

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

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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 twelve-month period ended 31 December 2021.

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 31 December 2021 and its financial performance for the three-month and twelve-month periods then ended, changes in equity and cash flows of the Company for the twelve-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

14 February 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 31 December 2021, the related condensed interim statements of profit or loss and other comprehensive income for the three-month and twelve-month periods then ended, the related condensed interim statements of changes in equity and cash flows for the twelve-month period then ended and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

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

For PricewaterhouseCoopers (Cambodia) Ltd.

By Kuy Lim
Partner

Phnom Penh, Kingdom of Cambodia
14 February 2022

LOLC (CAMBODIA) PLC.
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Notes	KHR'000	KHR'000	US\$	US\$	
ASSETS					
Cash on hand		95,083,129	89,631,890	23,339,011	22,158,687
Deposits and placements with the central bank		126,233,530	322,627,715	30,985,157	79,759,633
Deposits and placements with banks		268,874,510	235,909,185	65,997,671	58,321,183
Financial assets at fair value through other comprehensive income		61,110	60,675	15,000	15,000
Loans and advances at amortised cost	6	4,134,913,292	3,394,874,917	1,014,951,716	839,276,865
Statutory deposits with the central bank		219,654,230	217,819,305	53,916,109	53,849,025
Property and equipment	7	6,408,761	7,540,158	1,573,088	1,864,069
Right-of-use assets	8	27,730,520	20,687,945	6,806,706	5,114,449
Intangible assets	9	10,602,031	6,109,699	2,602,364	1,510,432
Deferred tax assets		26,225,612	25,449,305	6,437,313	6,291,546
Other assets		19,274,179	13,623,985	4,731,021	3,368,105
TOTAL ASSETS		4,935,060,904	4,334,334,779	1,211,355,156	1,071,528,994
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	10	195,570,226	134,232,604	48,004,474	33,184,822
Deposits from customers	11	2,175,241,605	2,033,967,962	533,932,647	502,835,096
Borrowings	12	1,152,112,820	1,083,286,330	282,796,470	267,808,734
Debt securities		81,741,175	81,350,297	20,064,108	20,111,322
Lease liabilities	8	25,228,428	18,229,165	6,192,545	4,506,592
Current income tax liabilities		54,764,710	47,899,684	13,442,491	11,841,702
Employee benefits		2,449,007	2,650,325	601,131	655,210
Other liabilities		40,171,072	34,299,188	9,860,352	8,479,403
Subordinated debts	13	252,600,043	165,561,432	62,002,956	40,929,897
TOTAL LIABILITIES		3,979,879,086	3,601,476,987	976,897,174	890,352,778
EQUITY					
Share capital		224,377,400	224,377,400	55,460,850	55,460,850
Retained earnings		350,389,302	298,065,276	86,241,545	73,379,198
General reserves		380,415,116	210,415,116	93,768,951	51,979,374
Regulatory reserves		-	-	-	-
Other reserves		-	-	(1,013,364)	356,794
TOTAL EQUITY		955,181,818	732,857,792	234,457,982	181,176,216
TOTAL LIABILITIES AND EQUITY		4,935,060,904	4,334,334,779	1,211,355,156	1,071,528,994

The accompanying notes on pages 7 to 32 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 TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021

	Notes	Three-month period ended				Twelve-month period ended			
		31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
		KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	US\$	US\$
Interest income	14	186,188,981	167,573,411	45,724,209	41,233,615	714,118,444	665,618,450	175,545,340	163,261,822
Interest expense	14	(63,028,089)	(62,965,909)	(15,478,411)	(15,493,580)	(250,381,510)	(269,689,816)	(61,549,044)	(66,149,084)
Net interest income	14	<u>123,160,892</u>	<u>104,607,502</u>	<u>30,245,798</u>	<u>25,740,035</u>	<u>463,736,934</u>	<u>395,928,634</u>	<u>113,996,296</u>	<u>97,112,738</u>
Fee and commission income		4,687,690	5,911,033	1,151,201	1,454,486	22,850,455	19,548,817	5,617,123	4,794,902
Fee and commission expense		(162,449)	(139,932)	(39,894)	(34,432)	(564,860)	(698,829)	(138,854)	(171,408)
Net fee and commission income		<u>4,525,241</u>	<u>5,771,101</u>	<u>1,111,307</u>	<u>1,420,054</u>	<u>22,285,595</u>	<u>18,849,988</u>	<u>5,478,269</u>	<u>4,623,494</u>
Other operating income		504,301	134,152	123,846	33,011	1,977,742	4,452,855	486,171	1,092,189
Other gains/(losses) – net		1,637,168	1,309,288	402,055	322,167	1,207,156	(539,199)	296,744	(132,254)
Total other operating income		<u>2,141,469</u>	<u>1,443,440</u>	<u>525,901</u>	<u>355,178</u>	<u>3,184,898</u>	<u>3,913,656</u>	<u>782,915</u>	<u>959,935</u>
Credit impairment losses	15	5,770,085	7,176,809	1,417,015	1,765,947	(20,863,063)	(38,192,446)	(5,128,580)	(9,367,782)
Net gains/(losses) on derecognition of financial assets measured at amortised cost		(2,782,676)	(3,367,892)	(683,368)	(828,714)	(2,782,676)	(3,367,892)	(684,040)	(826,071)
Net other operating losses		<u>5,128,878</u>	<u>5,252,357</u>	<u>1,259,548</u>	<u>1,292,411</u>	<u>(20,460,841)</u>	<u>(37,646,682)</u>	<u>(5,029,705)</u>	<u>(9,233,918)</u>
Personnel expenses	16	(33,932,642)	(29,240,350)	(8,333,164)	(7,194,968)	(132,772,062)	(115,708,934)	(32,638,167)	(28,380,901)
Depreciation and amortisation charges		(3,363,535)	(2,435,029)	(826,015)	(599,171)	(12,177,882)	(10,243,616)	(2,993,580)	(2,512,538)
Other operating expenses		(13,249,091)	(11,103,375)	(3,253,706)	(2,732,130)	(44,076,772)	(39,841,017)	(10,834,997)	(9,772,141)
Profit before income tax		<u>82,269,743</u>	<u>72,852,206</u>	<u>20,203,768</u>	<u>17,926,231</u>	<u>276,534,972</u>	<u>211,338,373</u>	<u>67,978,116</u>	<u>51,836,734</u>
Income tax expense	17	(14,089,993)	(4,581,842)	(3,460,214)	(1,127,422)	(54,210,946)	(31,887,752)	(13,326,192)	(7,821,377)
Profit for the period		<u>68,179,750</u>	<u>68,270,364</u>	<u>16,743,554</u>	<u>16,798,809</u>	<u>222,324,026</u>	<u>179,450,621</u>	<u>54,651,924</u>	<u>44,015,357</u>
Other comprehensive income: <i>Items that will not reclassified to profit or loss</i>									
Currency translation differences		-	-	262,209	2,062,057	-	-	(1,370,158)	1,377,453
Other comprehensive income for the period, net of tax		-	-	262,209	2,062,057	-	-	(1,370,158)	1,377,453
Total comprehensive income for the period		<u>68,179,750</u>	<u>68,270,364</u>	<u>17,005,763</u>	<u>18,860,866</u>	<u>222,324,026</u>	<u>179,450,621</u>	<u>53,281,766</u>	<u>45,392,810</u>
Profit attributable to:									
Owners of the Company		<u>68,179,750</u>	<u>68,270,364</u>	<u>16,743,554</u>	<u>16,798,809</u>	<u>222,324,026</u>	<u>179,450,621</u>	<u>54,651,924</u>	<u>44,015,357</u>
Total comprehensive income attributable to:									
Owners of the Company		<u>68,179,750</u>	<u>68,270,364</u>	<u>17,005,763</u>	<u>18,860,866</u>	<u>222,324,026</u>	<u>179,450,621</u>	<u>53,281,766</u>	<u>45,392,810</u>

The accompanying notes on pages 7 to 32 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

	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 as at 1 January 2020	224,377,400	107,919,895	210,415,116	10,694,760	-	553,407,171	55,460,850	26,740,647	51,979,374	2,645,229	(1,020,659)	135,805,441
Profit for the period	-	179,450,621	-	-	-	179,450,621	-	44,015,357	-	-	-	44,015,357
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	1,377,453	1,377,453
Total comprehensive income the period	-	179,450,621	-	-	-	179,450,621	-	44,015,357	-	-	1,377,453	45,392,810
Transactions with owners in their capacity as owners:												
Transfer to regulatory reserves	-	10,694,760	-	(10,694,760)	-	-	-	2,623,194	-	(2,623,194)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	(22,035)	-	(22,035)
Total transactions with owners in their capacity as owners:	-	10,694,760	-	(10,694,760)	-	-	-	2,623,194	-	(2,645,229)	-	(22,035)
Balance as at 31 December 2020	<u>224,377,400</u>	<u>298,065,276</u>	<u>210,415,116</u>	<u>-</u>	<u>-</u>	<u>732,857,792</u>	<u>55,460,850</u>	<u>73,379,198</u>	<u>51,979,374</u>	<u>-</u>	<u>356,794</u>	<u>181,176,216</u>
Balance as 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	-	222,324,026	-	-	-	222,324,026	-	54,651,924	-	-	-	54,651,924
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	(1,370,158)	(1,370,158)
Total comprehensive income for the period	-	222,324,026	-	-	-	222,324,026	-	54,651,924	-	-	(1,370,158)	53,281,766
Transfer to regulatory reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to other reserves	-	(170,000,000)	170,000,000	-	-	-	-	(41,789,577)	41,789,577	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	(170,000,000)	170,000,000	-	-	-	-	(41,789,577)	41,789,577	-	-	-
Balance as at 31 December 2021	<u>224,377,400</u>	<u>350,389,302</u>	<u>380,415,116</u>	<u>-</u>	<u>-</u>	<u>955,181,818</u>	<u>55,460,850</u>	<u>86,241,545</u>	<u>93,768,951</u>	<u>-</u>	<u>(1,013,364)</u>	<u>234,457,982</u>

The accompanying notes on pages 7 to 32 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

	Notes	Twelve-month period ended			
		31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Cash flows from operating activities					
Cash used in operations	18	(728,945,225)	(191,252,146)	(179,190,073)	(46,910,020)
Interest received		716,587,809	665,080,424	176,152,362	163,129,856
Interest paid		(243,563,390)	(260,578,434)	(59,873,006)	(63,914,259)
Income tax paid		(48,122,226)	(13,931,299)	(11,829,456)	(3,417,047)
Employee benefits paid		220,865	-	54,293	-
Net cash (used in)/generated from operating activities		(303,822,167)	199,318,545	(74,685,880)	48,888,530
Cash flows from investing activities					
Deposits and placements with the central bank - maturity more than three months		(520,707)	(1,618,372)	(128,001)	(396,952)
Purchases of property and equipment	7	(2,863,624)	(3,931,514)	(703,939)	(964,315)
Purchases of intangible assets	9	(6,510,991)	(1,643,662)	(1,600,539)	(403,155)
Proceeds from disposals of property and equipment		40,595	80,691	9,979	19,792
Net cash used in investing activities		(9,854,727)	(7,112,857)	(2,422,500)	(1,744,630)
Cash flows from financing activities					
Proceeds from borrowings		588,781,570	247,769,133	144,734,899	60,772,414
Repayments of borrowings		(498,543,837)	(582,666,925)	(122,552,566)	(142,915,606)
Proceeds from subordinated debts		118,861,129	61,155,000	29,218,567	15,000,000
Repayments of subordinated debts		(40,655,600)	(14,602,000)	(9,994,002)	(3,581,555)
Payment of transaction costs		(6,367,767)	(3,070,423)	(1,565,331)	(753,108)
Principal element of lease payment		(6,278,911)	(4,781,532)	(1,543,488)	(1,172,806)
Net cash used in financing activities		155,796,584	(296,196,747)	38,298,079	(72,650,661)
Net decrease in cash and cash equivalents					
Cash and cash equivalents at beginning of period		648,240,207	752,231,266	160,257,159	184,596,630
Currency translation differences		-	-	(1,083,604)	1,167,289
Cash and cash equivalents at end of period		490,359,897	648,240,207	120,363,254	160,257,158

The accompanying notes on pages 7 to 32 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021

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 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 a 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 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.

The Company has 81 office locations (80 branches and a head office in Phnom Penh). The Company’s registered office is at Building No. 666B, Street 271, Sangkat Boeung Tumpun 2, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia.

The condensed interim financial information was authorised to issue by the Board of Directors on 14 February 2022.

This condensed interim financial information for the twelve-month period ended 31 December 2021 has been reviewed but not audited.

2. BASIS OF PREPARATION

This condensed interim financial information for the twelve-month period ended 31 December 2021 has been prepared in accordance with Cambodian International Accounting Standard (“CIAS”) 34, “Interim financial reporting”.

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 2020, 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.

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021

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:

- *COVID-19 Related Rent Concessions – Amendments to CIFRS 16*
- *Interest rate benchmark reform - Phase 2 - Amendments to CIFRS 9, CIAS 39, CIFRS 7, and CIFRS 16*

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

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Impact on impairment charge from COVID-19

Due to the ongoing spread of COVID-19 pandemic and a recent community outbreak in February 2021 that are potentially have an impact on the quality of loans and advances, therefore an additional impairment loss was recognised during the period. The additional impairment loss was due to management continuously refreshes the macroeconomic variables quarterly to reflect the recent economic condition in its forward-looking model. In addition, there was an increase in the number of restructured loans to borrowers who are having financial difficulties due to a recent community outbreak in February 2021 in which the Company has downgraded the staging of borrowers.

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.

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 judgments 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 2020 except the percentages for probability-weighted scenarios used in the forward-looking information incorporated into the expected credit loss ("ECL") models for measurement of expected credit loss allowance on financial assets at amortised cost.

The percentages for probability-weighted scenarios used in macroeconomic variable assumptions have been restored to before COVID-19 pandemic period. Having reflected the most recent economic conditions due to COVID-19 within the existing ECL model, the management determines that the percentages for probability-weighted scenarios of 60% for base case, 20% for best case, and 20% for worst case reflect the current economic prospect from external research houses.

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

The weightings assigned to each economic scenario are as follows.

As at 31 December 2021	<u>Base</u> %	<u>Best</u> %	<u>Worst</u> %
Scenario probability weighting	60%	20%	20%
As at 31 December 2020	<u>Base</u> %	<u>Best</u> %	<u>Worst</u> %
Scenario probability weighting	60%	15%	25%

5. SEGMENT REVENUE AND INFORMATION

The Company has only one reportable segment, namely, banking service income. The chief operating decision-maker (“the management team”) reviews the internal management report, which reports the performances of the banking service 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

	<u>31 December</u> <u>2021</u> <u>KHR'000</u>	<u>31 December</u> <u>2020</u> <u>KHR'000</u>	<u>31 December</u> <u>2021</u> <u>US\$</u>	<u>31 December</u> <u>2020</u> <u>US\$</u>
<i>At amortised cost</i>				
Group loans	626,723,724	441,025,832	153,834,984	109,029,872
Individual loans	3,572,565,196	2,996,973,447	876,918,310	740,908,145
Staff loans	22,519,365	24,203,637	5,527,581	5,983,594
Total gross loans	<u>4,221,808,285</u>	<u>3,462,202,916</u>	<u>1,036,280,875</u>	<u>855,921,611</u>
Less: Allowance for expected credit loss	<u>(86,894,993)</u>	<u>(67,327,999)</u>	<u>(21,329,159)</u>	<u>(16,644,746)</u>
Total net loans	<u>4,134,913,292</u>	<u>3,394,874,917</u>	<u>1,014,951,716</u>	<u>839,276,865</u>

(a) Analysis by industry

	<u>31 December</u> <u>2021</u> <u>KHR'000</u>	<u>31 December</u> <u>2020</u> <u>KHR'000</u>	<u>31 December</u> <u>2021</u> <u>US\$</u>	<u>31 December</u> <u>2020</u> <u>US\$</u>
Trade and commerce	875,579,429	628,357,223	214,918,858	155,341,711
Services	669,714,969	562,191,223	164,387,572	138,984,233
Manufacturing	75,093,602	44,961,931	18,432,401	11,115,434
Transportation	35,512,349	20,332,995	8,716,826	5,026,698
Agriculture	1,048,364,627	889,415,893	257,330,542	219,880,320
Construction	173,398,312	139,328,660	42,562,178	34,444,663
Household/family	1,343,563,880	1,177,200,085	329,789,858	291,025,979
Others	581,117	414,906	142,640	102,573
Total gross loans	<u>4,221,808,285</u>	<u>3,462,202,916</u>	<u>1,036,280,875</u>	<u>855,921,611</u>

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

(b) Analysis by loan classification

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
<i>Performing</i>				
Gross amount	3,932,943,702	3,295,828,183	965,376,461	814,790,651
Exposure at default	3,932,943,702	3,295,828,183	965,376,461	814,790,651
Allowance for expected credit loss	(25,163,215)	(30,823,708)	(6,176,538)	(7,620,200)
<i>Under-performing</i>				
Gross amount	181,173,597	101,152,077	44,470,691	25,006,694
Exposure at default	181,173,597	101,152,077	44,470,691	25,006,694
Allowance for expected credit loss	(3,715,030)	(5,132,755)	(911,888)	(1,268,913)
<i>Non-performing</i>				
Gross amount	107,690,986	65,222,656	26,433,723	16,124,266
Exposure at default	107,690,986	65,222,656	26,433,723	16,124,266
Allowance for expected credit loss	(58,016,748)	(31,371,536)	(14,240,733)	(7,755,633)
Total gross loans	4,221,808,285	3,462,202,916	1,036,280,875	855,921,611
Exposure at default	4,221,808,285	3,462,202,916	1,036,280,875	855,921,611
Allowance for expected credit loss	(86,894,993)	(67,327,999)	(21,329,159)	(16,644,746)

(c) Analysis by maturity

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Not later than 1 year	240,410,337	233,862,319	59,010,883	57,815,159
Later than 1 year and no later than 3 years	1,377,467,302	1,217,226,898	338,111,758	300,921,359
Later than 3 years and no later than 5 years	1,330,534,774	1,607,082,736	326,591,746	397,301,047
Later than 5 years	1,273,395,872	404,030,963	312,566,488	99,884,046
Total gross loans	4,221,808,285	3,462,202,916	1,036,280,875	855,921,611

(d) Analysis by relationship

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Related parties (including staff loans)	22,519,367	24,203,637	5,527,581	5,983,594
Non-related parties	4,199,288,918	3,437,999,279	1,030,753,294	849,938,017
Total gross loans	4,221,808,285	3,462,202,916	1,036,280,875	855,921,611

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

(e) Analysis by residency

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Residents	4,221,808,285	3,462,202,916	1,036,280,875	855,921,611
Non-residents	-	-	-	-
Total gross loans	<u>4,221,808,285</u>	<u>3,462,202,916</u>	<u>1,036,280,875</u>	<u>855,921,611</u>

(f) Interest rates

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

	31 December 2021	31 December 2020
Short term loans	7.30% – 18.00%	11.00% – 18.00%
Long term loans	7.30% – 18.00%	9.00% – 18.00%

(g) Allowance for expected credit loss

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
12-month ECL (Stage 1)	25,163,215	30,823,708	6,176,538	7,620,200
Lifetime ECL-not credit impaired (Stage 2)	3,715,030	5,132,755	911,888	1,268,913
Lifetime ECL-credit impaired (Stage 3)	<u>58,016,748</u>	<u>31,371,536</u>	<u>14,240,733</u>	<u>7,755,633</u>
	<u>86,894,993</u>	<u>67,327,999</u>	<u>21,329,159</u>	<u>16,644,746</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

6. LOANS AND ADVANCES (continued)

(h) Expected credit loss reconciliation – loans and advances

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL	Total
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	KHR'000
	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	585,586	(464,983)	(120,603)	-
Transfer to stage 2	(1,441,309)	1,849,465	(408,156)	-
Transfer to stage 3	(890,742)	(1,828,586)	2,719,328	-
Net remeasurement of loss allowance (*)	(10,848,741)	25,488	29,052,877	18,229,624
New financial assets originated or purchased	20,256,501	1,422,406	4,441,543	26,120,450
Financial assets derecognised during the period other than write off	(13,637,561)	(2,364,111)	(8,083,720)	(24,085,392)
Write-offs	(38,383)	(109,691)	(4,620,793)	(4,768,867)
Unwinding of discount	-	-	2,850,455	2,850,455
Foreign exchange differences	354,156	52,287	814,281	1,220,724
Loss allowance as at 31 December 2021	<u>25,163,215</u>	<u>3,715,030</u>	<u>58,016,748</u>	<u>86,894,993</u>
<i>In US\$ equivalent</i>	<u>6,176,538</u>	<u>911,888</u>	<u>14,240,733</u>	<u>21,329,159</u>

(*) Impact of the measurement of ECL due to changes in probability of default (“PD”) and loss given default (“LGD”) during the period arising from refreshing of inputs to models from the impact of COVID-19 pandemic on the macroeconomic forecasts.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

6. LOANS AND ADVANCES (continued)

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

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 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	16,377,782	(16,014,180)	(363,602)	-
Transfer to stage 2	(153,426,213)	154,518,795	(1,092,582)	-
Transfer to stage 3	(44,578,655)	(22,567,818)	67,146,473	-
New financial assets originated or purchased	2,320,128,479	17,048,097	6,268,595	2,343,445,171
Financial assets derecognised during the period other than write off	(1,501,385,874)	(52,961,425)	(19,319,997)	(1,573,667,296)
Write-offs	-	(1,949)	(10,170,557)	(10,172,506)
Gross carrying amount as at 31 December 2021	<u>3,932,943,702</u>	<u>181,173,597</u>	<u>107,690,986</u>	<u>4,221,808,285</u>
<i>In US\$ equivalent</i>	<u>965,376,461</u>	<u>44,470,691</u>	<u>26,433,723</u>	<u>1,036,280,875</u>
	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 2020	24,377,268	552,581	6,361,357	31,291,206
<i>Changes due to exposure:</i>				
Transfer to stage 1	35,243	(23,035)	(12,208)	-
Transfer to stage 2	(733,340)	735,036	(1,696)	-
Transfer to stage 3	(604,659)	(324,448)	929,107	-
Net remeasurement of loss allowance	(3,578,099)	3,030,983	21,516,547	20,969,431
New financial assets originated or purchased	19,519,136	1,321,941	3,902,334	24,743,411
Financial assets derecognised during the period other than write off	(8,276,173)	(97,036)	(280,841)	(8,654,050)
Write-off	(41,841)	(97,513)	(3,188,652)	(3,328,006)
Unwinding of discount	-	-	1,983,240	1,983,240
Foreign exchange differences	126,173	34,246	162,348	322,767
Loss allowance as at 31 December 2020	<u>30,823,708</u>	<u>5,132,755</u>	<u>31,371,536</u>	<u>67,327,999</u>
<i>In US\$ equivalent</i>	<u>7,620,200</u>	<u>1,268,913</u>	<u>7,755,633</u>	<u>16,644,746</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

6. LOANS AND ADVANCES (continued)

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

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 2020	3,127,350,043	3,646,766	15,776,322	3,146,773,131
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	180,804	(151,267)	(29,537)	-
Transfer to stage 2	(89,986,122)	89,991,795	(5,673)	-
Transfer to stage 3	(47,846,352)	(2,284,654)	50,131,006	-
New financial assets originated or purchased	1,375,919,988	11,014,065	7,388,187	1,394,322,240
Financial assets derecognised during the period other than write off	(1,069,082,787)	(576,537)	(739,670)	(1,070,398,994)
Write-off	(707,391)	(488,091)	(7,297,979)	(8,493,461)
Gross carrying amount as at 31 December 2020	<u>3,295,828,183</u>	<u>101,152,077</u>	<u>65,222,656</u>	<u>3,462,202,916</u>
<i>In US\$ equivalent</i>	<u>814,790,651</u>	<u>25,006,694</u>	<u>16,124,266</u>	<u>855,921,611</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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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 2020					
Cost	4,164,831	13,451,294	13,585,069	1,643,846	32,845,040
Accumulated depreciation	<u>(3,110,046)</u>	<u>(12,002,716)</u>	<u>(9,262,957)</u>	<u>(929,163)</u>	<u>(25,304,882)</u>
Net book amount	<u>1,054,785</u>	<u>1,448,578</u>	<u>4,322,112</u>	<u>714,683</u>	<u>7,540,158</u>
<i>In US\$ equivalents</i>	<u>260,763</u>	<u>358,116</u>	<u>1,068,507</u>	<u>176,683</u>	<u>1,864,069</u>
Twelve-month period ended 31 December 2021					
Opening net book amount	1,054,785	1,448,578	4,322,112	714,683	7,540,158
Additions	171,858	817,216	1,547,335	327,215	2,863,624
Disposal - net	-	-	(2,362)	-	(2,362)
Depreciation charge	<u>(533,747)</u>	<u>(500,059)</u>	<u>(2,728,920)</u>	<u>(229,933)</u>	<u>(3,992,659)</u>
Closing 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>
As at 31 December 2021					
Cost	4,293,667	14,150,343	14,561,067	1,971,061	34,976,138
Accumulated depreciation	<u>(3,600,771)</u>	<u>(12,384,608)</u>	<u>(11,422,902)</u>	<u>(1,159,096)</u>	<u>(28,567,377)</u>
Net book amount	<u>692,896</u>	<u>1,765,735</u>	<u>3,138,165</u>	<u>811,965</u>	<u>6,408,761</u>
<i>In US\$ equivalents</i>	<u>170,078</u>	<u>433,416</u>	<u>770,291</u>	<u>199,303</u>	<u>1,573,088</u>

8. LEASES

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

The Company leases various buildings for its head office's and branches' operations. Rental contracts are typically made for fixed periods of 1 to 12 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

(i) Amounts recognized in the statement of financial position

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
<i>Right-of-use assets (Non-current)</i>				
Buildings	27,730,520	20,687,945	6,806,706	5,114,449
	<u>27,730,520</u>	<u>20,687,945</u>	<u>6,806,706</u>	<u>5,114,449</u>
<i>Lease liabilities</i>				
Current	6,464,760	7,088,062	1,586,834	1,752,302
Non-current	18,763,668	11,141,103	4,605,711	2,754,290
	<u>25,228,428</u>	<u>18,229,165</u>	<u>6,192,545</u>	<u>4,506,592</u>

Right-of-use assets' additions during the period were KHR 13,050,632 thousand (2020: KHR 8,218,494 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				Twelve-month period ended			
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Depreciation of right-of-use assets <i>Buildings</i>	<u>1,715,111</u>	<u>1,195,472</u>	<u>421,196</u>	<u>294,161</u>	<u>6,166,564</u>	<u>5,378,922</u>	<u>1,515,871</u>	<u>1,319,333</u>
Interest expense (Note 14)	<u>500,724</u>	<u>136,150</u>	<u>122,967</u>	<u>33,503</u>	<u>1,860,443</u>	<u>1,276,572</u>	<u>457,336</u>	<u>313,116</u>
Expense relating to short-term lease and leases of low-value assets (included in operating expenses)	<u>1,555,380</u>	<u>1,347,848</u>	<u>381,970</u>	<u>331,656</u>	<u>6,003,953</u>	<u>5,165,454</u>	<u>1,475,898</u>	<u>1,266,974</u>
Total expenses related to leases	<u>3,771,215</u>	<u>2,679,470</u>	<u>926,133</u>	<u>659,320</u>	<u>14,030,960</u>	<u>11,820,948</u>	<u>3,449,105</u>	<u>2,899,423</u>

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9. INTANGIBLE ASSETS

	Software and license KHR'000	Work in progress KHR'000	Total KHR'000
As at 31 December 2020			
Cost	6,156,989	1,395,329	7,552,318
Accumulated amortisation	<u>(1,442,619)</u>	<u>-</u>	<u>(1,442,619)</u>
Net book amount	<u>4,714,370</u>	<u>1,395,329</u>	<u>6,109,699</u>
<i>In US\$ equivalents</i>	<u>1,165,480</u>	<u>344,952</u>	<u>1,510,432</u>
Twelve-month period ended 31 December 2021			
Opening net book amount	4,714,370	1,395,329	6,109,699
Additions	6,199,794	311,197	6,510,991
Transfer	78,701	(78,701)	-
Amortisation charge	<u>(2,018,659)</u>	<u>-</u>	<u>(2,018,659)</u>
Closing net book amount	<u>8,974,206</u>	<u>1,627,825</u>	<u>10,602,031</u>
As at 31 December 2021			
Cost	12,435,484	1,627,825	14,063,309
Accumulated amortisation	<u>(3,461,278)</u>	<u>-</u>	<u>(3,461,278)</u>
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>

10. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Savings deposits	5,653,893	1,443,040	1,387,799	356,747
Fixed deposits	<u>186,507,446</u>	<u>129,991,365</u>	<u>45,779,933</u>	<u>32,136,308</u>
	192,161,339	131,434,405	47,167,732	32,493,055
Accrued interest payables	<u>3,408,887</u>	<u>2,798,199</u>	<u>836,742</u>	<u>691,767</u>
	<u>195,570,226</u>	<u>134,232,604</u>	<u>48,004,474</u>	<u>33,184,822</u>
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Current	195,120,551	129,363,297	47,894,097	31,981,038
Non-current	<u>449,675</u>	<u>4,869,307</u>	<u>110,377</u>	<u>1,203,784</u>
	<u>195,570,226</u>	<u>134,232,604</u>	<u>48,004,474</u>	<u>33,184,822</u>

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11. DEPOSITS FROM CUSTOMERS

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Savings deposits	188,717,541	167,120,992	46,322,420	41,315,450
Fixed deposits	<u>1,932,336,847</u>	<u>1,820,635,830</u>	<u>474,309,486</u>	<u>450,095,384</u>
	2,121,054,388	1,987,756,822	520,631,906	491,410,834
Accrued interest payables	<u>54,187,217</u>	<u>46,211,140</u>	<u>13,300,741</u>	<u>11,424,262</u>
	<u>2,175,241,605</u>	<u>2,033,967,962</u>	<u>533,932,647</u>	<u>502,835,096</u>
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Current	1,880,583,014	1,736,804,660	461,606,042	429,370,744
Non-current	<u>294,658,591</u>	<u>297,163,302</u>	<u>72,326,605</u>	<u>73,464,352</u>
	<u>2,175,241,605</u>	<u>2,033,967,962</u>	<u>533,932,647</u>	<u>502,835,096</u>

12. BORROWINGS

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Current	411,272,313	518,148,136	100,950,494	128,095,955
Non-current	<u>740,840,507</u>	<u>565,138,194</u>	<u>181,845,976</u>	<u>139,712,779</u>
	<u>1,152,112,820</u>	<u>1,083,286,330</u>	<u>282,796,470</u>	<u>267,808,734</u>

During the period, the Company obtained additional borrowings of KHR583,419,932,000 thousand (US\$143,416,896). The annual interest rates are ranging from 4.00% to 8.49% (2020: 4.71% to 8.72%).

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Principal amount	1,143,466,590	1,072,953,711	280,674,175	265,254,317
Interest payables	<u>8,646,230</u>	<u>10,332,619</u>	<u>2,122,295</u>	<u>2,554,417</u>
	<u>1,152,112,820</u>	<u>1,083,286,330</u>	<u>282,796,470</u>	<u>267,808,734</u>

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13. SUBORDINATED DEBTS

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Current	30,032,038	32,694,213	7,371,634	8,082,624
Non-current	222,568,005	132,867,219	54,631,322	32,847,273
	<u>252,600,043</u>	<u>165,561,432</u>	<u>62,002,956</u>	<u>40,929,897</u>

During the period, the Company obtained additional subordinated debts of KHR117,855,000 thousand (US\$28,971,239). The annual interest rates for all subordinated debts are ranging from 9.01% to 10.47% (2020: 9.77% to 12.21%).

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Principal amount	250,406,242	163,279,726	61,464,468	40,365,816
Interest payables	2,193,801	2,281,706	538,488	564,081
	<u>252,600,043</u>	<u>165,561,432</u>	<u>62,002,956</u>	<u>40,929,897</u>

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14. NET INTEREST INCOME

	Three-month period ended				Twelve-month period ended			
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
<i>Interest income from financial assets at amortised cost</i>								
Loans and advances	185,817,790	166,513,680	45,633,053	40,972,854	711,282,724	662,360,723	174,848,261	162,462,772
Deposits and placements with banks	195,728	917,439	48,067	225,748	2,142,983	2,576,184	526,790	631,882
Deposits and placements with the central bank	175,463	142,292	43,089	35,013	692,737	681,543	170,289	167,168
Total interest income	<u>186,188,981</u>	<u>167,573,411</u>	<u>45,724,209</u>	<u>41,233,615</u>	<u>714,118,444</u>	<u>665,618,450</u>	<u>175,545,340</u>	<u>163,261,822</u>
<i>Interest expense on financial liabilities at amortised cost</i>								
Deposits from customers	(35,116,922)	(34,651,587)	(8,623,999)	(8,526,473)	(144,353,770)	(146,527,675)	(35,485,194)	(35,940,071)
Borrowings	(19,658,522)	(22,606,611)	(4,827,731)	(5,562,650)	(76,668,911)	(101,743,226)	(18,846,832)	(24,955,415)
Subordinated debts	(6,042,236)	(3,885,186)	(1,483,850)	(956,000)	(20,762,259)	(13,394,009)	(5,103,800)	(3,285,261)
Debt securities	(1,709,685)	(1,686,375)	(419,864)	(414,954)	(6,736,127)	(6,748,334)	(1,655,882)	(1,655,221)
Lease liabilities	(500,724)	(136,150)	(122,967)	(33,503)	(1,860,443)	(1,276,572)	(457,336)	(313,116)
	<u>(63,028,089)</u>	<u>(62,965,909)</u>	<u>(15,478,411)</u>	<u>(15,493,580)</u>	<u>(250,381,510)</u>	<u>(269,689,816)</u>	<u>(61,549,044)</u>	<u>(66,149,084)</u>
Net interest income	<u>123,160,892</u>	<u>104,607,502</u>	<u>30,245,798</u>	<u>25,740,035</u>	<u>463,736,934</u>	<u>395,928,634</u>	<u>113,996,296</u>	<u>97,112,738</u>

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15. CREDIT IMPAIRMENT LOSSES

	Three-month period ended				Twelve-month period ended			
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2021	2020	2021	2020	2021	2020	2021	2020
	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	US\$	US\$
<i>Expected Credit Loss (ECL):</i>								
Loans and advances	(6,330,264)	(5,529,101)	(1,554,583)	(1,360,507)	20,264,682	37,058,791	4,981,485	9,089,721
Deposits and placements with banks	560,179	(1,647,708)	137,568	(405,440)	598,381	1,133,655	147,095	278,061
	<u>(5,770,085)</u>	<u>(7,176,809)</u>	<u>(1,417,015)</u>	<u>(1,765,947)</u>	<u>20,863,063</u>	<u>38,192,446</u>	<u>5,128,580</u>	<u>9,367,782</u>

16. PERSONNEL EXPENSES

	Three-month period ended				Twelve-month period ended			
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2021	2020	2021	2020	2021	2020	2021	2020
	KHR'000	KHR'000	US\$	US\$	KHR'000	KHR'000	US\$	US\$
Salaries and wage expenses	31,280,767	27,121,732	7,681,917	6,673,655	122,994,223	107,564,240	30,234,568	26,383,184
Other benefits	2,651,875	2,118,618	651,247	521,313	9,777,839	8,144,694	2,403,599	1,997,717
	<u>33,932,642</u>	<u>29,240,350</u>	<u>8,333,164</u>	<u>7,194,968</u>	<u>132,772,062</u>	<u>115,708,934</u>	<u>32,638,167</u>	<u>28,380,901</u>

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17. INCOME TAX EXPENSE

(a) Income tax expense

	Three-month period ended				Twelve-month period ended			
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Current income tax	11,951,458	6,495,340	2,935,034	1,598,263	54,987,252	48,209,796	13,517,024	11,824,822
Deferred income tax	2,138,535	(1,913,498)	525,180	(470,841)	(776,306)	(16,322,044)	(190,832)	(4,003,445)
	<u>14,089,993</u>	<u>4,581,842</u>	<u>3,460,214</u>	<u>1,127,422</u>	<u>54,210,946</u>	<u>31,887,752</u>	<u>13,326,192</u>	<u>7,821,377</u>

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended				Twelve-month period ended			
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Profit before income tax	80,519,314	72,852,206	20,203,768	17,926,231	276,534,972	211,338,373	67,978,116	51,836,734
Tax expenses at 19.18% (2020: 19.02%)	13,848,070	12,501,627	3,400,803	3,076,188	53,051,202	40,198,860	13,041,102	9,859,912
Tax effect of reconciling items:								
Expenses not deductible for tax purposes	241,923	45,212	59,411	11,125	1,159,744	260,161	285,090	63,812
Unrecognised previous deferred tax	-	(7,964,997)	-	(1,959,891)	-	(8,571,269)	-	(2,102,347)
Income tax expense	<u>14,089,993</u>	<u>4,581,842</u>	<u>3,460,214</u>	<u>1,127,422</u>	<u>54,210,946</u>	<u>31,887,752</u>	<u>13,326,192</u>	<u>7,821,377</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
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17. INCOME TAX EXPENSE (continued)

(b) Reconciliation between income tax expenses and accounting profit (continued)

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

In accordance with the Sub-decree No. 01 of the Royal Government of Cambodia (“RGC”) dated on 4 January 2019, an entity who listed corporate bond on Cambodia Securities Exchange (“CSX”) is entitled up to 50% reduction on tax on profit (20%) for the period of three years.

The Company successfully listed its corporate bond on CSX on 26 April 2019. On 25 March 2020, the Company received an approval from the General Department of Taxation (“GDT”) on the tax on profit reduction of 50% for the year ended 2019. In the GDT’s letter also stated that the Company entitles to reduction of tax on profit for the years ending 2020 and 2021 with the following conditions as per Prakas No. 183 MoEF Br.K dated 25 February 2020.

- Issue bond size is more than 20% of total assets, the reduction on tax on profit at 50%.
- Issue bond size is 20% or less than total assets, the reduction on tax on profit is based on a pro-rata basis but the tax incentive amount should not exceed KHR 8,000 million.

As at 31 December 2021, the Company’s bond issuance amount was approximately 1.66% (2020: 1.88%) of total assets and the tax reduction incentive was insignificant. The Company estimated income tax liabilities at 19.18% tax rate for the twelve-month period ended 31 December 2021 and at 19.02% tax rate for the twelve-month period ended 31 December 2020.

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18. CASH FLOW FROM OPERATING ACTIVITIES

	Twelve-month period ended			
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Profit before income tax	276,534,972	211,338,373	67,978,115	51,836,734
<i>Adjustments for:</i>				
Depreciation and amortisation charges	12,177,882	10,243,616	2,993,580	2,512,538
Credit impairment losses	20,863,063	38,192,446	5,128,580	9,367,782
Net losses on derecognition of financial assets measured at amortised cost	2,782,676	5,165,455	684,040	1,266,974
Gain on disposals of property and equipment	(38,233)	(78,590)	(9,398)	(19,276)
Remeasurement for employee benefits	(422,183)	(200,347)	(103,781)	(49,141)
Unrealised exchange gains	(10,586,592)	(2,247,809)	(2,602,407)	(551,339)
Net interest income (Note 14)	(463,736,934)	(395,928,634)	(113,996,296)	(97,112,738)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(1,834,925)	(30,719,852)	(451,063)	(7,534,916)
Loans and advances	(758,931,141)	(323,695,237)	(186,561,244)	(79,395,447)
Other assets	(5,650,194)	1,707,617	(1,388,937)	418,842
Deposits from banks and other financial institutions	60,726,934	41,097,473	14,927,958	10,080,322
Deposits from customers	133,297,566	250,426,900	32,767,347	61,424,307
Other liabilities	5,871,884	3,446,443	1,443,433	845,338
Cash used in operations	<u>(728,945,225)</u>	<u>(191,252,146)</u>	<u>(179,190,073)</u>	<u>(46,910,020)</u>

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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 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

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Loans to key management personnel	<u>2,374,646</u>	<u>2,602,339</u>	<u>582,878</u>	<u>643,347</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				Twelve-month period ended			
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Interest income	64,224	84,975	15,763	20,878	265,032	203,471	65,150	49,907

Loans and advances to key management personnel are secured and having interest rate of 8.92% to 9.48% per annum (2020: 9.4% to 12% per annum).

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Receivables from related parties

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Receivables from related companies	-	1,187,960	-	293,686

(d) Payables to related parties

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Payables to related companies	-	81,568	-	20,165

(e) Deposits from related parties

	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Shareholders	16,822	7,345,425	4,129	1,815,927
Board of directors	1,150,377	772,537	282,370	190,986
Key management personnel	6,271,331	4,871,465	1,539,355	1,204,318
Related company	2,497,248	41,304	612,972	10,211
	<u>9,935,778</u>	<u>13,030,731</u>	<u>2,438,826</u>	<u>3,221,442</u>
Interest payable	<u>110,117</u>	<u>126,666</u>	<u>27,029</u>	<u>31,314</u>

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(e) Deposits from related parties (continued)

	Three-month period ended				Twelve-month period ended			
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Interest expense	88,786	114,972	21,804	28,257	395,045	302,735	97,110	74,254

Annual interest rates during the period are as follows:

	31 December 2021	31 December 2020
Shareholders	3.00%	3.00%
Board of directors	3.00% – 7.50%	3.00% – 8.75%
Key management personnel	3.00% – 7.70%	3.00% – 9.00%
Related company	1.00% – 4.50%	3.00%

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(f) Transactions with related parties

	Three-month period ended				Twelve-month period ended			
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
<i>Incomes from related companies:</i>								
Rental income	16,369	30,323	4,020	7,440	54,348	37,671	13,360	9,240
Management fee	36,233	14,871	8,898	3,661	76,820	59,712	18,884	14,646
	<u>52,602</u>	<u>45,194</u>	<u>12,918</u>	<u>11,101</u>	<u>131,168</u>	<u>97,383</u>	<u>32,244</u>	<u>23,886</u>
<i>Expenses to related companies:</i>								
Purchase of assets used in leasing product	-	64,211	-	15,800	63,786	2,359,971	15,680	578,850
License fees	121,451	128,896	29,826	31,756	6,871,076	596,379	1,689,055	146,279
IT consultancy and support fees	122,201	245,528	30,010	60,315	3,830,062	552,931	941,510	135,622
Rental expense	6,719	-	1,650	-	13,424	-	3,300	-
	<u>250,371</u>	<u>438,635</u>	<u>61,486</u>	<u>107,871</u>	<u>10,778,348</u>	<u>3,509,281</u>	<u>2,649,545</u>	<u>860,751</u>

(g) Key management compensation

	Three-month period ended				Twelve-month period ended			
	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$	31 December 2021 KHR'000	31 December 2020 KHR'000	31 December 2021 US\$	31 December 2020 US\$
Directors' fees	160,315	158,670	39,370	39,043	637,945	647,028	156,820	158,702
Salaries and other benefits to key management	3,284,154	4,299,092	806,521	1,057,847	9,376,378	10,372,013	2,304,911	2,544,031
	<u>3,444,469</u>	<u>4,457,762</u>	<u>845,891</u>	<u>1,096,890</u>	<u>10,014,323</u>	<u>11,019,041</u>	<u>2,461,731</u>	<u>2,702,733</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual audited financial statements.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Company's financial assets measured and recognised at fair value at 31 December 2021 and 31 December 2020 on a recurring basis:

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'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
As at 31 December 2020				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	60,675	60,675
Total financial assets	-	-	60,675	60,675
<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 recognise 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. There is no loss allowance for this FVOCI at 31 December 2021.

(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 might approximate to their carrying value as reporting date.

(iii) Deposits from customers

The fair value of deposits from 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) Lease liabilities

The estimated fair value of lease liabilities with maturities of less than one year approximate the carrying values. For other lease liabilities with maturities of one year or more, the fair values are estimated based on discounted cash flows using prevailing market rates of incremental borrowings.

(v) Other financial assets and other financial liabilities

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

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20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

(vi) Borrowings and subordinated debts

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

(vii) Debt securities

The estimated fair value of debt securities is generally based on quoted and observable market prices at the date of statement of financial position. They are not presently traded. The estimated fair values of debt securities are approximate their carrying values based on estimated future cash flows using prevailing market rates.