors



Mr. Brindley Chrisantha Gajanayake de Zylva
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 22nd August 2023



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

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 June 2023 condensed interim financial statements of LOLC (Cambodia) Plc. ("the Company"), as set out on pages 4 to 38 (hereafter referred to as "the condensed interim financial statements") which comprise the condensed interim statement of financial position as at 30 June 2023 and the condensed interim statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, changes in equity and cash flows for the six-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 30 June 2022 and for the three-month and six-month periods then ended were reviewed by another firm of auditors who expressed an unmodified conclusion on 11 August 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

22 August 2023

LOLC (Cambodia) Plc.

Condensed interim statement of financial position As at 30 June 2023

	Notes	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
ASSETS					
Cash on hand		119,190,908	106,809,850	28,859,784	25,943,612
Deposits and placements with the National Bank of Cambodia		184,518,044	194,853,393	44,677,492	47,328,976
Deposits and placements with banks		447,935,068	371,988,949	108,458,854	90,354,372
Financial assets at fair value through other comprehensive income		61,950	61,755	15,000	15,000
Loans and advances at amortised cost	5	4,928,948,627	5,006,724,473	1,193,450,031	1,216,109,904
Statutory deposits with the National Bank of Cambodia		346,301,493	290,813,000	83,850,240	70,637,114
Property and equipment	6	7,624,710	6,845,124	1,846,177	1,662,649
Right-of-use assets	7	26,838,285	28,364,039	6,498,374	6,889,492
Intangible assets	8	7,120,486	8,290,335	1,724,089	2,013,683
Deferred tax assets		40,600,185	38,944,143	9,830,553	9,459,350
Other assets		26,482,575	21,611,794	6,412,246	5,249,404
TOTAL ASSETS		<u>6,135,622,331</u>	<u>6,075,306,855</u>	<u>1,485,622,840</u>	<u>1,475,663,556</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	9	187,675,433	121,960,652	45,441,993	29,623,671
Deposits from customers	10	3,134,503,742	3,036,496,755	758,959,744	737,550,827
Borrowings	11	1,100,439,025	1,269,650,543	266,450,126	308,392,165
Lease liabilities	7	25,290,468	26,341,727	6,123,600	6,398,282
Current income tax liabilities		30,097,296	64,678,039	7,287,481	15,709,992
Employee benefits		2,082,915	2,310,325	504,338	561,167
Other liabilities		32,381,770	44,620,119	7,840,622	10,838,020
Subordinated debts	12	303,074,513	314,179,268	73,383,660	76,312,671
TOTAL LIABILITIES		<u>4,815,545,162</u>	<u>4,880,237,428</u>	<u>1,165,991,564</u>	<u>1,185,386,795</u>
EQUITY					
Share capital	13	424,377,400	224,377,400	103,969,218	55,460,850
Retained earnings		515,284,653	590,276,911	126,962,834	144,936,825
General reserves		380,415,116	380,415,116	93,768,951	93,768,951
Regulatory reserves		-	-	-	-
Other reserves		-	-	(5,069,727)	(3,889,865)
TOTAL EQUITY		<u>1,320,077,169</u>	<u>1,195,069,427</u>	<u>319,631,276</u>	<u>290,276,761</u>
TOTAL LIABILITIES AND EQUITY		<u>6,135,622,331</u>	<u>6,075,306,855</u>	<u>1,485,622,840</u>	<u>1,475,663,556</u>

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 six-month periods ended 30 June 2023

	Notes	Three-month period ended				Six-month period ended			
		30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
Interest income	14	224,039,413	213,650,055	54,590,500	52,675,063	454,452,238	412,146,778	111,004,455	101,513,985
Interest expense	14	(85,476,488)	(75,187,045)	(20,827,604)	(18,537,240)	(168,494,366)	(143,804,541)	(41,156,416)	(35,419,838)
Net interest income	14	<u>138,562,925</u>	<u>138,463,010</u>	<u>33,762,896</u>	<u>34,137,823</u>	<u>285,957,872</u>	<u>268,342,237</u>	<u>69,848,039</u>	<u>66,094,147</u>
Fee and commission income		5,038,440	6,973,582	1,227,690	1,719,325	12,445,991	13,412,536	3,040,056	3,303,580
Fee and commission expense		(151,555)	(270,276)	(36,929)	(66,636)	(438,448)	(495,197)	(107,095)	(121,970)
Net fee and commission income		<u>4,886,885</u>	<u>6,703,306</u>	<u>1,190,761</u>	<u>1,652,689</u>	<u>12,007,543</u>	<u>12,917,339</u>	<u>2,932,961</u>	<u>3,181,610</u>
Other operating income		1,292,844	848,666	315,020	209,237	2,341,549	1,258,134	571,947	309,885
Other losses– net		(3,212,645)	(1,721,632)	(782,808)	(424,465)	(2,410,244)	(1,091,152)	(588,726)	(268,757)
Credit impairment losses	15	(28,997,065)	(14,285,228)	(7,065,562)	(3,521,999)	(29,278,048)	(29,181,515)	(7,151,453)	(7,187,565)
Net gain on derecognition of financial assets measured at amortised cost		746,948	786,135	182,005	193,820	2,046,051	1,847,444	499,768	455,035
Net other operating losses		<u>(30,169,918)</u>	<u>(14,372,059)</u>	<u>(7,351,345)</u>	<u>(3,543,407)</u>	<u>(27,300,692)</u>	<u>(27,167,089)</u>	<u>(6,668,464)</u>	<u>(6,691,402)</u>
Personnel expenses	16	(37,805,183)	(36,865,031)	(9,211,789)	(9,089,012)	(78,717,551)	(72,731,250)	(19,227,541)	(17,914,101)
Depreciation and amortisation charges		(3,459,449)	(3,040,409)	(842,946)	(749,608)	(6,738,011)	(6,235,208)	(1,645,826)	(1,535,766)
Other operating expenses		<u>(13,350,031)</u>	<u>(12,394,322)</u>	<u>(3,252,932)</u>	<u>(3,055,799)</u>	<u>(27,056,316)</u>	<u>(25,310,236)</u>	<u>(6,608,773)</u>	<u>(6,234,048)</u>

LOLC (Cambodia) Plc.

Condensed interim statement of profit or loss and other comprehensive income (continued) for three-month and six-month periods ended 30 June 2023

	Notes	Three-month period ended				Six-month period ended			
		30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
Profit before income tax		58,665,229	78,494,495	14,294,645	19,352,686	158,152,845	149,815,793	38,630,396	36,900,440
Income tax expense	17	(12,718,279)	(15,946,497)	(3,098,996)	(3,931,582)	(33,145,103)	(30,399,707)	(8,096,019)	(7,487,613)
Profit for the period		<u>45,946,950</u>	<u>62,547,998</u>	<u>11,195,649</u>	<u>15,421,104</u>	<u>125,007,742</u>	<u>119,416,086</u>	<u>30,534,377</u>	<u>29,412,827</u>
Other comprehensive income:									
<i>Items that will not be reclassified to profit or loss</i>									
Currency translation differences		-	-	(5,834,080)	(1,276,147)	-	-	(1,179,862)	158,160
Other comprehensive income for the period, net of tax		-	-	(5,834,080)	(1,276,147)	-	-	(1,179,862)	158,160
Total comprehensive income for the period		<u>45,946,950</u>	<u>62,547,998</u>	<u>5,361,569</u>	<u>14,144,957</u>	<u>125,007,742</u>	<u>119,416,086</u>	<u>29,354,515</u>	<u>29,570,987</u>
Profit attributable to:									
Owners of the Company		<u>45,946,950</u>	<u>62,547,998</u>	<u>11,195,649</u>	<u>15,421,104</u>	<u>125,007,742</u>	<u>119,416,086</u>	<u>30,534,377</u>	<u>29,412,827</u>
Total comprehensive income attributable to:									
Owners of the Company		<u>45,946,950</u>	<u>62,547,998</u>	<u>5,361,569</u>	<u>14,144,957</u>	<u>125,007,742</u>	<u>119,416,086</u>	<u>29,354,515</u>	<u>29,570,987</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 six-month period ended 30 June 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	-	119,416,086	-	-	-	119,416,086	-	29,412,827	-	-	-	29,412,827
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	158,160	158,160
Total comprehensive income for the period	-	119,416,086	-	-	-	119,416,086	-	29,412,827	-	-	158,160	29,570,987
Balance at 30 June 2022	<u>224,377,400</u>	<u>469,805,388</u>	<u>380,415,116</u>	<u>-</u>	<u>-</u>	<u>1,074,597,904</u>	<u>55,460,850</u>	<u>115,654,372</u>	<u>93,768,951</u>	<u>-</u>	<u>(855,204)</u>	<u>264,028,969</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	-	125,007,742	-	-	-	125,007,742	-	30,534,377	-	-	-	30,534,377
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	(1,179,862)	(1,179,862)
Total comprehensive income for the period	-	125,007,742	-	-	-	125,007,742	-	30,534,377	-	-	(1,179,862)	29,354,515
Transfer from retained earnings to share capital	200,000,000	(200,000,000)	-	-	-	-	48,508,368	(48,508,368)	-	-	-	-
Balance at 30 June 2023	<u>424,377,400</u>	<u>515,284,653</u>	<u>380,415,116</u>	<u>-</u>	<u>-</u>	<u>1,320,077,169</u>	<u>103,969,218</u>	<u>126,962,834</u>	<u>93,768,951</u>	<u>-</u>	<u>(5,069,727)</u>	<u>319,631,276</u>

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 June 2023

	Notes	Six-month period ended			
		30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
Cash flows from operating activities					
Cash generated from/(used in) operations	18	56,450,515	(249,625,186)	13,788,597	(61,485,807)
Interest received		449,281,816	420,629,287	109,741,528	103,603,273
Interest paid		(165,880,275)	(133,301,248)	(40,517,898)	(32,832,820)
Income tax paid		(69,381,888)	(55,708,031)	(16,947,213)	(13,721,190)
Employee benefits paid		(4,341,637)	(4,043,646)	(1,060,488)	(995,972)
Net cash generated from/ (used in) operating activities		<u>266,128,531</u>	<u>(22,048,824)</u>	<u>65,004,526</u>	<u>(5,432,516)</u>
Cash flows from investing activities					
Deposits and placements with the National Bank of Cambodia - maturity more than three months		799,451	(499,463)	195,274	(123,020)
Purchases of property and equipment	6	(2,605,910)	(1,051,152)	(636,519)	(258,904)
Purchases of intangible assets	8	(479,672)	(129,811)	(117,165)	(31,973)
Proceeds from disposals of property and equipment		68,405	63,527	16,709	15,647
Net cash used in investing activities		<u>(2,217,726)</u>	<u>(1,616,899)</u>	<u>(541,701)</u>	<u>(398,250)</u>
Cash flows from financing activities					
Proceeds from borrowings		93,452,718	454,353,319	22,826,751	111,909,684
Repayments of borrowings		(265,927,433)	(237,654,013)	(64,955,406)	(58,535,471)
Proceeds from subordinated debts		-	69,000,194	-	16,995,122
Repayments of subordinated debts		(8,173,000)	(8,111,000)	(1,996,336)	(1,997,783)
Repayment of debt securities		-	(80,504,783)	-	(19,828,764)
Payment of transaction costs		(290,518)	(32,680,759)	(70,962)	(8,049,448)
Principal element of lease payment		(2,786,322)	(2,672,543)	(680,587)	(658,262)
Net cash (used in)/generated from financing activities		<u>(183,724,555)</u>	<u>161,730,415</u>	<u>(44,876,540)</u>	<u>39,835,078</u>
Net increase in cash and cash equivalents		<u>80,186,250</u>	<u>138,064,692</u>	<u>19,586,285</u>	<u>34,004,312</u>
Cash and cash equivalents at beginning of period		672,183,723	490,359,898	163,270,275	120,363,254
Currency translation differences		-	-	(684,653)	36,510
Cash and cash equivalents at end of period	18	<u>752,369,973</u>	<u>628,424,590</u>	<u>182,171,907</u>	<u>154,404,076</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 six-month periods ended 30 June 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 30 June 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 22 August 2023.

This condensed interim financial statements for the three-month and six-month periods ended 30 June 2023 has been reviewed, but not audited.

2. Basis of preparation

This condensed interim financial statements for the three-month and six-month periods ended 30 June 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 and six-month periods ended 30 June 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:

- *CIFRS 17 Insurance Contracts*;
- *Disclosure of Accounting Policies* (Amendments to CIAS 1 and CIFRS Practice Statement 2); and
- *Definition of Accounting Estimates* (Amendment to CIAS 8).

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:

		Closing rate	Average rate six-month	Average rate three-month
30 June 2023	USD1=	KHR 4,130	KHR 4,094	KHR 4,104
30 June 2022	USD1=	KHR 4,070	KHR 4,060	KHR 4,056
31 December 2022	USD1=	<u>KHR 4,117</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 six-month periods ended 30 June 2023

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. 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 and six-month periods ended 30 June 2023

5. Loans and advances at amortised costs

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Group loans	638,998,765	718,540,912	154,721,251	174,530,219
Individual loans	4,440,954,000	4,411,542,341	1,075,291,525	1,071,542,954
Staff loans	32,732,974	28,609,371	7,925,660	6,949,082
Total gross loans	5,112,685,739	5,158,692,624	1,237,938,436	1,253,022,255
Less: Allowance for expected credit loss	<u>(183,737,112)</u>	<u>(151,968,151)</u>	<u>(44,488,405)</u>	<u>(36,912,351)</u>
	<u>4,928,948,627</u>	<u>5,006,724,473</u>	<u>1,193,450,031</u>	<u>1,216,109,904</u>

(a) Analysis by industry

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Trade and commerce	980,000,283	979,707,174	237,288,204	237,966,280
Services	780,334,153	788,991,815	188,942,894	191,642,413
Manufacturing	330,103,565	324,771,580	79,928,224	78,885,494
Transportation	70,372,697	65,517,963	17,039,394	15,914,006
Agriculture	1,338,871,106	1,343,970,902	324,181,866	326,444,232
Construction	205,763,408	201,794,944	49,821,648	49,015,046
Household/family	1,406,288,458	1,441,102,623	340,505,680	350,037,071
Others	952,069	12,835,623	230,526	3,117,713
Total gross loans	<u>5,112,685,739</u>	<u>5,158,692,624</u>	<u>1,237,938,436</u>	<u>1,253,022,255</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

5. Loans and advances at amortised costs (continued)

(b) Analysis by loan classification

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
<i>Performing</i>				
Gross amount	4,840,178,060	4,948,939,886	1,171,955,947	1,202,074,298
Exposure at default	4,840,178,060	4,948,939,886	1,171,955,947	1,202,074,298
Allowance for expected credit loss	(60,101,700)	(57,944,061)	(14,552,470)	(14,074,341)
<i>Under-performing</i>				
Gross amount	92,655,845	73,840,698	22,434,829	17,935,559
Exposure at default	92,655,845	73,840,698	22,434,829	17,935,559
Allowance for expected credit loss	(17,365,602)	(10,213,409)	(4,204,746)	(2,480,789)
<i>Non-performing</i>				
Gross amount	179,851,834	135,912,040	43,547,660	33,012,398
Exposure at default	179,851,834	135,912,040	43,547,660	33,012,398
Allowance for expected credit loss	(106,269,810)	(83,810,681)	(25,731,189)	(20,357,221)
Total gross loans	<u>5,112,685,739</u>	<u>5,158,692,624</u>	<u>1,237,938,436</u>	<u>1,253,022,255</u>
Exposure at default	<u>5,112,685,739</u>	<u>5,158,692,624</u>	<u>1,237,938,436</u>	<u>1,253,022,255</u>
Allowance for expected credit loss	<u>(183,737,112)</u>	<u>(151,968,151)</u>	<u>(44,488,405)</u>	<u>(36,912,351)</u>

(c) Analysis by maturity

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Not later than 1 year	256,179,718	210,099,253	62,028,987	51,032,124
Later than 1 year and no later than 3 years	1,350,805,420	1,501,645,251	327,071,530	364,742,592
Later than 3 years and no later than 5 years	1,611,932,026	1,571,858,678	390,298,311	381,797,104
Later than 5 years	1,893,768,575	1,875,089,442	458,539,608	455,450,435
Total gross loans	<u>5,112,685,739</u>	<u>5,158,692,624</u>	<u>1,237,938,436</u>	<u>1,253,022,255</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

5. Loans and advances at amortised costs (continued)

(d) Analysis by relationship

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Related parties (including staff loans)	32,732,974	28,609,371	7,925,660	6,949,082
Non-related parties	<u>5,079,952,765</u>	<u>5,130,083,253</u>	<u>1,230,012,776</u>	<u>1,246,073,173</u>
Total gross loans	<u>5,112,685,739</u>	<u>5,158,692,624</u>	<u>1,237,938,436</u>	<u>1,253,022,255</u>

(e) Analysis by residency

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Residents	5,112,685,739	5,158,692,624	1,237,938,436	1,253,022,255
Non-residents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total gross loans	<u>5,112,685,739</u>	<u>5,158,692,624</u>	<u>1,237,938,436</u>	<u>1,253,022,255</u>

(f) Interest rates

These loans and advances earn annual interest rates as below:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Short term loans	8.40% – 18.00%	8.87% - 18.00%
Long term loans	<u>6.78% – 18.00%</u>	<u>8.30% - 18.00%</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

5. Loans and advances at amortised costs (continued)

(g) Allowance for expected credit loss

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
12-month ECL (Stage 1)	60,101,700	57,944,061	14,552,470	14,074,341
Lifetime ECL-not credit impaired (Stage 2)	17,365,602	10,213,409	4,204,746	2,480,789
Lifetime ECL-credit impaired (Stage 3)	106,269,810	83,810,681	25,731,189	20,357,221
	<u>183,737,112</u>	<u>151,968,151</u>	<u>44,488,405</u>	<u>36,912,351</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 2023	57,944,061	10,213,409	83,810,681	151,968,151
<i>Changes due to exposure:</i>				
Transfer to stage 1	4,338,430	(1,538,311)	(2,800,119)	-
Transfer to stage 2	(1,406,112)	2,731,243	(1,325,131)	-
Transfer to stage 3	(3,228,854)	(5,433,972)	8,662,826	-
Net remeasurement of loss allowance (*)	(2,563,550)	10,168,102	17,869,143	25,473,695
New financial assets originated or purchased	16,397,406	3,414,676	525,544	20,337,626
Financial assets derecognised during the period other than write off	(11,397,102)	(2,270,422)	(4,252,248)	(17,919,772)
Unwinding of discount (**)	-	-	3,678,003	3,678,003
Foreign exchange differences	17,421	80,877	101,111	199,409
Loss allowance as at 30 June 2023	<u>60,101,700</u>	<u>17,365,602</u>	<u>106,269,810</u>	<u>183,737,112</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>14,552,470</u>	<u>4,204,746</u>	<u>25,731,189</u>	<u>44,488,405</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 six-month periods ended 30 June 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	15,132,681	(8,801,226)	(6,331,455)	-
Transfer to stage 2	(57,513,355)	60,731,104	(3,217,749)	-
Transfer to stage 3	(38,898,363)	(19,546,002)	58,444,365	-
New financial assets originated or purchased	853,056,313	5,799,275	4,784,891	863,640,479
Financial assets derecognised during the period other than write off	(880,539,102)	(19,368,004)	(9,740,258)	(909,647,364)
Gross carrying amount as at 30 June 2023	<u>4,840,178,060</u>	<u>92,655,845</u>	<u>179,851,834</u>	<u>5,112,685,739</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>1,171,955,947</u>	<u>22,434,829</u>	<u>43,547,660</u>	<u>1,237,938,436</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 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	1,261,785	(927,732)	(334,053)	-
Transfer to stage 2	(624,578)	1,061,972	(437,394)	-
Transfer to stage 3	(378,499)	(1,085,590)	1,464,089	-
Net remeasurement of loss allowance (*)	2,277,784	4,132,047	15,023,425	21,433,256
New financial assets originated or purchased	16,517,925	617,417	204,883	17,340,225
Financial assets derecognised during the period other than write off	(3,560,906)	(795,087)	(5,474,613)	(9,830,606)
Unwinding of discount (**)	-	-	1,840,387	1,840,387
Foreign exchange differences	(220,664)	(57,276)	(141,274)	(419,214)
Loss allowance as at 30 June 2022	<u>40,436,062</u>	<u>6,660,781</u>	<u>70,162,198</u>	<u>117,259,041</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>9,935,150</u>	<u>1,636,556</u>	<u>17,238,869</u>	<u>28,810,575</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 six-month periods ended 30 June 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	58,000,318	(57,387,585)	(612,733)	-
Transfer to stage 2	(81,973,722)	82,868,845	(895,123)	-
Transfer to stage 3	(13,140,291)	(19,138,845)	32,279,136	-
New financial assets originated or purchased	1,481,191,767	(9,537,964)	(672,070)	1,470,981,733
Financial assets derecognised during the period other than write off	<u>(716,405,703)</u>	<u>(37,333,829)</u>	<u>(12,578,741)</u>	<u>(766,318,273)</u>
Gross carrying amount as at 30 June 2022	<u>4,660,616,071</u>	<u>140,644,219</u>	<u>125,211,455</u>	<u>4,926,471,745</u>
<i>In US\$ equivalent (Note 2(b))</i>	<u>1,145,114,514</u>	<u>34,556,319</u>	<u>30,764,485</u>	<u>1,210,435,318</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 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	1,721,977	450,164	426,391	7,378	2,605,910	636,519
Disposals	(52,254)	(1,130,355)	(191,130)	-	(1,373,739)	(335,549)
Currency translation difference	-	-	-	-	-	(30,851)
At 30 June	<u>6,375,350</u>	<u>13,224,881</u>	<u>16,177,917</u>	<u>2,373,688</u>	<u>38,151,836</u>	<u>9,237,733</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	300,541	363,646	1,011,681	149,610	1,825,478	445,891
Disposals	(51,416)	(1,130,355)	(191,122)	-	(1,372,893)	(335,343)
Currency translation difference	-	-	-	-	-	(23,957)
At 30 June	<u>4,235,883</u>	<u>11,154,578</u>	<u>13,566,049</u>	<u>1,570,616</u>	<u>30,527,126</u>	<u>7,391,556</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 June	<u>2,139,467</u>	<u>2,070,303</u>	<u>2,611,868</u>	<u>803,072</u>	<u>7,624,710</u>	<u>1,846,177</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 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	155,774	-	779,986	115,392	1,051,152	258,904
Disposals	(37,125)	(234,838)	(372,197)	-	(644,160)	(158,660)
Currency translation difference	-	-	-	-	-	8,192
At 30 June	<u>4,412,316</u>	<u>13,915,505</u>	<u>14,968,856</u>	<u>2,086,453</u>	<u>35,383,130</u>	<u>8,693,644</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	221,739	272,900	1,189,742	120,709	1,805,090	444,603
Disposals	(37,090)	(234,838)	(370,187)	-	(642,115)	(158,156)
Currency translation difference	-	-	-	-	-	6,188
At 30 June	<u>3,785,420</u>	<u>12,422,670</u>	<u>12,242,457</u>	<u>1,279,805</u>	<u>29,730,352</u>	<u>7,304,755</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 30 June	<u>626,896</u>	<u>1,492,835</u>	<u>2,726,399</u>	<u>806,648</u>	<u>5,652,778</u>	<u>1,388,889</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 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

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
<i>Right-of-use assets (Non-current)</i>				
Buildings	<u>26,838,285</u>	<u>28,364,039</u>	<u>6,498,374</u>	<u>6,889,492</u>
	<u>26,838,285</u>	<u>28,364,039</u>	<u>6,498,374</u>	<u>6,889,492</u>
<i>Lease liabilities</i>				
Current	5,014,167	5,006,649	1,214,084	1,216,092
Non-current	<u>20,276,301</u>	<u>21,335,078</u>	<u>4,909,516</u>	<u>5,182,190</u>
	<u>25,290,468</u>	<u>26,341,727</u>	<u>6,123,600</u>	<u>6,398,282</u>

Right-of-use assets' additions during the period were KHR1,661,775 thousand (2022: KHR4,575,161 thousand).

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

7. 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				Six-month period ended			
	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
<i>Depreciation of right-of-use assets</i>								
Buildings	<u>1,641,268</u>	<u>1,546,417</u>	<u>399,919</u>	<u>381,267</u>	<u>3,263,012</u>	<u>3,104,739</u>	<u>797,023</u>	<u>764,714</u>
Interest expense (Note 14)	<u>505,971</u>	<u>538,665</u>	<u>123,287</u>	<u>132,807</u>	<u>1,015,952</u>	<u>1,066,753</u>	<u>248,156</u>	<u>262,748</u>
Expense relating to short-term lease and leases of low-value assets (included in operating expenses)	<u>2,293,383</u>	<u>1,993,974</u>	<u>558,817</u>	<u>491,611</u>	<u>4,522,503</u>	<u>3,712,667</u>	<u>1,104,666</u>	<u>914,450</u>
Total expenses related to leases	<u>4,440,622</u>	<u>4,079,056</u>	<u>1,082,023</u>	<u>1,005,685</u>	<u>8,801,467</u>	<u>7,884,159</u>	<u>2,149,845</u>	<u>1,941,912</u>

Total cash outflow for lease during the period was KHR2,786,322 thousand (2022: KHR2,672,543 thousand).

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

8. Intangible assets

2023	Software and license KHR'000	Work in progress KHR'000	Total KHR'000	US\$ (Note 2(b))
Cost				
At 1 January	14,132,015	316,425	14,448,440	3,509,458
Additions	387,149	92,523	479,672	117,165
Transfers	158,537	(158,537)	-	-
Currency translation difference	-	-	-	(12,068)
At 30 June	<u>14,677,701</u>	<u>250,411</u>	<u>14,928,112</u>	<u>3,614,555</u>
Less: Accumulated depreciation				
At 1 January	6,158,105	-	6,158,105	1,495,775
Amortisation for the period	1,649,521	-	1,649,521	402,912
Currency translation difference	-	-	-	(8,221)
At 30 June	<u>7,807,626</u>	<u>-</u>	<u>7,807,626</u>	<u>1,890,466</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 June	<u><u>6,870,075</u></u>	<u><u>250,411</u></u>	<u><u>7,120,486</u></u>	<u><u>1,724,089</u></u>
2022				
Cost				
At 1 January	12,435,484	1,627,825	14,063,309	3,451,966
Additions	11,614	118,197	129,811	31,973
Currency translation difference	-	-	-	3,314
At 30 June	<u>12,447,098</u>	<u>1,746,022</u>	<u>14,193,120</u>	<u>3,487,253</u>
Less: Accumulated depreciation				
At 1 January	3,461,278	-	3,461,278	849,602
Amortisation for the period	1,325,379	-	1,325,379	326,448
Currency translation difference	-	-	-	33
At 30 June	<u>4,786,657</u>	<u>-</u>	<u>4,786,657</u>	<u>1,176,083</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 30 June	<u><u>7,660,441</u></u>	<u><u>1,746,022</u></u>	<u><u>9,406,463</u></u>	<u><u>2,311,170</u></u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

9. Deposits from banks and other financial institutions

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Savings deposits	5,580,390	6,372,888	1,351,184	1,547,945
Fixed deposits	179,421,212	113,255,124	43,443,393	27,509,139
	185,001,602	119,628,012	44,794,577	29,057,084
Accrued interest payables	2,673,831	2,332,640	647,416	566,587
	<u>187,675,433</u>	<u>121,960,652</u>	<u>45,441,993</u>	<u>29,623,671</u>
	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Current	187,675,433	121,960,652	45,441,993	29,623,671
Non-current	-	-	-	-
	<u>187,675,433</u>	<u>121,960,652</u>	<u>45,441,993</u>	<u>29,623,671</u>

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

	30 June 2023	31 December 2022
Savings deposits	1.00% - 3.00%	1.00% - 3.00%
Fixed deposits	5.30% - 7.80%	4.00% - 6.25%

10. Deposits from customers

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Savings deposits	184,115,958	185,279,195	44,580,135	45,003,448
Fixed deposits	2,863,769,540	2,769,286,884	693,406,666	672,646,802
	3,047,885,498	2,954,566,079	737,986,801	717,650,250
Accrued interest payables	86,618,244	81,930,676	20,972,943	19,900,577
	<u>3,134,503,742</u>	<u>3,036,496,755</u>	<u>758,959,744</u>	<u>737,550,827</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

10. Deposits from customers (continued)

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Current	2,876,829,351	2,845,987,099	696,568,850	691,276,925
Non-current	257,674,391	190,509,656	62,390,894	46,273,902
	<u>3,134,503,742</u>	<u>3,036,496,755</u>	<u>758,959,744</u>	<u>737,550,827</u>

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
Savings deposits	1.00% - 5.00%	1.00% - 5.25%
Fixed deposits	2.90% - 10.00%	2.90% - 10.00%

11. Borrowings

As at 30 June 2023, the Company is in breach of one of the covenants on two borrowings with carrying amounts of KHR23,128,000 thousand and KHR15,884,615 thousand (equivalent to US\$5,600,000 and US\$3,846,154 respectively). The covenant states that at the end of each reporting period, the Company's portfolio at risk ratio "PAR" 90 days shall be at 3%, otherwise the borrowings will be payable on demand. However, as at 30 June 2023, the Company's PAR 90 days was 3.35% to the total gross loan.

Subsequently, the Company has submitted official waiver letter with reasons and justifications on 20 July 2023 to request lenders to provide waiver on the violation of the high PAR 90 days for the Company until the end of 2024. As of the date of these condensed interim financial statements, the Company has not received any response from lenders yet. However, management has assessed the current situation and the prolonged relationship with lenders, it is believed that the risk of waiver rejection is low.

Borrowings are further analysed as follows:

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Current	430,127,290	457,438,448	104,147,044	111,109,655
Non-current	670,311,735	812,212,095	162,303,082	197,282,510
	<u>1,100,439,025</u>	<u>1,269,650,543</u>	<u>266,450,126</u>	<u>308,392,165</u>

During the period, the Company obtained additional borrowings from various financial institutions of KHR93,162,200 thousand (2022: KHR425,521,754 thousand). The annual interest rates are ranging from 5.25% to 8.30% (2022: 4.55% to 8.30%).

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

12. Subordinated debts

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Current	68,903,280	58,600,532	16,683,603	14,233,795
Non-current	234,171,233	255,578,736	56,700,057	62,078,876
	<u>303,074,513</u>	<u>314,179,268</u>	<u>73,383,660</u>	<u>76,312,671</u>

During the period, the Company repaid subordinated debts to various financial institutions amounting to KHR8,173,000 thousand (2022: KHR8,111,000 thousand). The annual interest rates for all subordinated debts are ranging from 7.50% to 10.47% (2022: 7.50% to 10.47%).

13. Share capital

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 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.

The total number of authorised shares of the Company as at 30 June 2023 was 4,243,774 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.

The detail of shareholders and shareholding structure are as follows:

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

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

14. Net interest income

	Three-month period ended				Six-month period ended			
	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
<i>Interest income from financial assets at amortised cost</i>								
Loans and advances	222,263,255	212,788,564	54,157,713	52,462,664	451,425,927	410,825,794	110,265,248	101,188,619
Deposits and placements with banks	1,475,091	683,301	359,428	168,467	2,537,475	971,574	619,803	239,304
Deposits and placements with the central bank	301,067	178,190	73,359	43,932	488,836	349,410	119,404	86,062
Total interest income	<u>224,039,413</u>	<u>213,650,055</u>	<u>54,590,500</u>	<u>52,675,063</u>	<u>454,452,238</u>	<u>412,146,778</u>	<u>111,004,455</u>	<u>101,513,985</u>
<i>Interest expense on financial liabilities at amortised cost</i>								
Deposits from customers	(57,908,461)	(43,606,928)	(14,110,249)	(10,751,215)	(111,821,821)	(82,474,252)	(27,313,586)	(20,313,855)
Borrowings	(19,636,999)	(23,121,343)	(4,784,844)	(5,700,528)	(40,746,734)	(44,394,140)	(9,952,793)	(10,934,517)
Subordinated debts	(7,425,057)	(7,443,902)	(1,809,224)	(1,835,282)	(14,909,859)	(13,750,762)	(3,641,881)	(3,386,887)
Debt securities	-	(476,207)	-	(117,408)	-	(2,118,634)	-	(521,831)
Lease liabilities	(505,971)	(538,665)	(123,287)	(132,807)	(1,015,952)	(1,066,753)	(248,156)	(262,748)
	<u>(85,476,488)</u>	<u>(75,187,045)</u>	<u>(20,827,604)</u>	<u>(18,537,240)</u>	<u>(168,494,366)</u>	<u>(143,804,541)</u>	<u>(41,156,416)</u>	<u>(35,419,838)</u>
Net interest income	<u>138,562,925</u>	<u>138,463,010</u>	<u>33,762,896</u>	<u>34,137,823</u>	<u>285,957,872</u>	<u>268,342,237</u>	<u>69,848,039</u>	<u>66,094,147</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

15. Credit impairment losses

	Three-month period ended				Six-month period ended			
	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
<i>Expected Credit Loss (ECL):</i>								
Loans and advances	27,156,617	15,024,227	6,617,109	3,704,198	27,891,549	28,942,875	6,812,787	7,128,787
Deposits and placements with banks	1,840,448	(738,999)	448,453	(182,199)	1,386,499	238,640	338,666	58,778
	<u>28,997,065</u>	<u>14,285,228</u>	<u>7,065,562</u>	<u>3,521,999</u>	<u>29,278,048</u>	<u>29,181,515</u>	<u>7,151,453</u>	<u>7,187,565</u>

16. Personnel expenses

	Three-month period ended				Six-month period ended			
	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
Salaries and wage expenses	34,507,534	34,267,506	8,408,269	8,448,597	72,293,937	67,503,825	17,658,509	16,626,558
Other benefits	3,297,649	2,597,525	803,520	640,415	6,423,614	5,227,425	1,569,032	1,287,543
	<u>37,805,183</u>	<u>36,865,031</u>	<u>9,211,789</u>	<u>9,089,012</u>	<u>78,717,551</u>	<u>72,731,250</u>	<u>19,227,541</u>	<u>17,914,101</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

17. Income tax expense

(a) Income tax expense

	Three-month period ended				Six-month period ended			
	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
Current income tax	18,267,402	19,835,701	4,451,121	4,890,459	34,801,145	37,768,972	8,500,524	9,302,703
Deferred income tax	(5,549,123)	(3,889,204)	(1,352,125)	(958,877)	(1,656,042)	(7,369,265)	(404,505)	(1,815,090)
	<u>12,718,279</u>	<u>15,946,497</u>	<u>3,098,996</u>	<u>3,931,582</u>	<u>33,145,103</u>	<u>30,399,707</u>	<u>8,096,019</u>	<u>7,487,613</u>

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended				Six-month period ended			
	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
Profit before income tax	58,665,229	78,494,495	14,294,645	19,352,686	158,152,845	149,815,793	38,630,396	36,900,440
Tax expenses at 20%	11,733,046	15,698,899	2,858,928	3,870,537	31,630,569	29,963,159	7,726,079	7,380,088
Tax effect of reconciling items:								
Expenses not deductible for tax purposes	985,233	247,598	240,068	61,045	1,514,534	436,548	369,940	107,525
Income tax expense	<u>12,718,279</u>	<u>15,946,497</u>	<u>3,098,996</u>	<u>3,931,582</u>	<u>33,145,103</u>	<u>30,399,707</u>	<u>8,096,019</u>	<u>7,487,613</u>

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

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

18. Cash generated from/(used in) operations

	Six-month period ended			
	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
Profit before income tax	158,152,845	149,815,793	38,630,396	36,900,440
<i>Adjustments for:</i>				
Depreciation and amortisation charges	6,738,011	6,235,208	1,645,826	1,535,766
Credit impairment losses	29,278,048	29,181,515	7,151,453	7,185,795
Net losses on derecognition of financial assets measured at amortised cost	(2,046,051)	(1,847,444)	(499,768)	(455,035)
Gain on disposals of property and equipment	(335,803)	(61,482)	(82,023)	(15,143)
Provision for employee benefits	4,114,227	3,936,556	1,004,941	969,595
Unrealised exchange gains	5,539,948	(10,891,933)	1,353,187	(2,682,742)
Net interest income (Note 14)	(285,957,872)	(268,342,237)	(69,848,039)	(66,094,147)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(55,488,493)	(51,758,967)	(13,553,613)	(12,748,514)
Loans and advances	54,871,776	(711,299,243)	13,402,974	(175,196,858)
Other assets	(4,870,781)	(3,833,360)	(1,189,736)	(944,177)
Deposits from banks and other financial institutions	65,373,590	143,807,514	15,968,146	35,420,570
Deposits from customers	93,319,419	469,339,230	22,794,191	115,600,796
Other liabilities	(12,238,349)	(3,906,336)	(2,989,338)	(962,152)
Cash generated from/ (used in) operations	<u>56,450,515</u>	<u>(249,625,186)</u>	<u>13,788,597</u>	<u>(61,485,806)</u>

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

	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
Cash on hand	119,190,908	102,498,360	28,859,784	25,183,872
<i>Balances with the NBC</i>				
Current accounts	134,123,133	165,291,606	32,475,335	40,612,188
Settlement accounts	46,687,402	21,036,103	11,304,456	5,168,576
<i>Balances with other banks</i>				
Current accounts	295,672,940	203,838,218	71,591,511	50,083,100
Savings accounts	136,692,257	135,760,303	33,097,399	33,356,340
Term deposits (original maturity up to three months)	20,003,333	-	4,843,422	-
	<u>752,369,973</u>	<u>628,424,590</u>	<u>182,171,907</u>	<u>154,404,076</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

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)

(b) Loans and advances to key management personnel

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Loans to key management personnel	<u>2,994,430</u>	<u>2,173,643</u>	<u>725,044</u>	<u>534,065</u>

Loans and advances to key management personnel are secured and having interest rate of 6.78% to 12.00% (2022: 8.30% to 12.00%) per annum. Allowances for expected credit losses for loans to related parties recognised during the period was KHR3,981 thousand (2022: KHR4,184 thousand).

(c) Related parties balances

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Receivables from related companies	<u>-</u>	<u>134,663</u>	<u>-</u>	<u>32,709</u>
Payables to related companies	<u>157,620</u>	<u>480,017</u>	<u>38,165</u>	<u>116,594</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

19. Related party transactions and balances (continued)

(c) Related parties balances (continued)

Deposits from related parties

	30 June 2023 KHR'000	31 December 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	31 December 2022 US\$ (Note 2(b))
Shareholders	-	215,211	-	52,274
Board of directors	1,668,039	1,706,698	403,884	414,549
Key management personnel	12,550,247	9,030,492	3,038,801	2,193,464
Related companies	365,179	1,710,763	88,421	415,536
	<u>14,583,465</u>	<u>12,663,164</u>	<u>3,531,106</u>	<u>3,075,823</u>
Interest payables	<u>254,601</u>	<u>187,187</u>	<u>61,647</u>	<u>45,467</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:

	30 June 2023	31 December 2022
Shareholders	0.00%	3.00%
Board of directors	3.00% - 8.75%	3.00% - 7.90%
Key management personnel	1.00% - 9.13%	1.00% - 9.00%
Related companies	1.00% - 3.00%	3.00%

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

19. Related party transactions and balances (continued)

(d) Transactions with related parties

	Three-month period ended				Six-month period ended			
	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
<i>(i) Incomes from related companies:</i>								
Rental income	13,789	16,305	3,360	4,020	30,214	32,642	7,380	8,040
Management fee income	46,630	49,572	11,362	12,222	96,553	98,512	23,584	24,264
	<u>60,419</u>	<u>65,877</u>	<u>14,722</u>	<u>16,242</u>	<u>126,767</u>	<u>131,154</u>	<u>30,964</u>	<u>32,304</u>
<i>(ii) Expenses to related companies:</i>								
License fees	157,479	141,490	38,372	34,884	314,190	283,258	76,744	69,768
IT consultancy and support fees	95,668	92,404	23,311	22,782	200,152	297,395	48,889	73,250
Rental expense	-	6,692	-	1,650	6,755	13,398	1,650	3,300
Insurance expense	995,474	744,872	242,689	183,647	1,773,341	745,607	433,156	183,647
	<u>1,248,621</u>	<u>985,458</u>	<u>304,372</u>	<u>242,963</u>	<u>2,294,438</u>	<u>1,339,658</u>	<u>560,439</u>	<u>329,965</u>
<i>(iii) Interest income/expense</i>								
Interest income	65,807	58,322	16,035	14,379	123,604	118,065	30,191	29,080
Interest expense	39,439	65,285	9,610	16,096	343,674	219,195	83,946	53,989

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

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

19. Related party transactions and balances (continued)

(e) Key management compensation

	Three-month periods ended				Six-month periods ended			
	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))	30 June 2023 KHR'000	30 June 2022 KHR'000	30 June 2023 US\$ (Note 2(b))	30 June 2022 US\$ (Note 2(b))
Directors' fees	157,164	185,888	38,295	45,830	352,761	352,761	86,165	86,887
Salaries and other benefits to key management	<u>3,299,200</u>	<u>2,670,122</u>	<u>803,899</u>	<u>658,314</u>	<u>6,430,101</u>	<u>5,320,159</u>	<u>1,570,616</u>	<u>1,310,384</u>
	<u>3,456,364</u>	<u>2,856,010</u>	<u>842,194</u>	<u>704,144</u>	<u>6,782,862</u>	<u>5,672,920</u>	<u>1,656,781</u>	<u>1,397,271</u>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 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 30 June 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 30 June 2023				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,950	61,950
Total financial assets	-	-	61,950	61,950
<i>In US\$ equivalent (Note 2(b))</i>	<i>-</i>	<i>-</i>	<i>15,000</i>	<i>15,000</i>
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>	<i>-</i>	<i>-</i>	<i>15,000</i>	<i>15,000</i>

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 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 and six-month periods ended 30 June 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

On 15 June 2023, the General Department of Taxation (“GDT”) issued a notice of tax reassessment (“NTR”) for comprehensive tax audit for the period from 1 January 2019 to 31 December 2019 with total reassessed amount of KHR1,716,338,470 (equivalent to US\$415,578).

Subsequently, the Company has submitted the protest letter and the supporting documents on 14 July 2023 to clarify GDT’s findings in the reassessment. The Company has not made a provision in these condensed interim financial statements yet as management has assessed the current situation and believes that they have fully complied with the relevant tax regulations.

LOLC (Cambodia) Plc.

Notes to the condensed interim financial statements (continued) for the three-month and six-month periods ended 30 June 2023

21. Tax contingency (continued)

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

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.