

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
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LOLC (Cambodia) Plc.

STATEMENT BY BOARD OF DIRECTORS

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

BOARD OF DIRECTORS

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

- | | |
|--|----------|
| 1. Mr. Brindley Chrishantha Gajanayake de Zylva | Chairman |
| 2. Mr. Indrajith Wijesiriwardana | Member |
| 3. Mr. Hans Michael Theodor Moormann | Member |
| 4. Mr. Dulip Rasika Samaraweera | Member |
| 5. Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias | Member |

In the opinion of the Board of Directors, the condensed interim financial information of the Company is prepared, in all material respects, the financial position of the Company as at 30 June 2022 and its financial performance for the three-month and six-month periods then ended, 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 Chrishantha Gajanayake de Zylva
Chairman

11 August 2022



Report on review of condensed interim financial information

To the Shareholders of LOLC (Cambodia) Plc.

Introduction

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

Scope of review

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

Conclusion

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

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim
Partner

Phnom Penh, Kingdom of Cambodia
11 August 2022

LOLC (CAMBODIA) PLC.
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

		30 June 2022	31 December 2021	30 June 2022	31 December 2021
Notes	KHR'000	KHR'000	US\$	US\$	
ASSETS					
Cash on hand		102,498,360	95,083,129	25,183,872	23,339,011
Deposits and placements with the Central Bank		189,166,430	126,233,530	46,478,238	30,985,157
Deposits and placements with banks		336,852,440	268,874,510	82,764,727	65,997,671
Financial assets at fair value through other comprehensive income		61,050	61,110	15,000	15,000
Loans and advances at amortised cost	6	4,809,212,704	4,134,913,292	1,181,624,743	1,014,951,716
Statutory deposits with the Central Bank		271,413,197	219,654,230	66,686,289	53,916,109
Property and equipment	7	5,652,778	6,408,761	1,388,889	1,573,088
Right-of-use assets	8	29,177,338	27,730,520	7,168,879	6,806,706
Intangible assets	9	9,406,463	10,602,031	2,311,170	2,602,364
Deferred tax assets		33,594,877	26,225,612	8,254,270	6,437,313
Other assets		<u>23,107,539</u>	<u>19,274,179</u>	<u>5,677,528</u>	<u>4,731,021</u>
TOTAL ASSETS		<u>5,810,143,176</u>	<u>4,935,060,904</u>	<u>1,427,553,605</u>	<u>1,211,355,156</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	10	340,550,473	195,570,226	83,673,335	48,004,474
Deposits from customers	11	2,653,428,158	2,175,241,605	651,947,950	533,932,647
Borrowings	12	1,300,863,254	1,152,112,820	319,622,421	282,796,470
Debt securities		-	81,741,175	-	20,064,108
Lease liabilities	8	27,110,962	25,228,428	6,661,170	6,192,545
Current income tax liabilities		36,825,651	54,764,710	9,048,071	13,442,491
Employee benefits		2,341,917	2,449,007	575,410	601,131
Other liabilities		36,264,736	40,171,072	8,910,254	9,860,352
Subordinated debts	13	<u>338,160,121</u>	<u>252,600,043</u>	<u>83,086,025</u>	<u>62,002,956</u>
TOTAL LIABILITIES		<u>4,735,545,272</u>	<u>3,979,879,086</u>	<u>1,163,524,636</u>	<u>976,897,174</u>
EQUITY					
Share capital		224,377,400	224,377,400	55,460,850	55,460,850
Retained earnings		469,805,388	350,389,302	115,654,372	86,241,545
General reserves		380,415,116	380,415,116	93,768,951	93,768,951
Regulatory reserves		-	-	-	-
Other reserves		-	-	(855,204)	(1,013,364)
TOTAL EQUITY		<u>1,074,597,904</u>	<u>955,181,818</u>	<u>264,028,969</u>	<u>234,457,982</u>
TOTAL LIABILITIES AND EQUITY		<u>5,810,143,176</u>	<u>4,935,060,904</u>	<u>1,427,553,605</u>	<u>1,211,355,156</u>

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

LOLC (CAMBODIA) PLC.

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

	Notes	Three-month period ended				Six-month period ended			
		30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$
Interest income	14	213,650,055	175,707,579	52,636,131	43,245,774	412,146,778	347,362,618	101,513,985	85,536,227
Interest expense	14	(75,187,045)	(62,509,726)	(18,523,539)	(15,385,116)	(143,804,541)	(124,702,763)	(35,419,838)	(30,707,403)
Net interest income	14	<u>138,463,010</u>	<u>113,197,853</u>	<u>34,112,592</u>	<u>27,860,658</u>	<u>268,342,237</u>	<u>222,659,855</u>	<u>66,094,147</u>	<u>54,828,824</u>
Fee and commission income		6,973,582	5,168,275	1,718,054	1,272,034	13,412,536	12,394,576	3,303,580	3,052,099
Fee and commission expense		(270,276)	(111,425)	(66,587)	(27,424)	(495,197)	(290,716)	(121,970)	(71,587)
Net fee and commission income		<u>6,703,306</u>	<u>5,056,850</u>	<u>1,651,467</u>	<u>1,244,610</u>	<u>12,917,339</u>	<u>12,103,860</u>	<u>3,181,610</u>	<u>2,980,512</u>
Other operating income		848,666	178,727	209,083	43,989	1,258,134	977,856	309,885	240,792
Other (losses)/gains – net		(1,721,632)	66,434	(424,152)	16,351	(1,091,152)	(867,302)	(268,757)	(213,569)
Total other operating income		<u>(872,966)</u>	<u>245,161</u>	<u>(215,069)</u>	<u>60,340</u>	<u>166,982</u>	<u>110,554</u>	<u>41,128</u>	<u>27,223</u>
Credit impairment losses	15	(14,285,228)	(11,643,919)	(3,519,396)	(2,865,843)	(29,181,515)	(22,377,379)	(7,187,565)	(5,510,312)
Net losses on derecognition of financial assets measured at amortised cost		786,135	447,580	193,677	110,160	1,847,444	1,107,118	455,035	272,622
Net other operating losses		<u>(14,372,059)</u>	<u>(10,951,178)</u>	<u>(3,540,788)</u>	<u>(2,695,343)</u>	<u>(27,167,089)</u>	<u>(21,159,707)</u>	<u>(6,691,402)</u>	<u>(5,210,467)</u>
Personnel expenses	16	(36,865,031)	(31,647,649)	(9,082,294)	(7,789,232)	(72,731,250)	(65,761,720)	(17,914,101)	(16,193,479)
Depreciation and amortisation charges		(3,040,409)	(2,649,483)	(749,054)	(652,100)	(6,235,208)	(5,291,533)	(1,535,766)	(1,303,012)
Other operating expenses		(12,394,322)	(9,618,798)	(3,053,541)	(2,367,413)	(25,310,236)	(19,999,607)	(6,234,048)	(4,924,799)
Profit before income tax		<u>78,494,495</u>	<u>63,387,595</u>	<u>19,338,382</u>	<u>15,601,180</u>	<u>149,815,793</u>	<u>122,551,148</u>	<u>36,900,440</u>	<u>30,177,579</u>
Income tax expense	17	(15,946,497)	(12,863,804)	(3,928,676)	(3,166,085)	(30,399,707)	(24,801,812)	(7,487,613)	(6,107,316)
Profit for the period		<u>62,547,998</u>	<u>50,523,791</u>	<u>15,409,706</u>	<u>12,435,095</u>	<u>119,416,086</u>	<u>97,749,336</u>	<u>29,412,827</u>	<u>24,070,263</u>
Other comprehensive income: <i>Items that will not reclassified to profit or loss</i>									
Currency translation differences		-	-	(1,276,147)	(731,905)	-	-	158,160	(1,416,509)
Other comprehensive income for the period, net of tax		-	-	(1,276,147)	(731,905)	-	-	158,160	(1,416,509)
Total comprehensive income for the period		<u>62,547,998</u>	<u>50,523,791</u>	<u>14,133,559</u>	<u>11,703,190</u>	<u>119,416,086</u>	<u>97,749,336</u>	<u>29,570,987</u>	<u>22,653,754</u>
Profit attributable to:									
Owners of the Company		<u>62,547,998</u>	<u>50,523,791</u>	<u>15,409,706</u>	<u>12,435,095</u>	<u>119,416,086</u>	<u>97,749,336</u>	<u>29,412,827</u>	<u>24,070,263</u>
Total comprehensive income attributable to:									
Owners of the Company		<u>62,547,998</u>	<u>50,523,791</u>	<u>14,133,559</u>	<u>11,703,190</u>	<u>119,416,086</u>	<u>97,749,336</u>	<u>29,570,987</u>	<u>22,653,754</u>

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

LOLC (CAMBODIA) PLC.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Attributable to owners of the Company											
	Share capital KHR'000	Retained earnings KHR'000	General reserves KHR'000	Regulatory reserves KHR'000	Other reserves KHR'000	Total KHR'000	Share capital US\$	Retained earnings US\$	General reserves US\$	Regulatory reserves US\$	Other reserves US\$	Total US\$
Balance at 1 January 2021	224,377,400	298,065,276	210,415,116	-	-	732,857,792	55,460,850	73,379,198	51,979,374	-	356,794	181,176,216
Profit for the period	-	97,749,336	-	-	-	97,749,336	-	24,070,263	-	-	-	24,070,263
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	(1,416,509)	(1,416,509)
Total comprehensive income the period	-	97,749,336	-	-	-	97,749,336	-	24,070,263	-	-	(1,416,509)	22,653,754
Balance at 30 June 2021	<u>224,377,400</u>	<u>395,814,612</u>	<u>210,415,116</u>	<u>-</u>	<u>-</u>	<u>830,607,128</u>	<u>55,460,850</u>	<u>97,449,461</u>	<u>51,979,374</u>	<u>-</u>	<u>(1,059,715)</u>	<u>203,829,970</u>
Balance at 1 January 2022	224,377,400	350,389,302	380,415,116	-	-	955,181,818	55,460,850	86,241,545	93,768,951	-	(1,013,364)	234,457,982
Profit for the period	-	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>

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

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

	Notes	Six-month period ended			
		30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$
Cash flows from operating activities					
Cash used in operations	18	(249,625,186)	(186,988,826)	(61,485,807)	(46,045,020)
Interest received		420,629,287	347,696,348	103,603,273	85,618,406
Interest paid		(133,301,248)	(126,036,768)	(32,832,820)	(31,035,895)
Income tax paid		(55,708,031)	(48,104,710)	(13,721,190)	(11,845,533)
Employee benefits paid		(4,043,646)	(3,267,933)	(995,972)	(804,711)
Net cash used in operating activities		(22,048,824)	(16,701,889)	(5,432,516)	(4,112,753)
Cash flows from investing activities					
Deposits and placements with the Central Bank - maturity more than three months		(499,463)	(510,752)	(123,020)	(125,770)
Purchases of property and equipment	7	(1,051,152)	(1,147,403)	(258,904)	(282,542)
Purchases of intangible assets	9	(129,811)	(322,073)	(31,973)	(79,309)
Proceeds from disposals of property and equipment		63,527	16,769	15,647	4,129
Net cash used in investing activities		(1,616,899)	(1,963,459)	(398,250)	(483,492)
Cash flows from financing activities					
Proceeds from borrowings		454,353,319	181,382,886	111,909,684	44,664,587
Repayments of borrowings		(237,654,013)	(306,435,355)	(58,535,471)	(75,458,103)
Proceeds from subordinated debts		69,000,194	61,549,521	16,995,122	15,156,247
Repayments of subordinated debts		(8,111,000)	(18,680,200)	(1,997,783)	(4,599,902)
Repayment of debt securities		(80,504,783)	-	(19,828,764)	-
Payment of transaction costs		(32,680,759)	(2,431,011)	(8,049,448)	(598,624)
Principal element of lease payment		(2,672,543)	(2,584,055)	(658,262)	(636,310)
Net cash generated from/(used in) financing activities		161,730,415	(87,198,214)	39,835,078	(21,472,105)
Net increase/(decrease) in cash and cash equivalents		138,064,692	(105,863,562)	34,004,312	(26,068,350)
Cash and cash equivalents at beginning of period		490,359,898	648,240,207	120,363,254	160,257,159
Currency translation differences		-	-	36,510	(1,090,245)
Cash and cash equivalents at end of period		628,424,590	542,376,645	154,404,076	133,098,564

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

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

1. GENERAL INFORMATION

LOLC (Cambodia) Plc. (formerly known as Thaneakea Phum (Cambodia) Ltd.) (the Company), a licensed micro-finance institution, incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (MoC) as a public limited liability company under the registration number Co. 1413 E/2002, dated 23 May 2002 and changed to the new registration number 00012829 dated 28 September 2015. After the change in the shareholding structure in September 2014, the Company became a subsidiary of LOLC Micro Investments Ltd., a company incorporated in Sri Lanka. The ultimate parent is LOLC Holdings PLC (previously known as Lanka ORIX Leasing Company PLC), a company incorporated in Sri Lanka and listed on the Colombo Stock Exchange.

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

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

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

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

As at 30 June 2022, the Company has 82 office locations (81 branches and a head office in Phnom Penh). The Company's registered office is at Building No. 666B, Street 271, Sangkat Boeung Tumpun 2, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia.

The condensed interim financial information was authorised to issue by the Board of Directors on 11 August 2022.

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

2. BASIS OF PREPARATION

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

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

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

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

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

2. BASIS OF PREPARATION (continued)

New and amended standards adopted by the Company

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

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

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

Presentation in United States dollars (US\$)

The translation of Khmer Riel (KHR) into US\$ is solely for management's use only and is based on the official exchange rates published by the Central Bank as at the reporting dates and average rate for the year. The statement of profit or loss and other comprehensive income and cash flow statement are translated into US\$ using the average rate for the year. Assets and liabilities for each statement of financial position presented are translated at the closing rate as of the reporting date. Shareholders' capital and reserves are translated at the rate at the date of transaction. Resulting exchange difference arising from the translation of reserves are recognised in other comprehensive income.

The Company has used the official rate of exchange published by the National Bank of Cambodia. As at the reporting date, the average rates and closing rates are based on the following exchange rates per US\$1:

	For the three-month period ended		For the six-month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Average rate	KHR 4,059	KHR 4,063	KHR 4,060	KHR 4,061
	30 June 2022	31 December 2021		
Closing rate	KHR 4,070	KHR 4,074		

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

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

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

The COVID-19 pandemic and its ongoing effect on global and domestic economies has continued to impact the Bank's customers, operations and performance. The government has responded at unprecedented levels to protect the health of the population, local economies and livelihoods. The country economy has been reopened despite the risk of further waves of infection remaining, so there is still a high level of estimation uncertainty involved in the preparation of this condensed interim financial information. This includes the extent and duration of the disruption to business arising from the actions of government, businesses and consumers in the ongoing management of the virus, and the impact and expected response of the economy. Therefore, management has continuously refreshed the macroeconomic variables quarterly to reflect the recent economic condition in its forward-looking model for the allowances for expected losses for loans and advances to customers.

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

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

5. SEGMENT REVENUE AND INFORMATION

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

6. LOANS AND ADVANCES

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
<i>At amortised cost</i>				
Group loans	731,080,470	626,723,724	179,626,651	153,834,984
Individual loans	4,170,053,409	3,572,565,196	1,024,583,147	876,918,310
Staff loans	25,337,866	22,519,365	6,225,520	5,527,581
Total gross loans	4,926,471,745	4,221,808,285	1,210,435,318	1,036,280,875
Less: Allowance for expected credit loss	(117,259,041)	(86,894,993)	(28,810,575)	(21,329,159)
Total net loans	<u>4,809,212,704</u>	<u>4,134,913,292</u>	<u>1,181,624,743</u>	<u>1,014,951,716</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

6. LOANS AND ADVANCES (continued)

(a) Analysis by industry

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Trade and commerce	1,108,197,178	875,579,429	272,284,319	214,918,858
Services	759,716,651	669,714,969	186,662,568	164,387,572
Manufacturing	92,572,373	75,093,602	22,745,055	18,432,401
Transportation	53,663,425	35,512,349	13,185,117	8,716,826
Agriculture	1,260,197,015	1,048,364,627	309,630,716	257,330,542
Construction	192,946,184	173,398,312	47,406,925	42,562,178
Household/family	1,449,590,078	1,343,563,880	356,164,638	329,789,858
Others	9,588,841	581,117	2,355,980	142,640
Total gross loans	4,926,471,745	4,221,808,285	1,210,435,318	1,036,280,875

(b) Analysis by loan classification

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
<i>Performing</i>				
Gross amount	4,660,616,071	3,932,943,702	1,145,114,514	965,376,461
Exposure at default	4,660,616,071	3,932,943,702	1,145,114,514	965,376,461
Allowance for expected credit loss	(40,436,062)	(25,163,215)	(9,935,150)	(6,176,538)
<i>Under-performing</i>				
Gross amount	140,644,219	181,173,597	34,556,319	44,470,691
Exposure at default	140,644,219	181,173,597	34,556,319	44,470,691
Allowance for expected credit loss	(6,660,781)	(3,715,030)	(1,636,556)	(911,888)
<i>Non-performing</i>				
Gross amount	125,211,455	107,690,986	30,764,485	26,433,723
Exposure at default	125,211,455	107,690,986	30,764,485	26,433,723
Allowance for expected credit loss	(70,162,198)	(58,016,748)	(17,238,869)	(14,240,733)
Total gross loans	4,926,471,745	4,221,808,285	1,210,435,318	1,036,280,875
Exposure at default	4,926,471,745	4,221,808,285	1,210,435,318	1,036,280,875
Allowance for expected credit loss	(117,259,041)	(86,894,993)	(28,810,575)	(21,329,159)

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

6. LOANS AND ADVANCES (continued)

(c) Analysis by maturity

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Not later than 1 year	224,911,852	240,410,337	55,260,897	59,010,883
Later than 1 year and no later than 3 years	1,515,353,000	1,377,467,302	372,322,604	338,111,758
Later than 3 years and no later than 5 years	1,520,216,562	1,330,534,774	373,517,583	326,591,746
Later than 5 years	1,665,990,331	1,273,395,872	409,334,234	312,566,488
Total gross loans	<u>4,926,471,745</u>	<u>4,221,808,285</u>	<u>1,210,435,318</u>	<u>1,036,280,875</u>

(d) Analysis by relationship

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Related parties (including staff loans)	25,337,866	22,519,367	6,225,520	5,527,581
Non-related parties	<u>4,901,133,879</u>	<u>4,199,288,918</u>	<u>1,204,209,798</u>	<u>1,030,753,294</u>
Total gross loans	<u>4,926,471,745</u>	<u>4,221,808,285</u>	<u>1,210,435,318</u>	<u>1,036,280,875</u>

(e) Analysis by residency

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Residents	4,926,471,745	4,221,808,285	1,210,435,318	1,036,280,875
Non-residents	-	-	-	-
Total gross loans	<u>4,926,471,745</u>	<u>4,221,808,285</u>	<u>1,210,435,318</u>	<u>1,036,280,875</u>

(f) Interest rates

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

	30 June 2022	31 December 2021
Short term loans	8.87% – 18.00%	7.30% – 18.00%
Long term loans	8.49% – 18.00%	8.92% – 18.00%

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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6. LOANS AND ADVANCES (continued)

(g) Allowance for expected credit loss

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
12-month ECL (Stage 1)	40,436,062	25,163,215	9,935,150	6,176,538
Lifetime ECL-not credit impaired (Stage 2)	6,660,781	3,715,030	1,636,556	911,888
Lifetime ECL-credit impaired (Stage 3)	70,162,198	58,016,748	17,238,869	14,240,733
	<u>117,259,041</u>	<u>86,894,993</u>	<u>28,810,575</u>	<u>21,329,159</u>

(h) Expected credit loss reconciliation – loans and advances

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Expected Credit Losses				
Loss allowance as at 1 January 2022	25,163,215	3,715,030	58,016,748	86,894,993
<i>Changes due to exposure:</i>				
Transfer to stage 1	1,261,785	(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</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).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

6. LOANS AND ADVANCES (continued)

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

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	Total
	KHR'000	KHR'000	KHR'000	KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 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	(716,405,703)	(37,333,829)	(12,578,741)	(766,318,273)
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</i>	<u>1,145,114,514</u>	<u>34,556,319</u>	<u>30,764,485</u>	<u>1,210,435,318</u>
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	Total
	KHR'000	KHR'000	KHR'000	KHR'000
Expected Credit Losses				
Loss allowance as at 1 January 2021	30,823,708	5,132,755	31,371,536	67,327,999
<i>Changes due to exposure:</i>				
Transfer to stage 1	746,534	(638,127)	(108,407)	-
Transfer to stage 2	(2,913,480)	3,809,750	(896,270)	-
Transfer to stage 3	(578,208)	(2,259,543)	2,837,751	-
Net remeasurement of loss allowance	643,205	3,663,158	19,765,011	24,071,374
New financial assets originated or purchased	10,688,091	1,622,773	336,577	12,647,441
Financial assets derecognised during the period other than write off	(7,251,268)	(1,637,779)	(5,606,685)	(14,495,732)
Unwinding of discount	-	-	1,723,505	1,723,505
Foreign exchange differences	33,433	-	49,048	82,481
Loss allowance as at 30 June 2021	<u>32,192,015</u>	<u>9,692,987</u>	<u>49,472,066</u>	<u>91,357,068</u>
<i>In US\$ equivalent</i>	<u>7,899,881</u>	<u>2,378,647</u>	<u>12,140,384</u>	<u>22,418,912</u>

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

(**) The unwinding of discount on Stage 3 loans is reported within 'Interest income' so that interest income is recognised on the amortised cost (after deducting the ECL allowance).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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6. LOANS AND ADVANCES (continued)

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

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	KHR'000
	KHR'000	KHR'000	KHR'000	KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 2021	3,295,828,183	101,152,077	65,222,656	3,462,202,916
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	23,712,676	(23,469,882)	(242,794)	-
Transfer to stage 2	(298,832,264)	301,233,457	(2,401,193)	-
Transfer to stage 3	(17,813,716)	(27,386,788)	45,200,504	-
New financial assets originated or purchased	1,086,744,727	15,188,367	1,084,580	1,103,017,674
Financial assets derecognised during the period other than write off	(840,496,056)	(35,316,394)	(14,448,023)	(890,260,473)
Gross carrying amount as at 30 June 2021	<u>3,249,143,550</u>	<u>331,400,837</u>	<u>94,415,730</u>	<u>3,674,960,117</u>
<i>In US\$ equivalent</i>	<u>797,335,840</u>	<u>81,325,359</u>	<u>23,169,504</u>	<u>901,830,703</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

7. PROPERTY AND EQUIPMENT

	Furniture and equipment KHR'000	Motor vehicles KHR'000	Computer equipment KHR'000	Leasehold improvement KHR'000	Total KHR'000
As at 31 December 2021					
Cost	4,293,667	14,150,343	14,561,067	1,971,061	34,976,138
Accumulated depreciation	(3,600,771)	(12,384,608)	(11,422,902)	(1,159,096)	(28,567,377)
Net book amount	<u>692,896</u>	<u>1,765,735</u>	<u>3,138,165</u>	<u>811,965</u>	<u>6,408,761</u>
<i>In US\$ equivalents</i>	<u>170,078</u>	<u>433,416</u>	<u>770,291</u>	<u>199,303</u>	<u>1,573,088</u>
Six-month period ended 30 June 2022					
Opening net book amount	692,896	1,765,735	3,138,165	811,965	6,408,761
Additions	155,774	-	779,986	115,392	1,051,152
Disposal-net	(35)	-	(2,010)	-	(2,045)
Depreciation charge	(221,739)	(272,900)	(1,189,742)	(120,709)	(1,805,090)
Closing net book amount	<u>626,896</u>	<u>1,492,835</u>	<u>2,726,399</u>	<u>806,648</u>	<u>5,652,778</u>
As at 30 June 2022					
Cost	4,412,318	13,915,505	14,968,856	2,086,453	35,383,132
Accumulated depreciation	(3,785,422)	(12,422,670)	(12,242,457)	(1,279,805)	(29,730,354)
Net book amount	<u>626,896</u>	<u>1,492,835</u>	<u>2,726,399</u>	<u>806,648</u>	<u>5,652,778</u>
<i>In US\$ equivalents</i>	<u>154,029</u>	<u>366,790</u>	<u>669,876</u>	<u>198,194</u>	<u>1,388,889</u>

8. LEASES

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

The Company leases various buildings for its head office and branch operation. Rental contracts are typically made for fixed periods of one to twelve years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

(i) Amounts recognised in the statement of financial position

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
<i>Right-of-use assets (Non-current)</i>				
Buildings	29,177,338	27,730,520	7,168,879	6,806,706
	<u>29,177,338</u>	<u>27,730,520</u>	<u>7,168,879</u>	<u>6,806,706</u>
<i>Lease liabilities</i>				
Current	5,192,487	6,464,760	1,275,795	1,586,834
Non-current	21,918,475	18,763,668	5,385,375	4,605,711
	<u>27,110,962</u>	<u>25,228,428</u>	<u>6,661,170</u>	<u>6,192,545</u>

Right-of-use assets' additions during the period were KHR 4,575,161 thousand (2021: KHR 13,050,632 thousand).

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8. LEASES (continued)

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

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

	Three-month period ended				Six-month period ended			
	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$
Depreciation of right-of-use assets <i>Buildings</i>	1,546,417	1,462,640	380,985	359,990	3,104,739	2,877,739	764,714	708,628
Interest expense (Note 14)	538,665	429,130	132,709	105,619	1,066,753	837,669	262,748	206,272
Expense relating to short-term lease and leases of low-value assets (included in operating expenses)	1,993,974	1,500,517	491,248	369,313	3,712,667	2,948,521	914,450	726,058
Total expenses related to leases	4,079,056	3,392,287	1,004,942	834,922	7,884,159	6,663,929	1,941,912	1,640,958

Total cash outflow for lease during the period was KHR 6,385,210 thousand (2021: KHR 5,532,576 thousand).

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

9. INTANGIBLE ASSETS

	Software and license KHR'000	Work in progress KHR'000	Total KHR'000
As at 31 December 2021			
Cost	12,435,484	1,627,825	14,063,309
Accumulated amortisation	(3,461,278)	-	(3,461,278)
Net book amount	<u>8,974,206</u>	<u>1,627,825</u>	<u>10,602,031</u>
<i>In US\$ equivalents</i>	<u>2,202,800</u>	<u>399,564</u>	<u>2,602,364</u>
Six-month period ended 30 June 2022			
Opening net book amount	8,974,206	1,627,825	10,602,031
Additions	11,614	118,197	129,811
Amortisation charge	(1,325,379)	-	(1,325,379)
Closing net book amount	<u>7,660,441</u>	<u>1,746,022</u>	<u>9,406,463</u>
As at 30 June 2022			
Cost	12,447,098	1,746,022	14,193,120
Accumulated amortisation	(4,786,657)	-	(4,786,657)
Net book amount	<u>7,660,441</u>	<u>1,746,022</u>	<u>9,406,463</u>
<i>In US\$ equivalents</i>	<u>1,882,172</u>	<u>428,998</u>	<u>2,311,170</u>

10. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Savings deposits	22,652,014	5,653,893	5,565,605	1,387,799
Fixed deposits	<u>313,316,839</u>	<u>186,507,446</u>	<u>76,982,024</u>	<u>45,779,933</u>
	335,968,853	192,161,339	82,547,629	47,167,732
Accrued interest payables	<u>4,581,620</u>	<u>3,408,887</u>	<u>1,125,706</u>	<u>836,742</u>
	<u>340,550,473</u>	<u>195,570,226</u>	<u>83,673,335</u>	<u>48,004,474</u>
	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Current	340,550,473	195,120,551	83,673,335	47,894,097
Non-current	-	449,675	-	110,377
	<u>340,550,473</u>	<u>195,570,226</u>	<u>83,673,335</u>	<u>48,004,474</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

11. DEPOSITS FROM CUSTOMERS

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Savings deposits	217,628,714	188,717,541	53,471,429	46,322,420
Fixed deposits	2,372,764,904	1,932,336,847	582,988,918	474,309,486
	<u>2,590,393,618</u>	<u>2,121,054,388</u>	<u>636,460,347</u>	<u>520,631,906</u>
Accrued interest payables	<u>63,034,540</u>	<u>54,187,217</u>	<u>15,487,603</u>	<u>13,300,741</u>
	<u>2,653,428,158</u>	<u>2,175,241,605</u>	<u>651,947,950</u>	<u>533,932,647</u>
	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Current	2,489,013,370	1,880,583,014	611,551,197	461,606,042
Non-current	164,414,788	294,658,591	40,396,753	72,326,605
	<u>2,653,428,158</u>	<u>2,175,241,605</u>	<u>651,947,950</u>	<u>533,932,647</u>

12. BORROWINGS

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Current	443,572,013	411,272,313	108,985,753	100,950,494
Non-current	857,291,241	740,840,507	210,636,668	181,845,976
	<u>1,300,863,254</u>	<u>1,152,112,820</u>	<u>319,622,421</u>	<u>282,796,470</u>

During the period, the Company obtained additional borrowings from various financial institutions of KHR425,521,754 thousand (US\$104,808,314). The annual interest rates are ranging from 4.55% to 8.30% (2021: 4.00% to 8.49%).

13. SUBORDINATED DEBTS

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Current	29,732,923	30,032,038	7,305,386	7,371,634
Non-current	308,427,198	222,568,005	75,780,639	54,631,322
	<u>338,160,121</u>	<u>252,600,043</u>	<u>83,086,025</u>	<u>62,002,956</u>

During the period, the Company obtained additional subordinated debts of KHR 65,151,000 thousand (US\$ 16,047,044). The annual interest rates for all subordinated debts are ranging from 6.04% to 10.47% (2021: 9.77% to 12.21%).

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14. NET INTEREST INCOME

	Three-month period ended				Six-month period ended			
	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$
<i>Interest income from financial assets at amortised cost</i>								
Loans and advances	212,788,564	174,924,834	52,423,889	43,053,122	410,825,794	345,469,642	101,188,619	85,070,092
Deposits and placements with banks	683,301	609,623	168,342	150,043	971,574	1,551,289	239,304	381,997
Deposits and placements with the Central Bank	178,190	173,122	43,900	42,609	349,410	341,687	86,062	84,138
Total interest income	<u>213,650,055</u>	<u>175,707,579</u>	<u>52,636,131</u>	<u>43,245,774</u>	<u>412,146,778</u>	<u>347,362,618</u>	<u>101,513,985</u>	<u>85,536,227</u>
<i>Interest expense on financial liabilities at amortised cost</i>								
Deposits from customers	(43,606,928)	(36,978,817)	(10,743,269)	(9,101,358)	(82,474,252)	(73,351,774)	(20,313,855)	(18,062,490)
Borrowings	(23,121,343)	(18,409,526)	(5,696,315)	(4,531,018)	(44,394,140)	(37,814,520)	(10,934,517)	(9,311,628)
Subordinated debts	(7,443,902)	(5,003,856)	(1,833,925)	(1,231,567)	(13,750,762)	(9,364,605)	(3,386,887)	(2,305,985)
Debt securities	(476,207)	(1,688,397)	(117,321)	(415,554)	(2,118,634)	(3,334,195)	(521,831)	(821,028)
Lease liabilities	(538,665)	(429,130)	(132,709)	(105,619)	(1,066,753)	(837,669)	(262,748)	(206,272)
	<u>(75,187,045)</u>	<u>(62,509,726)</u>	<u>(18,523,539)</u>	<u>(15,385,116)</u>	<u>(143,804,541)</u>	<u>(124,702,763)</u>	<u>(35,419,838)</u>	<u>(30,707,403)</u>
Net interest income	<u>138,463,010</u>	<u>113,197,853</u>	<u>34,112,592</u>	<u>27,860,658</u>	<u>268,342,237</u>	<u>222,659,855</u>	<u>66,094,147</u>	<u>54,828,824</u>

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15. CREDIT IMPAIRMENT LOSSES

	Three-month period ended				Six-month period ended			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	US\$	US\$
<i>Expected Credit Loss (ECL):</i>								
Loans and advances	15,024,227	11,573,641	3,701,460	2,848,546	28,942,875	22,223,083	7,128,787	5,472,317
Deposits and placements with banks	(738,999)	70,278	(182,064)	17,297	238,640	154,296	58,778	37,995
	<u>14,285,228</u>	<u>11,643,919</u>	<u>3,519,396</u>	<u>2,865,843</u>	<u>29,181,515</u>	<u>22,377,379</u>	<u>7,187,565</u>	<u>5,510,312</u>

16. PERSONNEL EXPENSES

	Three-month period ended				Six-month period ended			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	US\$	US\$
Salaries and wage expenses	34,267,506	29,707,397	8,442,352	7,311,690	67,503,825	61,277,139	16,626,558	15,089,175
Other benefits	2,597,525	1,940,252	639,942	477,542	5,227,425	4,484,581	1,287,543	1,104,304
	<u>36,865,031</u>	<u>31,647,649</u>	<u>9,082,294</u>	<u>7,789,232</u>	<u>72,731,250</u>	<u>65,761,720</u>	<u>17,914,101</u>	<u>16,193,479</u>

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17. INCOME TAX EXPENSE

(a) Income tax expense

	Three-month period ended				Six-month period ended			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	US\$	US\$
Current income tax	19,835,701	14,375,407	4,886,844	3,538,126	37,768,972	28,080,461	9,302,703	6,914,666
Deferred income tax	(3,889,204)	(1,511,603)	(958,168)	(372,041)	(7,369,265)	(3,278,649)	(1,815,090)	(807,350)
	<u>15,946,497</u>	<u>12,863,804</u>	<u>3,928,676</u>	<u>3,166,085</u>	<u>30,399,707</u>	<u>24,801,812</u>	<u>7,487,613</u>	<u>6,107,316</u>

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended				Six-month period ended			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	US\$	US\$
Profit before income tax	78,494,495	63,387,595	19,338,383	15,601,180	149,815,793	122,551,148	36,900,440	30,177,579
Tax expenses at 20%	15,698,899	12,677,519	3,867,676	3,120,236	29,963,159	24,510,230	7,380,088	6,035,515
Tax effect of reconciling items: Expenses not deductible for tax purposes	<u>247,598</u>	<u>186,285</u>	<u>61,000</u>	<u>45,849</u>	<u>436,548</u>	<u>291,582</u>	<u>107,525</u>	<u>71,801</u>
Income tax expense	<u>15,946,497</u>	<u>12,863,804</u>	<u>3,928,676</u>	<u>3,166,085</u>	<u>30,399,707</u>	<u>24,801,812</u>	<u>7,487,613</u>	<u>6,107,316</u>

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

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18. CASH FLOW FROM OPERATING ACTIVITIES

	Six-month period ended			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	KHR'000	KHR'000	US\$	US\$
Profit before income tax	149,815,793	122,551,148	36,900,440	30,177,579
<i>Adjustments for:</i>				
Depreciation and amortisation charges	6,235,208	5,291,533	1,535,766	1,303,012
Credit impairment losses	29,181,515	22,377,380	7,185,795	5,510,313
Gain on disposals of property and equipment	(61,482)	(16,769)	(15,143)	(4,129)
Provision for employee benefits	3,936,556	3,155,357	969,595	776,990
Unrealised exchange gains	(12,739,377)	(3,989,485)	(3,137,778)	(982,390)
Net interest income (Note 14)	(268,342,237)	(222,659,855)	(66,094,147)	(54,828,824)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(51,758,967)	(1,880,198)	(12,748,514)	(462,989)
Loans and advances	(711,299,243)	(211,064,033)	(175,196,858)	(51,973,414)
Other assets	(3,833,360)	(1,224,127)	(944,177)	(301,435)
Deposits from banks and other financial institutions	143,807,514	20,271,811	35,420,570	4,991,827
Deposits from customers	469,339,230	84,370,344	115,600,796	20,775,756
Other liabilities	(3,906,336)	(4,171,932)	(962,152)	(1,027,316)
Cash used in operations	<u>(249,625,186)</u>	<u>(186,988,826)</u>	<u>(61,485,807)</u>	<u>(46,045,020)</u>

19. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions, outstanding balance at the period end and relating expenses and income for the period are as follows:

(a) Related parties and relationship

The related parties of and their relationship with the Company are as follows:

Relationship	Related party
Ultimate parent Shareholders	LOLC Holdings Plc. LOLC Asia Private Limited TPC-ESOP Co., Ltd.
Related company	Entity under the same parent company
Key management personnel	All directors of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members)

(b) Loans and advances to key management personnel

	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	KHR'000	KHR'000	US\$	US\$
Loans to key management personnel	<u>2,173,643</u>	<u>2,368,233</u>	<u>534,065</u>	<u>581,304</u>

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	Three-month period ended				Six-month period ended			
	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$
Interest income	58,322	66,284	14,369	16,314	118,065	133,623	29,080	32,904

Loans and advances to key management personnel are secured and having interest rate of 8.84% to 9.4% per annum (2021: 8.92% to 9.48% per annum). Allowances for expected credit losses for loans to related parties recognised during the period of KHR 1,893 thousand (2021: KHR 2,321 thousand).

(c) Receivable from related parties

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Receivables from related companies	7,814	-	1,920	-

(d) Payables to related parties

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Payables to related companies	113,797	-	27,960	-

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(e) Deposits from related parties

	30 June 2022 KHR'000	31 December 2021 KHR'000	30 June 2022 US\$	31 December 2021 US\$
Shareholders	122,854	16,822	30,185	4,129
Board of directors	1,410,315	1,150,377	346,515	282,370
Key management personnel	8,704,086	6,271,331	2,138,596	1,539,355
Related company	1,559,732	2,497,248	383,227	612,972
	<u>11,796,987</u>	<u>9,935,778</u>	<u>2,898,523</u>	<u>2,438,826</u>
Interest payable	<u>169,060</u>	<u>110,117</u>	<u>41,538</u>	<u>27,029</u>

	Three-month period ended				Six-month period ended			
	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$
Interest expense	<u>65,285</u>	<u>138,406</u>	<u>16,084</u>	<u>34,065</u>	<u>219,195</u>	<u>202,443</u>	<u>53,989</u>	<u>49,851</u>

Annual interest rates during the period are as follows:

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

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(f) Transactions with related parties

	Three-month period ended				Six-month period ended			
	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$
<i>Incomes from related companies:</i>								
Rental income	16,317	13,570	4,020	3,340	32,642	21,605	8,040	5,320
Management fee	49,609	14,877	12,222	3,662	98,512	29,739	24,264	7,323
	<u>65,926</u>	<u>28,447</u>	<u>16,242</u>	<u>7,002</u>	<u>131,154</u>	<u>51,344</u>	<u>32,304</u>	<u>12,643</u>
<i>Expenses to related companies:</i>								
Purchase of assets used in leasing product	-	-	-	-	-	63,676	-	15,680
License fees	141,594	302,535	34,884	74,461	283,258	450,897	69,768	111,031
IT consultancy and support fees	92,472	81,504	22,782	20,060	297,395	194,270	73,250	47,838
Rental expense	6,697	-	1,650	-	13,398	-	3,300	-
Insurance expense	745,423	-	183,647	-	745,607	-	183,647	-
	<u>986,186</u>	<u>384,039</u>	<u>242,963</u>	<u>94,521</u>	<u>1,339,658</u>	<u>708,843</u>	<u>329,965</u>	<u>174,549</u>

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

(g) Key management compensation

	Three-month period ended				Six-month period ended			
	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$	30 June 2022 KHR'000	30 June 2021 KHR'000	30 June 2022 US\$	30 June 2021 US\$
Directors' fees	185,888	159,517	45,797	39,261	352,761	318,985	86,887	78,548
Salaries and other benefits to key management	2,670,122	2,696,460	657,828	663,662	5,320,159	5,332,219	1,310,384	1,313,031
	<u>2,856,010</u>	<u>2,855,977</u>	<u>703,625</u>	<u>702,923</u>	<u>5,672,920</u>	<u>5,651,204</u>	<u>1,397,271</u>	<u>1,391,579</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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 2022 and 31 December 2021 on a recurring basis:

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'000
As at 30 June 2022				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,050	61,050
Total financial assets	-	-	61,050	61,050
<i>In US\$ equivalent</i>	-	-	15,000	15,000
As at 31 December 2021				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,110	61,110
Total financial assets	-	-	61,110	61,110
<i>In US\$ equivalent</i>	-	-	15,000	15,000

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

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

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

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

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

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

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

(c) Financial instruments not measured at fair value

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

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

(i) Deposits and placements with the Central Bank and banks

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

(ii) Loans and advances to customers

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loan and advances to customers is approximate to their carrying value as reporting date.

(iii) Deposits from banks, other financial institutions and customers

The fair value of deposits from banks, other financial institutions and customers with maturities of less than one year approximate their carrying values due to the relatively short maturity of these instruments. The fair value of deposits from customers with remaining maturities of one year or more are expected to approximate their carrying amount due to the Company offered similar interest rate of the instrument with similar maturities and terms.

(iv) Other financial assets and other financial liabilities

The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(v) Borrowings and subordinated debts

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