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LOLC (Cambodia) Plc.



[www.lolc.com.kh](http://www.lolc.com.kh)

ANNUAL REPORT  
**2024**

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# Revolutionary Payment Platform

LOLC Mobile is a mobile banking application powered by LOLC (Cambodia) Plc. It allows customers to make transactions with their savings account anytime and anywhere. Customers can perform any transactions, including balance inquiry, fund transfer (within LOLC Cambodia or interbank), opening a fixed deposit account, mobile top-up, bill payments, and other fast and secure transactions.







## KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS







**Mr. BRINDLEY DE ZYLVA**  
Chairman

# CHAIRMAN'S MESSAGE

**Mr. BRINDLEY DE ZYLVA**  
Chairman

## Dear Valued Stakeholders,

It is my privilege to present to you LOLC Cambodia's annual report for the financial year ending 2024. As we reflect on the year's achievements, challenges, and milestones, I am immensely proud of the progress we have made in driving sustainable growth and delivering value to our stakeholders.

## Global Economic Outlook

The global economy is expected to remain stable yet underwhelming, with projected growth of **3.2% in both 2024 and 2025**. Over the past year, the global economic landscape has been shaped by persistent inflation pressures, geopolitical tension, and the ongoing recovery from the COVID-19 pandemic. While advanced economies have experienced moderate growth rates, emerging markets have shown resilience, contributing significantly to the global economic recovery. However, uncertainties in trade dynamics and fluctuating commodity prices continue to pose challenges across industries worldwide.

## Cambodia's Economic Growth

Cambodia's economy is expected to grow by **5.8% in 2024 — up from 5.6% in 2023** — and is projected to further strengthen by **6.1% in 2025 and 6.4% in 2026**, according to the World Bank Group. This positive outlook is driven by a revival in garment, travel goods, and footwear exports, as well as a rebound in tourism, with international arrivals reaching **84% of pre-pandemic levels in the first quarter of 2024**. The ASEAN region has emerged as Cambodia's second-largest export market after the United States, while rising foreign investment in manufacturing and agriculture has further contributed to economic recovery. However, construction activity remains subdued due to a continuing correction in the property market, leading to a slowdown in domestic credit growth. That has in turn impacted on private consumption and domestic revenue collection.

### Company Performance and Strategic Initiatives

Against this economic backdrop, **LOLC Cambodia adopted a cautious yet strategic approach**, ensuring sustainable growth while maintaining operational resilience. Our unwavering commitment to **innovation, customer-centric solutions, and operational excellence** has enabled us to expand our loan portfolio to **over USD 1.3 billion** and our deposit balance to **USD 1.0 billion**, all while preserving financial stability.

Recognizing the transformative power of technology, we have made significant strides in **digital innovation**. The **upgrade of our core banking system and ongoing enhancements to our digital banking services** have streamlined access to financial solutions, making them more **convenient and inclusive** for our clients. Furthermore, **investments in data analytics and cybersecurity** have reinforced our operational resilience and strengthened customer trust. These digital advancements position LOLC Cambodia well to thrive in an increasingly digital economy.

Despite our expansion, LOLC Cambodia remains **steadfast in serving low-income clients, with the number of group loans and microloans accounting for over 60% of our outstanding loans**. Notably, **70% of our microfinance clients are women, with the majority residing in rural Cambodia**. The microfinance sector accounted for **approximately 20% of our total portfolio**, with **80% of these loans issued without real estate collateral**.

The **average microloan size remains at USD 1,000**. Meanwhile, the **small, medium, and large enterprise segments, which constitute 80% of our total portfolio**, have played a critical role in subsidizing our microfinance operations, allowing us to maintain the inclusive nature of our business model.

### Commitment to ESG and Sustainability

At LOLC Cambodia, we remain dedicated to **environmental, social, and governance (ESG)** principles, integrating sustainability into our operations through key initiatives:

- **Participation in the United Nations Global Compact (UNGC)**: This underscores our commitment to sustainability by aligning our strategies with the **UNGC's universal principles on human rights, labor, the environment, and anti-corruption**, as well as advancing the **Sustainable Development Goals (SDGs)**.
- **Strengthening our green financing portfolio** to support environmentally sustainable projects.
- **Enhancing financial literacy programs** to empower underserved communities.
- **Upholding the highest standards of governance and transparency** in all our operations.

These efforts align with our mission to create a **lasting positive impact** on the communities we serve while ensuring sustainable growth and stakeholder value.

### Regulatory Compliance and Operational Resilience

LOLC Cambodia remains **fully compliant with all regulations and prudential ratios** set by the **National Bank of Cambodia**. Our **management and employees have demonstrated resilience and adaptability** in navigating macroeconomic changes while maintaining strict adherence to all applicable laws and regulations.

### Looking Ahead

As we move forward, we remain committed to **fostering sustainable growth, embracing innovation, and delivering unparalleled value** to our stakeholders. While challenges undoubtedly lie ahead, we are confident that **our strategic focus, strong governance, and unwavering dedication** will allow us to seize emerging opportunities and continue making a positive impact.

On behalf of the **Board of Directors**, I extend my **heartfelt gratitude** to all our stakeholders—including **customers, investors, regulators, and banking and funding partners, both local and international**—for their trust and support of LOLC Cambodia.

I would also like to express my **appreciation to my fellow board members** for their counsel and guidance, and to the **CEO, Deputy CEO and the entire LOLC Cambodia team** for their outstanding efforts and achievements. Lastly, my sincere thanks go to our **shareholders** for their **unwavering support and confidence** in our vision.

Together, we will continue to **build a brighter and more inclusive future for all**.



**Brindley de Zylva**  
Chairman





**Mr. SOK VOEUN**  
Chief Executive Officer

# CEO'S REPORT

## Mr. SOK VOEUN

### Chief Executive Officer

The microfinance sector demonstrated resilience and moderate growth in 2024. Despite global economic challenges, the sector expanded by 3.9%, driven by increased demand for financial inclusion, robust regulatory support, and advancements in digital finance.

By the end of 2024, the gross loan portfolio of the microfinance sector was USD 5.3 billion, with 1.6 million loan accounts. Loans from microfinance institutions have been provided to key economic sectors including households (32.8%); agriculture (20.8%); trade and commerce (20.1%); service (11.8%); construction (6.7%); transportation (2.7%); manufacturing (2.7%); and others (2.4%). Meanwhile, microfinance institutions collected customers' deposits, for a balance of USD 2.5 billion across roughly 2 million accounts. Overall, most microfinance institutions remain robust and resilient, continuing to strictly adhere to the laws and regulations, guidelines and measures issued by the central bank, according to the 2024 National Bank of Cambodia annual report.

LOLC Cambodia experienced resilience and progress in 2024. The company conducted its business operations with caution and used strong internal controls to maintain its loan portfolio quality.

Despite global economic uncertainties, LOLC achieved remarkable growth across our key performance areas.

### LOLC'S MAIN ACHIEVEMENT IN 2024

#### LOAN PERFORMANCE

LOLC used a cautious approach to ensure its product quality and sustainability. In 2024, the gross loan portfolio increased to more than USD 1.3 billion, a growth of 6% compared to the end of 2023. LOLC serves more than 330,000 borrowers. The borrowers are made up of groups (37%) and individuals (63%). Around 64% of loans were provided to micro entrepreneurs (loan size  $\leq$  USD 3,000), of which 80% were not required to provide real estate collateral. The micro loans accounted for just 20% of LOLC's total gross loan portfolio with an average loan size of USD 1,000. The other 80% were provided to the small, medium and large sectors. More than 30% of LOLC's loan portfolio was provided in local currency.



## LOAN PORTFOLIO QUALITY

Maintaining the quality of our loan portfolio remained a top priority in 2024. While adapting to macroeconomic challenges, LOLC Cambodia has made itself ready for adverse situations and continued to expand its loan portfolio. The Board of Directors and the management team have collaborated closely to monitor credit risk management and internal controls by implementing the following measures:

- Loan assessment and evaluation conducted following cash flow base analysis;
- Different levels of authorities for loan review and loan approval;
- Policies, procedures and manuals and their implementation are frequently reviewed.
- System support for detecting and restricting the implementation of policies and procedures.
- Continuously strengthened post-disbursement credit monitoring through a variety of approaches;
- An integrate risk management culture throughout LOLC;
- A continuously strengthened credit quality assurance team that ensures the implementation of internal controls;
- An internal Audit Department that plays a crucial role in ensuring the application of robust internal controls;
- A credit quality-based incentive structure for financial sale advisors and other field personnel;
- A requirement that the Credit Bureau of Cambodia checks 100% of borrowers and co-borrowers before disbursement to supplement rigorous in-person loan evaluations (cash flow base assessment);

- Continuous training and retention efforts to strengthen staff capacity, enhance knowledge, and ensure proper implementation;
- Client Protection Principles implemented as a fundamental risk management practice;
- Continuous compliance with ABC/CMA lending guidelines regarding multiple loans and refinancing.

## DEPOSIT PERFORMANCE

Our unwavering commitment to innovation, customer-centric solutions, and operational excellence has enabled us to expand our deposit balance to over USD 1.0 billion by the end of 2024, a growth of 11% compared to the end of 2023. The number of depositors increased to more than 530,000. The growth in deposit balances and accounts highlights LOLC's reputation as a trusted microfinance institution. This success reflects its commitment to delivering exceptional customer service, ensuring client protection, and offering competitive, innovative deposit and loan products.

## DIGITAL BANKING

To support business development and cater to the transformative power of technology, LOLC keeps investing in digital banking services and has made significant strides in digital innovation. The upgrade of our core banking system and ongoing enhancements to our digital banking services have streamlined access to financial solutions, making them more convenient and inclusive for our clients. Furthermore, investments in data analytics and cybersecurity have reinforced our operational resilience and strengthened customer trust. These digital advancements position LOLC Cambodia well to thrive in an increasingly digital economy.

## BANCASSURANCE

Through our bancassurance partnership with Serendib Microinsurance Plc., LOLC is committed to enhancing financial inclusion by expanding access to insurance services for clients and operational networks. This collaboration strengthens consumer protection by offering term life insurance designed to alleviate the financial burden on families in the unfortunate event of an accident and/or health issues leading to the death or permanent disability of a borrower and/or co-borrower. As of 2024, around 60% of LOLC's clients have been protected with a term life insurance.

## REGULATORY COMPLIANCE AND OPERATIONAL RESILIENCE

LOLC Cambodia remains fully compliant with all regulations and prudential ratios set by the National Bank of Cambodia. Our management and employees have demonstrated resilience and adaptability in navigating macroeconomic changes while maintaining strict adherence to all applicable laws and regulations.

## SUSTAINABILITY MANAGEMENT

Sustainability lies at the core of our operations. In 2024, LOLC Cambodia took significant steps toward embedding environmental, social, and governance (ESG) principles into our strategy.

As of December 2024, about 79% of our loan clients lived in rural areas; around 70% of borrowers were female; 49% of borrowers were involved in agricultural work with no significant environmental risk exposure; around 2,400 clients had access to clean energy; 11,300 clients were using home improvement loans and housing loans; 5,900 clients were using WASH loans for better sanitation and clean water; and more than 530,000 clients had access to savings.

**LOLC Cambodia strictly upholds the principles of responsible lending.** It has been certified by the SMART campaign since

2015 and in February 2022 was awarded the Gold Level of Client Protection Certificate by Cerise and SPTF. In 2024, LOLC passed the Client Protection Certification review by Microfinanza, maintaining its gold level certification and certifying its adherence to high standards of client protection. LOLC was also awarded the <sup>s</sup>BB+ social rating, which indicates adequate social performance management, client protection systems and alignment to social missions. It was also awarded a Medium of institutional rating, which indicates a strong outlook for financial sustainability as well as strong and stable fundamentals. LOLC also participated in the United Nations Global Compact (UNGC), which reflects LOLC's commitment to sustainability by advancing sustainable development goals and responsible business practices. Also, LOLC Cambodia has aligned its strategies with the UNGC's universal principles on human rights, labor, environment, and anti-corruption.

**LOLC Cambodia supports Sustainable Development Goals (SDGs)** and contributes to environmental and social protection solutions through key initiatives:

- LOLC Cambodia has put its efforts by embedding in the loan process the key points to address concerns on environmental, social, and governance, which the loan origination process involves ESG in decision-making.
- LOLC Cambodia has an exclusion list which prohibits the financing of activities with a negative impact on the environment and community. LOLC has robust measures in place to prevent loans from being granted for any excluded activities. All loans are assessed against the exclusion list and on environmental and social assessments by field staff before being reviewed and approved by supervisors/branch managers/ credit committee members.



- LOLC Cambodia conducts environmental and social assessments for all loans.
  - For loans which are lower than USD 30,000, environmental and social risks are discussed with clients to improve awareness and offer guidance.
  - For Small and Medium Enterprise loans (SME) which are bigger than or equal to USD 30,000, a comprehensive assessment tool is fully integrated into the lending process. The detailed assessment is conducted to evaluate whether risks are low, medium or high, and to provide awareness and guidance to the client.
  - As an ongoing implementation, the progress of environmental and social assessment is monitored.
- The company promotes loan disbursement for green financing to support environmentally sustainable projects.
- At least two times (during assessment and before disbursement), clients are informed about the product's features, fee charges, cooling off period, terms, and conditions by using visual aids (A4-Metacard). Video guidelines can also be viewed on LOLC's website.

**LOLC is committed to promoting financial education awareness among staff, clients, communities, youth, and public:**

- In 2024, a total of 10,692 individuals participated in financial education awareness training, with 76% of participants (8,115) being female.
- LOLC has developed key financial education messages that can be found on its website and Facebook Page to enhance the financial literacy of its clients and the public.

Additionally, **LOLC has allocated funds to support its Corporate Social Responsibility (CSR) initiatives** through various community events, including the following:

- The company installed benches, planted trees, organized school activities, painted school fences, donated library books, and provided bins and solar lights to communities, schools, pagodas, and other public places.
- LOLC consistently supports its suppliers and other stakeholders who participate in social activities and promote environmental protection. LOLC is pleased to have received a letter of appreciation from supplier MG Pacific for our support of the "It Starts with You" project. This project primarily aims to reduce waste, contributing to better environmental preservation. This reflects LOLC's commitment to promoting environmental protection by reducing plastic waste, mitigating climate change, and maintaining a good environment.
- LOLC actively contributes to the advancement of the education sector and supports community development. In 2024, the company provided educational materials, including notebooks and bags, to more than 3,500 students in 21 primary schools. In 2025, LOLC will continue providing educational materials to more students, with a focus on poor and remote areas.
- LOLC awarded computers to 48 students who achieved A grades in the 2024 high school diploma examination. These students are children of LOLC's customers who actively engage with the company's products and services. The program was created to celebrate the students' hard work and commitment to their education. It also serves as a sincere gesture of appreciation to our valued customers for their ongoing trust and support of LOLC's products and services.

- LOLC donated rice, fish sauce, soy sauce, and floor mats to the Battambang Orphanage Center to support the needs of the children there.
- The company contributed to social work by delivering anti-drug campaign leaflets and other promotional materials to the general secretariat of National Authority for Combating Drugs (NACD) to disseminate drug-related awareness to the public.
- LOLC signed an agreement with Ecobatt-Energy Cambodia to collaborate in collecting electrical and electronic equipment waste to diminish adverse effects to the environment and human health.

**STRATEGIC PRIORITIES FOR 2025**

As we look to the future, our strategic priorities for 2025 focus on sustaining growth, enhancing innovation, and deepening our impact.

**Advancing Financial Inclusion:** We aim to expand our reach to underserved communities through innovative financial products, ensuring that everyone has access to essential financial services.

**Digital Innovation:** By leveraging cutting-edge technologies such as artificial intelligence and data analytics, we will enhance customer experiences and improve operational efficiencies.

**Sustainability Leadership:** Continuing our focus on green financing and ESG initiatives, we will prioritize projects that promote environmental conservation and sustainable economic activities.

**Employee Empowerment:** Investing in our people remains a top priority. We will continue providing training programs and initiatives to nurture a highly skilled, motivated, and diverse workforce.

**Customer-Centric Growth:** Through continuous engagement and tailored solutions, we will deepen relationships with our clients, addressing their evolving needs effectively.

Finally, I would like to express my sincere thanks to our shareholders, Board of Directors, and committee members for their leadership, support, and guidance throughout the year. I would also like to express my sincere gratitude to all LOLC staff who have worked hard and diligently, and have remained committed to working with integrity, ethics, professionalism and responsibility. Additionally, I would like to express my sincere thanks to all LOLC clients, investors and business partners for supporting LOLC and its achievements. To the Royal Government and the National Bank of Cambodia, I offer my sincerest gratitude — both for your support in 2024 and in anticipation of happy and prosperous years ahead.



**Sok Voeun**  
Chief Executive Officer

# 1

## ABOUT LOLC CAMBODIA

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  - Geography and Demography
  - Macroeconomic Situation
  - Microfinance Situation
- ◆ **LOLC CAMBODIA AT A GLANCE (22)**
  - Map of Operating Areas
  - Vision, Mission, Core Values
  - Brief Overview of LOLC Cambodia
  - Brief History
  - Ownership Structure
- ◆ **CERTIFICATIONS AND AWARDS (31)**
- ◆ **LENDERS AND PARTNERS (34)**





## CAMBODIA AT A GLANCE

### Geography and Demography

Cambodia, officially known as the Kingdom of Cambodia, is in Southeast Asia, bordered by Thailand to the west and northwest, Laos to the north, Vietnam to the east and southeast, and the Gulf of Thailand to the southwest. With a total land area of approximately 181,035 square kilometers, the country features a diverse landscape, including fertile plains, forested highlands, and the iconic Tonle Sap Lake, the largest freshwater body in Southeast Asia. The Mekong, one of the world's major rivers, flows through the country, supporting agriculture, fishing, and transportation.

As of 2024, Cambodia is home to an estimated 17 million people, with the majority residing in rural areas. Phnom Penh, the capital and largest city, serves as the political, economic, and cultural hub. Other key cities include Siem Reap, known for its proximity to the Angkor Wat temple complex, and Battambang, an important agricultural center.

The population is predominantly young, with a median age of around 28, reflecting a dynamic and growing workforce. The Khmer ethnic group accounts for most of the population, and Khmer is the official language of the country. Cambodia also has a rich cultural heritage influenced by its history, religion, and traditions, with Buddhism practiced by most of its people.

Rapid urbanization and economic development are transforming the demographic and geographic landscape of Cambodia, making it a vibrant nation with immense potential for growth and opportunity.

### Macroeconomic Situation

Cambodia's economy is expected to grow by 5.8% in 2024, up from the 5.6% growth rate seen in 2023, and is projected to further strengthen by 6.1% in 2025 and 6.4% in 2026. This positive outlook is driven by a revival in garments, travel goods, and footwear exports, as well as a rebound in tourism.

The number of international tourist arrivals reached pre-COVID-19 levels in 2024. However, tourist spending remains much lower than it was in 2019, likely due to fewer arrivals from high-spending countries. At the same time, domestic consumption is dampened by subdued credit growth and high household debt.

Exports of garments, travel goods, and footwear rebounded this fiscal year, while non-garment exports, especially of agricultural commodities, remained resilient. The Association of Southeast Asian Nations (ASEAN) region has emerged as Cambodia's second largest export market after the United States. Rising foreign investment in manufacturing and agriculture also contributed to the recovery.

*\*Source: World Bank Economic Update December 2024.*

### Microfinance Situation

The total gross loan portfolio of the microfinance sector was USD 5.3 billion in 2024, with 1.6 million loan accounts—an increase compared to the end of 2023. The number of depositors reached around 2 million, contributing to a deposit balance of more than USD 2.5 billion. Microfinance providers in Cambodia operate nationwide and have innovative products such as unsecured lending, leasing, asset-backed lending, SME, agriculture lending, etc. Moreover, Fin-tech solutions are also popular across mobile, online payments and digital lending.

Currently, there are more than 80 licensed providers in the country while the top four MDIs make up more than 70% of the market portfolio.

The microfinance market is well-structured, with new entrants requiring very strong capital.

Overall, most microfinance institutions remain robust and resilient, continuing to strictly adhere to the prudent laws and regulations, guidelines and measures issued by the central bank.

*\*Source: CMA Report as of 31<sup>st</sup> December 2024 and NBC Annual Report 2024.*

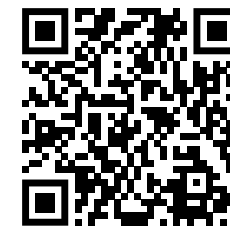


# LOLC CAMBODIA AT A GLANCE

## Map of Operating Areas



### SUMMARY



Scan Here for our  
Branch Network



**83**

Number of Branches



**25**<sub>/25</sub>

Number of Provinces

*Note: This map is to be used to indicate LOLC Cambodia's branch network only.*



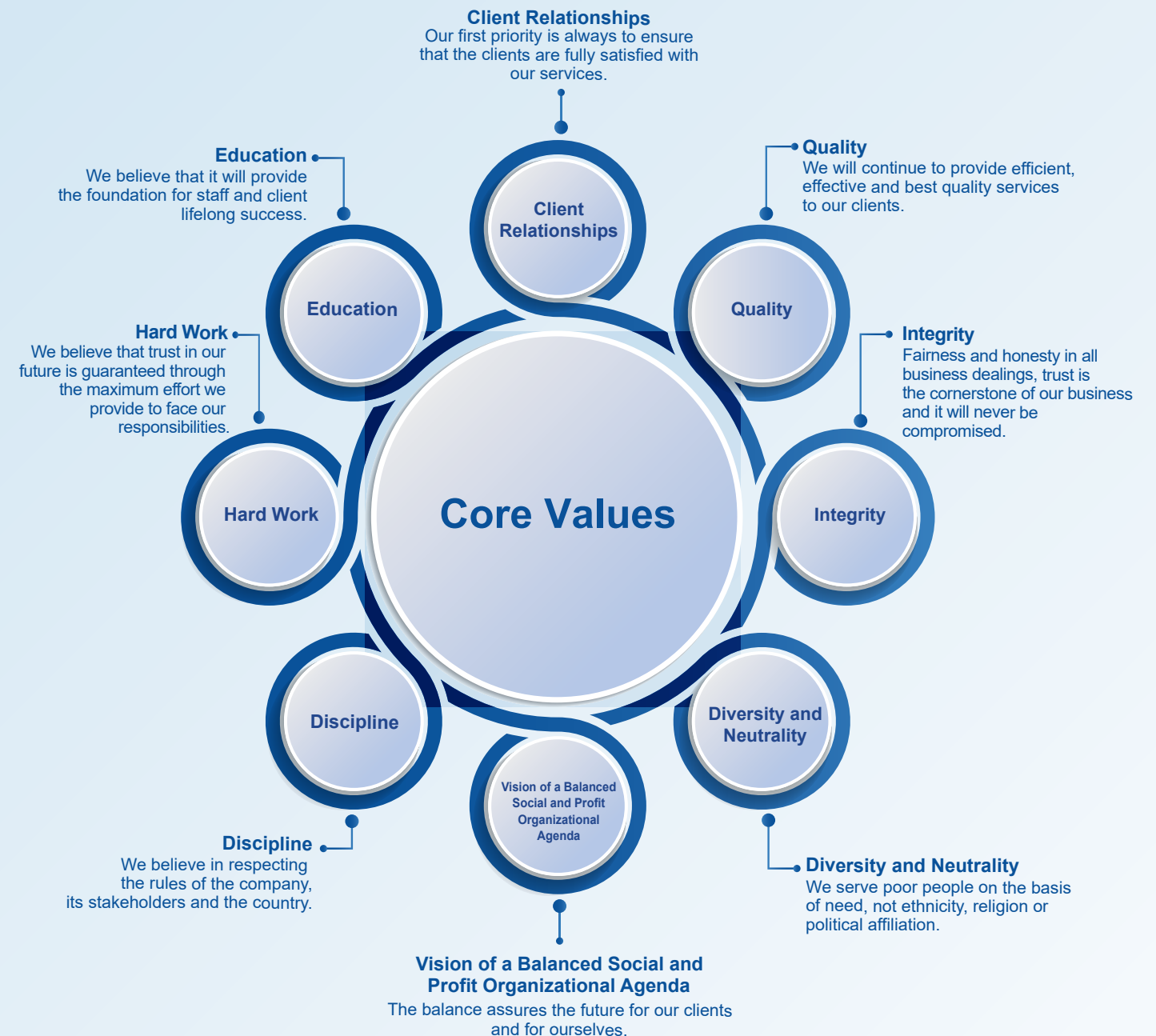


# VISION

LOLC's vision is to be the most trusted provider of inclusive financial services in Cambodia.

# MISSION

LOLC Cambodia's mission is to create a lasting positive impact on the communities it serves through the sustainable delivery of inclusive and client-centric financial services, while at the same time generating stakeholder value.



## Brief Overview of LOLC Cambodia

**31** Years

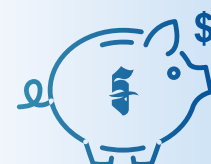
LOLC Cambodia holds a Microfinance Deposit-Taking License from the National Bank of Cambodia (NBC), enabling it to offer a wide range of credit and deposit products. The institution has also secured permission to operate finance leasing services and collaborate with Serendib Microinsurance Plc. as a bancassurance business partner under the “Corporate Agent” model. Additionally, LOLC Cambodia has received several approvals to expand its service offerings. Today, it provides an array of financial solutions, including credit, deposits, finance leasing, local fund transfers, mobile banking, payment services, and microinsurance through its bancassurance partnership. Embracing technological advancements, LOLC Cambodia has enhanced its digital financial services by introducing multiple distribution channels, such as the LOLC Mobile Application, Bakong, and ATM cards via CSS, ensuring an exceptional customer experience.



### CREDIT / FINANCIAL LEASE



### DEPOSIT



### CSS / ATM CARD



### LOLC MOBILE



### LOCAL FUND TRANSFER

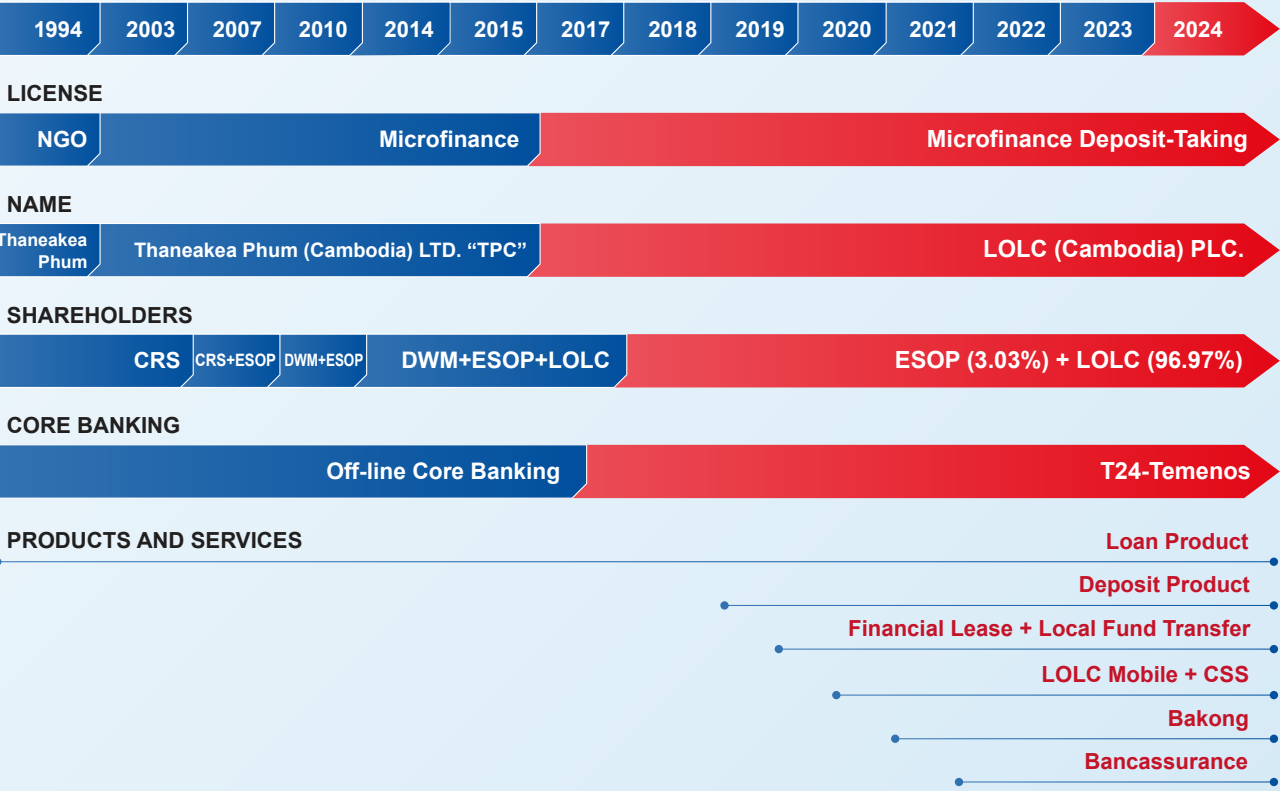




# Brief History

As a Cambodia’s leading microfinance institution, LOLC (Cambodia) Plc. is renowned for delivering financial solutions that meet the needs of Cambodian families, entrepreneurs and customers seeking economic opportunities to transform the quality of their lives. In 1994, LOLC (Cambodia) Plc. was founded as a credit program managed by a non-profit organization (Catholic Relief Services) and incorporated as Thaneakea Phum (Cambodia) Ltd. (TPC) in 2002. In 2003, the National Bank of Cambodia licensed TPC as a microfinance institution. In 2015, Thaneakea Phum (Cambodia) Ltd. changed its name to LOLC (Cambodia) Plc. (LOLC) and obtained a microfinance deposit-taking license from the National Bank of Cambodia at the same time. Currently, LOLC (Cambodia) Plc. is co-owned by LOLC Asia Private Limited (based in Singapore) and TPC-ESOP Co, Ltd.

LOLC Cambodia initially focused on providing loan services. However, starting in 2015, the institution expanded its offerings to include deposit mobilization, a mobile banking application, and local fund transfer services, both within LOLC Cambodia and through interbank transfers via Bakong. Additionally, LOLC Cambodia introduced the CSS ATM Card, enabling customers to withdraw cash from over 4,000 ATMs operated by CSS-member banks and financial institutions. In 2017, LOLC Cambodia obtained permission from the National Bank of Cambodia to offer finance leasing services, and by 2022, it was authorized to conduct bancassurance business under the Corporate Agent Model.





# Ownership Structure



## LOLC ASIA PRIVATE LIMITED

A business incorporated in Singapore, with 96.97% of the company's total shares.

**96.97%**

## TPC-ESOP CO., LTD.

A private limited company held by LOLC Cambodia staff, with 3.03% of the company's total shares.

**3.03%**

# CERTIFICATIONS AND AWARDS

## Client Protection Certification (CPC)

In 2022, LOLC received the Gold Level of Client Protection Certification from Cerise and SPTF, which is maintained today. This verifies that LOLC Cambodia always protects and supports clients to financially grow their businesses through efficient and sustainable financial services



## SOCIAL RATING 2023

LOLC (Cambodia) Plc., one of the leading deposit-taking institutions in Cambodia, had the honor of achieving a high social rating score of BB + from Microfinanza in February 2023. The social rating methodology was used to assess the company through various criteria, such as its social performance management system, client protection and social responsibility, outreach, and quality of services



## INSTITUTIONAL RATING 2023

At the same time as this accomplishment, LOLC also achieved a "medium" institutional rating. The institutional rating methodology was used to assess the company through various criteria, such as external context, governance and strategy, systems and controls, financial profile, and portfolio quality. The grade of "medium" is consider a high grade.





## Gold Tax Certificate from the General Department of Taxation

LOLC (Cambodia) Plc. is honored to have been awarded the Gold Tax Compliance Certificate by the General Department of Taxation for the years 2024 and 2025. These recognitions, in addition to the previous certifications from 2017 to 2023, reflect LOLC Cambodia's ongoing commitment to transparency and strict adherence to tax regulations.

## Core Transformation Award LOLC Cambodia 2024

LOLC (Cambodia) Plc. received the Core Transformation Award Asia-Pacific 2024 from Temenos in recognition of its successful upgrade of one of the most complex Temenos Core Banking systems in the Asia Pacific region. This award reflects LOLC Cambodia's strong commitment to digital transformation and excellent project management, completing the upgrade with minimal issues and ensuring smooth, uninterrupted service for customers.



## Certification in IT Security from Bureau Veritas










LOLC (Cambodia) Plc. has been awarded the ISO/IEC 27001 certification on information security management by Bureau Veritas. This internationally recognized certification highlights LOLC Cambodia's strong commitment to maintaining high standards of IT security and ensuring the protection of customer information.

## Outstanding Performance in Number of Guaranteed Accounts 2024





LOLC Cambodia is honored to receive a prestigious award for "Outstanding Performance in Number of Guaranteed Accounts 2024" at the CGCC Annual Seminar under the topic of "Diversifying Credit Guarantee Mechanism for Sustainable Financing of MSMEs".

# LENDERS AND PARTNERS


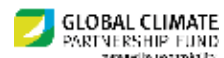

## Local Lenders

Bank of China (Hong Kong) Limited Phnom Penh Branch		Mega International Commercial Bank Co., Ltd. Phnom Penh Branch	
Bred Bank (Cambodia) Plc.		Sathapana Bank Plc.	
Cathay United Bank (Cambodia) Corporation Limited		SME Bank of Cambodia Plc.	
ICBC LIMITED Phnom Penh Branch		Union Commercial Bank Plc.	
KB Daehan Specialized Bank Plc.			

## Loan Collection

E-Money		True Money	
Ly Hour Pay Pro Plc.		Wing Bank (Cambodia) Plc.	

## Technical Assistant Providers

Cambodia Sustainable Bond Accelerator (CSBA) Phase 2		OikoCredit	
Global Climate Partnership Fund (GCPF)		Proparco	

## International Lenders

Alterfin c.v.b.a		Impact Investment Exchange (IIX)	
Abler Nordic (Former NMI)		Incofin	
Banque Internationale de Commerce – BRED		Oikocredit	
BANK IM BISTUM ESSEN eG		Proparco	
BlueOrchard		responsAbility	
BlueEarth (Former PG Impact)		Symbiotics	
Developing World Market		Triple Jump	
Enabling Capital		Water Equity	
MCE Social Capital			

## Guarantee Partners

CGCC		USAID	
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# 2

## BUSINESS REVIEW

### ◆ BUSINESS PERFORMANCE (38)

- Loan Performance
- Deposit Performance
- Mobile Banking (LOLC Mobile)
- CSS ATM Card
- Local Fund Transfer

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BUSINESS PERFORMANCE



LOAN PERFORMANCE

Loan Products:

- **Group Loan (GL):** A loan formed by two to seven community members with a joint-liability and a maximum loan amount of USD 2,000 or its equivalent in other currencies without collateral requirement.
- **Individual Loan (IL):** A loan for individuals or business owners with a maximum loan amount of USD 10,000 or its equivalent in other currencies with or without collateral requirement.
- **Small and Medium Enterprise Loan (SME):** A loan provided to an individual(s), business owner(s), or entrepreneur(s) with a maximum loan amount of USD 200,000 or its equivalent in other currencies with requirement of collateral.
- **Seasonal Loan (SNL):** A loan designed for borrowers for use in their agricultural activities with a maximum loan amount of USD 30,000 or its equivalent in other currencies.
- **Home Improvement Loan (HIL):** A loan offered for clients to improve and develop their homes with a maximum loan amount of USD 30,000 or its equivalent in other currencies.
- **Life Improvement Loan (LIL):** A loan designed to provide clients who need financing for life improvement with a maximum loan amount of USD 10,000 or its equivalent in other currencies.
- **WASH Individual Loan (WIL):** A loan designed for people to get access to Water, Sanitation, and Hygiene, with a maximum loan amount of USD 3,000 or its equivalent in other currencies.

- **Financial Lease (FL):** A loan designed for customers who want to use moveable assets with a maximum lease amount of USD 50,000 or its equivalent in other currencies, with clients able to become the asset’s legal owner at the end of the lease term.

Loan Breakdown by Products

2023					2024			
GLP By Products	# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
GL	168,792	42.5%	140,612	11.3%	142,015	36.6%	123,320	9.3%
IL	122,266	30.8%	369,217	29.6%	132,504	34.2%	388,867	29.5%
SME	35,548	9.0%	474,223	38.0%	37,858	9.8%	520,783	39.4%
SNL	25,506	6.4%	117,335	9.4%	26,590	6.9%	125,435	9.5%
HIL	9,366	2.4%	56,734	4.6%	11,312	2.9%	71,165	5.4%
LIL	32,475	8.2%	87,304	7.0%	35,098	9.0%	90,317	6.8%
WIL	2,931	0.7%	1,035	0.1%	2,302	0.6%	892	0.1%
FL	35	0.0%	47	0.0%	14	0.0%	57	0.0%
Total	396,919	100%	1,246,507	100%	387,693	100%	1,320,836	100%

Group and individual loan products remained the core business of LOLC Cambodia represented by almost 70% of total clients.

Loan Breakdown by Sectors

2023					2024			
Sectors	# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
Agriculture	141,265	35.6%	332,578	26.7%	139,910	36.1%	352,646	26.7%
Manufacturing	121,811	30.7%	333,268	26.7%	116,053	29.9%	352,180	26.7%
Trade and Commerce	55,895	14.1%	239,762	19.2%	53,582	13.8%	248,194	18.8%
Services	44,079	11.1%	190,620	15.3%	44,453	11.5%	207,307	15.7%
Transportation	19,104	4.8%	82,004	6.6%	19,844	5.1%	91,259	6.9%
Construction	10,929	2.8%	50,516	4.1%	10,096	2.6%	50,066	3.8%
Other	3,836	1.0%	17,759	1.4%	3,755	1.0%	19,184	1.4%
Total	396,919	100%	1,246,507	100%	387,693	100%	1,320,836	100%

In 2024, more than 26% of total loan portfolio was lent to the agricultural sector, while the manufacturing and trade and commerce sector represented 26.7% and 18.8% respectively.



Loan Breakdown by Income Ranking

		2023				2024			
Income Type	Loan Size	# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
Likely living below NPL	<= 750	43,058	10.8%	15,601	1.2%	38,883	10.0%	14,795	1.1%
Likely living between NPL and 150% NPL	> \$750 <= \$1,500	109,572	27.6%	85,567	6.9%	102,658	26.5%	83,800	6.3%
Likely living between 150% NPL and \$5/ Day/2005 PPP	> \$1,500 <= \$3,000	107,901	27.2%	150,339	12.1%	105,513	27.2%	156,726	11.9%
Likely living above \$5/Day/2005 PPP	> \$3,000 <= \$10,000	91,582	23.1%	406,700	32.6%	92,686	23.9%	418,610	31.7%
Likely living above \$5/Day/2005 PPP	> \$10,000 <= \$30,000	44,437	11.2%	573,000	46.0%	47,548	12.3%	630,243	47.7%
Likely living above \$5/Day/2005 PPP	> \$30,000	369	0.1%	15,300	1.2%	405	0.1%	16,662	1.3%
Total		396,919	100%	1,246,507	100%	387,693	100%	1,320,836	100%

\* To accurately conduct such analysis would require a record of clients’ income in from the core banking system. Due to current limitations of digital data, LOLC Cambodia uses average loan size as a proxy for its poverty rankings, instead estimating likely income and poverty level as a benchmarking for the Poverty Probability Index (PPI), as seen in the table above

In 2024, the largest portion of accounts – almost 40% – had loans that amounted to less than USD 1,500.

Loan Breakdown by Collateral Base

		2023				2024			
Collateral Type		# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
Unsecured		193,239	48.7%	173,561	13.9%	174,832	45.1%	169,723	12.8%
Secured		203,680	51.3%	1,072,946	86.1%	212,861	54.9%	1,151,113	87.2%
Total		396,919	100%	1,246,507	100%	387,693	100%	1,320,836	100%

In 2024, almost 54% of loan accounts were unsecured.

Loan Breakdown by Currency

		2023				2024			
Currency Type		# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
KHR		229,353	57.8%	370,045	29.7%	225,558	58.2%	415,255	31.5%
USD		150,070	37.8%	838,930	67.3%	153,090	39.5%	885,391	67.0%
THB		17,496	4.4%	37,532	3.0%	9,045	2.3%	20,190	1.5%
Total		396,919	100%	1,246,507	100%	387,693	100%	1,320,836	100%

More than 30% of outstanding loans were provided to customers in KHR currency.

DEPOSIT PERFORMANCE

Savings Account: Convenient and secure

A Savings Account offers clients an easy and simple way to withdraw, deposit, transfer and make payments. It is an ideal option for customers who wish to keep their money secure and those who want daily access to cash.

Fixed Deposit Account: Saving money to get high interest income

The Fixed Deposit provides a higher interest rate in exchange for customers’ commitment to save money with LOLC Cambodia for a certain period.

Kid Account: Saving money to achieve the dreams and future of children is the most important thing

The Kid Account provides parents and guardians greater ease for long-term money savings with high interest rates to meet their children’s financial demands/needs in the future.

Digital Savings Account: Open an account instantly through a digital platform

The LOLC Mobile App enables users to create a Digital Savings Account quickly and simply, which allows users to conduct transactions via the LOLC mobile application.

Deposit Breakdown by Products

		2023				2024			
Deposit Type		# Account	% Account	Balance (USD '000)	% Balance	# Account	% Account	Balance (USD '000)	% Balance
Savings Account		581,361	93.7%	49,411	5.5%	761,422	93.1%	60,434	6.0%
Fixed Deposit Account		32,524	5.2%	854,058	94.5%	40,713	5.0%	939,898	93.9%
Kid Account		5,873	0.9%	426	0.0%	12,863	1.6%	979	0.1%
Digital Savings Account		1,082	0.2%	23	0.0%	2,148	0.3%	68	0.0%
Total		620,840	100.0%	903,918	100.0%	817,146	100.0%	1,001,379	100.0%

Total deposit balance has increased by 11% to reach USD 1,001 million by end of 2024.

Deposit Breakdown by Currency

		2023				2024			
Currency Type		# Account	% Account	Balance (USD '000)	% Balance	# Account	% Account	Balance (USD '000)	% Balance
KHR		351,631	56.6%	94,173	10.4%	528,202	64.6%	84,268	8.4%
USD		241,410	38.9%	807,860	89.4%	266,854	32.7%	916,304	91.5%
THB		27,799	4.5%	1,885	0.2%	22,090	2.7%	807	0.1%
Total		620,840	100.0%	903,918	100.0%	817,146	100.0%	1,001,379	100.0%

In terms of accounts, 65% were in KHR currency. In terms of balance, 92% was in USD currency.

# LOLC—Your Trusted Financial Partner!



## MOBILE BANKING (LOLC MOBILE)

**LOLC Mobile User App** - A platform beyond payments that brings to its users the convenience of digital banking, providing a cashless and seamless payment experience. Through the LOLC Mobile app, customers can perform various banking transactions, i.e., balance inquiries, fund transfers to other LOLC Cambodia accounts and inter-bank via Bakong, bill payments, phone top-ups, opening fixed deposit accounts and digital savings accounts, and completing scan and pay transactions to any merchant with KHQR free of charge.

**LOLC Merchant App** - LOLC Cambodia has introduced the LOLC Merchant App to business owners to support long-term growth. By registering for the LOLC Merchant App, business owners can manage their cash and account transactions easily.

## CSS ATM CARD

LOLC Cambodia issues CSS ATM Cards (with EMV chips for more security) to customers to perform self-banking transactions with CSS members, such as cash withdrawals, balance inquiries, PIN changes, mini statements, fund transfers within LOLC Cambodia, and inter-bank fund transfers at over 4,000 ATM machines across the country, free of charge.

## LOCAL FUND TRANSFER

To fulfill growing demands of customers, LOLC Cambodia allows customers to perform local fund transfers within LOLC Cambodia as well as interbank fund transfers through Bakong via counter and mobile banking apps, free of charge.



# THREE-YEAR FINANCIAL SUMMARY

## Statement of Financial Position

	2022 Audited	2023 Audited	2024 Audited
<b>Assets</b>			
Cash and placement with banks	234,264,074	318,840,509	304,690,231
Loans to customers	1,253,022,255	1,246,507,114	1,320,835,911
Loan Loss Reserve	(36,912,351)	(21,748,393)	(44,818,273)
Property, plant and equipment (net)	10,565,824	11,903,211	12,938,984
Other Assets	14,723,754	12,330,061	11,858,894
<b>Total Assets</b>	<b>1,475,663,556</b>	<b>1,567,832,502</b>	<b>1,605,505,747</b>
<b>Liabilities</b>			
Deposits from customers	767,174,498	903,917,855	1,001,378,991
Borrowings	384,704,836	278,543,274	191,666,383
Other liabilities	33,507,461	29,175,915	23,887,357
<b>Total Liabilities</b>	<b>1,185,386,795</b>	<b>1,211,637,044</b>	<b>1,216,932,731</b>
<b>Equities</b>			
Share capital	55,460,850	103,969,218	103,969,218
Reserves and others	93,768,951	93,768,951	93,768,951
Regulatory and Other Reserves	(3,889,865)	5,408,459	49,220,690
Retained Earnings	144,936,825	153,048,830	141,614,157
<b>Total Equity</b>	<b>290,276,761</b>	<b>356,195,458</b>	<b>388,573,016</b>
<b>Total Liabilities and Equity</b>	<b>1,475,663,556</b>	<b>1,567,832,502</b>	<b>1,605,505,747</b>

As of 31st December 2024, LOLC (Cambodia) Plc.'s total assets increased by 2.4% to USD 1.605 billion, driven primarily by the growth of its gross loan portfolio, which rose by 6.00% year-on-year to USD 1.32 billion.

## Statement of Profit or Loss and Other Comprehensive Income

	2022 Audited	2023 Audited	2024 Audited
Interest Income	211,561,811	216,814,098	218,418,423
Interest Expenses	(74,946,875)	(86,184,048)	(85,275,607)
Net interest income	<b>136,614,936</b>	<b>130,630,050</b>	<b>133,142,816</b>
Provision for Bad and Doubtful Financial Instruments	(18,082,848)	(2,493,753)	(33,575,810)
Net Interest Income after Provision	<b>118,532,088</b>	<b>128,136,297</b>	<b>99,567,006</b>
Net Foreign Exchange Gain/Loss	(453,147)	703,872	(420,707)
Other Income	7,314,340	6,584,407	6,135,573
Personnel Expenses	(35,254,990)	(36,124,496)	(36,718,584)
Depreciation and Amortization	(3,061,215)	(3,455,272)	(3,616,739)
Other Administrative Expenses	(13,437,295)	(13,340,886)	(14,458,412)
Profit from Operations	<b>73,639,781</b>	<b>82,503,922</b>	<b>50,488,137</b>
Income Tax Expense	(14,944,501)	(16,789,565)	(10,487,185)
Net Profit for the Period	<b>58,695,280</b>	<b>65,714,357</b>	<b>40,000,952</b>
Currency Translation Difference	(2,876,501)	2,676,062	5,615,596
<b>Total Comprehensive Income for the Year</b>	<b>55,818,779</b>	<b>68,390,419</b>	<b>45,616,548</b>

LOLC (Cambodia) Plc. reported a net profit of USD 40.00 million for 2024 (2023: USD 65.71 million), a 39.1% decline year-on-year, reflecting the impact of a challenging operating environment. Despite this, the company achieved a return on average equity of 10.98% and a return on average assets of 2.55%.



Key ratios

	FY2022	FY2023	FY2024
Return on Equity	22.40%	20.33%	10.98%
Return on Asset	4.40%	4.32%	2.55%
Operating Expense to Average GLP	4.60%	4.18%	4.31%
Cost to Income Ratio (Including Provision)	48.80%	39.87%	63.75%
Deposit to Loan Ratio	61.23%	72.52%	75.81%
Liquidity Coverage Ratio	334.74%	273.48%	176.93%
Solvency Ratio	23.10%	24.65%	26.38%
Non-Performing Loan to GLP (PAR 90D)	2.32%	2.24%	5.53%
Debt-to-Equity Ratio	4.1x	3.4x	3.1x
Gross Write-offs	0.30%	1.41%	1.09%
Number of Offices (Including Head Office)	83	83	83
Number of Personnel	3,535	3,590	3,704
Number of Active Borrowers	341,753	335,089	330,080
Depositors	517,349	510,972	530,575

LOLC (Cambodia) Plc. maintained strong performance in controlling its operating expenses, with the operating expense to average gross loan portfolio ratio recorded at 4.31% in 2024 (2023: 4.18%), with a slight increase primarily due to exchange rate fluctuations during the year. The cost to income ratio (including provisions) stood at 63.75%, compared to 39.87% the previous year.

The company also sustained a robust liquidity position, with the liquidity coverage ratio reaching 176.93%, well above the National Bank of Cambodia’s minimum requirement of 100% effective 1st January 2020. Additionally, the solvency ratio remained strong at 26.38%, exceeding the regulatory minimum threshold of 15%.

Asset quality continued to be a key focus for management and the board of directors. However, in the context of a broader economic slowdown, the non-performing loan (NPL - PAR90days) ratio rose to 5.53% in 2024 (2023: 2.24%).





# SIGNIFICANT CHANGES DURING 2024



## NEW CUSTOMER BASE FOR 2024

In 2024, approximately 63,000 new customers began using LOLC Cambodia's products and services. Among these, 61% were female, and 72% resided in rural areas. Most new customers were businesspeople, farmers, and employees aged 18 and 59 years.

LOLC Cambodia continues to provide inclusive financial products and services to all Cambodians, ensuring they have access to formal financial solutions that support their business growth, increase their income, and enhance their quality of life.

## NEW ACTIVITIES AND PRODUCTS

LOLC Cambodia empowers our customers by embracing an inclusive approach to development, aiming to create a net positive impact through our services, driving progress while making banking more accessible and business friendly.

In 2024, LOLC Cambodia continued upgrading and developing its products and services as follows:

### Opening Digital Savings Account:

Opening additional accounts is simpler and quicker than before. As of March 2024, existing customers of LOLC Cambodia can open additional digital savings accounts through LOLC Mobile in minutes — in their choice of Khmer or USD currency — instead of visiting an LOLC branch. This flexibility improves customer experience by offering a fast, more convenient process for clients in which they can access services from anywhere, at any time, according to their needs. This enhances both user satisfaction and loyalty.

### E-KYC Implementation

E-KYC has been embedded into the digital onboarding process, automatically capturing customer information from uploaded Cambodian National Identity cards or Cambodian Passports. This enables real-time validation of customer identity using government data through the Cambodia Data Exchange (CamDX). This tool, released June 2024, makes the digital onboarding process seamless.

### Expansion of Cross-Border QR Payments

The National Bank of Cambodia is dedicated to connecting ASEAN countries and beyond through simple cross-border payment. In that pursuit, LOLC Cambodia extended its existing cross-border QR payments from Thailand starting in 2023 to Vietnam and Laos in June and September 2024, respectively. Customers can now more easily pay for goods and services and travel abroad with ease using LOLC Mobile.

### Rebranding to LOLC Mobile

In September 2024, LOLC Cambodia changed its mobile app name from 'iPay Cambodia' to 'LOLC Mobile.' The new name is uniquely tied to LOLC Cambodia and clearly identifies the mobile app as property of LOLC Cambodia, drawing more trust and brand awareness to customers.

### Rebranding to LOLC Merchant

Similarly to LOLC Mobile, 'iPay Merchant Cambodia' formally transitioned to become 'LOLC Merchant' to bolster public awareness, trust and a reliable stream of new merchants to LOLC Cambodia. This was also implemented in September 2024.

### Cross-Institute Fund Transfers and Payments (CIFTP)

CIFTP is an enhanced fund transfer service that enables customers to transfer Khmer and USD funds immediately from one participating bank to another in Cambodia. Existing payment platforms have constraints in terms of maximum amounts and currency. CIFTP was introduced in response to the increasing demand from customers and businesses for fast fund transfer services as well as to transition to a single backend for inter-bank fund transfers. CIFTP rolled out in September 2024.

### ATM Cards of LOLC - Fully EMV

In October 2024, LOLC Cambodia completed its conversion to EMV ATM cards to fully comply with enhanced standards for secure transactions. The technology makes fraud significantly less likely compared to traditional magnetic strips that are easily copied. Chips better protect customer data and safeguard against cybercrimes and scams.

### Bakong Link Account

LOLC Cambodia customers are now able to link their savings accounts to the Bakong app, creating an additional source of funds to make transfers and payments instantly without switching apps. This service launched in October 2024.

### Alipay+ Acquiring Service

Creating additional value-added as well as contributing to growth of merchants' business, LOLC Cambodia has launched Alipay+ Acquiring Service allowing merchants to access to a vast pool of Asian consumers, particularly Chinese tourists by enabling them to pay with their own preferred digital wallets, streamlining the checkout process and improving customer experience with LOLC Merchant. The service was introduced in December 2024.



# 2025 OUTLOOK



LOLC Cambodia expects to increase its performance in 2025 as below:

	2022	2023	2024	2025e
Gross Loan Portfolio (USD '000)	1,253,022	1,246,507	1,320,836	1,550,000
Number Loan Accounts	414,260	396,919	387,693	429,658
Deposit Balance (USD '000)	767,174	903,918	1,001,379	1,374,850
Number Deposit Account	609,651	620,840	817,146	996,500
Number Offices (include HO)	83	83	83	84
Number Personnel	3,535	3,590	3,704	3,860





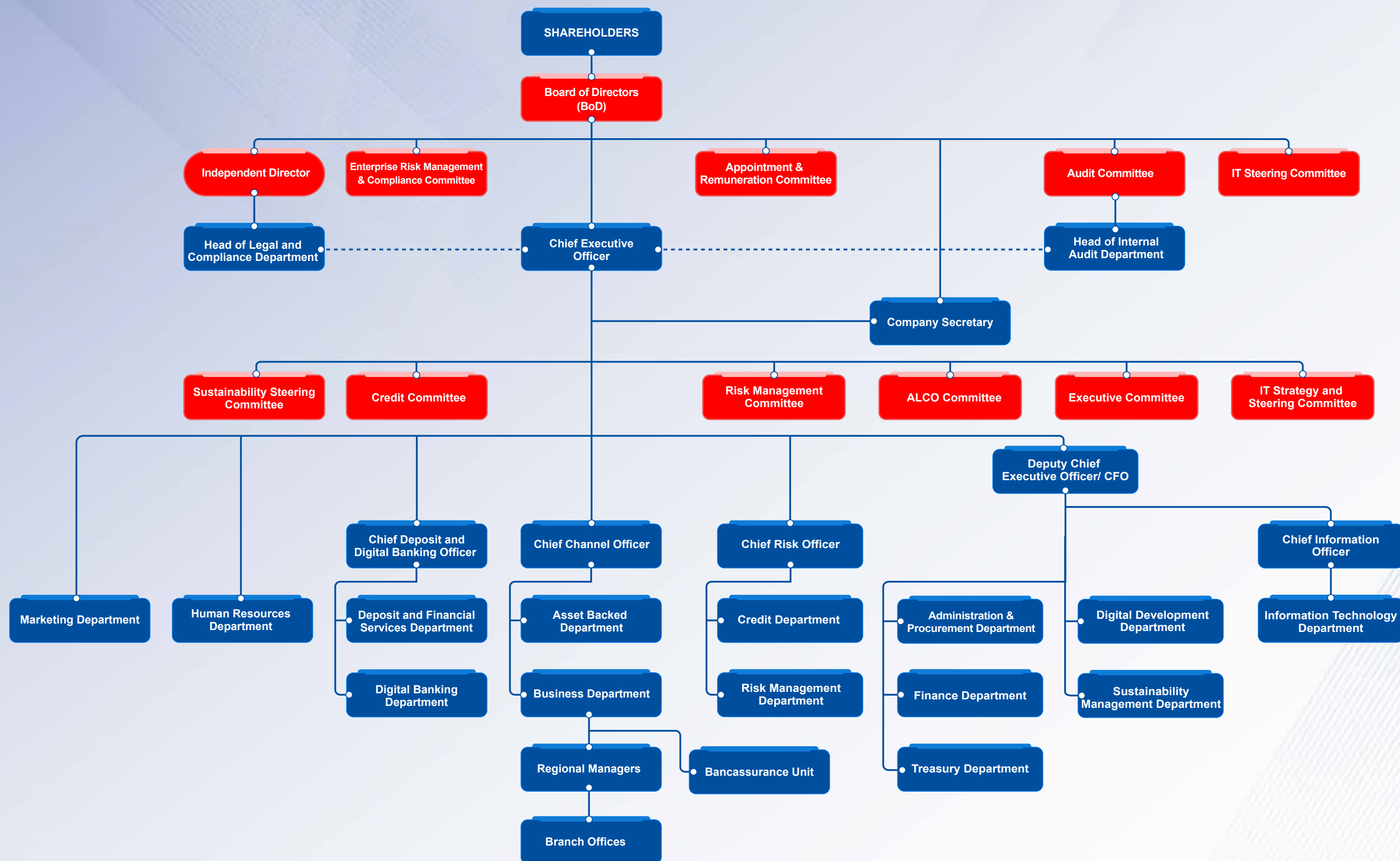
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## CORPORATE GOVERNANCE

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# ORGANIZATIONAL CHART





# POLICY AND PRACTICE GUIDELINES FOR CORPORATE GOVERNANCE



## Board of Directors

### Composition

The board of directors (BoD) currently has five members, of whom two are independent directors. The BoD of LOLC Cambodia is a dynamic and competent group with a wealth of management, financial, and growth expertise and experience. The BoD confirms it has the appropriate number of independent directors who bring strong, independent judgment to the BoD’s discussions on issues of strategy, audit, performance, and risk.

The structure and composition of the BoD are in line with the requirements of the Prakas issued by NBC. The BoD is comprised of the following:

Name	Position
Mr. Brindley Chrishantha Gajanayake de Zylva (Brindley de Zylva)	Chairman
Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias (Conrad Dias)	Director
Mr. Dulip Rasika Samaraweera (Dulip Samaraweera)	Director
Mr. Indrajith Wijesiriwardana	Independent Director
Mr. Chitral Nalin Wijesinha	Independent Director

## Board of Directors Profile



**MR. BRINDLEY DE ZYLVA**  
Chairman

Brindley serves as the chairman of the board for LOLC (Cambodia) Plc., Serendib Micro Insurance Cambodia and is also the managing director of LOLC Myanmar Micro-Finance Company Ltd. With a career spanning over 40 years, Brindley has extensive experience in the Non-Bank Financial Services Industry (NBFI), including roles in licensed finance companies, microfinance institutions, specialized leasing companies, and microinsurance. His expertise in the NBFI sector covers areas such as credit and recovery management, finance, marketing, and sales. Brindley is a fellow of the Sri Lanka Institute of Credit Management and was elected as its Honorary Secretary in 2010. He has also been involved in the Council of Management of the Finance Houses Association of Sri Lanka, serving nine years as a member, four of which as vice chairman, and as a director of the Financial Ombudsman Sri Lanka (Guarantee) Limited. In 2015, Brindley transitioned to oversee regional assignments for the LOLC Group in Myanmar and Cambodia.



**MR. CONRAD DIAS**  
Director

Conrad was the former Group CIO and director of LOLC Holdings Plc., director/CEO of LOLC Finance Plc., and the co-founder of iPay. Conrad graduated with his master’s degree from the University of Leicester, majoring in business administration. He is a fellow of the Chartered Institute of Management Accountants, a Chartered Global Management Accountant, a fellow of the British Computer Society and a fellow of the Certified Management Accountants of Sri Lanka. Conrad has contributed to LOLC Group and the local IT Industry with his 30 years of experience and possessed domain expertise in sectors such as trading, banking and finance, asset management and manufacturing. In recognition of his contribution, he was awarded the CSSL CIO of the year award in 2016 and later awarded the professional Excellence Award in 2017 at the event organized by the Institute of Certified Management of Accountants of Sri Lanka. In 2020, a year of prize for Mr. Dias, he was inducted into the Global CIO Hall of Fame 2020 and is a winner of the Global CIO100 from IDG USA.



**MR. DULIP SAMARAWEEERA**  
Director

Dulip is a director of LOLC (Cambodia) Plc. He holds a degree in physical sciences, specializing in statistics from the University of Sri Jayewardenepura. Also, he is a passed finalist of the Chartered Institute of Management Accountants (UK). In 2004, Dulip began his career in investment research and joined the LOLC Group three years later. Furthermore, he serves as a director of LOLC Myanmar Microfinance Limited. He has acquired a variety of experience and professionalism in financial management, process improvement, strategic planning, investments and acquisitions.



**MR. INDRAJITH WIJESIRIWARDANA**  
Independent Director

Indrajith is an independent director of LOLC (Cambodia) Plc. With more than 20 years of international experience in nearly 30 different countries, Indrajith is also a proficient consultant in international development finance. His experience covers key areas of expertise, including capacity building in the financial sector and Microfinance and SME Finance (MSME). Indrajith is also highly skilled in strategy and business design, developing inclusive financial systems, and developing capacity in financial institutions focusing on MSME, institutional transformations, and product design and process improvements. During his career in the banking sector, he used to develop and evaluate project proposals and monitor projects before becoming a consultant. During this time, he was responsible for loan financing for small, medium, and large enterprises; trade financing; equity financing; restructuring; loan syndication; and leasing. He also took charge of managing and developing financial support services, including budgeting and monitoring, planning, accounting, and MIS. Mr. Wijesiriwardana joined LOLC (Cambodia) Plc. in January 2015.



**MR. CHITRAL NALIN WIJESINHA**  
Independent Director

Chitral is an independent director of LOLC (Cambodia) Plc. He has over 27 years of experience in the financial services industry, as well as managing money for retail and wholesale clients. He has extensive knowledge and expertise in banking and finance specializing in investment and retirement planning, group superannuation, and KiwiSaver (Superannuation). His knowledge of the current industry practices, regulation/legislation, and market needs, coupled with a good understanding of the current market, has enabled him to perform his job at a very high standard. He is also currently working as director/shareholder and Principal Financial Adviser at Trilogy Financial Solutions NZ Limited (TFS). Additionally, he is a member of the Wealthpoint Financial Adviser Provider (FAP) network and holds a license to provide advice in New Zealand. He is also an active member of the Wealthpoint Investment Committee. Prior to this, Chitral worked at Citibank in foreign exchange, money market and bond trader dealing in the primary and secondary markets. He was also the Country Treasurer for Citibank Sri Lanka, and a member of ALCO responsible for liquidity, capital, and balance sheet growth of the bank (1996 to 2003).



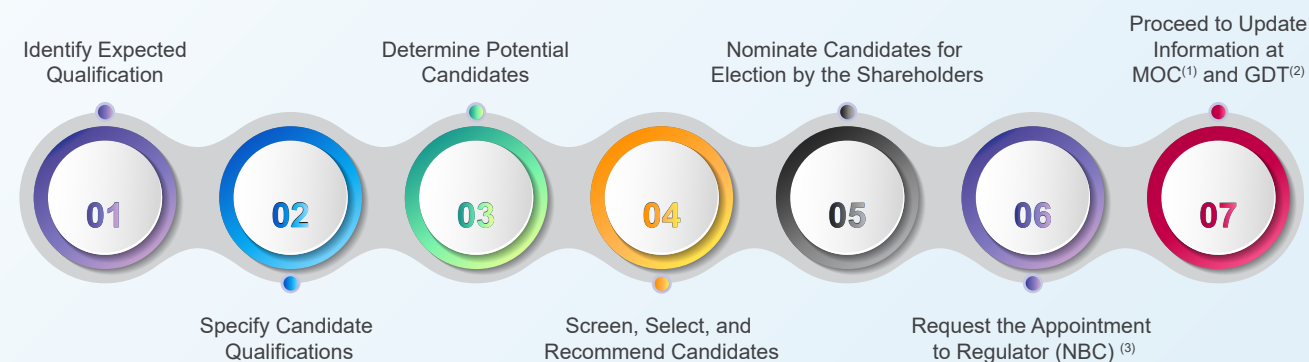
## SELECTION OF BOARD OF DIRECTORS

A director can be any eligible natural person at least 18 years of age. A director is not required to be a shareholder.

All shareholders in the general meeting shall cast votes to elect a director. A director is appointed by a resolution approved by a majority of votes. One of its members will act as chairman, presiding over the BoD sessions and the annual general meeting.

Members of the BoD are required to obtain approval from the National Bank of Cambodia (NBC).

### Nominating Process



(1) - MOC - Ministry of Commerce

(2) - GDT - General Department of Taxation

(3) - NBC - National Bank of Cambodia

### Board Meeting

Board meetings are generally conducted quarterly. The BoD reviews the overall company performance in every meeting. The BoD is also kept informed of developments in the financial sector, such as statutory or regulatory changes, and their potential influence on the company.

In addition to reviewing and discussing regular board papers that report on performance and compliance, the board also reviews and discusses special board papers that address non-routine matters.

### Primary Responsibilities of the BoD

The BoD takes full responsibility for leading, controlling, guiding, and monitoring the institution's overall performance and enforcing accountability standards, all with the objective of enabling management to execute its obligations effectively.

The BoD is ultimately responsible for establishing a framework of good corporate governance for the institution, including financial reporting, risk management, and compliance processes.

When it comes to strategy, performance, resources, and business conduct, all board members contribute and bring their independent judgment, broad expertise, and experience to the table.

- Approve business plans and business strategies within organization;
- Oversee the overall AML/ CFT measures;
- Approve the opening and closing of bank accounts and set the authorized limit amount and authorized signatories for bank account(s);
- Approve remuneration policy for management and employees;
- Select, monitor, and replace key executives;
- Elect board committee members;
- Approve annual audited financial statement;
- Approve loans that LOLC Cambodia borrows from lenders;
- Propose to shareholders to:
  - Increase or decrease capital;
  - Select and appoint external auditor;
  - Revise the memorandum and articles of associations;
  - Declare the dividend;
  - Purchase, sell, or exchange the immovable property or franchise which is worth more than USD 500,000;
  - Mortgage the Company's immovable property or encumbrance or lease of franchise/goodwill.

### Attendance in Meeting

Members	Date of Appointment	No. of Meetings	
		Attended	Held
<b>Mr. Brindley de Zylva</b> Chairman	<b>15<sup>th</sup> October 2015</b>	4	4
<b>Mr. Conrad Dias</b> Director	<b>12<sup>th</sup> February 2018</b>	4	4
<b>Mr. Dulip Samaraweera</b> Director	<b>02<sup>nd</sup> July 2018</b>	4	4
<b>Mr. Indrajith Wijesiriwardana</b> Independent Director	<b>01<sup>st</sup> January 2015</b>	4	4
<b>Mr. Chitral Nalin Wijesinha</b> Independent Director	<b>15<sup>th</sup> January 2024</b>	4	4

### Annual Board Evaluation

No.	Description	Evaluation Procedure	Criteria
1	Board of Directors	Each director must assess the performance of the board of directors by assigning a quantitative score (1–5) to each criterion and signing the evaluation form. Following the evaluation, the company secretary will compile the results of all evaluations for board meeting discussion.	<ul style="list-style-type: none"> <li>◦ Composition of the board of directors</li> <li>◦ Oversight of management</li> <li>◦ Understanding the company culture and its business</li> <li>◦ Conduct board meetings</li> </ul>
2	Directors	Each director shall self-evaluate by assigning a score (1–5) to each criterion and signing the evaluation form, the company secretary will collect all assessment forms to compile the results for discussion at the board meeting.	Director performance quality

Independency and Transparency

The BoD of LOLC (Cambodia) Plc. is non-executive, and two out of the five directors are independent directors. The structure and composition of the BoD follows the Law on Commercial Enterprise, the Prakas on Governance in Bank and Financial Institutions, the Prakas on the Internal Control in Bank and Financial Institutions, and the Prakas on Fit and Proper Regulatory Requirement Entities and Licensed Banks and Financial Institutions.

QUALIFIED, ACTIVE AND INDEPENDENT BOARD	COMPLIANCE
Undergo the fit and proper testing by the NBC	✓
All board members shall attend meetings at least two times in one year	✓
Board members should exercise sound judgement	✓
The audit committee shall be chaired by an independent board member whose background is an expertise in finance and accounting.	✓
TRANSPARENCY	COMPLIANCE
Disclosure to the public: <ul style="list-style-type: none"><li>Board structure and management structure/organizational chart</li><li>Basic ownership structure</li><li>Where applicable, corporate group structure and corresponding ownership shares held</li><li>Code of conduct or ethical code</li><li>Annual report</li><li>Audited financial statement</li></ul>	✓
LAW ON COMMERCIAL ENTERPRISE	COMPLIANCE
The directors of a company shall approve the annual financial statements and the approval shall be shown by the signature of one or more directors.	✓
A company shall not issue, publish or circulate copies of annual financial statements unless the financial statements are approved by the directors and accompanied by the auditor's report.	✓
Calling for meetings: meetings of the board of directors shall be held at least once every three (3) months. The adoption of the board resolution shall be decided based on the majority vote of the members or representatives that were presented in the meeting.	✓

Board Committees

The BoD has appointed the following four committees:

- Audit Committee
- Enterprise Risk Management and Compliance Committee
- Appointment and Remuneration Committee
- IT Steering Committee

The four committees follow their regulatory guidelines or the approved Terms of Reference (TOR) and use pre-approved agendas to cover all key items, while encouraging committee members to discuss any additional concerns.

The BoD has granted the committees the authority to request further information and to ask key management or other personnel to give detailed information, or to discuss recommended courses of action. Thus, it gives the BoD confidence that issues pertaining to operations, risks, governance, or regulations will be thoroughly discussed and the best solutions will be identified.

The committee meeting minutes are recorded during the board meetings. Therefore, all directors are kept aware of the discussions of each committee and can contribute when and where necessary.

Annual Evaluation of Each Committee

Evaluation Procedure	Criteria
Each committee member evaluates the work of his or her own board committee by assigning a score (1-5) to each criterion and signing the evaluation form. The Company Secretary will compile the findings for discussion at each board committee meeting after the review.	<ul style="list-style-type: none"><li>• Authority of board committee</li><li>• Resources and organizing</li><li>• Duty quality</li></ul>



Audit Committee

Composition

The audit committee is chaired by an independent director with experience in finance, accounting, and law. The audit committee chairman is not the chairman of the BoD; this is meant to enhance the BoD’s ability to have vigorous and open discussions on topics submitted by the audit committee.

Mr. Chitral Nalin Wijesinha extensive knowledge in finance has been an asset to the audit committee and is in accordance with our good corporate governance practices.

Primary Responsibilities:

- Ensuring accuracy of financial statements;
- Ensuring effectiveness of internal control system;
- Reviewing internal auditors’ and head of internal audit department’s performance;
- Reviewing the external auditor scope and performance;
- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations;
- Reporting to the board of directors;
- Meeting at least quarterly.

Meeting Times:

The audit committee meeting was held four times in 2024. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Chitral Nalin Wijesinha Committee Chair/Independent Director	15 <sup>th</sup> January 2024	4	4
Mr. Brindley de Zylva Member / Chairman	15 <sup>th</sup> October 2015	4	4
Mr. Indrajith Wijesiriwardana Member / Independent Director	01 <sup>st</sup> January 2015	4	4

Enterprise Risk Management and Compliance Committee

Composition

The enterprise risk management and compliance committee is chaired by an independent director with expertise in finance and risk management and is independent from day-to-day operations as required by law and regulation.

Mr. Chitral Nalin Wijesinha is chairman of this committee because of his strength in internal auditing, finance, and many other fields in the banking and microfinance sector.

Primary Responsibilities:

- Ensuring that there is an effective risk management system for the operation of the business;
- Ensuring that there are proper policies in place;
- Reviewing and checking compliance reports including the AML/CFT report to ensure compliance with laws and regulations;
- Reporting to the board of directors;
- Meeting at least quarterly.

Meeting Times:

The enterprise risk management and compliance committee meeting was held four times in 2024. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Chitral Nalin Wijesinha Committee Chair/Independent Director	15 <sup>th</sup> January 2024	4	4
Mr. Brindley de Zylva Member / Chairman	06 <sup>th</sup> February 2016	4	4
Mr. Conrad Dias Member / Director	12 <sup>th</sup> February 2018	4	4

Appointment and Remuneration Committee

Composition

The appointment and remuneration committee is chaired by an independent director with expertise in legal issues and banking.

As chair of the appointment and remuneration committee, Mr. Indrajith Wijesiriwardana is proficient in international development finance and provides efficient budgeting of remuneration for directors.

Primary Responsibilities:

- Reviewing all aspects of human resource management (HRM) policy including remuneration issues;
- Ensuring the effectiveness and efficiency of the practice of the HRM policy;
- Proposing to the Shareholders for compensation of directors and ensuring fair treatment to all employees;
- Ensuring the full compliance of HRM policy with Cambodia laws and regulations;
- Reporting to the board of directors;
- Meeting at least quarterly.

Meeting Times:

The appointment and remuneration committee meeting was held four times in 2024. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Indrajith Wijesiriwardana Committee Chair/Independent Director	02 <sup>nd</sup> November 2016	4	4
Mr. Conrad Dias Member / Director	12 <sup>th</sup> February 2018	4	4
Mr. Dulip Samaraweera Member / Director	02 <sup>nd</sup> July 2018	4	4

IT Steering Committee

Composition

The IT steering committee is chaired by a director with expertise in digital and information technology for the banking and microfinance sector.

Mr. Conrad Dias is appointed chairman of the committee due to his strong reputation in the IT industry.

Primary Responsibilities:

- Ensuring IT investments represent a balance of risks and benefits, and those budgets are adequate.
- Recommending priorities for new technology initiatives that benefit LOLC Cambodia’s business operations;
- Ensuring that the IT strategic plan is aligned with the business plan;
- Overseeing and monitoring the execution of the IT strategy.
- Reporting to the board of directors;
- Meeting at least quarterly.

Meeting Times:

The IT steering committee meeting was held four times in 2024. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Conrad Dias Chairman / Director	06 <sup>th</sup> February 2020	4	4
Mr. Brindley de Zylva Member / Chairman	06 <sup>th</sup> February 2020	4	4
Mr. Indrajith Wijesiriwardana Member / Independent Director	06 <sup>th</sup> February 2020	4	4



# REPORT OF THE BOARD OF DIRECTORS

In addition to the audited financial statement for the year ending on the 31st December 2024, the board of directors takes pleasure in declaring the following:

### Conflict of Interest

The BoD have all declared conflicts of interest as required by the company. These shall be noted by the board, recorded in the minutes and entered into the interest register maintained by the company .

### Director’s Shareholding

Currently, no directors own shares in LOLC Cambodia. There were no agreements to which the institution was a party to during or after the fiscal year that enabled directors to receive advantages through the acquisition of shares, or debentures of the institution or any other corporate entity.

### Term of Director

Directors serve for an indefinite amount of time and may resign or be discharged by the shareholders. A director may be removed from office by votes of the shareholders in the general meeting. A vacancy in the board of directors may be replaced by resolution approved by an absolute majority of 2/3 (two-third) of the votes cast by all shareholders in the general meeting.

A director can step down from his/her role by providing at least one month’s notice to the company secretary in a registered letter with an acknowledgment of receipt.

### Compliance with Law and Regulation

LOLC Cambodia is compliant with all laws and regulations of the central bank and relevant regulators.

### Corporate Governance

The BoD believes that good corporate governance benefits all stakeholders. The key messages conveyed in the Corporate Governance Report are as follows:

- Annual report has conveyed a fair and balanced view of the organization;
- Report states that the organization has complied with all laws, governance regulations and codes;
- It has given specific disclosures about the board, internal control reviews, going concern status, and relations with stakeholders.

### Internal Control

LOLC Cambodia control a broad and diverse range of risks based on its size and complexity. Based on the nature of these risks, it is possible for things to happen that could result in unexpected or unavoidable losses.

The built-in system of internal controls is intended to offer a fair level of assurance against the likelihood of material errors, fraud, or losses, but not absolute assurance. Instead of eliminating the risk, it helps the MDI manage it to meet internal control criteria and minimize business objective failure.

The risk management department and the legal and compliance department examine protocols, practices, and policies on a regular basis and, if necessary, present reports to the audit committee and the enterprise risk management and compliance committee.

To ensure that everyone is aware of the severity of the issue and to accelerate the implementation of corrective action, any defects or weaknesses found are discussed with the relevant staff members. Follow-up on decisions is conducted at the following committee or board meetings.

### Going Concern

Throughout the year, the board of directors evaluates both the interim and year-end financial statements. In addition, they have continually assessed operations and the company’s operational environment, which includes the macro environment, potential risks, and resource allocation. The board of directors has determined, based on available information, that the company can sustain its current level of operations for the foreseeable future. As a result, the company has been assumed to be operationally viable throughout the preparation of the financial statements.

### Auditor

According to the central bank’s regulation requirements, LOLC Cambodia must rotate its external auditor once every three years.

LOLC Cambodia’s external auditor, KPMG, was appointed by the board of directors for three fiscal years from 2023 to 2025. All directors are aware that the external auditor does not have any relationships with the company, nor any interest in contracts with LOLC Cambodia.

LOLC Cambodia is well practiced in having an audit partner rotation, which is in alignment with good governance.

The fee related to audit services and non-audit services (NAS) with KPMG Cambodia Ltd. for the year ending 31<sup>st</sup> December 2024 are as follows:

	KHR’000	US\$
Audit Fees	500,413	122,500
Non-audit fees	310,460	76,000
	<b>810,873</b>	<b>198,500</b>

# CODE OF ETHICS

LOLC Cambodia's professionalism and reputation will be affected by an employee's behavior both in and out of the office. Subsequently, all employees must adhere carefully to LOLC Cambodia's code of conduct.

## Professional Conduct

All LOLC Cambodia personnel are obligated to maintain the highest levels of professionalism, morality, and integrity. The institution's top priority is the diligent and truthful execution of its work by its employees and management. In addition, all management and employees must comprehend, accept, and adhere to the following Code of Professional Conduct:

- Conduct yourself in accordance with LOLC Cambodia's core values;
- Ensure consistent professionalism with honesty and integrity;
- Use proper language with colleagues and clients;
- Carry out responsibilities professionally, reliably, and sincerely;
- Take all precautions to safeguard the company's privacy and transactions.
- Be on time, wear LOLC Cambodia attire while working, and conserve LOLC Cambodia resources.
- No prejudice based on political beliefs, ethnicity, or social rank should be shown to customers.
- Keep positive connections with clients. service advisers must be available and responsive to customers.
- Follow clients' rights:
  1. the right to know and understand product terms and conditions and all costs before disbursement,
  2. the right to refuse to accept any products,
  3. the right to complain or ask questions about services or products offered by LOLC Cambodia,
  4. the right to receive the loan schedule and other important documents upon (or before) disbursement and official receipt during loan repayment,
  5. the right to receive fair and respectful treatment with no discrimination from LOLC Cambodia's employees, and
  6. the right to expect LOLC Cambodia to keep personal and financial information confidential.
- Read out loud to the clients the privacy clause in the contract and privacy agreement before collecting clients' data and disbursement.
- Read, understand and implement LOLC Cambodia's code of conduct. Violation of the code of conduct will result in disciplinary action or termination.
- Follow the supervisor's instructions and carry out all required duties in accordance with LOLC Cambodia's, policies, procedures, and regulations;
- Report to direct supervisors, branch managers, or heads of department regarding a code of conduct violation case or other policies if there are any.

## Prohibited Actions

Employees must **NOT**:

- Make false or misleading reports, fraudulently change documents, conceal beneficial data or cause potential harm to LOLC Cambodia;
- Discriminate against others based on ethnicity, color, gender, age, etc. Employees are prohibited from persecuting others or engaging in adultery, as well as viewing or distributing pornographic material;
- Take advantage of their position to gain commissions or personal advantages. It is against the rules for employees and their relatives to participate in the bidding process;
- Use disrespectful language with late-paying clients. Instead, they must listen to clients' reasoning and develop a culture of mutual support and dialogue. Credit officers are tasked with collecting payments from customers, particularly those who are late with their payments. This requires them to conduct conversations with customers to find a solution and offer assistance. Employees must not insist customers to pay immediately, especially if some of them are experiencing financial difficulties;
- Play TONTINES in the workplace, consume alcoholic beverages during working hours, use illegal drugs, gamble or utilize weapons or any other item deemed illegal by the law, illegally alter documents, or engage in any act of violence, cursing, threatening, or sexual harassment against others;
- Divulge or utilize clients' private information and LOLC Cambodia's proprietary information to a third-party without prior written consent, unless required by law, during employment with LOLC Cambodia or upon and after termination of employment.



# RISK MANAGEMENT AND INTERNAL CONTROL

All financial institutions' business strategy must include risk management, and LOLC Cambodia is no exception. By concentrating on two factors: risk(s) and returns, risk management helps LOLC Cambodia's internal control function better and helps the company achieve its corporate objectives.

Risk management serves as the second line of defense by offering a qualified risk analytical perspective to safeguard LOLC Cambodia's interests. The department makes sure that LOLC Cambodia is shielded from any exposed business initiatives, systems, processes, and people in the line of business.

According to LOLC Cambodia's risk philosophy, risk management should successfully oversee and support overall institution objectives, decision-making processes, and business strategies.

LOLC Cambodia's risk frameworks strive to:

- Enhance business capacity to identify, evaluate and treat risk to maximize value for shareholders
- Match the minimum amount of risk to the business strategy
- Evaluate the impact of emerging risk
- Create risk treatment strategies that are consistent with the business culture of solid corporate governance.

The following risk management principles are implemented by LOLC Cambodia in its regular business operations:

- Promote sustainable long-term expansion and profitability by embracing effective risk and corporate governance practices.
- Assist LOLC in generating returns for shareholders on a continual basis.
- Ensure that the risk management strategy is based on an understanding of the risks, disciplined assessment, objective measurement and monitoring procedures.

LOLC Cambodia has implemented an integrated risk management system called the "Risk Management Matrix" throughout the entire institution to guarantee that growth of business operations and activities in this dynamic evolving environment remains within risk tolerance levels and fully compliant with applicable laws and regulations, both internal and external.

This system monitors all risk-taking activities and makes sure that they adhere to the agreed-upon risk appetite and risk tolerance.

All policies, procedures and guidelines are developed, communicated, and monitored to improve risk awareness and culture across all business and enablement functions.

Risk Management Governance




The enterprise risk management and compliance committee are chaired by an independent board member. The committee normally meets once per quarter. The committee has a mission to keep track of all types of internal and external risks, credit, and finance to ensure all procedures and practices fall within the risk identification and that management is compliant with internal guidelines and external requirements. Moreover, the company’s risk management and internal control systems are overseen to safeguard the company’s assets and financial resources. The assets and liabilities committee (ALCO) has key goals to evaluate, monitor, and approve liquidity risk, interest rate risk, regulatory risk, currency risk, and other financial risk implementation to optimize returns while maintaining a safe level of liquidity. The ALCO committee normally meets once per month and is chaired by the deputy chief executive officer/chief finance officer.

Three Lines of Defense (3LD)


LOLC Cambodia follows the international best practices of three lines of defense including:

**First Line of Defense**  
(Front Line)




The Front-Line Teams (Departments, Units, Branches) are responsible for day-to-day operations to ensure that risks in business are properly identified, assessed and controlled.

**Second Line of Defense**  
(Risk Management and Compliance Function)



The Risk Management Function ensures that the processes and systems are effective, monitors the risk profile at LOLC and ensures that business activities are in line with the board's risk appetite for LOLC. Meanwhile, the Compliance Function is responsible for monitoring and reviewing all policies, procedures, and manuals to ensure they are kept up to date and comply with internal/ external laws, regulations and relevant requirements.

**Third Line of Defense**  
(Internal Audit)



The Internal Audit provides independent assurance to the board of directors and shareholders that LOLC is maintaining effective process, internal controls, risk management, compliance, and governance practices.



**Credit Risk Management**

Credit risk is the financial loss to LOLC Cambodia if a borrower fails to meet its contractual loan obligations. Moreover, most of LOLC Cambodia’s income is generated by lending to clients; therefore, credit risk is a principal risk. LOLC Cambodia has a well-structured credit risk policy, credit operating manual, and other relevant rules implemented to handle LOLC Cambodia’s portfolio quality.

Credit exposures are actively monitored, reviewed, and reported to the risk management committee monthly. Senior management and relevant departments discuss, analyze, and identify any issues and take timely and appropriate action.



**Liquidity Risk Management**

Liquidity risk occurs when the institution fails to meet current and future financing obligations in a timely manner. ALCO is chaired by the deputy chief executive officer/chief finance officer, who is responsible for discussing all treasury risks. In addition, the liquidity risk control and framework are established to enhance liquidity risk management. This risk is primarily monitored and managed based on cash flow projections regularly arising from the maturity profiles of assets, liabilities, off-balance sheet commitments and stress conditions.

On top of that, LOLC Cambodia also performs liquidity stress tests annually to identify vulnerable areas in its portfolio, monitor expected financial impacts and enable management to take proactive actions





### Capital Risk Management

Capital Risk occurs if LOLC Cambodia does not have sufficient capital resources to meet the minimum regulatory requirements to sustain its credit rating, strategic and growth options. Thus, having a sustainable and robust capital base is LOLC Cambodia's main strategy to maintain market confidence and enhance future business development. Led by the National Bank of Cambodia (NBC), the regulator monitors and sets capital requirements for the whole of LOLC Cambodia.

Like market risk and liquidity risk, the capital risk is monitored by the ALCO committee to guarantee the effective management of capital risk throughout LOLC Cambodia. Also, capital risk is measured and monitored using limits set and calculated in accordance with NBC's requirements.



### Operational Risk Management

Operational risk is associated with human error, system failures and inadequate procedures and controls. This risk might lead to unforeseen losses or reputation problems due to the following potential issues: inadequate information systems, technology failures, breaches in internal controls, fraud, or other operational problems. It is typical that operational risk takes place in all institutional operations, processes, workflows, products, and business activities.

LOLC Cambodia has identified and assessed the operational risk inherent in all products, activities, processes and systems and its vulnerability to these risks. LOLC Cambodia will also ensure that before new products, activities, processes, and systems are introduced or undertaken, the operational risk inherent in them is understood.



### Market Risk Management

Market risk refers to the potential financial losses that may occur in LOLC Cambodia's trading books because of interest rates, equity prices, foreign exchange rates, and other indicators whose value are determined in a public market.

Foreign exchange risk is a financial risk associated with any price fluctuations among currencies. The risk may arise once a financial transaction is denominated in another currency (THB, USD) than the domestic currency (KHR). It refers to the impact of adverse movement in currency exchange rates on the value of the open foreign currency position.

Interest rate risk is caused by varying maturity dates and reprising of cash flows. LOLC's lending, deposit, source of fund, and investment activities give rise to interest rate risk. The interest sensitivity gap is used to assess the interest rate risk. ALCO is responsible for detecting LOLC Cambodia's interest rate risk profile based on its interest sensitivity gaps.



### Reputational Risk Management

Reputational risk is related to deterioration in the market reputation, quality of service, rumors, complaints, confidentiality of client information, staff attitudes with customers and the public, etc. This risk arises from the public, clients, counterparties, investors, analysts, and regulators recognizing a negative image or lack of confidence in LOLC, which leads to loss of income and/or capital funds both now and in the future.

LOLC Cambodia is dedicated to the sustainable delivery of inclusive and client-centric financial services. LOLC Cambodia adheres to the client protection principle and responsible lending principles, with proper credit assessments occurring before a loan is offered to a client, to prevent over-indebtedness.



**Legal and Compliance Risk Management**

Legal and compliance risk is from changes, violations or non-conformity with laws, rules, policies, and ethical standards (regulatory, lender and/or internal) that may result in loss to LOLC Cambodia.

Effective legal and compliance risk management requires the following:

- Compile all laws and regulations that applicable with LOLC Cambodia. Review and monitor the compliance checklist. Update Management of new and changing regulations and monitor on the implementation.
- Build a checklist to monitor and control for new agreements.
- Regular monitoring and assessment of AML/CFT methods to ensure that AML/CFT internal policy, procedure and system and control are sufficient to address the changing methods and trends of predicate offence and money laundering and financing of terrorism.



**Strategic Risk Management**

Strategic risk is the risk that a strategy is wrongly designed, or the implementation of the strategy may fail to meet the institution’s mission, vision, strategic and operating plans. It involves assessing how possible events and scenarios will affect the company’s strategy, operation, value, earnings, capital, and business existence.

To ensure proper strategic risk management, LOLC integrates strategic risks into the planning process and provides decision-making on key performance indicators (KPIs) to measure strategic risks. The board of directors and senior management actively participate in overseeing and managing strategic risks. The management teams control performance, growth, quality and profit, and provide integrated reporting for monitoring, navigating uncertainties, seizing opportunities, and achieving their strategic objectives effectively. All management committees are responsible for managing relevant strategies and regularly discuss the results and progress.



**Environmental and Social Risk Management**

The inherent risks of LOLC Cambodia’s business activities are related to geographic, climatic and demographic factors (illness and death, mobility of population, local authorities’ support, corruption, political tensions, etc.).

LOLC Cambodia oversees the integration of ESG best practice into its business operation. It involves the process of tracking, monitoring, measuring, and disclosing the outcome of ESG to relevant stakeholders. LOLC has established the sustainability steering committee at the management level, which gathers quarterly. The committee is responsible for overseeing and guiding the organization’s sustainability initiatives and strategies.

Furthermore, the sustainability management team monitors the progress of these initiatives, while the quality assurance and internal audit teams provide additional oversight to ensure compliance and effectiveness.



**Information Technology Risk Management**

In modern society, information security is the most important factor in securing all digital products and services. Their system needs to be aligned with both regulatory and international standards. With the assistance of information security, LOLC Cambodia ensures that it can protect customers’ data and information, including sensitive personal and financial data, as well as the company’s confidential data. Furthermore, the practice of information security emphasizes data privacy and security, building customers’ trust and strengthening LOLC Cambodia’s reputation. LOLC Cambodia understands the importance of cybersecurity in governing, managing, and protecting data and ensuring that system runs smoothly, securely, and accurately.

The IT steering committee at the board level and the IT strategy and steering committee at the management level have been established and meet regularly. These committees are responsible for identifying, monitoring and implementing IT strategies and risk management.



# HUMAN RESOURCES DEVELOPMENT

LOLC Cambodia provides over 3,700 jobs to Cambodians. Working with LOLC Cambodia not only earns decent financial benefits and continuous human and professional development, but also helps clients across the Kingdom access reasonably priced financial services. As such, each employee takes part in improving their peers' lives and contributes to the socioeconomic development of their country.

## Staff Capacity Building

Throughout 2024, LOLC Cambodia organized a wide range of training and development courses for its thousands of employees:

- Orientation courses
- On-the-job trainings
- Coaching programs
- Refresher trainings
- Regional trainings
- Customized courses
- Training videos
- Branch refresher trainings
- Onsite trainings
- On-line trainings
- Succession planning trainings
- Cross department trainings
- LOLC e-Learning Academy
- External training including local training and overseas courses.

## Inclusive Policies

As diversity and neutrality are part of our core values, we will always ensure that our workplace upholds and adheres to human resources policies, clauses and practices as follows:

- Faith-based non-discrimination: No matter what religion our staff observe, LOLC Cambodia facilitates understanding towards them and amongst their colleagues.
- Professional code of conduct: At the workplace, our staff find that mutual respect helps them excel in their tasks and careers, with anti-harassment policies proving effective across all branches.
- Gender and diversity: People from diverse backgrounds, such as candidates with disabilities and females, are encouraged to apply for our vacancies and welcomed onto staff.
- Convenient facilities: All LOLC buildings offer physical convenience to people with physical disabilities.

## Incentives and Rewards

LOLC Cambodia offers competitive benefits to staff and interns, including:

### Benefits for Staff

#### Financial Benefits:

- Competitive salary;
- Seniority payment, provided in accordance with the labor law;
- Bonus for Khmer New Year, Pchum Ben, and year-end;
- Annual salary increment;
- Pension fund;
- Monthly staff savings schemes;
- Allowance for monthly staff activities;
- Monthly phone allowances;
- Uniform allowances;
- Monthly incentives;
- Medical allowances for staff and their family members;
- Hospitalization allowances for staff and their family members;

#### Non-Financial Benefits:

- Training and development opportunities;
- Opportunities for promotion;
- Annual leave and national holidays, in accordance with the Prakas of the Ministry of Labor and Vocational Training;
- Health and life insurance;
- Paid sick leave and maternity leave;
- Staff loans and housing loans with reasonable interest rates; and
- Other benefits

### Benefits for Intern

- Monthly allowances;
- Pension fund;
- Health and work-related personal accident insurance from National Social Security Fund;
- Job skill training; and
- Opportunity to be employed full-time

## Performance Evaluation:

Performance evaluations are offered twice per year. They benefit both staff and supervisors: Supervisor can use the performance evaluation tools to set mid-year and year-end goals for their employees, continue to monitor their progress and provide feedback for more improvement. At the same time employees also benefit from knowing what goals they need to achieve, receiving constructive feedback from their supervisors related to their strengths and weaknesses, and in working with their supervisors to plan for areas of growth.



# MANAGEMENT TEAM







**MR. SOK VOEUN**  
Chief Executive Officer

Chief Executive Officer Sok Voeun obtained a master's degree in business administration, majoring in finance and banking at Build Bright University in 2005. He obtained his bachelor's degree in economic science in enterprise management at the former Faculty of Law and Economics in 2000. Since then, he has taken part in several training programs both at national and international levels related to the microfinance industry, credit management, human resource management, financial management, risk management, leadership, and good governance. He has visited the Boulder Institute of Microfinance in Italy, the United States, India, Thailand, Bangladesh, and South Africa for overseas microfinance training programs.

He started his career as a credit officer at ACLEDA Bank Plc. He was then promoted to head of the credit control unit for the next four years. He moved to SATHAPANA Ltd. (MFI) in 2005, where he worked as operations manager in charge of day-to-day operations — managing loans, savings, money transfer transactions and market expansion — until 2010.

He started working for LOLC Cambodia as chief operations officer in April 2010 and was promoted to deputy chief executive officer in December 2012. Currently, he is chief executive officer, as appointed by the board of directors beginning June 1st, 2014.



**MR. SOK SOPHAL**  
Deputy Chief Executive Officer / CFO

Deputy Chief Executive Officer / CFO Sok Sophal obtained his master's degree in finance at the National University of Management in 2007. He received his Bachelor of Arts degree in English, majoring in international business at the Institute of Foreign Languages (IFL) in 2005, and his bachelor's in economic science in enterprise management at the former Faculty of Law and Economics in 2000. He has attended numerous trainings such as: the Global Climate Partnership Fund Academy in Switzerland and the 21st Century Board Leadership Model Masterclass, conducted by CA Sri Lanka Business School, both in 2022; the Boulder Program in Italy in 2019, concentrating in Management and Leadership; the Certified Management Accountant Program, focus on strategic cost management and strategic business analysis and the Board Leadership Program conducted by the Thai Institute of Directors, each in 2018; the Leadership and Diversity for Innovation Program by Women's World Banking (USA) in 2016; the Advanced Management Program by Cornell University (Sri Lanka) in 2014; and the Syndication Loan Pricing & Structuring by Universal Network Intelligence (Malaysia) in 2013, among others. He previously worked with ACLEDA Bank Plc. starting as a management accountant before being promoted to AVP and manager of the management accounting unit in the finance department (2001-2008). In 2008, he was promoted to assistant senior vice president overseeing investment for the legal and corporate affairs division at ACLEDA. In January 2009, he was promoted to deputy head of the capital market division. Mr. Sok Sophal started working with LOLC Cambodia in August 2010 as a chief finance officer and was promoted to deputy chief executive officer in March 2019.



**MS. SVOEUY SODYNA**  
Chief Risk Officer

Chief Risk Officer Svoeuy Sodyna has completed ACCA Qualification from the most extensive professional accounting institute in the United Kingdom. She graduated with her bachelor's degree in business administration, majoring in accounting, from the National University of Management in 2006. She went on to complete her advanced diploma in accounting from CamEd Business School in early 2013.

She has participated in various professional courses relevant to the industry, such as risk management, financial management, strategic planning and other microfinance-related courses. Ms. Sodyna began her career with one of the 'big four' international accounting firms as audit senior for nearly four years, during which her responsibilities included leading the audit team and completing the statutory and compliance audits for various industries including Banks and MFIs. She kicked off her journey with LOLC Cambodia in May 2011 and was promoted to Chief Risk Officer in March 2018.



**MR. ROMESH PERERA**  
Chief Channel Officer

Mr. Romesh Perera was a former member of LOLC Finance Plc. (LOFC) Sri Lanka for 13 years prior to commencing his work as chief channel officer in LOLC Cambodia. He has robust work experience with Non-Bank Financial Services (NBFI) in both licensed finance companies and specialized banks in Sri Lanka, holding senior managerial positions for the past 21 years.

Mr. Perera has diverse expertise and experience in both specialized banking and the NBFI sector, covering sales and marketing, credit risk, recovery management and finance. He is experienced in conventional and Islamic financing, trade financing, leasing, asset financing, savings and deposits growth, pawning operations and cross-operational functions. On top of that, he has successfully completed numerous professional courses related to the industry, which helped him to take over a new assignment for the LOLC group in Cambodia. He started with LOLC Cambodia in June 2017 and was promoted to chief channel officer in August 2018.





**MS. CHHEANG KAGNA**  
Chief Deposit & Digital Banking Officer

Chief Deposit Officer Chheang Kagna obtained a master's degree in business administration at Pannasastra University of Cambodia (PUC) in 2012. She graduated with a bachelor's degree, majoring in enterprise management from the Royal University of Law and Economics (RULE) in 2000 and a degree in English literature from PUC in 2010.

Mrs. Kagna has joined numerous workshops and trainings at both national and international levels covering areas related to microfinance, such as managing growth and impact, emerging digital banking, sales and relationships, customer services, product development, retail banking operations and leadership. Moreover, Mrs. Kagna has remarkable experience in the banking and microfinance sector covering 24-years of working experience. She began her career with ACLEDA Bank and went on to SATHAPANA Bank Plc., where she conceptualized, introduced and mobilized the success of SATHAPANA's deposit products and financial services between 2007 and 2016. In January 2016, Mrs. Kagna joined LOLC Cambodia as head of the deposit and financial services department, and she was promoted to chief deposit officer in March 2019.



**MR. DULEEP LIYANAGE**  
Chief Information Officer

Chief Information Officer Duleep Liyanage holds a master's degree in business administration, majoring in Finance from the Postgraduate Institute of Management University of Sri Jayewardenepura (Sri Lanka). Mr. Liyanage has obtained numerous certificates in his academic years. He first obtained a bachelor's degree in business computing from the University of Wolverhampton (UK). On top of that, he then acquired other information security and IT professional governance qualifications, namely, he is a Certified Payment Card Industry Security Implementer (CPI SI), a Certified Android Security Specialist and has completed requirements for ISO 27001:2013 Lead Auditor.

Mr. Liyanage has 19 years of experience in information technology and management. He worked in LankaPay (LankaClear (Pvt) Ltd.), the National Payment Infrastructure Provider in Sri Lanka, under the guidance of the Central Bank of Sri Lanka. Besides this, he is proficient in information technology, project management, mobile technologies, payment card platforms and specializing in information security. During his tenure spell at LankaPay, he rendered his services as a security solution provider for national level payment systems in Sri Lanka, such as the online Cheque Image and Truncation System (CITS), Just Pay; the retail mobile payment system, LankaSign; the PKI based Digital Certification Authority, and more. Mr. Liyanage was an Associate Lecturer for Open University in the United Kingdom, the University of Sri Jayewardenepura, and the Wayamba University of Sri Lanka.



**MR. TENG PHEAP**  
Head of Internal Audit Department

Head of Internal Audit Department Teng Pheap completed a master's degree of business administration, majoring in accounting and finance at Western University in 2008. He obtained his bachelor's degree of business administration in accounting from the National Institute of Business in 2004 and an associate's degree in banking, majoring in accounting and finance, in 2000. He has attended numerous training courses, such as in the international professional practice framework in Malaysia, business planning and managing growth in the Philippines, effective internal control in Mongolia, bank experience sharing in Sri Lanka, and other training courses in Cambodia on risk management, advanced internal auditing, report writing, leadership skills, and information security management system. Over the past 15 years, Mr. Pheap has worked for many microfinance institutions and non-governmental organizations in Cambodia, including Catholic Relief Services from 1999-2003 as an internal auditor and branch manager. From there, Mr. Pheap worked for Angkor Microfinance Kampuchea (2004-2008) as regional manager and audit team leader, and he started working at LOLC Cambodia as head of the internal audit department in December 2008.



**MS. LENG THAVY**  
Head of Human Resources Department

Head of Human Resources Department Leng Thavy was awarded her master's degree (fully sponsored by an Australian Development Scholarship) in human resource management from Monash University, Australia, in 2013. She obtained a Bachelor of Business Administration from the National Institute of Management in 2002. She has attended numerous human-resource management and leadership trainings and workshops across Thailand, Singapore, Sri Lanka, the Philippines, Malaysia, the United Kingdom, France, Italy and Australia. Mrs. Thavy has over 15 years of experience as the head of human resources departments within international NGOs and top Microfinance institutions in Cambodia. In addition, she has experience working overseas in cross-cultural contexts, including three months in Sri Lanka and 1-year part-time experience in Australia. She joined LOLC Cambodia as head of the human resources department in August 2014.





**MS. TRY SOLA**  
Head of Treasury Department

Head of Treasury Department Try Sola is pursuing ACCA Qualification from the largest professional accounting institute in the United Kingdom. She received her bachelor's degree in business administration, majoring in accounting at the National University of Management in 2011. She has attended numerous professional courses, including financial management, anti-money laundering and other microfinance-related courses. She also worked as Audit Senior for nearly four years with one of the "big four" international accounting firms. Her responsibilities included leading the audit teams and completing the statutory and compliance audits for various industries such as Banks and MFIs, companies, NGOs and other sectors. She joined LOLC Cambodia in June 2015 as head of the treasury department.



**MS. KEO TARATY**  
Head of Finance Department

Head of Finance Department Keo Taraty is currently pursuing ACCA Qualification in one of the most prestigious accounting institutes in the United Kingdom. She holds dual degrees – a bachelor's degree in business administration, majoring in accounting at National University of Management (NUM) in 2010, and a Bachelor of Education, majoring in English literature, from the Institute of Foreign Languages (IFL) in 2009. Ms. Taraty began her working career in one of the "big four" international accounting firms as Audit Senior. During that time, she was responsible for leading the audit teams and completing the statutory and compliance audits for various industries including Banks and MFIs, companies, NGOs and other sectors. She worked at Maybank (Cambodia) Plc. as accounting manager for four years before joining LOLC Cambodia in June 2018 as head of finance department.



**MR. BUN BELLA**  
Head of Information Technology Department

Head of Information Technology Department Bun Bella, obtained his Master of Science in information technology (MsIT) in 2015 from Norton University. Before that, he earned a bachelor's degree in computer science from the same university in 2009. Mr. Bella has comprehensive experience working with LOLC Cambodia and other institutions spanning over 20 years. He has participated in IT-related projects within LOLC Cambodia, such as migrating the legacy core banking system to a T24 system; the implementation of ATM/POS switching system (CSS), NBC's Projects (FAST, RFT and Bakong Payment Systems), and other IT trainings such as ITIL® Foundation, Database Administration, ISO-IEC\_27001-2013 and workshops in Cambodia, Sri Lanka and Singapore. He joined LOLC Cambodia in 2001 as MIS encoder and was later promoted to MIS supervisor in 2005. After 3 years of great working performance, he was promoted to MIS unit manager. He became deputy head of IT department in 2015 and was promoted to be Head of IT department in January 2022.



**MR. MUTH PISEY**  
Head of Credit Department

Head of Credit Department Muth Pisey obtained his master's degree in finance from the National University of Management in Cambodia in 2013 after earning his bachelor's degree in business management, with a concentration in tourism, from the National University of Management in 2006. He has attended various trainings related to real estate and property valuation, workplace conflict resolution and negation, practical branch management, capacity building for internal auditors, employment and labor law, and empowering leadership, among others. He started with SATHAPANA Ltd. as a credit officer in 2006 and was promoted to chief credit officer at Ang Snoul district branch in February 2008. In 2009, he became the branch manager of Kampot provincial branch for SATHAPANA. Mr. Pisey joined LOLC Cambodia as a branch management trainee in May 2010 and was appointed Suong branch manager in July 2010. He was later promoted to be head of administrative and procurement department, became the deputy head of credit department, and was then promoted to deputy head of business department in November 2017. After a year, he was promoted to his current role as head of credit department.





**MRS. NOP SOCHEAT**  
Head of Sustainability  
Management Department

Head of sustainability management department Nop Socheat earned her master's degree in risk management in insurance, banking and finance from The Royal University of Law and Economics. She also holds a bachelor's degree in finance and banking from the same university, where she was a scholarship student. She has a wealth of experience in sustainability management and social performance management within the microfinance sector spanning many years and has also undergone numerous training programs focusing on sustainability management; environmental, social, and governance standards; and leadership skills. This makes her highly qualified to drive initiatives and lead the implementation of sustainability management/ESG through embedded policies, procedure, and best practices at LOLC Cambodia.



**MR. CHANN SAVOEUNG**  
Head of Business Department

Mr. Savoeung Chann holds a postgraduate diploma in strategy and innovation from the Said Business School at the University of Oxford, as well as a dual MBA: an entrepreneurship and project management degree from the University Lumière Lyon II and Lille, France, and an executive education degree in strategic leadership in inclusive finance from Harvard Business School. He has attended numerous training programs in Cambodia and abroad on impact investment, financial inclusion, leadership, credit, product development, design thinking, risk management, governance, digital transformation, ESG, and more. Mr. Savoeung is a dedicated professional with a profound commitment to financial inclusion and ethical business practices. With over two decades of experience in the financial sector, he has consistently demonstrated his ability to drive transformative change and foster sustainable growth. Throughout his career, Mr. Savoeung has served in senior management and C-suite positions for leading microfinance institutions in Cambodia, Mongolia, and Myanmar. His extensive exposure to financial inclusion initiatives also spans Vietnam and the Philippines. He has been involved with impact investment programs focused on gender and climate lens investment, bolstering financial service providers across the Asia Pacific region. His roles in transformation and change management highlight his ability to drive strategy and execution, corporate finance, organizational design, operational excellence, and leadership development. He started working for LOLC Cambodia in July 2024.



**MR. YIN CHANTHYRA**  
Head of Digital Development Department

Head of Digital Development Department Yin Chanthyra oversees non-credit product development, branch operation support, and card operations. He has over 19 years of experience across digital lending, digital payments, fintech, transformation, business strategy and operations. He has held key leadership roles at fintech startups, local and international financial institutions, and telecommunications companies throughout his career, and has successfully launched digital banking products and created innovative fintech solutions. He has also helped establish a mobile payment company and led business transformation projects. His expertise includes strategic planning, analytical and critical thinking, teamwork and adaptability. Mr. Chanthyra holds a Bachelor of Business Administration specializing in accounting from the National University of Management and has also earned some certificates of mobile banking master class program, project management, and business improvement methodologies. He joined LOLC Cambodia in August 2024.



**MS. KHENG NAVY**  
Company Secretary

Company Secretary Kheng Navy obtained a bachelor's degree in economics focused on enterprise management at the Royal University of Law and Economics (RULE) in 2010. She received a second bachelor's in professional communication at the Institute of Foreign Languages (IFL), the Royal University of Phnom Penh, in 2012. She went on to complete research at SOK KONG IMPORT-EXPORT Co., LTD (SOKIMEX) and obtained a diploma of Intensive English for Academic Purposes (IEAP) at Paññāsāstra Institute of Foreign Languages. Ms. Navy has participated in various professional development programs, such as principles of accounting, report writing, green lending, leadership and corporate governance trainings. Before joining LOLC Cambodia, she worked at WING (Cambodia) Ltd. as a call center consultant in 2012. She began her journey with LOLC Cambodia as an assistant secretary in 2013 and was promoted to company secretary in 2014.



# 4

## COMMITMENT TO SUSTAINABLE DEVELOPMENT

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# LOLC CAMBODIA SUSTAINABILITY STRATEGY

The core objective of LOLC Cambodia is to generate sustainable financial returns while being committed to environmental protection, social responsibility, and effective governance. The institution aims to offer financial products that align with sustainability principles, promote ethical behavior, respect legal and social obligations, and minimize its environmental impact, all in pursuit of improving quality of life and supporting global sustainability goals.

## Key Sustainability Impact



### Environmental (Green) Impact

- Renewable Energy
- Energy Efficiency
- Clean Transportation



### Social Impact

- Employment Generation
- Socioeconomic Advancement and Empowerment
- Better Housing Condition
- Access to Clean Water, Sanitation, and Hygiene
- Financial Inclusion

## LOLC Cambodia's Sustainability Pillars



### Environmental

LOLC is committed to minimizing the environmental and climate impacts of our operations to support sustainable development goals.

#### Sustainability Actions:

- Reduce the carbon footprint of our operations.
- Encourage all levels of employees to participate in activities that help reduce environmental impacts and climate change.
- Offer green financing to promote environmental protection and eco-friendly innovations.



### Social

LOLC is committed to promoting inclusivity and to respecting shareholders, staff, customers, partners, and individuals throughout the community.

#### Sustainability Actions:

- Respect human rights, diversity and gender equality.
- Promote safety and hygiene in the workplace.
- Provide a fair workplace.
- Provide financial inclusion to clients.
- Promote financial education, environmental and social awareness.
- Provide internal and external training courses for staff enhancement.
- Adhere to the exclusion list and code of conduct and lend responsibly.
- Promote CSR and other social activities.



### Governance

LOLC is committed to conducting business with integrity, fairness, and compliance with all relevant laws, while maintaining high corporate governance standards.

#### Sustainability Actions:


- Comply with all relevant laws and standards.
- Enforce zero tolerance with any form of corruption.
- Practice ethical business
- Integrate ESG factors into the business process.
- Adhere to data privacy and security standards.
- Practice transparency in both financial and sustainability practices.






# KEY SUSTAINABILITY MANAGERMENTS

## ACHIEVEMENTS IN 2024 AND 2025 TARGETS



ESG Criteria	Selection	Annual Measurable KPIs (at end of period)	KPI Calculation/Measurement	2024 Achievements	2024 Targets	2025 Target
 ENVIRONMENT	CO2 emission saved	CO2 emission saved through Green Lending (tCO2)	# of CO2 emissions reduced in metric tons as generated by the Global Climate Partnership Fund based on raw LOLC Cambodia data	9,045	>= 5,000	>= 5,000
	Access to green products	Number of clients with access Green Lending Project products	# of IL, GL, SME, WIL, SNL, LILAB, and HIL with the purposes of energy efficiency or renewable energy	1,460	>= 2,000	>= 2,000
	Paper saved via activities	Reduction of A4 paper pages usage in lending process per client	# A4 paper pages usage reduction in lending process per client	107	<= 110	<= 108
		Reams of A4 paper saved using tablets and the LOLC Mobile project, and client payment through PSPs	# reams of A4 paper saved in loan processing using tablets, digital accounts, and payment transactions via PSPs	8,878	>= 3,500	>= 5,000

ESG Criteria	Selection	Annual Measurable KPIs (at end of period)	KPI Calculation/Measurement	2024 Achievements	2024 Targets	2025 Target
 SOCIAL	Water stress	Number of clients with access to clean water, sanitation, and hygiene	Disbursements focused on water, sanitation, and hygiene projects	3,483	>= 3,000	>= 3,200
	Job creation	Combined number of LOLC staff and jobs created by LOLC clients	# of LOLC staff and job creation by LOLC's clients	688,531	>= 550,000	>= 600,000
	Female clients	Percentage of female borrowers	% of female borrowers	70%	>= 65%	>= 65%
	Poverty outreach	Percentage of borrowers in rural areas	% of borrowers in rural areas based on 2019 Cambodian General Population Census data	79%	>= 70%	>= 70%
		Percentage of borrowers below 150% of the National Poverty Line	% of borrowers below 150% of NPL based on the PPI tool	22.15%	>= 20%	>= 20%
	Clients involve in agriculture	Number of borrowers involved in agriculture	% of borrowers using loans for agriculture purposes	49%	>= 40%	>= 40%
	Access to education	Number of financial education trainings provided to clients, communities, and youths	# of financial education awareness training courses provided to clients, communities, and youths	318	>= 300	>= 350
		Number of financial education courses provided to staff	# of financial education awareness courses for staff	17	>=6	>= 6
		Number of internal and external training courses for staff	# of Internal and external training courses for LOLC staff	1,799	>=1,500	>= 1,400
		Number of refresher trainings on the lending process/SM/ CPP to staff	# of the refresher courses on the lending process/SM/ CPP to staff	15	>=6	>= 14

ESG Criteria	Selection	Annual Measurable KPIs (at end of period)	KPI Calculation/Measurement	2024 Achievements	2024 Targets	2025 Target
 SOCIAL	Impact on communities	Contribute to communities	# of community events and other social activities (CSR)	54	>= 24	>= 28
	Access to finance	Percentage of new clients with access to financial services	# of new clients (new borrowers and anew depositors)	12.11%	>=7.5%	>= 5%
	Better living condition	Analyze the client income generation	Growth rate of Client income generation	Average income growth rate 6.86%	>= At least sample size of 5,000 clients	>= At least sample size of 5,000 clients
		Number of clients with access to better housing condition through HIL	# of HIL disbursed # of HL disbursed	5,442	>= 3,500	>= 4,000
 GOVERNANCE	Independent directors	Number of independent directors (as of end period)	# of independent directors	2	>= 2	>= 2

# PARTICIPATED IN UNITED NATIONS GLOBAL COMPACT (UNGC)

UNGC is the world’s largest corporate sustainability initiative. It serves as a call to companies to align strategies and operations with universal principles on human rights, labor, environment and anti-corruption, and to take actions that advance societal goals.

The UNGC aims to enhance the global impact of businesses by upholding its Ten Principles and driving the achievement of Sustainable Development Goals (SDGs) through responsible companies and supportive ecosystems that foster positive change. LOLC Cambodia participates in the UNGC, reflecting its commitment

to sustainability by advancing sustainable development goals and responsible business practices. LOLC Cambodia also aligns its strategies with the UNGC’s universal principles on human rights, labor, environment, and anti-corruption. The Ten Principles<sup>1</sup> are:



The Ten Principles of UNGC		
Human Rights	Alignment	Response & Reference
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Yes	LOLC Cambodia is dedicated to upholding ethical business practices, focusing on transparency, integrity, and social responsibility in its interactions with customers, partners, and employees.
Principle 2: Make sure that they are not complicit in human rights abuses.	Yes	LOLC Cambodia has implemented a exclusion list as well as policies on sexual harassment, whistle blowing, ethical business practices, and gender equality to demonstrate its commitment to preventing human rights abuses. The company promotes a culture of integrity by training employees on human rights principles and encouraging them to report concerns.
Labor		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Yes	LOLC Cambodia has the elected shop steward which is officially recognized by the Labor department.
Principle 4: The elimination of all forms of forced and compulsory labor;	Yes	All employees are provided with official employment contracts. Working conditions and compensation fully abide by and surpass labor laws.
Principle 5: The effective abolition of child labor; and	Yes	LOLC Cambodia complies with Cambodian labor law, and all employees are at least 18 years old.
Principle 6: The elimination of discrimination in respect of employment and occupation.	Yes	LOLC Cambodia complies with Cambodia labor law, including anti-discrimination practices in respect to employment and occupation. Our employees come from diverse backgrounds. We employ staff regardless of gender, physical ability, ethnicity, religion, etc.



Environment		
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Yes	LOLC Cambodia has a Sustainability Management Guideline in place that outlines an exclusion list and emphasizes environmental and social awareness and assessment, supporting a precautionary approach to environmental issues.
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Yes	LOLC Cambodia has implemented initiatives to promote greater environmental responsibility, such as encouraging staff to reduce their environmental footprint in operations and through community events, among other activities.
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Yes	LOLC Cambodia has a sustainable IT strategy and reduces the eco-footprint of the growing volume of IT gear it consumes. LOLC Cambodia is keen to contribute to reduced energy consumption and waste related to IT.
Anti-Corruption		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Yes	LOLC Cambodia's code of conduct does not tolerate any form of corruption.

# COMPLIANCE WITH CLIENT PROTECTION PRINCIPLES

To ensure that LOLC Cambodia’s products and services do not harm clients, the environment, and society, LOLC is committed to complying with eight Client Protection Principles:

- Appropriate product design and delivery:** All our products and delivery channels are designed based on the customer’s real needs and unique characteristics, ensuring it does not cause them any harm.
- Prevention of over-indebtedness:** We fully comply with all requirements and instructions from regulators to ensure that our clients are not provided with a loan that they cannot afford to repay.
- Transparency:** We provide clear and accurate information in a timely manner to all our customers related to the costs, terms, and conditions of all our products and services so they can make informed decisions.
- Responsible pricing:** We set our product prices fairly and reasonably. We are very competitive in the market, ensuring access to customers and the sustainability of our business.
- Fair and respectful treatment of clients:** We treat our customers with respect and dignity. All of our staff are well educated on diversity and inclusion to avoid discrimination against clients based on race, gender, religion, or other personal characteristics.

**Privacy of client data:** We protect the privacy of customer information and data. Information will only be used when permitted by law and agreed to by the client.

**Complaint and resolution handling mechanism:** We have mechanisms in place to address client complaints as well as any feedback they might have. We always aim to provide a resolution or response in a timely and fair manner.

**Governance and HR:** The board of directors and management are committed to client protection, and HR systems support our implementation.



## ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS (SDGs)

To support the sustainable development of the government and take part in solutions toward environmental and social protection, LOLC Cambodia has implemented Sustainable Development Goals (SDGs).

By achieving SDGs, LOLC Cambodia can enhance its reputation as a socially responsible organization. This can lead to increased trust and goodwill among customers, investors, and regulators. A positive reputation can help attract more business, partnerships, and funding opportunities.

### DIRECTION OF LOLC CAMBODIA'S SDG PERFORMANCE



## ALIGNMENT WITH UNIVERSAL STANDARDS FOR SOCIAL AND ENVIRONMENTAL PERFORMANCE MANAGEMENT (USSEPM)

The Universal Standards for Social and Environmental Performance Management is a comprehensive manual of best practices created by and for people in microfinance as a resource to help financial institutions achieve their social goals. Developed through broad industry consultation, the Universal Standards apply to all microfinance institutions pursuing a double bottom line. The manual is organized into seven different dimensions:



- Social Strategy
- Committed Leadership
- Client-Centered Products and Services
- Client Protection
- Responsible Human Resources Development
- Responsible Growth and Returns
- Environmental Performance Management

By defining and promoting strong social performance management and sustainability management, the Universal Standards contribute to refocusing institutions on the client. LOLC Cambodia uses USSEPM to do self-assessments on progress in achieving its social mission. SPI brings together industry standards under one tool, offering a common language for reporting to stakeholders.

## COMMITMENT IN RESPONSIBLE LENDING PRACTICES

### PARTICIPATION IN THE RESPONSIBLE LENDING COURSE

In line with its commitment to responsible lending, LOLC Cambodia actively participates in the Responsible Lending Course developed by IBF, with support from NBC, ABC, and CMA. By December 2024, a total of 2,684 staff had participated in this training program. The course is designed to follow a comprehensive regulatory framework, outlining key principles and guidelines for responsible lending within the financial sector. LOLC Cambodia plans to enroll the remaining staff in this essential training in early 2025. Through this course, staff have gained valuable insights into responsible lending practices, ensuring the protection of consumers from unfair financial practices. This initiative reflects LOLC Cambodia's dedication to maintaining its position as a professional and responsible lending institution.

### EXCLUSION LIST INCLUDING CAUTIOUS/PROTECTED AREAS

LOLC Cambodia has established an exclusion list to prevent the financing of activities that could have a detrimental impact on the environment or society. The company enforces strict safeguards to ensure that loans are not granted for any excluded activities, particularly those in sensitive or protected areas, and prohibits financing or any other support for activities involving harmful or exploitative forms of forced labor, child labor, or discrimination. Each loan is thoroughly assessed by field staff and reviewed by supervisors.





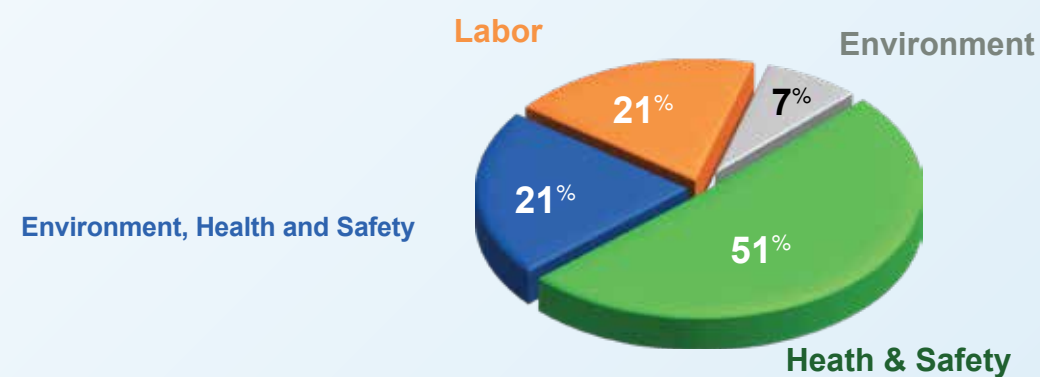
No. Prohibited Activities List/Exclusion List	
1	Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, including without limitation host country requirements related to environmental, health and safety, and labor aspects
2	Production or trade in weapons and munitions
3	Production or trade in alcoholic beverages (excluding beer and wine)
4	Production or trade in tobacco
5	Gambling, casinos and equivalent enterprises
6	Trade, production, breeding or possession of animals, plants or any natural products in breach of the provisions of CITES *
7	Production or trade in radioactive materials
8	Production or trade in or use of unbounded asbestos fibers
9	Commercial logging operations or purchase of logging equipment for use in primary tropical moist forest
10	Production or trade in pharmaceuticals subject to international phase outs or bans
11	Production or trade in pesticides/herbicides subject to international phase outs or bans
12	Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
13	Production or activities involving harmful or exploitative forms of forced labor/harmfulchild labor
14	Production or trade in products containing PCBs **
15	Production or trade in ozone depleting substances subject to international phase out
16	Production or trade in wood or other forestry products from unmanaged forests
17	Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
18	Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples
19	Business activities that could cause the land dispute, land loss, the loss of land possession, land use restriction, not allowing for residential enjoyment or other business operations thereon, and business activities that could cause evacuation and involuntary resettlement.
20	Any business relating to pornography or prostitution
21	Persistent Organic Pollutants (POPs); GHG emission, Carbon (Co2), water pollution and ground water contamination
22	Plantation projects that would require the removal of existing non-degraded natural forest
23	Cross-border trade of waste, except those authorized by the Basle convention and its underlying regulations
24	Business activities involving the production or generation of significant amount of solid and liquid/water waste.
25	Business activities that could cause hug explosion, hug dust, smoke, disturbing noise, causing adverse effect the safety and security of daily work, and living of people in the surrounding area
26	Business activities involving the use of a high volume of electricity/power, paper or water that could cause interruption to the neighboring community. Business activities that seen as overexploitation of natural resources.

27	Production and distribution or participation to racist, anti-democratic media or media advocating discrimination of one part of a population
28	Sector with little linkage effects, high risks and /or subject to speculation, e.g. Real Estate.
29	Production or services, which cause recognized and serious damage to the natural environment and are forbidden under the laws of Cambodia for that reason
30	Projects involving the construction of large dams that significantly and irreversibly***
31	Projects in, impacting, or cause the loss of natural World Heritage Sites such as memorial/ worship/holy site, farmland, village or community.
32	Projects in or impacting areas on the United Nations List of National Parks and Protected Areas
33	Extraction or infrastructure projects in or impacting: protected area Categories I, II, III, and IV as defined by the International Union for the Conservation of Nature
34	Activities that could cause Significant Environmental Harm; that could cause the loss of living thing, loss habitats to the life of rare species and common species. Business activities could cause the rising of unfriendly species, invasion of alien species, epidemicdisease/cholera.
35	Located in or sufficiently near sensitive locations of national or regional importance to haveperceptible environmental impacts.
36	Giving or receiving gifts that could be interpreted as intending to influence business decisions.
37	Making political contributions, i.e., to political parties or candidates.
38	Abusing confidential or material, non-public information.
39	Financial or economic crime, including involvement in money laundering.
40	Illegal or deceitful recording and reporting of financial and/or tax information.
41	Business transactions where the price for goods or services is set artificially high or low.
42	Any equipment, sector, or service subject to economic sanctions issued by the United Nations, the European Union or France, without absolute or relative restriction regarding the amount.
43	Illicit trade or activities that facilitate the illicit traffic of cultural property
44	Illicit activities involving organs, tissues and products of the human body, or genetic engineering activities banned by the national bioethical standards of France or the host country, and by relevant applicable European or inter national standards.
45	Projects whose purpose and/or approach are inconsistent with human rights, and in the case of private sector financing, projects underpinned by rationales that clearly contradict the United Nations Guiding Principles on Business and Human Rights.
46	Crude oil refineries and installations for the gasification and liquefaction of 500 tons or more of coal or bituminous shale per day.

## ENVIRONMENTAL & SOCIAL AWARENESS AND ASSESSMENT

Environmental and social awareness and assessments are carried out for all loans. For loans below USD 30,000, environmental and social considerations are discussed with clients, focusing on potential risk areas and offering suggestions for improvement. For Small and Medium Enterprise (SME) loans of USD 30,000 and above, a comprehensive assessment tool is fully integrated into the lending process. This tool evaluates the potential environmental and social impact, categorizing it as low, medium, or high risk. Based on the assessment, clients receive tailored suggestions to raise awareness and improve practices. High-risk clients will be informed that the entity granting her/him the loan will conduct periodic reviews to evaluate the client's activities and if there is a negative impact on the environment, health and safety, or labor. Clients that are found to be noncompliant with environmental, health and safety, and labor practices stipulated in the loan may see their loans called, in line with bank procedures, and may no longer be able to obtain a new loan.

The following graph displays the number of risk areas identified in the assessed loans, categorizing businesses by the environmental risks they are exposed to, such as:



- Environment [E],
- Environment, Health and Safety [EH&S],
- Health & Safety [H&S], and
- Labor [L].

In conclusion, LOLC Cambodia customer outreach does not fall in high-risk exposure.

## CLIENT RIGHTS

LOLC Cambodia has developed and disclosed client rights on its website and in physical form. Clients are informed about their rights before and after loan disbursement. All LOLC Cambodia clients are offered the rights below:

- Know and understand product terms and conditions and all costs before disbursement.
- Refuse to accept any products.
- Complain or ask questions about any services and products offered by LOLC Cambodia.
- Receive the loan schedule and other important documents upon (or before) disbursement and official receipts during loan repayment.
- Receive fair and respectful treatment, no discrimination, from LOLC's staff.
- Expect LOLC Cambodia to keep personal and financial information confidential.



## CREDIT DISCIPLINE VIA A4 METACARD

LOLC Cambodia always values clients' understanding of terms and conditions before taking out loans. To support clients who may have lower education, LOLC Cambodia provides credit discipline by using visual aid kits such as A4 Metacard to support better understanding of terms and conditions. These include product features, fee charges, cooling off periods, terms, conditions, information on loan agreement, exclusion lists, E&S awareness, etc. In addition, videos with this information are available on LOLC Cambodia's website.





## COMPLAINT & RESOLUTION HANDLING MECHANISM

LOLC Cambodia has established a comprehensive complaint- and resolution-handling mechanism to facilitate clients in providing feedback or complaints through various channels, both internal and external. All complaints and feedback received are handled promptly and in compliance with relevant regulations. Clients can submit their complaints or feedback by many available channels:



- Internal channels: Suggestion box, verbally, hotline number (023 991 990), email (info@lolc.com.kh), website (www.lolc.com.kh), and Facebook (LOLC Cambodia).
- External channels: Cambodia Microfinance Association (CMA): 015 365 222 and the National Bank of Cambodia (NBC): 023 722 563 / 023 722 221.

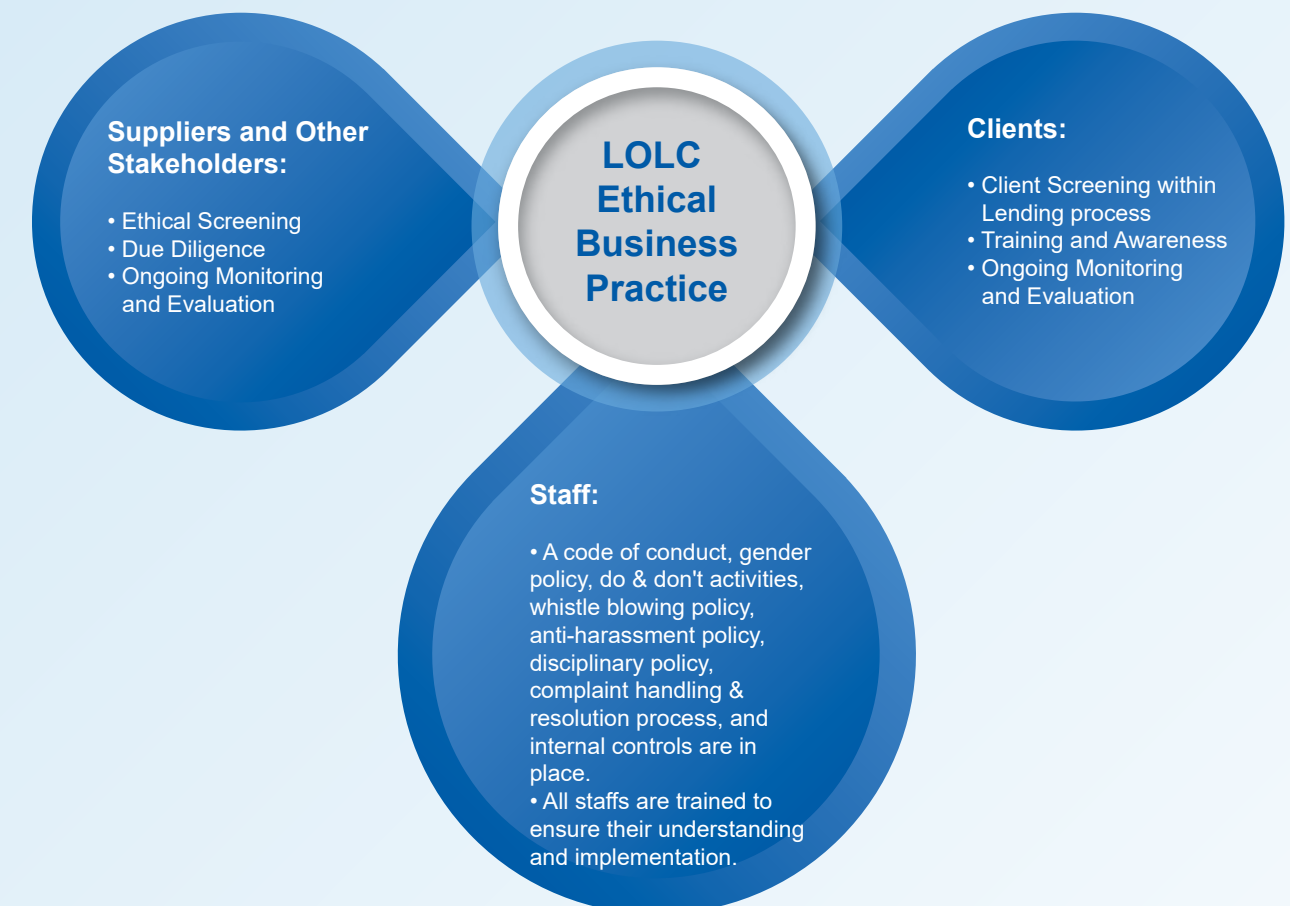
## DATA PRIVACY AND SECURITY

LOLC Cambodia has established a comprehensive data privacy policy to protect the personal and confidential information of its employees, clients, and other stakeholders. This policy ensures that all data is managed with responsibility, security, and in full compliance with relevant laws and regulations. By adhering to strict privacy protocols, LOLC Cambodia seeks to safeguard sensitive information from unauthorized access, misuse, or exposure, fostering trust and transparency with its stakeholders. The institution is dedicated to upholding the highest standards of data privacy, minimizing risks, and ensuring that the privacy rights of all individuals are respected.



## ETHICAL BUSINESS PRACTICE

LOLC Cambodia is a leading financial institution dedicated to fostering inclusive and sustainable growth. LOLC Cambodia operates with a strong commitment to transparency, integrity, and customer-focused services. With a focus on ethical practices, social responsibility, and data privacy, LOLC Cambodia fosters trust and builds long-term relationships with its clients and stakeholders.



# ENVIRONMENTAL FOOTPRINTS

To establish baselines in order to measure LOLC Cambodia's progress in reducing our environmental impact, the company began tracking resource usage, such as electricity, water, gasoline, and diesel. The results below will be used as benchmarks for our future performance.



Moreover, as an eco-conscious institution, LOLC Cambodia is working to minimize our environmental impact through intentional day-to-day changes, such as efficient use of electricity, paper, water, and gasoline.



In addition to this, to promote a culture of savings and encourage staff to adopt energy-efficient practices in their daily operations, LOLC Cambodia is set to launch an Electricity Saving Competition in 2025, aiming for a 10% reduction in electricity consumption

# PROMOTE FINANCIAL EDUCATION AWARENESS

## POTENTIAL FINANCIAL EDUCATION AWARENESS CHANNELS:



LOLC Cambodia is committed to promoting financial education through a variety of initiatives, including in-class training and the distribution of engaging videos and messages. The in-class sessions offer participants practical learning experience focused on essential topics. These are intended to better equip them with financial awareness to make informed choices.

In 2024, a total of 10,692 individuals participated in LOLC Cambodia's Financial Education Awareness Training. Women represented 76% of participants (8,115). This strong female participation underscores the growing interest in financial literacy among women and highlights LOLC

Cambodia's efforts to empower people of all backgrounds with the knowledge and tools to navigate their financial futures successfully.

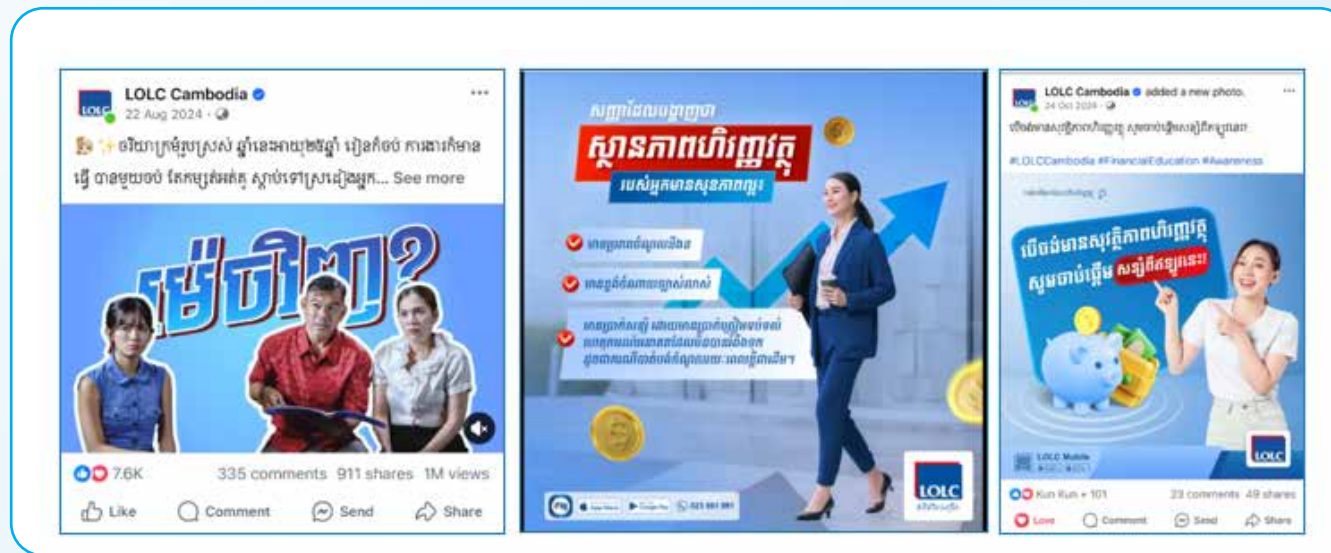




## FINANCIAL EDUCATION AWARENESS TRAINING MODULES:



LOLC Cambodia utilizes multimedia resources like videos and key awareness messages to reach a wider audience, effectively conveying important financial concepts and tips. This approach aims to raise financial education awareness and encourage positive financial behaviors across diverse groups.





## OTHER GREEN INITIATIVE ACTIVITIES

### GREEN LENDING

Eligibility is defined in areas of end-use energy efficiency or renewable energy. The project must meet a set of criteria that define projects supporting climate adaptation and mitigation, aligning with global climate priorities and sustainable development goals (SDGs). The criteria are based on scientific consensus on what activities are most effective at mitigating climate change.

LOLC Cambodia provided loans to clients for green initiatives, enabling them to purchase environmentally friendly vehicles and equipment. As of December 2024, there are 3,230 active accounts with a total outstanding balance of USD 13,229,763.



### REDUCE PLASTIC BAG CAMPAIGN

As part of our financial education in-class training sessions for the community, we incorporate environmental lessons to raise awareness about environmental protection. To encourage participants to minimize plastic bag use, which harms the environment, we provided eco-friendly bags during the sessions. As of December 2024, we have distributed 3,400 eco-friendly bags to 3,400 attendees.



### E-WASTE MANAGEMENT

In January 2024, LOLC Cambodia signed an agreement with Ecobatt-Energy Cambodia to collaborate in collecting electrical and electronic equipment waste that adversely affects the environment and human health. The agreement focuses on two main activities:

1. Collecting batteries from staff and clients through a recycle bin located at the LOLC Cambodia operating office.
2. Collecting electrical and electronic equipment waste (telephones, computers, air conditioners, printers, cameras, batteries, etc.) for recycling and waste separation in collaboration with Eco-Batt Energy Cambodia.

This collaboration aims to contribute to the protection of the environment — a key focus of LOLC Cambodia.

As of December 2024, LOLC Cambodia has successfully recycled 123.2 kilograms of e-waste, contributing to a CO2 reduction equivalent of 177.408 kilograms. Additionally, 6 kilograms of alkaline batteries were also recycled.





# CORPORATE SOCIAL RESPONSIBILITY (CSR)

LOLC Cambodia has allocated a budget to support its Corporate Social Responsibility (CSR) initiatives through various community events, including the following:

- The company installed benches, planted trees, organized school activities, painted school fences, donated library books, and provided bins and solar lights to communities, schools, pagodas, and other public spaces.
- LOLC Cambodia consistently supports its suppliers and other stakeholders who participate in social activities and promote environmental protection. In this regard, LOLC Cambodia is extremely pleased to have received recognition in the form of a letter of appreciation from MG Pacific, a supplier, acknowledging their support for the “It Starts with You” project. This project primarily aims to reduce waste, contributing to better environmental preservation. This action reflects LOLC Cambodia’s commitment to participating in efforts to promote environmental protection by reducing plastic waste, mitigating climate change, and maintaining a good environment.
- LOLC Cambodia actively contributes to the advancement of the education sector and supports community development by providing educational materials, including notebooks and books, to be distributed to 3,523 students in 21 primary schools. This effort aims to encourage student to study harder.
- LOLC Cambodia has awarded computers to 48 students who achieved A grades in the 2024 high school diploma examination. These students are children of LOLC Cambodia customers who actively engage with the company’s products and services. The program was created to celebrate the students’ hard work and commitment to their education. It also serves as a sincere gesture of appreciation to our valued customers for their ongoing trust in and support of LOLC Cambodia’s offerings, including savings, loans, and digital services.
- The company donated rice, fish sauce, soy sauce, and floor mats to the “Battambang Orphanage” to support the needs of the children there.
- LOLC Cambodia contributed to social work by delivering anti-drug campaign leaflets and other promotional materials to the general secretariat of the National Authority for Combating Drugs (NACD) that can be publicly disseminated.
- LOLC Cambodia signed an agreement with Ecobatt-Energy Cambodia to collaborate in collecting electrical and electronic equipment waste that adversely affects the environment and human health.





# LOLC CAMBODIA IMPACT ASSESSMENT

## END CLIENT SELF-PERCEPTION SURVEY BY OIKOCREDIT

### Methodology

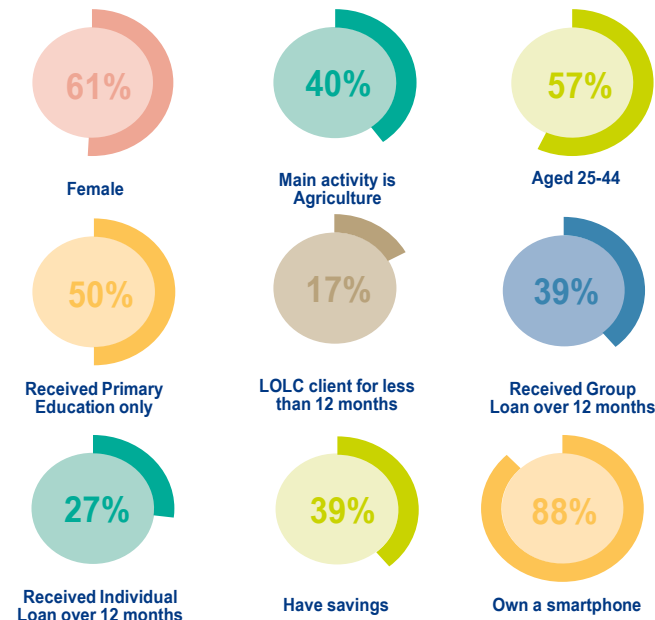
In May 2024, LOLC collaborated with Qikocredit in the Client Self-Perception Program for the third consecutive year. LOLC asked 765 respondents about the financial and non-financial changes that happened in their lives between May 2023 and May 2024.

The survey reached 765 respondents across 9 branches of LOLC - Chloung, Choam

Khsant, Kampot, Kamrieng, Me Sang, Preah Sihanouk, Prey Kabbas, Samlot and Ratanakiri. Overall, results are representative of the voice of LOLC clients at the level of 95% confidence and 5% margin of error.

A group of respondents was randomly selected from each branch using a stratified method. Data collection was done using mixed methods: first through phone calls from LOLC's Central Research Unit, and then through face-to-face contact with LOLC staff from the target branches.

### Demographics of respondent



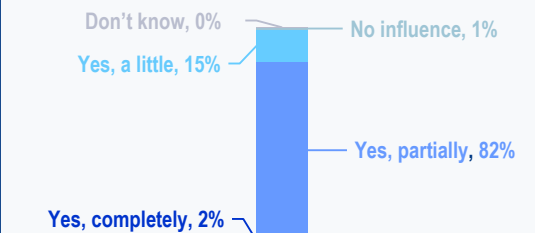
### Income

The majority of 507 respondents (66% of the total) said their income increased between May 2023 and May 2024. Another 221 respondents (29% of total) said their income remained the same.

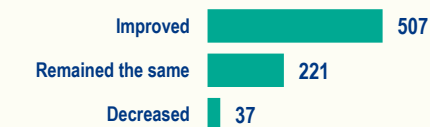
Among respondents that reported an increase in income, 82% indicated that this was "partially" due to LOLC's products and services.

Among 507 respondents who increased income, the most common reason given for this increase was the "increased sales of existing products and services" (57%). The second most common explanation was that respondents "increased in salary from an existing job" (21%).

### When income increased, was this due to LOLC? (n=507)



### Income changes over 12 months (n=765)



Most respondents confirmed that their income was sufficient to meet basic needs over 12 months: 84% said their income was "enough" and a further 13% described their income as "more than enough." Just 3% of total respondents said their income was "not enough" to meet basic needs over 12 months.

### Customer Experience

742 respondents (97% of the total) said that LOLC had a positive influence on their wellbeing over 12 months. This result shows an improved score compared to LOLC's 2023 study when 90% of respondents reported a positive influence due to LOLC.

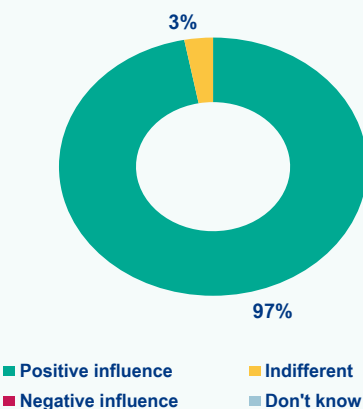
Among 742 respondents reporting a positive influence due to LOLC, the most common reasons were that LOLC "improved household relations/decision-making power" (43%), "supported income increase" (42%) and "supported business growth" (41%). Most respondents said that LOLC supported their business growth in the sectors of commerce (56%) and agriculture (50%).

Among total respondents, the most common requested improvement to LOLC's products and services was "lower fees / interest" (61%). This request was very frequent among respondents from the branches of Chloung (92%), Ratanakiri (91%), Prey Kabbas (84%), Kampot (81%) and Me Sang (77%).

The second most common requested improvement was "better product terms" (28%). This request was more common in the branches of Prey Kabbas (48%), Me Sang (38%), Ratanakiri (36%) and Samlot (35%).

The third most common request was for "shorter waiting time for loan approval and disbursement" (27%). This was relatively more common in the branches of Samlot (61%), Ratanakiri (49%) and Me Sang (44%).

### Influence of LOLC on wellbeing over the last 12 months. (n=765)



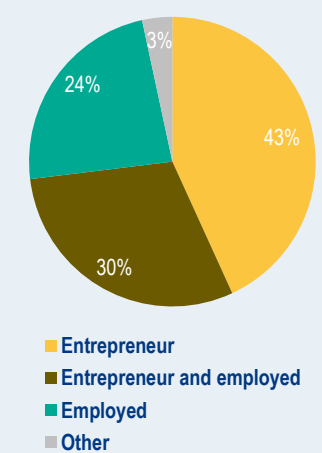
### Business development

A total of 559 respondents (73%) said they were entrepreneurs, either independently or with additional salaried employment.

In 12 months, these 559 entrepreneurs expanded their business in the following ways:

- 41% added a new product or service. This was relatively more common among entrepreneurs from Chloung (89%) and less common in Choam Khsant (4%).
- 10% invested in new equipment / machinery. This type of expansion was most frequent in Kampot (22%).
- 1% (3 respondents in total) employed someone new in their business over 12 months.
- 30% increased their business sales over 12 months. This was particularly high among respondents from Ratanakiri (63%) and Prey Kabbas (55%) branches. Increased business sales were much lower among entrepreneurs from the Chloung (0%), Samlot (4%) and Choam Khsant (9%) branches.

### Respondent source of income (n=765)





## Savings

301 respondents (39% of the total) said they have savings.

Among respondents with savings, 71% said their savings improved over 12 months.

In terms of savings depth, most respondents with savings (58%) said their savings could support them for between 1-6 months.

90 respondents withdrew savings over 12 months. The most common reasons were to "buy food" (27%). This was slightly more frequent among families of a bigger size (between 7-9 household members).

Other common uses for savings over 12 months were to "cover health expenses" (19%), "for the payment of services" (17%) and to invest in an existing business (12%).

## Recommendations

Results suggest that respondents with savings had enough finances to withstand short-term emergencies. The majority with savings could support themselves for more than one month.

Considering that just 39% of respondents have savings, LOLC could consider how to promote savings to build this important financial safety net among additional clients.

Since "supporting savings increase" was the least common explanation for why LOLC had achieved a positive impact in clients' lives over 12 months, further promotion of savings could also allow LOLC to improve their value.

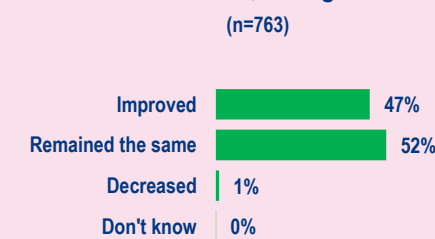
## Health and food security

Most respondents either said that their household ability to cope with health needs and emergencies "improved" (47%) or "stayed the same" (52%) over 12 months. Nine respondents reported a decreased in ability to cope, attributed to a "lack of funds."

When asked about the quality of food consumption over 12 months, two thirds said they were eating "regularly and nutritiously," while the remainder reported eating "regularly but not nutritiously."

3 respondents said they were "sometimes" hungry.

### Change in household ability to cope with health needs, emergencies (n=763)



## IMPACT REPORT BY IMPACT INVESTMENT EXCHANGE (IIX)

With support from IIX, LOLC Cambodia conducted an annual impact survey using the IIX platform. The impact analysis is generated through an online verification process, which includes two surveys: one to be completed by the company's management and another brief survey to be filled out by 100 women beneficiaries of the company.

The findings from these surveys will produce an impact report on LOLC Cambodia, which can be used both internally and externally as needed by LOLC Cambodia. Below are the results of the survey.



### General Impact Observation

#### Direct Impact to Customers:

LOLC has achieved the following impacts for its customers including:

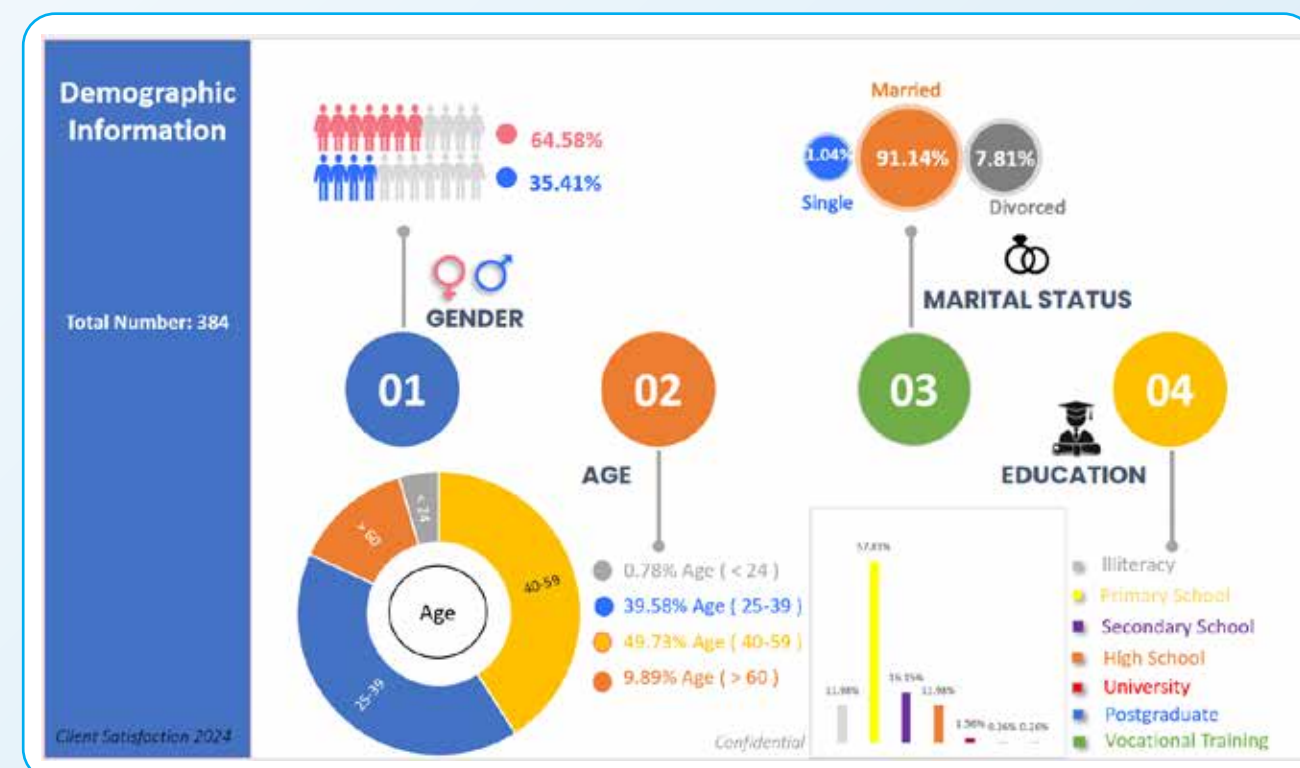
- Increased income
- Improved access to clean water, sanitation, and hygiene
- Controlled or improved conditions for biodiversity on land
- Increased assets ownership
- Increased access to finance
- Improved shelter
- Increased (natural) resource efficiency
- Local communities empowered to drive sustainable environmental practices more effectively
- Increased productivity
- Improved health
- Improved soil fertility
- Increased agricultural/ livestock productivity
- Improved air quality
- Reduced water consumption / improved water efficiency
- Increased time savings

#### Extended Impact to Families/Communities:

LOLC has created the extended impacts to customers' families and communities as well including:

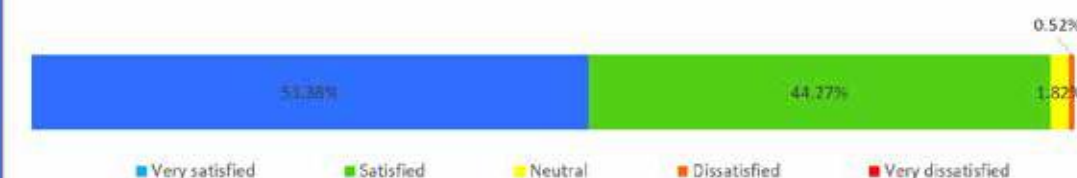
- Children are able to eat more/ better food
- Family/community members feel safer to travel alone
- Family/community members are able to access more information
- Family/community members have improved water sources and sanitation
- Family/community members have experienced fewer accidents or safety incidents
- Family/community members have experienced improvements in their health
- Children are going to school
- Daughters are going to school and have more time to study

## CLIENT SATISFACTION SURVEY



### Overall Satisfaction

(n= 384)



In conclusion, the satisfaction of clients toward LOLC in general is noticeably high.

### Quality of Life

Q. Has LOLC changed your quality of life?



### Perception of LOLC's clients

Q. Will you continue borrowing from LOLC in the future? (n=384)



Reason of clients not renewing loan with LOLC (n=24)

Reasons	Frequency
Enough capital	7
Aging	7
Not enough income	5
Interested in other FIs	4
Other	1



## HIGHLIGHT KEY ACHIEVEMENTS AND RECOGNITIONS



Borrowers in rural areas  
**79%**



Borrowers below 150% NPL  
**22%**



Borrowers Involved in Agriculture  
**49%**



Green Lending  
3,230  
\$13M+



Wash Loans  
5,923  
\$14M+



Home Improvement Loan & Housing Loan  
11,312  
\$71M+



Female staffs  
**18%**



Female Clients  
**70%**



Disable employees  
**8**



Certificate of E-waste Contribution from Eco-batt



Certificate of reducing rubbish from MG supplier



CO2 Emission Saving in Ton



Client Protection Certification 2022



Institutional Rating 2023



Social Rating 2023



## TESTIMONY CLIENT SUCCESS STORIES

Mr. Bun Ravan started his career as a small grocery store owner and gradually built and managed three successful businesses simultaneously. That growth began in 2018, when Mr. Ravan applied for and received his first loan from LOLC Cambodia. This enabled him to fully stock his store's grocery shelves and marked the beginning of his store's growth. He later obtained additional loans to expand further, establishing two new ventures: a petrol station and a Wing agency.

These expansions provided additional income opportunities to Mr. Ravan, whose businesses are based in Kandol Village, Svay Chek Commune, Angkor Thum District, Siem Reap Province.



Mrs. Sao Kim, a farmer in Hong Tuek Village, Barang Thleak Commune, Phnum Proek District, Battambang Province, cultivates corn, cassava, and chili. Despite her ambitions to expand her farm, financial constraints posed significant challenges. But with determination and support from LOLC, she has become a client success story.

"I envision a bright future for my children, encompassing quality education, and stable employment. These aspirations are my primary goals. I extend my gratitude to LOLC Cambodia for their invaluable guidance in helping me achieve these dreams," she said.





# 5

## FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORTS

- ◆ Report of Directors (130)
- ◆ Independent Auditor's Report (134)
- ◆ The Financial Statements (137)



## Report of the Directors

The Board of Directors ("the Directors") hereby submits their report together with the audited financial statements of LOLC (Cambodia) Plc. ("the Company") for the year ended 31 December 2024.

### Principal activities

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.

### Financial results

The financial results of the Company for the year ended 31 December 2024 were as follows:

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Profit before income tax	205,537,202	339,091,115	50,488,137	82,503,922
Income tax expense	(42,693,330)	(69,005,113)	(10,487,185)	(16,789,565)
Profit for the year	<u>162,843,872</u>	<u>270,086,002</u>	<u>40,000,952</u>	<u>65,714,357</u>

### Dividends

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

### Share capital

The total number of authorised share capital of the Company as at 31 December 2024 was 4,243,774 shares (2023: 4,243,774 shares) with a par value of KHR100 thousand per share (2023: KHR100 thousand). Refer to Note 23 for details.

### Reserves and provisions

There were no other movements to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

## LOLC (Cambodia) Plc.

### Expected credit losses on loans and advances

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and advances and making of allowance for impairment losses, and satisfied themselves that all known bad loans and advances had been written off and that adequate loss allowance has been made for bad and doubtful loans and advances.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the amount written off for bad loans and advances or the amount of the allowance for impairment losses in the financial statements of the Company, inadequate to any material extent.

### Assets

Before the financial statements of the Company were drawn up, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company have been written down to an amount that might be expected to be realised.

At the date of this report and to the best of their knowledge, the Directors are not aware of any circumstances, which would render the values attributed to the assets in the financial statements of the Company misleading in any material respect.

### Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

### Contingent and other liabilities

At the date of this report, there is:

- (a) no charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, and
- (b) no contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within a period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.

### Change of circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company, which would render any amount stated in the financial statements misleading in any material respect.



LOLC (Cambodia) Plc.

Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, materially affected by any items, transactions or events of a material and unusual nature. There has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to substantially affect the results of the operations of the Company for the year in which this report is made.

Subsequent events

On 18 November 2024, the Company submitted a request letter to the NBC for investment in equity of Serendib Micro Insurance Plc. amounting to US\$1,000,000 equivalent to 25% of Serendib Micro Insurance Plc.'s total share capital. Subsequently, the request was approved by the NBC on 6 January 2025.

The Board of Directors

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

Mr. Brindley Chrisantha Gajanayake de Zylva	Chairman
Mr. Indrajith Wijesiriwardana	Member
Mr Chitral Nalin Wijesinha	Member
Mr. Dulip Rasika Samaraweera	Member
Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias	Member

Directors' interests

None of the Directors held or dealt directly or indirectly in the shares of the Company during the financial year.

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

During the year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

LOLC (Cambodia) Plc.

Directors' responsibilities in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRS").

In preparing these financial statements, the Directors are required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of CIFRS or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- v) effectively control and direct the Company in all material decisions affecting its operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that the Company has complied with the above requirements in preparing the financial statements.

Approval of the financial statements

I, on behalf of the Board of Directors, hereby approve the accompanying financial statements, together with the notes thereto, which in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows of the Company for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRS").

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors,



Mr. Brindley Chrisantha Gajanayake de Zylva  
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 28 March 2025



## Report of the Independent Auditors

### To the shareholders of LOLC (Cambodia) Plc.

#### Opinion

We have audited the financial statements of LOLC (Cambodia) Plc. ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 8 to 110 (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the Cambodia International Financial Reporting Standards ("CIFRSs").

#### Basis for Opinion

We conducted our audit in accordance with the Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in *the Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. The other information comprises the Report of the Directors on pages 1 to 4, and the annual report, which is expected to be made available to us after the date of auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the CIFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For KPMG Cambodia Ltd



Phnom Penh, Kingdom of Cambodia

28 March 2025

## LOLC (Cambodia) Plc.

### Statement of financial position As at 31 December 2024

	Notes	31 December 2024 KHR'000	2023 KHR'000	31 December 2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
<b>ASSETS</b>					
Cash on hand	4	108,021,390	124,372,008	26,837,612	30,446,024
Deposits and placements with the National Bank of Cambodia	5	221,714,379	134,192,224	55,084,318	32,849,994
Deposits and placements with banks	6	556,774,147	672,287,486	138,328,981	164,574,660
Investment securities at amortised cost	7	3,339,960	-	829,804	-
Financial assets at fair value through other comprehensive income	8	60,375	61,275	15,000	15,000
Loans and advances at amortised cost	9	5,135,970,992	5,003,139,376	1,276,017,638	1,224,758,721
Statutory deposits with the National Bank of Cambodia	10	339,868,390	371,611,761	84,439,352	90,969,831
Property and equipment	11	9,624,545	12,145,516	2,391,192	2,973,198
Right-of-use assets	12	30,640,659	28,661,010	7,612,586	7,016,159
Intangible assets	13	11,814,205	7,818,094	2,935,206	1,913,854
Deferred tax assets - net	14	23,543,707	29,627,908	5,849,368	7,252,854
Other assets	15	20,787,876	20,679,113	5,164,690	5,062,207
<b>TOTAL ASSETS</b>		<b>6,462,160,625</b>	<b>6,404,595,771</b>	<b>1,605,505,747</b>	<b>1,567,832,502</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from banks and other financial institutions	16	336,956,689	193,575,862	83,715,948	47,386,992
Deposits from customers	17	3,693,593,747	3,498,928,575	917,663,043	856,530,863
Borrowings	18	592,478,916	884,096,100	147,199,731	216,424,994
Lease liabilities	12	28,859,765	27,481,666	7,170,128	6,727,458
Current income tax liabilities	19	28,116,358	50,339,592	6,985,431	12,323,034
Employee benefits	20	1,826,652	2,099,290	453,827	513,902
Other liabilities	21	37,343,832	39,263,064	9,277,970	9,611,521
Subordinated debts	22	178,978,277	253,753,175	44,466,653	62,118,280
<b>TOTAL LIABILITIES</b>		<b>4,898,154,236</b>	<b>4,949,537,324</b>	<b>1,216,932,731</b>	<b>1,211,637,044</b>
<b>EQUITY</b>					
Share capital	23A	424,377,400	424,377,400	103,969,218	103,969,218
Retained earnings		578,409,737	623,203,250	141,614,157	153,048,830
General reserves		380,415,116	380,415,116	93,768,951	93,768,951
Regulatory reserves	24	49,192,708	21,938,040	12,139,107	5,367,761
Other reserves	25	131,611,428	5,124,641	32,679,791	1,254,502
Currency translation reserves		-	-	4,401,792	(1,213,804)
<b>TOTAL EQUITY</b>		<b>1,564,006,389</b>	<b>1,455,058,447</b>	<b>388,573,016</b>	<b>356,195,458</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,462,160,625</b>	<b>6,404,595,771</b>	<b>1,605,505,747</b>	<b>1,567,832,502</b>

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

**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2024**

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

**Statement of changes in equity**  
**For the year ended 31 December 2024**

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



## LOLC (CAMBODIA) PLC.

### Statement of cash flows For the year ended 31 December 2024

	Notes	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
<b>Cash flows from operating activities</b>					
Cash (used in)/generated from operations	34(a)	(51,544,368)	256,281,782	(12,661,354)	62,355,666
Interest received		857,923,480	890,607,708	210,740,231	216,692,873
Interest paid		(358,883,118)	(340,407,104)	(88,156,010)	(82,824,113)
Income tax paid	19	(58,832,363)	(74,027,325)	(14,451,575)	(18,011,515)
Employee benefits paid		(7,543,083)	(7,355,020)	(1,852,882)	(1,789,542)
<b>Net cash generated from operating activities</b>		<b>381,120,548</b>	<b>725,100,041</b>	<b>93,618,410</b>	<b>176,423,369</b>
<b>Cash flows from investing activities</b>					
Deposits and placements with the National Bank of Cambodia		(41,980,661)	(269,560)	(10,312,125)	(65,586)
Purchases of investment securities at amortised cost	7	(3,346,213)	-	(821,963)	-
Purchases of property and equipment	11	(2,894,453)	(9,256,605)	(710,993)	(2,252,215)
Purchases of intangible assets	13	(6,295,155)	(3,024,926)	(1,546,341)	(735,992)
Proceeds from disposals of property and equipment		291,330	550,858	71,562	134,029
<b>Net cash used in investing activities</b>		<b>(54,225,152)</b>	<b>(12,000,233)</b>	<b>(13,319,860)</b>	<b>(2,919,764)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	34(b)	121,160,750	97,365,032	29,761,914	23,689,789
Repayments of borrowings	34(b)	(401,676,040)	(479,619,214)	(98,667,659)	(116,695,673)
Repayments of subordinated debts	34(b)	(71,111,400)	(54,382,800)	(17,467,797)	(13,231,825)
Payment of transaction costs	34(b)	(660,750)	(290,518)	(162,307)	(70,686)
Payment of dividend to shareholders	23(B)	(53,895,930)	(10,096,982)	(13,238,990)	(2,456,687)
Principal element of lease payments	34(b)	(7,839,501)	(5,931,236)	(1,925,694)	(1,443,123)
<b>Net cash used in financing activities</b>		<b>(414,022,871)</b>	<b>(452,955,718)</b>	<b>(101,700,533)</b>	<b>(110,208,205)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(87,127,475)</b>	<b>260,144,090</b>	<b>(21,401,983)</b>	<b>63,295,400</b>
Cash and cash equivalents at beginning of the year		932,327,813	672,183,723	228,232,023	163,270,275
Currency translation differences		-	-	3,157,620	1,666,348
<b>Cash and cash equivalents at end of the year</b>	33	<b>845,200,338</b>	<b>932,327,813</b>	<b>209,987,660</b>	<b>228,232,023</b>

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

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements For the year ended 31 December 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### 1. General information

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

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

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

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

As at 31 December 2024, the Company has 83 office locations (82 branches and a Head Office in Phnom Penh). The Company's registered office is at Building No. 666B, Street 271, Sangkat Boeung Tumpun 2, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia.

The financial statements were authorised for issue by the Board of Directors on 28 March 2025.

#### 2. Material accounting policies

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise indicated.

##### 2.1 Changes in material accounting policies

The Company does not have any changes in material accounting policies in the current annual reporting period.

##### 2.2 Basis of preparation

The financial statements are prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRS") which are based on all IFRS accounting standards published by the International Accounting Standard Board including other interpretations and amendments that may occur in any circumstances to each standard.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.2 Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention, except for financial asset of equity instrument that measured at fair value.

The Company discloses the amount for each asset and liability that expected to be recovered or settled no more than 12-month after the reporting period as current, and more than 12-month after the reporting period as non-current.

The preparation of financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

### 2.3 New standards and interpretation

#### Accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standard are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted any of the new or amended accounting standards in preparing these financial statements.

#### A. Classification and Measurement of Financial Instruments (Amendments to CIFRS 9 and CIFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7 (equivalent to CIFRS 9 and CIFRS 7). The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- settling financial liabilities using electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Company is in the process of assessing the impact of the new amendments.

#### B. CIFRS 18 Presentation and Disclosures in Financial Statements

CIFRS 18 will replace CIAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.3 New standards and interpretation (continued)

#### B. CIFRS 18 Presentation and Disclosures in Financial Statements (continued)

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

#### C. Other accounting standards

The lack of exchangeabilities (Amendment to CIAS21) is not expected to have significant impact on the Company's financial statements.

### 2.4 Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The functional currency is the Khmer Riel ("KHR") because of the significant influence of the KHR on its operations.

The financial statements are presented in KHR which is the Company's functional currency. All amounts have been rounded to the nearest thousand Riel, except when otherwise indicated.

#### (ii) Transactions and balances

Transaction in foreign currencies are translated into the functional currency of at the exchange rates at the date of the transactions.



## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.4 Foreign currency translation (continued)

#### (ii) Transactions and balances (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in the statement of profit or loss on a net basis within 'other gains/(losses) – net'.

#### (iii) Presentation in United States dollars ("US\$")

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

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

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

		Closing rate	Average rate
31 December 2024	USD1=	KHR4,025	KHR4,071
31 December 2023	USD1=	<u>KHR4,085</u>	<u>KHR4,110</u>

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

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, unrestricted deposits and placements with the National Bank of Cambodia and banks, and other short-term highly liquid investments with original maturities of three months or less where the Company has full ability to withdraw for general purpose whenever needed and subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Deposits and placements with the National Bank of Cambodia and banks are carried at amortised cost in the statement of financial position.

### 2.6 Financial instruments

#### (a) Recognition and initial measurement

The Company initially recognises loans and advances, investment securities, deposits, borrowings and subordinated debts on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

#### (b) Classification

##### Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (b) Classification (continued)

##### Financial assets (continued)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (b) Classification (continued)

##### Financial assets (continued)

##### Business model assessment (continued)

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

##### Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).



## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (b) Classification (continued)

##### Financial assets (continued)

##### Assessment of whether contractual cash flows are solely payments of principal and interest (continued)

##### Non-recourse loans

In some cases, loans made by the Company that are secured by collateral of the borrower limit the Company's claim to cash flows of the underlying collateral (non-recourse loans). The Company applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Company typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Company's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Company will benefit from any upside from the underlying assets.

##### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

#### (c) Derecognition

##### Financial assets

The Company derecognises a financial asset when the contractual rights to receive cash flows from the financial assets expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (c) Derecognition (continued)

##### Financial assets (continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit and loss.

##### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

#### (d) Modifications of financial assets and financial liabilities

##### Financial assets

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (c)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see 37.1(c) for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (d) Modifications of financial assets and financial liabilities (continued)

##### Financial assets (continued)

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated under the effective interest rate method.

##### Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

#### (e) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (e) Offsetting (continued)

Income and expenses are presented on a net basis only when permitted under CIFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

#### (f) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.



## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (f) Fair value measurement (continued)

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

#### (g) Impairment

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following for which they are measured at 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition (see Note 6(A)(iii)).

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company does not apply the low credit risk exception to any other financial instruments.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (g) Impairment (continued)

##### *Measurement of ECL*

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *Undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and

When discounting future cash flows, the following discount rates are used:

- *Lease receivables:* the discount rate used in measuring the lease receivable;
- *Undrawn loan commitments:* the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and

##### *Restructuring financial assets*

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (Note 37.1(c) (iii)).
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost, debt financial assets carried at FVOCI and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (g) Impairment (continued)

##### *Credit-impaired financial assets (continued)*

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (g) Impairment (continued)

##### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in retained earnings.

##### *Write-off*

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### (h) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provision of the instruments. Financial liabilities of the Company include deposits from banks and other financial institutions, deposits from customers, borrowings, subordinated debts and other financial liabilities.



LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued)  
For the year ended 31 December 2024

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

(h) Financial liabilities (continued)

Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from banks and other financial institutions, deposits from customers, borrowings, subordinated debts and other liabilities.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.7 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss in the financial year in which they are incurred.

Capital work-in-progress is not depreciated. Depreciation of property and equipment is charged to the profit or loss on a straight-line basis over the estimated useful lives of the individual assets at the following rates:

	Years
Leasehold improvements	Shorter of contractual lease period and its economic lives
Office furniture and equipment	3 – 5
Computer equipment	3
Motor vehicles	3 – 5

Depreciation on capital work-in-progress commences when the assets are ready for their intended use. The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued)  
For the year ended 31 December 2024

2. Material accounting policies (continued)

2.7 Property and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Intangible assets

Intangible assets, which comprise acquired computer software and licences and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licences are capitalised based on the cost incurred to acquire the specific software and bring it into use. The cost is amortised from 5 to 20 years using the straight-line basis.

Work-in-progress is not depreciated. Costs associated with maintaining intangible assets are recognised as an expense when incurred.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Any impairment loss is charged to profit or loss in the period in which it arises. Reversal of impairment losses is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

2.10 Leases

*The Company as a lessee*

As inception of contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.10 Leases (continued)

#### *The Company as a lessee (continued)*

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different term and conditions. The lease agreements do not impose any covenants other than the security interests in the lease assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis.

#### **(i) Lease liabilities**

Lease liabilities include the net present value of the lease payments from fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.10 Leases (continued)

#### **(ii) Right-of-use assets**

Right-of-use assets are measured at cost comprising the following:

- the amount the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct cost, and
- restoration cost. If any.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Subsequently the right-of-use asset is measured at cost less depreciation and any accumulated impairment losses.

#### **(iii) Recognition exemptions**

Payments associated with all short-term leases and low value leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases comprise motorbike rental, car rental and staff house rental. Low-value leases comprise small items of office equipment.

### 2.11 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit and loss except items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under CIAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and has recognised the related expenses in 'other expenses'.

#### **(i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income for the period using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous period. It is measured using tax rates exacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.



## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.11 Income tax (continued)

#### (ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### 2.12 Provision

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.13 Regulatory reserves

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with CIFRSs and regulatory provision in accordance with National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions. In accordance with Article 73, the entity is shall compare the provision calculated in accordance with Articles 49 to 71 and the provision calculated in accordance with Article 72, and the record:

- (i) In case that the regulatory provision calculated in accordance with Article 72 is lower than provision calculated in accordance with Articles 49 to 71, the entity records the provision calculated in accordance with CIFRSs; and
- (ii) In case that the regulatory provision calculated in accordance with Article 72 is higher than provision calculated in accordance with Articles 49 to 71, the entity records the provision calculated in accordance with CIFRSs and transfer the difference from retained earnings or accumulated loss account into regulatory reserves in shareholders' equity of the statement of the financial position.

The regulatory reserve is set aside as a buffer, is non-distributable, and is not allowed to be included in the net worth calculation.

According to the NBC's Circular No. B7.024.001 Sar. Ror. Chor. dated 29 August 2024 on Credit Restructuring, bank and financial institutions are allows to restructure their loans to customers and apply specific conditions including:

- (a) The institution may restructure facilities up to two times without changing their initial classification and without the need for additional provisions.
- (b) A credit rating upgrade is permitted after three consecutive months of on-time principal and/or interest payments. The institution can then restore its credit rating from one level to another by adhering to the overdue day credit policy. The upgrade must comply with the conditions set forth in the Prakas.

The Prakas allows bank and financial institutions to restructure their loans to customers without incurring additional provisions effective until the end of December 2025. The Company is adopting the requirements in this Prakas in preparing these financial statements for the year ended 31 December 2024.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.14 General reserves

General reserves are set up for any overall financial risk of the Company. The Board of Directors exercises its discretion for the use and maintenance of the general reserves by transferring from retained earnings.

### 2.15 Other reserves

Other reserves are set up for the variance of provision between loan and advances impairment in accordance with CIFRSs or NBC provision whichever is higher and loan and advances provision covering 100% risk coverage ratio of Non-Performing Loan or portfolio at risk "PAR 90 days" in accordance with lender covenants. The Company records:

- (i) In case the loan and advances impairment in accordance with CIFRSs is higher than the portfolio of NPL, the entity records the provision calculated in accordance with CIFRSs; and
- (ii) In case the loan and advances impairment in accordance with CIFRSs is lower than the portfolio of NPL, the entity records the provision calculated in accordance with CIFRSs and transfer the difference from retained earnings or accumulated loss account into other reserves in shareholders' equity of the statement of the financial position (The Company gives priority to regulatory reserve first, and transfer the remaining difference to other reserves; if any).

### 2.16 Employee benefits

- (i) Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Company.

- (ii) Pension obligations

The Company pays monthly contributions for the compulsory pension scheme to National Social Security Fund ("NSSF"), a publicly administered social security scheme for pension in Cambodia. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

- (iii) Long term employment benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued providing guidelines on the implementation of the law. In accordance with the law/Prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.16 Employee benefits (continued)

- (iii) Long term employment benefits - seniority payments (continued)

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).
- Past years of seniority service - employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with the Company. The past seniority payment depends on each staff past services and shall not exceed six months of average gross salaries. On 22 March 2019, the Ministry of Labour and Vocational Training issued guideline number 042/19 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December starting December 2021.

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Company.

The past years of seniority service is classified as long term employee benefits. Past seniority liability is recognised at the present value of defined obligations at the reporting period. That obligation arises as employees render the services that the Company expected to pay in the future reporting periods. The present value of the past seniority payment is determined by discounting the estimate future payments by references to the high quality corporate bond of the currency that the liability is denominated.

### 2.17 Interest income and expense

Interest income and expense from financial instruments at amortised cost are recognised within 'interest income' and 'interest expense' respectively in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability.



## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 2. Material accounting policies (continued)

### 2.17 Interest income and expense(continued)

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

### 2.18 Fee and commission income

Fees and commissions are recognised as income when all conditions precedent are fulfilled (performance obligations are satisfied and control is transferred over time or point in time).

Commitment fees for loans and advances that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

### 2.19 Loans and advances

The 'loans and advances at amortised cost' caption in the statement of financial position includes loans and advances measured at amortised cost (see 2.6(b)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost under the effective interest method.

### 2.20 Investment securities

The 'investment securities at amortised cost' caption in the statement of financial position includes:

- investment securities measured at amortised cost (see 2.6(b)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost under the effective interest method.

### 2.21 Deposits, borrowing and subordinated debts

Deposits, borrowing and subordinated debts are the Company's sources of debt funding.

Deposits, borrowing and subordinated debts are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost under the effective interest method, except where the Company designates liabilities at FVTPL (see 2.6(h)).

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 3. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### 3.1. Judgements

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

- **Note 2.6 (b):** classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- **Note 37.1 (c):** establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

### 3.2. Assumption and estimation uncertainties

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

- **Note 37.5:** Determination of the fair value of financial instruments with significant unobservable inputs.
- **Note 37.1 (c):** Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- **Note 37.1 (c):** Impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- **Note 38:** Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of outflow of resource.
- **Note 2.10:** lease term: whether the Company is reasonably certain to exercise extension option.
- **Note 2.16 (iii):** measurement of other long term seniority benefit.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 3. Use of judgements and estimates (continued)

##### 3.2. Assumption and estimation uncertainties (continued)

- Note 2.4:** Functional and presentation currency: the management considers the KHR currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The critical factors which trigger the KHR being the functional currency include the currency that is regulated for loans to customers to certain extent by the National Bank of Cambodia, staff costs, the source of equity funding in which the Company receives share subscriptions from and the distribution of dividends to its shareholders. The financial statements are therefore presented in KHR which is the Company's functional and presentation currency.

#### 4. Cash on hand

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
<i>Current:</i>				
Khmer Riel	28,465,584	31,087,701	7,072,195	7,610,208
US Dollars	73,009,717	78,918,818	18,139,060	19,319,172
Thai Baht	6,546,089	14,365,489	1,626,357	3,516,644
	<u>108,021,390</u>	<u>124,372,008</u>	<u>26,837,612</u>	<u>30,446,024</u>

#### 5. Deposits and placements with the National Bank of Cambodia

##### (a) By account types

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4 (iii))	(Note 2.4(iii))
Settlement accounts	67,783,263	33,309,182	16,840,562	8,154,023
Current accounts	151,610,099	96,106,522	37,667,105	23,526,688
Negotiable certificate of deposits	2,321,017	4,776,520	576,651	1,169,283
	<u>221,714,379</u>	<u>134,192,224</u>	<u>55,084,318</u>	<u>32,849,994</u>

The Company has pledged negotiable certificate of deposits amounting to KHR2,310,000 thousands as collateral for Real time fund transfer (RFT) (31 December 2023: KHR2,344,191 thousands).

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 5. Deposits and placements with the National Bank of Cambodia (continued)

##### (b) By maturity

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Current	221,714,379	134,192,224	55,084,318	32,849,994
Non-current	-	-	-	-
	<u>221,714,379</u>	<u>134,192,224</u>	<u>55,084,318</u>	<u>32,849,994</u>

Annual interest rates of deposits and placements with the National Bank of Cambodia are as follows:

	31 December	
	2024	2023
Settlement accounts	0%	0%
Current accounts	0%	0%
Negotiable certificates of deposits	1.00% – 1.18%	1.00% – 1.60%

#### 6. Deposits and placements with banks

##### (a) By account types

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Deposits and placements with local banks:				
Savings deposits	157,125,366	203,438,836	39,037,358	49,801,429
Current accounts	170,685,773	272,879,251	42,406,403	66,800,306
Time deposits	234,410,611	202,222,014	58,238,662	49,503,553
	<u>562,221,750</u>	<u>678,540,101</u>	<u>139,682,423</u>	<u>166,105,288</u>
Less: Allowance for expected credit loss	(5,447,603)	(6,252,615)	(1,353,442)	(1,530,628)
	<u>556,774,147</u>	<u>672,287,486</u>	<u>138,328,981</u>	<u>164,574,660</u>



## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 6. Deposits and placements with banks (continued)

##### (b) By maturity

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Current	562,221,750	678,540,101	139,682,423	166,105,288
Non-current	-	-	-	-
	<u>562,221,750</u>	<u>678,540,101</u>	<u>139,682,423</u>	<u>166,105,288</u>

Annual interest rates of deposits and placements with banks are as follows:

	31 December	
	2024	2023
Savings deposits	0% – 2.50%	0% – 2.50%
Current accounts	0% – 2.50%	0% – 2.50%
Term deposits	<u>2.70% – 7.10%</u>	<u>3.20% – 4.50%</u>

#### 7. Investment securities at amortised cost

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Investment in government bonds	<u>3,339,960</u>	<u>-</u>	<u>829,804</u>	<u>-</u>

Investment in government bonds is measured at amortised cost. These government bonds have maturity term of 3 years effective from 28 June 2024 to 28 June 2027 and earned annual interest rate at 4.5%. As at 31 December 2024, there were no allowance for expected credit loss being recognised.

The Company has pledged government bonds amounting to KHR2,810,000 thousands as collateral for overdraft (31 December 2023 (negotiable certificate of deposits): KHR2,429,072 thousands).

#### 8. Financial assets at fair value through other comprehensive income

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Non-current				
<i>Unlisted securities</i>				
Investment in Credit Bureau Cambodia	<u>60,375</u>	<u>61,275</u>	<u>15,000</u>	<u>15,000</u>

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 8. Financial assets at fair value through other comprehensive income (continued)

The Company designated 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 the investment at 31 December 2024 was KHR60,375 thousand.

Dividend received during the year was KHR118,752 thousand (2023: KHR166,253 thousand).

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

#### 9. Loans and advances at amortised cost

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
<i>At amortised cost</i>				
Group loans	496,363,762	574,400,820	123,320,189	140,612,196
Individual loans	4,787,736,239	4,483,991,759	1,189,499,687	1,097,672,401
Staff loans	<u>32,264,541</u>	<u>33,588,984</u>	<u>8,016,035</u>	<u>8,222,517</u>
Total gross loans	5,316,364,542	5,091,981,563	1,320,835,911	1,246,507,114
Less: Allowance for expected credit loss	<u>(180,393,550)</u>	<u>(88,842,187)</u>	<u>(44,818,273)</u>	<u>(21,748,393)</u>
Loans and advances at amortised cost	<u>5,135,970,992</u>	<u>5,003,139,376</u>	<u>1,276,017,638</u>	<u>1,224,758,721</u>

##### (a) Allowance for expected credit loss

Allowance for expected credit loss by stages are as follow:

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
12-month ECL (Stage 1)	18,919,816	23,447,275	4,700,575	5,739,847
Lifetime ECL-not credit impaired (Stage 2)	17,235,755	5,771,271	4,282,175	1,412,796
Lifetime ECL-credit impaired (Stage 3)	<u>144,237,979</u>	<u>59,623,641</u>	<u>35,835,523</u>	<u>14,595,750</u>
	<u>180,393,550</u>	<u>88,842,187</u>	<u>44,818,273</u>	<u>21,748,393</u>

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 9. Loans and advances at amortised cost (continued)

##### (b) By industry

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Agriculture	1,419,397,914	1,358,578,944	352,645,444	332,577,465
Household/family	1,417,524,512	1,361,399,479	352,180,003	333,267,926
Trade and commerce	998,980,153	979,429,343	248,193,827	239,762,385
Services	834,410,205	778,684,244	207,306,883	190,620,378
Manufacturing	367,318,354	334,987,960	91,259,218	82,004,397
Construction	201,516,695	206,357,866	50,066,260	50,516,001
Transportation	77,216,709	72,543,727	19,184,276	17,758,562
Total gross loans	<u>5,316,364,542</u>	<u>5,091,981,563</u>	<u>1,320,835,911</u>	<u>1,246,507,114</u>

##### (c) Analysis by loan classification

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
<i>Performing</i>				
Gross amount	4,515,237,712	4,921,687,690	1,121,798,189	1,204,819,508
Exposure at default	4,515,237,712	4,921,687,690	1,121,798,189	1,204,819,508
Allowance for expected credit loss	(18,919,816)	(23,447,275)	(4,700,575)	(5,739,847)
<i>Under-performing</i>				
Gross amount	438,448,450	50,381,792	108,931,292	12,333,364
Exposure at default	438,448,450	50,381,792	108,931,292	12,333,364
Allowance for expected credit loss	(17,235,755)	(5,771,271)	(4,282,175)	(1,412,796)
<i>Non-performing</i>				
Gross amount	362,678,380	119,912,081	90,106,430	29,354,242
Exposure at default	362,678,380	119,912,081	90,106,430	29,354,242
Allowance for expected credit loss	(144,237,979)	(59,623,641)	(35,835,523)	(14,595,750)
Total gross loans	<u>5,316,364,542</u>	<u>5,091,981,563</u>	<u>1,320,835,911</u>	<u>1,246,507,114</u>
Exposure at default	<u>5,316,364,542</u>	<u>5,091,981,563</u>	<u>1,320,835,911</u>	<u>1,246,507,114</u>
Allowance for expected credit loss	<u>(180,393,550)</u>	<u>(88,842,187)</u>	<u>(44,818,273)</u>	<u>(21,748,393)</u>

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 9. Loans and advances at amortised cost (continued)

##### (d) By maturity

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Not later than 1 year	247,274,938	246,252,875	61,434,766	60,282,222
Later than 1 year and no later than 3 years	1,124,803,455	1,207,365,443	279,454,275	295,560,696
Later than 3 years and no later than 5 years	1,524,075,244	1,578,918,479	378,652,235	386,516,152
Later than 5 years	2,420,210,905	2,059,444,766	601,294,635	504,148,044
Total gross loans	<u>5,316,364,542</u>	<u>5,091,981,563</u>	<u>1,320,835,911</u>	<u>1,246,507,114</u>

##### (e) By large exposure

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Large exposure	-	-	-	-
Non-large exposure	5,316,364,542	5,091,981,563	1,320,835,911	1,246,507,114
Total gross loans	<u>5,316,364,542</u>	<u>5,091,981,563</u>	<u>1,320,835,911</u>	<u>1,246,507,114</u>

##### (f) By relationship

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Related parties (including staff loans)	32,264,541	33,588,984	8,016,035	8,222,518
Non-related parties	5,284,100,001	5,058,392,579	1,312,819,876	1,238,284,596
Total gross loans	<u>5,316,364,542</u>	<u>5,091,981,563</u>	<u>1,320,835,911</u>	<u>1,246,507,114</u>



## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 9. Loans and advances at amortised cost (continued)

##### (g) By residency

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Residents	5,316,364,542	5,091,981,563	1,320,835,911	1,246,507,114
Non-residents	-	-	-	-
Total gross loans	<u>5,316,364,542</u>	<u>5,091,981,563</u>	<u>1,320,835,911</u>	<u>1,246,507,114</u>

##### (h) By security

	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Secured	4,633,229,038	4,382,983,974	1,151,112,804	1,072,945,893
Un-secured	<u>683,135,504</u>	<u>708,997,589</u>	<u>169,723,107</u>	<u>173,561,221</u>
	<u>5,316,364,542</u>	<u>5,091,981,563</u>	<u>1,320,835,911</u>	<u>1,246,507,114</u>

##### (i) By interest rate

Annual interest rate for loans and advances are as follows:

	31 December	
	2024	2023
Short term loans	6.75% – 18.00%	6.78% – 18.00%
Long term loans	<u>3% – 18.00%</u>	<u>6.78% – 18.00%</u>

#### 10. Statutory deposits with the National Bank of Cambodia

		31 December		31 December	
	Note	2024	2023	2024	2023
		KHR'000	KHR'000	US\$	US\$
				(Note 2.4(iii))	(Note 2.4(iii))
Capital guarantee deposit	(a)	42,437,740	42,437,740	10,543,538	10,388,676
Reserve requirement	(b)	<u>297,430,650</u>	<u>329,174,021</u>	<u>73,895,814</u>	<u>80,581,155</u>
		<u>339,868,390</u>	<u>371,611,761</u>	<u>84,439,352</u>	<u>90,969,831</u>

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

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

##### (a) Capital guarantee deposit

Under Prakas No. B7-07-163 dated 13 December 2007 on Licensing of Deposit-Taking Microfinance Institutions, the Company is required to maintain a capital guarantee deposit equivalent to 10% of registered capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia. The capital guarantee deposit earns annual interest at 3% (31 December 2023: 3%).

##### (b) Reserve requirement

This represents the minimum reserve requirement which is calculated at 7% of the total deposits from customers (31 December 2023: 7%) as required by the NBC's Prakas No. B7-07-163. The reserve requirement fluctuates depending on the level of deposits from customers and does not earn interest.

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

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

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

Annual interest rate are as follows:

	31 December	
	2024	2023
Capital guarantee deposit	3.00%	3.00%
Reserve requirement	<u>Nil</u>	<u>Nil</u>

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 11. Property and equipment

2024	Furniture and equipment KHR'000	Motor vehicles KHR'000	Computer equipment KHR'000	Leasehold improvements KHR'000	KHR'000	Total US\$ (Note 2.4(iii))
<b>Cost</b>						
At 1 January	6,407,983	12,513,234	22,010,611	2,552,863	43,484,691	10,644,967
Additions	718,829	855,946	1,020,584	299,094	2,894,453	710,993
Disposals	(147,277)	(955,702)	(389,466)	(2,086)	(1,494,531)	(367,116)
Currency translation difference	-	-	-	-	-	162,613
At 31 December	6,979,535	12,413,478	22,641,729	2,849,871	44,884,613	11,151,457
<b>Less: Accumulated depreciation</b>						
At 1 January	4,581,990	10,586,562	14,471,174	1,699,449	31,339,175	7,671,769
Depreciation for the year	1,005,878	785,188	3,381,266	231,399	5,403,731	1,327,372
Disposals	(141,664)	(955,702)	(383,790)	(1,682)	(1,482,838)	(364,244)
Currency translation difference	-	-	-	-	-	125,368
At 31 December	5,446,204	10,416,048	17,468,650	1,929,166	35,260,068	8,760,265
<b>Carrying amounts</b>						
At 1 January	1,825,993	1,926,672	7,539,437	853,414	12,145,516	2,973,198
At 31 December	1,533,331	1,997,430	5,173,079	920,705	9,624,545	2,391,192

As at 31 December 2024, the cost of fully depreciated items of property and equipment still in use amounted to KHR23,232,562 thousand (31 December 2023: KHR21,647,706 thousand).

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 11. Property and equipment (continued)

2023	Furniture and equipment KHR'000	Motor vehicles KHR'000	Computer equipment KHR'000	Leasehold improvements KHR'000	KHR'000	Total US\$ (Note 2.4(iii))
<b>Cost</b>						
At 1 January	4,705,627	13,905,072	15,942,656	2,366,310	36,919,665	8,967,614
Additions	1,862,668	685,631	6,517,690	190,616	9,256,605	2,252,215
Disposals	(160,312)	(2,077,469)	(449,735)	(4,063)	(2,691,579)	(654,885)
Currency translation difference	-	-	-	-	-	80,023
At 31 December	6,407,983	12,513,234	22,010,611	2,552,863	43,484,691	10,644,967
<b>Less: Accumulated depreciation</b>						
At 1 January	3,986,758	11,921,287	12,745,490	1,421,006	30,074,541	7,304,965
Depreciation for the year	752,945	731,044	2,174,023	282,439	3,940,451	958,747
Disposals	(157,713)	(2,065,769)	(448,339)	(3,996)	(2,675,817)	(651,050)
Currency translation difference	-	-	-	-	-	59,107
At 31 December	4,581,990	10,586,562	14,471,174	1,699,449	31,339,175	7,671,769
<b>Carrying amounts</b>						
At 1 January	718,869	1,983,785	3,197,166	945,304	6,845,124	1,662,649
At 31 December	1,825,993	1,926,672	7,539,437	853,414	12,145,516	2,973,198



## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 12. 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 one to twelve years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

##### (a) Amounts recognised in the statement of financial position

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
<i>Right-of-use assets (Non-current)</i>				
Buildings	30,640,659	28,661,010	7,612,586	7,016,159
<i>Lease liabilities</i>				
Current	6,380,120	5,733,058	1,585,123	1,403,441
Non-current	22,479,645	21,748,608	5,585,005	5,324,017
	28,859,765	27,481,666	7,170,128	6,727,458

Additions to the right-of-use assets during the year were KHR9,641,610 thousand (2023: KHR7,284,149 thousand).

##### (b) Amounts recognised in the statement of profit or loss

	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
<i>Depreciation of right-of-use assets</i>				
Buildings (Note 30)	7,213,556	6,763,548	1,771,937	1,645,632
Interest expense (Note 26)	2,245,287	2,117,106	551,531	515,111
Expense relating to short-term lease and leases of low-value assets (included in operating expenses) (Note 31)	9,869,372	9,214,371	2,424,311	2,241,939
Total expenses related to leases	19,328,215	18,095,025	4,747,779	4,402,682

Total cash outflow for lease during the period was KHR19,954,160 thousand (2023: KHR17,262,713 thousand).

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 13. Intangible assets

	Software and license	Work in progress	Total	
	KHR'000	KHR'000	KHR'000	US\$
				(Note 2.4(iii))
<b>Cost</b>				
At 1 January	15,753,537	1,719,829	17,473,366	4,277,446
Additions	1,172,767	5,122,388	6,295,155	1,546,341
Transfers	6,522,697	(6,522,697)	-	-
Write-off	-	(192,585)	(192,585)	(47,307)
Currency translation difference	-	-	-	80,895
At 31 December	23,449,001	126,935	23,575,936	5,857,375
<b>Less: Accumulated amortisation</b>				
At 1 January	9,655,272	-	9,655,272	2,363,592
Amortisation for the year	2,106,459	-	2,106,459	517,430
Currency translation difference	-	-	-	41,147
At 31 December	11,761,731	-	11,761,731	2,922,169
<b>Carrying amounts</b>				
At 1 January	6,098,265	1,719,829	7,818,094	1,913,854
At 31 December	11,687,270	126,935	11,814,205	2,935,206
<b>2023</b>				
<b>Cost</b>				
At 1 January	14,132,015	316,425	14,448,440	3,509,458
Additions	1,462,985	1,561,941	3,024,926	735,992
Transfers	158,537	(158,537)	-	-
Currency translation difference	-	-	-	31,996
At 31 December	15,753,537	1,719,829	17,473,366	4,277,446
<b>Less: Accumulated amortisation</b>				
At 1 January	6,158,105	-	6,158,105	1,495,775
Amortisation for the year	3,497,167	-	3,497,167	850,893
Currency translation difference	-	-	-	16,924
At 31 December	9,655,272	-	9,655,272	2,363,592
<b>Carrying amounts</b>				
At 1 January	7,973,910	316,425	8,290,335	2,013,683
At 31 December	6,098,265	1,719,829	7,818,094	1,913,854

As at 31 December 2024, the cost of fully depreciated items of intangible assets still in use amounted to KHR742,900 thousand (31 December 2023: KHR591,099 thousand).

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 14. Deferred tax assets - net

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
<i>Non-current</i>				
Deferred tax assets	29,671,814	35,360,110	7,371,879	8,656,086
Deferred tax liabilities	(6,128,107)	(5,732,202)	(1,522,511)	(1,403,232)
Net deferred tax assets	<u>23,543,707</u>	<u>29,627,908</u>	<u>5,849,368</u>	<u>7,252,854</u>

The movement of net deferred tax assets during the year was as follows:

	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
As at 1 January	29,627,908	38,944,143	7,252,854	9,459,350
Charged to profit or loss (Note 32(a))	(6,084,201)	(9,316,235)	(1,494,522)	(2,266,724)
Currency translation differences	-	-	91,036	60,228
As at 31 December	<u>23,543,707</u>	<u>29,627,908</u>	<u>5,849,368</u>	<u>7,252,854</u>

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 14. Deferred tax assets - net (continued)

##### (i) Deferred tax assets:

	Impairment loss KHR'000	Unamortised loan fee KHR'000	Lease liabilities KHR'000	Accelerated depreciation KHR'000	Accrued expense KHR'000	Others KHR'000	Total KHR'000
As at 1 January 2024	7,113,608	18,194,505	5,496,333	476,442	1,400,148	2,679,074	35,360,110
(Charged)/credited to profit or loss	(4,983,896)	(1,820,807)	275,620	113,251	50,043	677,493	(5,688,296)
As at 31 December 2024	<u>2,129,712</u>	<u>16,373,698</u>	<u>5,771,953</u>	<u>589,693</u>	<u>1,450,191</u>	<u>3,356,567</u>	<u>29,671,814</u>
In US\$ equivalent (Note 2.4(iii))	<u>529,121</u>	<u>4,068,000</u>	<u>1,434,026</u>	<u>146,508</u>	<u>360,296</u>	<u>833,928</u>	<u>7,371,879</u>
As at 1 January 2023	17,497,407	18,962,891	5,268,345	462,239	1,340,472	1,085,595	44,616,949
(Charged)/credited to profit or loss	(10,383,799)	(768,386)	227,988	14,203	59,676	1,593,479	(9,256,839)
As at 31 December 2023	<u>7,113,608</u>	<u>18,194,505</u>	<u>5,496,333</u>	<u>476,442</u>	<u>1,400,148</u>	<u>2,679,074</u>	<u>35,360,110</u>
In US\$ equivalent (Note 2.4(iii))	<u>1,741,397</u>	<u>4,453,979</u>	<u>1,345,492</u>	<u>116,632</u>	<u>342,753</u>	<u>655,833</u>	<u>8,656,086</u>



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 14. Deferred tax assets - net (continued)

##### (ii) Deferred tax liabilities

	Right-of-use assets KHR'000
As at 1 January 2024	5,732,202
Charged to profit or loss	395,905
As at 31 December 2024	6,128,107
In US\$ equivalent (Note 2.4(iii))	1,522,511
As at 1 January 2023	5,672,806
Charged to profit or loss	59,396
As at 31 December 2023	5,732,202
In US\$ equivalent (Note 2.4(iii))	1,403,232

#### 15. Other assets

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Account receivables	1,763,556	4,681,965	438,151	1,146,136
Prepayments	10,665,132	7,533,997	2,649,722	1,844,308
Office and house rental deposits	676,071	2,506,335	167,968	613,546
Supplies	598,164	453,804	148,612	111,090
Others	7,084,953	5,503,012	1,760,237	1,347,127
	<u>20,787,876</u>	<u>20,679,113</u>	<u>5,164,690</u>	<u>5,062,207</u>

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Current	20,384,748	20,007,670	4,996,722	4,448,661
Non-current	403,128	671,443	167,968	613,546
	<u>20,787,876</u>	<u>20,679,113</u>	<u>5,164,690</u>	<u>5,062,207</u>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 16. Deposits from banks and other financial institutions

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Savings deposits	10,517,544	3,195,172	2,613,055	782,172
Fixed deposits	326,439,145	190,380,690	81,102,893	46,604,820
	<u>336,956,689</u>	<u>193,575,862</u>	<u>83,715,948</u>	<u>47,386,992</u>

##### (a) By maturity

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Current	336,956,689	193,575,862	83,715,948	47,386,992
Non-current	-	-	-	-
	<u>336,956,689</u>	<u>193,575,862</u>	<u>83,715,948</u>	<u>47,386,992</u>

##### (b) By interest rate

Annual interest rate for deposits from banks and other financial institutions are as follows:

	31 December	
	2024	2023
Savings deposits	0.00% - 3.00%	1.00% - 3.00%
Fixed deposits	3.75 % - 6.25%	5.00 % - 7.90%

#### 17. Deposits from customers

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Savings deposits	233,005,254	198,741,416	57,889,504	48,651,509
Fixed deposits	3,460,588,493	3,300,187,159	859,773,539	807,879,354
	<u>3,693,593,747</u>	<u>3,498,928,575</u>	<u>917,663,043</u>	<u>856,530,863</u>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 17. Deposits from customers (continued)

##### (a) By maturity

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Current	3,255,384,361	3,168,407,625	808,791,146	775,619,982
Non-current	438,209,386	330,520,950	108,871,897	80,910,881
	<u>3,693,593,747</u>	<u>3,498,928,575</u>	<u>917,663,043</u>	<u>856,530,863</u>

##### (b) By interest rate

Annual interest rate for deposits from customers are as follows:

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

#### 18. Borrowings

As at 31 December 2024, the Company is in breach of covenants of ten lenders, of which the actual performance ratio exceeded the limit as follows:

	Limit	Actual	31 December 2024	
			KHR'000	US\$
				(Note 2.4(iii))
Provisioning PAR(*) 90 days	<= 12%	13.79%	27,648,731	6,869,250
Provisioning PAR(*) 90 days	<= 5%	5.54%	14,965,825	3,718,217
Provision ratio	>= 100%	53.36%	68,261,769	16,959,446
Non-performing loan	<= 5%	7.20%	14,255,570	3,541,757
Restructured loan	<= 8%	10.37%	37,818,984	9,396,021
PAR(*) 30 days plus economic recovery restructured loan	<= 6%	15.24%	20,056,174	4,982,900
PAR(*) 30 days excluded economic recovery restructured loan	<= 6.5%	7.95%	<u>12,307,098</u>	<u>3,057,664</u>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 18. Borrowings (continued)

As at 31 December 2024, the Company is in breach of covenants of ten lenders, of which the actual performance ratio exceeded the limit as follows: (continued)

	Limit	Actual	31 December 2024	
			KHR'000	US\$
				(Note 2.4(iii))
PAR(*) 30 days plus net charge-offs last 12 months	<= 9%	9.04%	36,826,652	9,149,479
PAR(*) 30 days excludes Covid 19 restructured loan	<= 15%	15.24%	38,064,718	9,457,073
PAR(*) 30 days plus restructured loan and write-off last 12 months	<= 15%	16.65%	17,635,374	4,381,459
PAR(*) 30 days plus economic recovery restructured loan and write-off last 12 months	<= 7%	16.21%	<u>40,613,038</u>	<u>10,090,196</u>

(\*) Portfolio at risk

As of the date of these financial statements, the non-current liabilities portion of KHR143,889,030 thousand (US\$35,748,827) had been reclassified to current liabilities.

Borrowings are further analysed as follows:

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Current	495,942,606	426,603,927	123,215,555	104,431,806
Non-current	96,536,310	457,492,173	23,984,176	111,993,188
	<u>592,478,916</u>	<u>884,096,100</u>	<u>147,199,731</u>	<u>216,424,994</u>

The annual interest rates are ranging from 5.38% to 8.20% (2023: 5.25% to 8.20%).

All the borrowings are unsecured.



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 19. Current income tax liabilities

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
As at 1 January	50,339,592	64,678,039	12,323,034	15,709,992
Income tax expense (Note 32(a))	36,609,129	59,688,878	8,992,663	14,522,841
Income tax paid	(58,832,363)	(74,027,325)	(14,451,575)	(18,011,515)
Currency translation differences	-	-	121,309	101,716
As at 31 December	<u>28,116,358</u>	<u>50,339,592</u>	<u>6,985,431</u>	<u>12,323,034</u>

#### 20. Employee benefits

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
<i>Provision on seniority payment:</i>				
Current	234,946	261,250	58,372	63,953
Non-current	<u>1,591,706</u>	<u>1,838,040</u>	<u>395,455</u>	<u>449,949</u>
	<u>1,826,652</u>	<u>2,099,290</u>	<u>453,827</u>	<u>513,902</u>

#### 21. Other liabilities

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Staff bonuses and incentives	27,470,670	32,314,196	6,825,011	7,910,452
Accrued expenses	2,546,839	2,249,287	632,755	550,621
Other tax payables	2,702,578	2,502,224	671,448	612,540
Payables to related companies (Note 36(c))	2,210,336	1,140,781	549,152	279,261
Others	<u>2,413,409</u>	<u>1,056,576</u>	<u>599,604</u>	<u>258,647</u>
	<u>37,343,832</u>	<u>39,263,064</u>	<u>9,277,970</u>	<u>9,611,521</u>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 21. Other liabilities (continued)

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Current	37,343,832	39,263,064	9,277,970	9,611,521
Non-current	-	-	-	-
	<u>37,343,832</u>	<u>39,263,064</u>	<u>9,277,970</u>	<u>9,611,521</u>

#### 22. Subordinated debts

As at 31 December 2024, the Company is in breach of covenants of six lenders, of which the actual performance ratio exceeded the limit as follows:

	Limit	Actual	31 December 2024 KHR'000	US\$ (Note 2.4(iii))
Uncovered capital ratio	<= 25%	37.35%	24,133,547	5,995,912
PAR(*) 90 days	<= 12%	13.79%	8,233,034	2,045,474
Provision ratio/ risk coverage ratio	>= 100%	53.36%	90,007,024	22,361,994
PAR(*) 30 days	<= 5%	7.95%	34,236,841	8,506,048
PAR(*) 30 days	<= 7%	7.95%	22,415,310	5,569,021
PAR(*) 30 days plus economic recovery restructured loan	<= 9%	15.24%	34,236,841	8,506,048
PAR(*) 30 days plus restructured loan	<= 15%	15.64%	22,415,310	5,569,021
PAR(*) 30 days excludes Covid 19 restructured loan	<= 11%	15.24%	16,395,887	4,073,512
PAR(*) 30 days plus economic recovery restructured loan and write-off last 12 months	<= 7%	16.21%	<u>47,537,149</u>	<u>11,810,472</u>

(\*) Portfolio at risk

As of the date of these financial statements, the non-current liabilities portion of KHR103,863,120 thousand (US\$25,804,502) had been reclassified to current liabilities.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 22. Subordinated debts

Subordinated debts are further analysed as follows:

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
Current	174,948,657	72,213,624	43,465,505	17,677,754
Non-current	4,029,620	181,539,551	1,001,148	44,440,526
	<u>178,978,277</u>	<u>253,753,175</u>	<u>44,466,653</u>	<u>62,118,280</u>

During the year, the Company repaid subordinated debts to various financial institutions amounting to KHR71,111,400 thousand (2023: KHR54,382,800 thousand). The annual interest rates for all subordinated debts are ranging from 7.50% to 10.47% (2023: 7.50% to 10.47%).

## 23. Share capital

### A. Share capital

The total number of authorised shares of the Company as at 31 December 2024 was 4,243,774 shares (31 December 2023: 4,243,774 shares) with a par value of KHR100 thousand per share (2023: KHR100 thousand). All authorised shares are issued and fully paid up.

	31 December 2024/31 December 2023		
	Number of shares	%	KHR'000
<b>Shareholders:</b>			
LOLC Asia Private Limited	4,115,192	97%	411,519,200
TPC-ESOP Co., Ltd	<u>128,582</u>	<u>3%</u>	<u>12,858,200</u>
	<u>4,243,774</u>	<u>100%</u>	<u>424,377,400</u>
In US\$ equivalent (Note 2.4(iii))			<u>103,969,218</u>

There was no change in shareholders and shareholding structure of the Company during the financial year.

### B. Dividends

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

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

## 24. Regulatory reserves

Regulatory reserves represented the variance between impairment losses on financial instruments in accordance with CIFRSs and the regulatory provision in accordance with the requirement of the National Bank of Cambodia.

As at 31 December 2024, the Company transferred from retained earnings to regulatory reserves as follows:

	Balances other banks KHR'000	Loans and advances at amortised cost KHR'000	Other assets KHR'000	Total KHR'000
<b>At 31 December 2024</b>				
Allowance per NBC	5,622,217	229,380,591	31,053	235,033,861
Less: Allowances per CIFRS 9	<u>(5,447,603)</u>	<u>(180,393,550)</u>	-	<u>(185,841,153)</u>
Regulatory reserve (A)				<u>49,192,708</u>
<b>At 31 December 2023</b>				
Allowance per NBC	6,784,431	110,248,411	-	117,032,842
Less: Allowances per CIFRS 9	<u>(6,252,615)</u>	<u>(88,842,187)</u>	-	<u>(95,094,802)</u>
Regulatory reserve (B)				<u>21,938,040</u>
<b>Transfer from retained earnings to regulatory reserves (A - B)</b>				<u>27,254,668</u>
<b>In US\$ equivalent (Note 2.4(iii))</b>				<u>6,771,346</u>



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 25. Other reserves

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

As at 31 December 2024, the Company transferred from retained earnings to other reserves accumulatively amounting to KHR131,611,428 thousands (equivalent to US\$32,679,791) (31 December 2023: KHR5,124,641 thousands (equivalent to US\$1,254,502)).

#### 26. Net interest income

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
<i>Interest income from financial assets at amortised cost</i>				
Loans and advances	872,428,575	881,228,658	214,303,262	214,410,866
Deposits and placements with banks	15,351,255	8,705,508	3,770,881	2,118,128
Deposits and placements with the National Bank of Cambodia	1,333,572	1,171,778	327,577	285,104
Investment securities at amortised cost	67,997	-	16,703	-
Total interest income	889,181,399	891,105,944	218,418,423	216,814,098
<i>Interest expense on financial liabilities at amortised cost</i>				
Deposits from customers and banks and other financial institutions	(273,204,776)	(246,902,950)	(67,109,992)	(60,073,710)
Borrowings	(49,645,014)	(76,333,731)	(12,194,796)	(18,572,684)
Subordinated debts	(22,061,920)	(28,862,650)	(5,419,288)	(7,022,543)
Lease liabilities	(2,245,287)	(2,117,106)	(551,531)	(515,111)
Total interest expense	(347,156,997)	(354,216,437)	(85,275,607)	(86,184,048)
Net interest income	542,024,402	536,889,507	133,142,816	130,630,050

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 27. Net fee and commission income

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
<i>Fee and commission income:</i>				
Fees and commission income on loans	1,841,443	1,473,029	452,332	358,401
Penalty income	14,960,875	20,743,020	3,674,988	5,046,964
Other fees	643	6,868	158	1,671
	16,802,961	22,222,917	4,127,478	5,407,036
Fee and commission expense	(641,516)	(832,034)	(157,582)	(202,441)
Net fee and commission income	16,161,445	21,390,883	3,969,896	5,204,595

#### 28. Credit impairment losses/(reversal)

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
<i>Expected Credit Loss:</i>				
Loans and advances	111,365,708	(22,885,807)	27,355,860	(5,568,323)
Deposits and placements with banks	(678,551)	3,285,449	(166,679)	799,379
	110,687,157	(19,600,358)	27,189,181	(4,768,944)

#### 29. Personnel expenses

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Salaries and wages	138,007,862	136,762,870	33,900,236	33,275,637
Other benefits	11,473,492	11,708,809	2,818,348	2,848,859
	149,481,354	148,471,679	36,718,584	36,124,496

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 30. Depreciation and amortisation charges

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Depreciation of property and equipment	5,403,731	3,940,451	1,327,372	958,747
Depreciation of right-of-use assets	7,213,556	6,763,548	1,771,937	1,645,632
Amortisation of intangible assets	2,106,459	3,497,167	517,430	850,893
	<u>14,723,746</u>	<u>14,201,166</u>	<u>3,616,739</u>	<u>3,455,272</u>

#### 31. Other operating expenses

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Professional fees	13,585,138	9,106,674	3,337,052	2,215,736
Rental expense related to short-term lease and lease of low-value assets	9,869,372	9,214,371	2,424,311	2,241,939
Travelling expenses	6,447,231	6,272,390	1,583,697	1,526,129
Insurance	5,312,976	5,430,874	1,305,079	1,321,381
Advertising	2,122,245	3,262,060	521,308	793,689
Communication	3,019,336	2,905,441	741,669	706,920
Office supplies and stationery	2,584,267	2,596,317	634,799	631,707
Utilities	2,405,466	2,185,648	590,878	531,788
Security guard	1,491,876	1,476,697	366,464	359,294
Board of directors' expenses (Note 36(f))	754,401	789,825	185,311	192,172
Repairs and maintenance	536,737	704,144	131,844	171,325
Charitable contributions	437,141	106,250	107,379	25,852
Others	10,294,009	10,780,351	2,528,621	2,622,954
	<u>58,860,195</u>	<u>54,831,042</u>	<u>14,458,412</u>	<u>13,340,886</u>

#### 32. Income tax expense

##### (a) Income tax expense

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Current income tax	36,609,129	59,688,878	8,992,663	14,522,841
Deferred income tax	6,084,201	9,316,235	1,494,522	2,266,724
	<u>42,693,330</u>	<u>69,005,113</u>	<u>10,487,185</u>	<u>16,789,565</u>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 32. Income tax expense (continued)

##### (b) Reconciliation of income tax expense and accounting profit

Under the Cambodian tax regulations, the Company is subject to 20% Income Tax. The reconciliation of income tax computed at the statutory tax rate to the income tax expense as shown in the profit or loss were as follows:

	%	2024 KHR'000	%	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Profit before income tax		<u>205,537,202</u>		<u>339,091,115</u>	<u>50,488,137</u>	<u>82,503,922</u>
Tax at rate of 20%	20	41,107,440	20	67,818,223	10,097,627	16,500,784
Tax effect of reconciling items:						
Expenses not deductible for tax purposes	0.26	538,022	0.29	728,854	132,160	177,337
Others	0.51	1,047,868	-	458,036	257,398	111,444
Income tax expense	<u>20.77</u>	<u>42,693,330</u>	<u>20.29</u>	<u>69,005,113</u>	<u>10,487,185</u>	<u>16,789,565</u>

The calculation of income tax is subject to the review and final assessment of the tax authorities.

#### 33. Cash and cash equivalents

	31 December 2024 KHR'000	31 December 2023 KHR'000	31 December 2024 US\$ (Note 2.4(iii))	31 December 2023 US\$ (Note 2.4(iii))
Cash on hand (Note 4)	108,021,390	124,372,008	26,837,612	30,446,024
Deposits and placements with the National Bank of Cambodia:				
Settlement accounts (Note 5)	67,783,263	33,309,182	16,840,562	8,154,023
Current accounts (Note 5)	151,610,099	96,106,522	37,667,105	23,526,688
Deposits and placements with banks:				
Savings accounts (Note 6)	157,125,366	203,438,836	39,037,358	49,801,429
Current accounts (Note 6)	170,685,773	272,879,251	42,406,403	66,800,306
Fixed deposits with maturity three months or less (Note 6)	189,974,447	202,222,014	47,198,620	49,503,553
	<u>845,200,338</u>	<u>932,327,813</u>	<u>209,987,660</u>	<u>228,232,023</u>



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 34. Cash flow information

##### (a) Cash flow from operations

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Profit before income tax	205,537,202	339,091,115	50,488,137	82,503,922
<i>Adjustments for:</i>				
Depreciation and amortisation charges (Note 30)	14,723,746	14,201,166	3,616,739	3,455,272
Credit impairment losses/ (reversal) (Note 28)	110,687,157	(19,600,358)	27,189,181	(4,768,944)
Net losses on derecognition of financial assets measured at amortised cost	25,999,966	29,849,686	6,386,629	7,262,697
Gain on disposals of property and equipment	(279,637)	(535,095)	(68,690)	(130,193)
Written off on intangible assets	192,585	-	47,307	-
Provision employee benefits	7,270,445	7,143,981	1,785,911	1,738,195
Unrealised exchange gains	(5,294,780)	(2,452,700)	(1,300,609)	(596,764)
Net interest income (Note 26)	(542,024,402)	(536,889,507)	(133,142,816)	(130,630,050)
<i>Changes in working capital:</i>				
Reserve requirement deposits	31,743,371	(80,798,761)	7,797,438	(19,659,066)
Loans and advances	(244,782,011)	(5,896,944)	(60,128,227)	(1,434,780)
Other assets	(108,763)	932,681	(26,717)	226,930
Deposits from banks and other financial institutions	143,380,827	69,033,545	35,220,051	16,796,483
Deposits from customers	203,329,158	447,560,028	49,945,752	108,895,384
Other liabilities	(1,919,232)	(5,357,055)	(471,440)	(1,303,420)
Cash (used in)/ generate from operations	<u>(51,544,368)</u>	<u>256,281,782</u>	<u>(12,661,354)</u>	<u>62,355,666</u>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 34. Cash flow information (continued)

##### (b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year presented.

Net debt	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Cash and cash equivalents	845,200,338	932,327,813	209,987,660	228,232,023
Borrowings	(592,478,916)	(884,096,100)	(147,199,731)	(216,424,994)
Subordinated debts	(178,978,277)	(253,753,175)	(44,466,653)	(62,118,280)
Lease liabilities	<u>(28,859,765)</u>	<u>(27,481,666)</u>	<u>(7,170,128)</u>	<u>(6,727,458)</u>
Net debt	<u>44,883,380</u>	<u>(233,003,128)</u>	<u>11,151,148</u>	<u>(57,038,709)</u>
Cash and liquid investments	845,200,338	932,327,813	209,987,660	228,232,023
Gross debt – fixed interest rates	<u>(800,316,958)</u>	<u>(1,165,330,941)</u>	<u>(198,836,512)</u>	<u>(285,270,732)</u>
Net debt	<u>44,883,380</u>	<u>(233,003,128)</u>	<u>11,151,148</u>	<u>(57,038,709)</u>

Notes to the financial statements (continued)  
For the year ended 31 December 2024

## 34. Cash flow information (continued)

## (b) Net debt reconciliation (continued)

	Borrowings KHR'000	Leases KHR'000	Subordinated Debts KHR'000	Sub-total KHR'000	Cash KHR'000	Total KHR'000
<b>Net debt as at 1 January 2024</b>						
Cash flows	(884,096,100)	(27,481,666)	(253,753,175)	(1,165,330,941)	932,327,813	(233,003,128)
New leases	281,176,040	7,839,501	71,111,400	360,126,941	(87,127,475)	272,999,466
Foreign exchange adjustments	-	(8,323,041)	-	(8,323,041)	-	(8,323,041)
Other changes (i)	(8,132,186)	424,010	(2,910,321)	(10,618,497)	-	(10,618,497)
	18,573,330	(1,318,569)	6,573,819	23,828,580	-	23,828,580
<b>Net debt as at 31 December 2024</b>	(592,478,916)	(28,859,765)	(178,978,277)	(800,316,958)	845,200,338	44,883,380
In US\$ equivalent (Note 2.4(iii))	(147,199,731)	(7,170,128)	(44,466,653)	(198,836,511)	209,987,662	11,151,150
<b>Net debt as at 1 January 2023</b>						
Cash flows	(1,269,650,543)	(26,341,727)	(314,179,268)	(1,610,171,538)	672,183,723	(937,987,815)
New leases	382,544,700	5,931,236	54,382,800	442,858,736	260,144,090	703,002,826
Foreign exchange adjustments	-	(6,769,856)	-	(6,769,856)	-	(6,769,856)
Other changes (i)	4,092,808	212,974	1,316,103	5,621,885	-	5,621,885
	(1,083,065)	(514,293)	4,727,190	3,129,832	-	3,129,832
<b>Net debt as at 31 December 2023</b>	(884,096,100)	(27,481,666)	(253,753,175)	(1,165,330,941)	932,327,813	(233,003,128)
In US\$ equivalent (Note 2.4(iii))	(216,424,994)	(6,727,458)	(62,118,280)	(285,270,732)	228,232,023	(57,038,709)

(i) Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

## LOLC (Cambodia) Plc.

Notes to the financial statements (continued)  
For the year ended 31 December 2024

## 35. Commitments and contingencies

## (a) Loan commitment and guarantee

As at 31 December 2024, the Company have outstanding commitments on unused overdraft to customers as below:

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Within one year	368,251	-	91,491	-

## (b) Lease commitments

The Company recognised right-of-use assets and lease liabilities for lease contracts where the Company is a lessee, except for short-term leases and low value leases, see Note 2.10 and Note 12 for further information. The lease commitments of short-term leases and low value leases are as follows:

	31 December		31 December	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Within one year	24,969	81,405	6,203	19,928

## (c) Capital commitments

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
<i>Intangible assets:</i>				
Within one year	125,300	3,145,450	31,130	770,000
From one to five years	-	180,975	-	44,302
	125,300	3,326,425	31,130	814,302

## 36. Related-party transactions

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 year end and relating expenses and income for the year are as follows:



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 36. Related-party transactions (continued)

##### (a) Related parties and relationships

The related parties of the Company are as follows:

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

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

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Loans to key management personnel	2,895,100	4,369,644	719,280	1,069,680
Interest income	289,310	259,160	71,066	63,056

Loans and advances to key management personnel are secured and having interest rate of 7.66% to 14.40% (2023: 6.78% to 14.40%) per annum. Allowances for expected credit losses for loans to related parties was recognised during the year of KHR473 thousand (2023: KHR4,541 thousand).

##### (c) Payables to related parties

	31 December 2024 KHR'000	31 December 2023 KHR'000	31 December 2024 US\$ (Note 2.4(iii))	31 December 2023 US\$ (Note 2.4(iii))
Payables to related companies (Note 21)	2,210,336	1,140,781	549,152	279,261

The payables to related company are unsecured and bear no interest.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 36. Related-party disclosures (continued)

##### (d) Deposits from related parties

	31 December 2024 KHR'000	31 December 2023 KHR'000	31 December 2024 US\$ (Note 2.4(iii))	31 December 2023 US\$ (Note 2.4(iii))
Shareholders	100,670	95,771	25,011	23,445
Board of directors	2,224,157	1,936,539	552,586	474,061
Key management personnel	18,242,169	13,912,464	4,532,216	3,405,744
Related companies	1,168,501	187,003	290,311	45,778
	<u>21,735,497</u>	<u>16,131,777</u>	<u>5,400,124</u>	<u>3,949,028</u>
Interest payable	<u>756,582</u>	<u>403,812</u>	<u>187,971</u>	<u>98,852</u>
Interest expense	<u>1,066,272</u>	<u>878,805</u>	<u>261,919</u>	<u>213,821</u>

Annual interest rates during the year are as follows:

	31 December 2024	31 December 2023
Shareholders	3.00% - 7.00%	3.00% - 8.50%
Board of directors	3.00% - 7.75%	3.00% - 8.75%
Key management personnel	0.00% - 9.13%	1.00% - 9.13%
Related companies	<u>0.00% - 3.00%</u>	<u>1.00% - 3.00%</u>

##### (e) Transactions with related parties

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
(i) Incomes from related companies:				
Rental income	19,708	57,951	4,841	14,100
Management fee income	203,530	190,330	49,995	46,309
IT service fee income	-	71,830	-	17,477
Commission income	<u>8,120,615</u>	<u>4,362,366</u>	<u>1,994,747</u>	<u>1,061,403</u>
	<u>8,343,853</u>	<u>4,682,477</u>	<u>2,049,583</u>	<u>1,139,289</u>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 36. Related-party disclosures (continued)

##### (e) Transactions with related parties (continued)

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
(ii) <i>Expenses/payment to related companies:</i>				
License fees	2,113,479	630,836	519,155	153,488
IT consultancy and support fees	1,805,769	854,436	443,569	207,892
Rental expense	-	6,782	-	1,650
	<u>3,919,248</u>	<u>1,492,054</u>	<u>962,724</u>	<u>363,030</u>

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

##### (f) Key management compensation

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Directors' fees	754,401	789,825	185,311	192,172
Salaries and other benefits to key management	<u>13,220,609</u>	<u>12,605,987</u>	<u>3,247,509</u>	<u>3,067,150</u>
	<u>13,975,010</u>	<u>13,395,812</u>	<u>3,432,820</u>	<u>3,259,322</u>

#### 37. Financial risk management

The Company embraces risk management as an integral part of the Company's business, operations and decision-making process. In ensuring that the Company achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Company's risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders' value through sound risk management framework.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

	31 December 2024 KHR'000	2023 KHR'000	31 December 2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
<b>Financial assets</b>				
Financial assets at amortised costs				
Cash on hand	108,021,390	124,372,008	26,837,612	30,446,024
Deposits and placements with the National Bank of Cambodia	221,714,379	134,192,224	55,084,318	32,849,994
Deposits and placements with banks	556,774,147	672,287,486	138,328,981	164,574,660
Investment securities at amortised cost	3,339,960	-	829,804	-
Loans and advances at amortised cost	5,135,970,992	5,003,139,376	1,276,017,638	1,224,758,721
Other financial assets	<u>3,105,224</u>	<u>5,406,074</u>	<u>771,484</u>	<u>1,323,396</u>
	<u>6,028,926,092</u>	<u>5,939,397,168</u>	<u>1,497,869,837</u>	<u>1,453,952,795</u>
Financial assets at fair value through other comprehensive income	<u>60,375</u>	<u>61,275</u>	<u>15,000</u>	<u>15,000</u>
Total financial assets	<u>6,028,986,467</u>	<u>5,939,458,443</u>	<u>1,497,884,837</u>	<u>1,453,967,795</u>
<b>Financial liabilities</b>				
Financial liabilities at amortised cost				
Deposits from banks and other financial institutions	336,956,689	193,575,862	83,715,948	47,386,992
Deposits from customers	3,693,593,747	3,498,928,575	917,663,043	856,530,863
Borrowings	592,478,916	884,096,100	147,199,731	216,424,994
Subordinated debts	178,978,277	253,753,175	44,466,653	62,118,280
Lease liabilities	28,859,765	27,481,666	7,170,128	6,727,458
Other financial liabilities	<u>6,601,558</u>	<u>4,114,899</u>	<u>1,640,139</u>	<u>1,007,319</u>
Total financial liabilities	<u>4,837,468,952</u>	<u>4,861,950,277</u>	<u>1,201,855,642</u>	<u>1,190,195,906</u>
Net financial assets	<u>1,191,517,515</u>	<u>1,077,508,166</u>	<u>296,029,195</u>	<u>263,771,889</u>



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises from deposits and placements with the National Bank of Cambodia and banks, loans and advances, other financial assets, and credit commitments and financial guarantee contracts. Credit exposure arises principally in lending activities.

##### (a) Credit risk measurement

Credit risk is managed on a group basis.

For loans and advances and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for the purposes of measuring Expected Credit Loss (ECL) under CIFRS 9.

Deposits and placements with the National Bank of Cambodia and banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month expected credit loss. Other financial assets at amortised cost are monitored for its credit rating deterioration, and the measurement of impairment follows a three-stage approach in note 37.1(c).

##### (b) Risk limit control and mitigation policies

The Company operates and provides loans and advances to individuals or enterprises within the Kingdom of Cambodia. The Company manages limits and controls the concentration of credit risk whenever it is identified.

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collaterals for loans and advances to customers, which is common practice. The Company implements guidelines on the acceptability of specific classes of collaterals or credit risk mitigation. The principal collateral types to secure for loans and advances to customers are:

- Mortgages over residential properties (land, building and other properties);
- Movable properties
- Cash in the form of margin deposits, if any.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

##### (c) Impairment (expected credit loss) policies

The measurement of expected credit loss allowance under the CIFRS 9's three-stage approach is to recognise lifetime expected credit loss allowance for financial instruments for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month expected credit loss allowance.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired as at reporting date. For these assets, 12-month expected credit loss allowance are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime expected credit loss allowance are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss allowance are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their expected credit loss allowance is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard on the measurement of allowances are:

##### (i) Significant increase in credit risk (SICR)

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if past due more than 30 days for short term facility and 90 days past due for long term facility.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

###### (c) Impairment (expected credit loss) policies (continued)

###### (ii) Definition of default and credit impaired

The Company defines a financial instrument as in default which is also credit-impaired when it meets one of the following criteria:

- Where the principal or interest or both of any of the credit facility is past due for more than 90 days or 3 months; or
- Where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, the loan exhibits credit weaknesses and is downgraded to Impaired High Risk; or
- When an obligor/counterparty has multiple loans with the Company and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.
- Write-off/charged-off accounts.

###### (iii) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see 2.6(c)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

###### (iv) Measuring (ECL - inputs, assumptions and estimation techniques)

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on collective basis.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

###### (c) Impairment (expected credit loss) policies (continued)

###### (iv) Measuring (ECL - inputs, assumptions and estimation techniques) (continued)

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for the collective segment. The three components are multiplied together to calculate an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

###### Probability of default

The PD represents the likelihood that a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instruments, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk.

The PD is derived using historical default rates adjusted for forward-looking information and reflecting current portfolio composition and market data.

For portfolios without sufficient default data, forward-looking proxy PDs are used.

###### Exposure at Default

EAD is the total amount that the Company is exposed to at the time the borrower defaults.

For amortising products and bullet repayment loans, the 12-month and lifetime EADs are determined based on the expected payment profile which is the contractual repayments owed by the borrower over a 12-month or remaining maturity.

###### Loss Given Default

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

###### (c) Impairment (expected credit loss) policies (continued)

###### (iv) Measuring (ECL - inputs, assumptions and estimation techniques) (continued)

###### Loss Given Default (continued)

LGDs are determined based on historical data available for each portfolio to assess cooling-off period which cut-off at month where cumulative recovery amount is more than 90%. These vary by product type.

For portfolio without sufficient default data, Proxy LGD is used.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or significant assumptions made during the reporting year.

###### (v) Forward-looking information incorporated into the ECL models

The calculation of ECL incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD vary by financial instrument. Expert judgement has also been applied in this process. The historical and forecasts of these economic variables (the base economic scenario) are sourced from external research house. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates, while LGD is based historical recovery post default and the Company's consideration of projected collateral value through collateral haircut, except for Group loan portfolio that has incorporated forward-looking information and EAD is based on the expected payment profiles.

In addition to the based economic scenario, the Company considers other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 31 December 2024 and 31 December 2023, the Company concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

To consider the effect of the changes in the economy and external environment on the Company's loans and advances, the management continuously refreshes the macroeconomic variables quarterly to reflect the current economic condition in its forward-looking model. For the year ended 31 December 2024, the management has refreshed the latest macroeconomics variables available which were up to 31 December 2024.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

###### (c) Impairment (expected credit loss) policies (continued)

###### (v) Forward-looking information incorporated into the ECL models (continued)

Having reflected the most recent economic conditions within the existing ECL model, the management determines that the percentages for probability-weighted scenarios of 70% (2023: 70%) for base case, 20% (2023: 15%) for best case, and 10% (2023: 15%) for worst case reflect the current economic prospect from external research houses.

As with any economic forecasts, the projects and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

###### Macroeconomic variable assumptions

The weightings assigned to each economic scenario as at 31 December 2024 and 31 December 2023 are as follows:

	Base %	Best %	Worst %
As at 31 December 2024			
Scenario probability weighting	<u>70%</u>	<u>20%</u>	<u>10%</u>
As at 31 December 2023			
Scenario probability weighting	<u>70%</u>	<u>15%</u>	<u>15%</u>

###### Sensitivity analysis

The Company has used different macro-economic variable pairs for each portfolio based on the result of statistical regression analysis and expert judgement which makes intuitive or business sense. The Company regularly performs statistical testing on its forward looking models and refreshes macro-economic variable pairs that are fit for use based on the latest qualitative and quantitative data available. The macro-economic variable pairs that have been used for the year ended 31 December 2024 and 31 December 2023 are as follows:

LOLC (Cambodia) Plc.

Notes to the financial statements (continued)  
For the year ended 31 December 2024

37. Financial risk management (continued)

37.1 Credit risk (continued)

(c) Impairment (expected credit loss) policies (continued)

(v) Forward-looking information incorporated into the ECL models (continued)

*Sensitivity analysis (continued)*

Model	Portfolio	2024	2023
PD	Group loan	USDKHR	Unemployment
		Foreign direct investment (% of GDP)	Private consumption expenditure
	Individual loan	USDKHR	USDKHR
		Foreign direct investment (% of GDP)	Foreign direct investment (% of GDP)
	Life improvement loan asset backed	Unemployment	Unemployment
		Goods & Services GDP	Foreign direct investment (% of GDP)
	Home improvement loan	Foreign direct investment (% of GDP)	Foreign direct investment (% of GDP)
		USDKHR	USDKHR
	Seasonal loan	Current account balance GDP	Current account balance GDP
		Foreign direct investment (% of GDP)	Foreign direct investment (% of GDP)
	SME loan	USDKHR	GDP constant 2000
		Foreign direct investment (% of GDP)	
LGD	Group loan	Crude oil brent	Crude oil brent
		Private consumption expenditure	Private consumption expenditure
		N/A	N/A

LOLC (Cambodia) Plc.

Notes to the financial statements (continued)  
For the year ended 31 December 2024

37. Financial risk management (continued)

37.1 Credit risk (continued)

(c) Impairment (expected credit loss) policies (continued)

(v) Forward-looking information incorporated into the ECL models (continued)

*Sensitivity analysis (continued)*

Set out below are the estimated changes to the ECL for the year ended 31 December 2024 and 31 December 2023 due to the possible changes in the macro-economic variables from the actual assumption used. The changes in the macro-economic variables (MEVs) are set to change together with their own pairs and are each analysed for a sensitivity range within a standard deviation, a common statistical term predicting the variation from the forecasted macro-economic variables.

	ECL		ECL	
	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
<b>Group loan</b>				
Variation added to MEVs	(129,693)	1,371,142	(32,222)	335,653
Variation deducted from MEVs	126,904	5,220,259	31,529	1,277,909
<b>Individual loan</b>				
Variation added to MEVs	391,645	1,281,478	97,303	313,703
Variation deducted from MEVs	(411,473)	1,281,478	(102,229)	313,703
<b>Life improvement loan asset backed</b>				
Variation added to MEVs	(4,652,060)	(4,221,570)	(1,155,791)	(1,033,432)
Variation deducted from MEVs	3,201,998	2,809,296	795,527	687,710
<b>Home improvement loan</b>				
Variation added to MEVs	(40,706)	(24,592)	(10,113)	(6,020)
Variation deducted from MEVs	36,579	21,692	9,088	5,310
<b>Seasonal loan</b>				
Variation added to MEVs	97,991	864,181	24,346	211,550
Variation deducted from MEVs	(112,657)	783,291	(27,989)	191,748
<b>SME loan</b>				
Variation added to MEVs	(1,388,434)	2,922,328	(344,953)	715,380
Variation deducted from MEVs	1,320,434	(6,066,537)	328,058	(1,485,076)
<b>Staff loan</b>				
Variation added to MEVs	1,418	2,839	352	695
Variation deducted from MEVs	(1,563)	(3,096)	(388)	(758)



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

##### (c) Impairment (expected credit loss) policies (continued)

##### (vi) Grouping of exposure for ECL measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Company has considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk.

##### (vii) Write off

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

Recoveries of amounts previously written off are included in 'Net gains or losses on the derecognition of financial assets measured at amortised cost' in the statement of profit and loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

##### (viii) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different from the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

##### (c) Impairment (expected credit loss) policies (continued)

##### (viii) Modification of loans (continued)

- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Company monitors the subsequent performance of modified assets. The Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

##### (d) Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Company would have to pay if the obligations of the instruments issued are called upon. The table below shows the maximum exposure to credit risk for the Company on financial instruments subject to impairment:

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Credit risk exposure relating to on-balance sheet assets:				
Deposits and placements with banks	556,774,147	672,287,486	138,328,981	164,574,660
Investment securities at amortised cost	3,339,960	-	829,804	-
Loans and advances at amortised cost	5,135,970,992	5,003,139,376	1,276,017,638	1,224,758,721
Other financial assets	3,105,224	5,406,074	771,484	1,323,396
Total maximum credit risk exposure that are subject to impairment	<u>5,699,190,323</u>	<u>5,680,832,936</u>	<u>1,415,947,907</u>	<u>1,390,656,777</u>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

##### (d) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

Credit risk exposure relating to off-balance sheet assets:

	2024 KHR'000	2023 KHR'000	2024 US\$ (Note 2.4(iii))	2023 US\$ (Note 2.4(iii))
Total maximum credit risk exposure that are subject to impairment	368,251	-	91,491	-

The above table represents a worst-case scenario of credit risk exposure to the Company, since collateral held and/or other credit enhancement attached were not taken into account. The exposures set out above are based on net carrying amounts. As shown above, 90% (2023: 88%) of total maximum exposure is derived from loans and advances. Management is confident of its ability to continue to control and sustain minimal exposure on credit risk resulting from the Company's loans and advances due to the following:

- Almost all loans and advances are collateralised and loan to collateral value range from 50% to 80%.
- The Company has a proper credit evaluation process in place for granting of loans and advances to customers.
- All of the deposits and placement with banks are held with local banks and management has done proper risk assessment and believe there will be no material loss from these local banks.

##### (e) Credit quality of financial assets

The Company assesses credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers judgement.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

##### (e) Credit quality of financial assets (continued)

Credit quality description is summarised as follows:

Credit quality	Description
Standard monitoring	Obligors in this category exhibit strong capacity to meet financial commitment.  The Company monitors obligors in this category by delinquency status. Obligors that are less than 30 days past due on its contractual payments for both short-term and long-term facilities are in standard monitoring.
Special monitoring	Obligors in this category have a fairly acceptable capacity to meet financial commitments.  The Company monitors obligors in this category by delinquency status. Obligors that are 30 days past due on its contractual payments are included in special monitoring.
Default/Credit impaired	Obligors are assessed to be impaired.

The credit quality of financial instruments other than loans, advances and financing are determined based on the ratings of counterparties as defined equivalent ratings of other international rating agencies as defined below:

Credit quality	Description
Sovereign	Refer to financial assets issued by the National Bank of Cambodia/government or guarantee by the National Bank of Cambodia/government.
Investment grade	Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default.
Non-investment grade	Refers to low credit quality of the financial asset that is highly exposed to default risk.
Un-graded	Refers to financial assets which are currently not assigned with ratings due to unavailability of ratings models.
Credit impaired	Refers to the asset that is being impaired.



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

##### (e) Credit quality of financial assets (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

	2024				2023			
	12-month ECL KHR'000	Lifetime ECL not Credit- Impaired KHR'000	Lifetime ECL Credit- Impaired KHR'000	Total KHR'000	12-month ECL KHR'000	Lifetime ECL not Credit- Impaired KHR'000	Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
<b>Deposits and placements with banks</b>								
Investment grade	109,614,660	-	-	109,614,660	200,832,158	-	-	200,832,158
Un-graded	452,607,090	-	-	452,607,090	477,707,943	-	-	477,707,943
Gross carrying amount	562,221,750	-	-	562,221,750	678,540,101	-	-	678,540,101
Less: Expected credit loss	(5,447,603)	-	-	(5,447,603)	(6,252,615)	-	-	(6,252,615)
Net carrying amount	556,774,147	-	-	556,774,147	672,287,486	-	-	672,287,486
In US\$ equivalent (Note 2.4(iii))	138,328,981	-	-	138,328,981	164,574,660	-	-	164,574,660

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

##### (e) Credit quality of financial assets (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

	2024				2023			
	12-month ECL KHR'000	Lifetime ECL not Credit- Impaired KHR'000	Lifetime ECL Credit- Impaired KHR'000	Total KHR'000	12-month ECL KHR'000	Lifetime ECL not Credit- Impaired KHR'000	Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
<b>Loans and advances at amortised cost</b>								
Standard monitoring	4,515,237,712	-	-	4,515,237,712	4,921,687,690	-	-	4,921,687,690
Special monitoring	-	438,448,450	-	438,448,450	-	50,381,792	-	50,381,792
Default	-	-	362,678,380	362,678,380	-	-	119,912,081	119,912,081
Gross carrying amount	4,515,237,712	438,448,450	362,678,380	5,316,364,542	4,921,687,690	50,381,792	119,912,081	5,091,981,563
Less: Expected credit loss	(18,919,816)	(17,235,755)	(144,237,979)	(180,393,550)	(23,447,275)	(5,771,271)	(59,623,641)	(88,842,187)
Net carrying amount	4,496,317,896	421,212,695	218,440,401	5,135,970,992	4,898,240,415	44,610,521	60,288,440	5,003,139,376
In US\$ equivalent ((Note 2.4(iii))	1,117,097,614	104,649,117	54,270,907	1,276,017,638	1,199,079,661	10,920,568	14,758,492	1,224,758,721

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

###### (f) Loss allowance

Expected credit loss reconciliation – loans and advances at amortised cost

	2024			
	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
<b>Expected Credit Losses</b>				
Loss allowance as at 1 January	23,447,275	5,771,271	59,623,641	88,842,187
<i>Changes due to exposure:</i>				
Transfer to stage 1	1,003,559	(449,157)	(554,402)	-
Transfer to stage 2	(2,997,261)	4,407,275	(1,410,014)	-
Transfer to stage 3	(4,698,057)	(3,345,245)	8,043,302	-
Net remeasurement of loss allowance (*)	332,199	9,615,312	86,160,064	96,107,575
New financial assets originated	9,457,305	5,743,334	10,170,610	25,371,249
Financial assets derecognised during the year other than write off	(6,912,451)	(933,980)	(2,266,685)	(10,113,116)
Write offs	(14,921)	(216,826)	(32,877,215)	(33,108,962)
Unwinding of discount (**)	-	-	7,771,542	7,771,542
Foreign exchange difference	(697,832)	(3,356,229)	9,577,136	5,523,075
Loss allowance as at 31 December	<u>18,919,816</u>	<u>17,235,755</u>	<u>144,237,979</u>	<u>180,393,550</u>
In US\$ equivalent (Note 2.4(iii))	<u>4,700,575</u>	<u>4,282,175</u>	<u>35,835,523</u>	<u>44,818,273</u>

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

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

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

###### (f) Loss allowance (continued)

Expected credit loss reconciliation – loans and advances at amortised cost (continued)

	2024			
	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
<b>Gross carrying amount</b>				
Gross carrying amount as at 1 January	4,921,687,690	50,381,792	119,912,081	5,091,981,563
<i>Changes due to exposure:</i>				
Transfer to stage 1	5,949,651	(4,811,810)	(1,137,841)	-
Transfer to stage 2	(359,294,095)	362,753,813	(3,459,718)	-
Transfer to stage 3	(253,960,311)	(23,008,110)	276,968,421	-
New financial assets originated or purchased	1,942,547,059	63,839,065	40,362,100	2,046,748,224
Financial assets derecognised during the year other than write offs	(1,741,632,384)	(10,222,805)	(5,167,627)	(1,757,022,816)
Write-offs	(59,898)	(483,495)	(64,799,036)	(65,342,429)
Gross carrying amount as at 31 December	<u>4,515,237,712</u>	<u>438,448,450</u>	<u>362,678,380</u>	<u>5,316,364,542</u>
In US\$ equivalent (Note 2.4(iii))	<u>1,121,798,189</u>	<u>108,931,292</u>	<u>90,106,430</u>	<u>1,320,835,911</u>



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

###### (f) Loss allowance (continued)

Expected credit loss reconciliation – loans and advances at amortised cost (continued)

	2023			
	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
<b>Expected Credit Losses</b>				
Loss allowance as at 1 January	57,944,061	10,213,409	83,810,681	151,968,151
<i>Changes due to exposure:</i>				
Transfer to stage 1	5,814,773	(2,338,229)	(3,476,544)	-
Transfer to stage 2	(632,406)	2,599,952	(1,967,546)	-
Transfer to stage 3	(3,159,635)	(2,258,775)	5,418,410	-
Net remeasurement of loss allowance (*)	(60,013,529)	(1,788,978)	47,860,508	(13,941,999)
New financial assets originated	11,478,479	2,145,500	6,486,417	20,110,396
Financial assets derecognised during the year other than write offs	(20,090,706)	(4,937,946)	(4,025,552)	(29,054,204)
Write-offs	-	(7,060)	(48,628,268)	(48,635,328)
Unwinding of discount (**)	-	-	(2,311,847)	(2,311,847)
Foreign exchange difference	32,106,238	2,143,398	(23,542,618)	10,707,018
Loss allowance as at 31 December	23,447,275	5,771,271	59,623,641	88,842,187
In US\$ equivalent (Note 2.4(iii))	5,739,847	1,412,796	14,595,750	21,748,393

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

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

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

###### (f) Loss allowance (continued)

Expected credit loss reconciliation – loans and advances at amortised cost (continued)

	2023			
	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
<b>Gross carrying amount</b>				
Gross carrying amount as at 1 January	4,948,939,886	73,840,698	135,912,040	5,158,692,624
<i>Changes due to exposure:</i>				
Transfer to stage 1	20,862,635	(11,885,640)	(8,976,995)	-
Transfer to stage 2	(24,081,754)	29,380,068	(5,298,314)	-
Transfer to stage 3	(68,701,734)	(9,720,799)	78,422,533	-
New financial assets originated or purchased	1,791,964,697	929,980	11,975,664	1,804,870,341
Financial assets derecognised during the year other than write off	(1,747,296,040)	(32,154,410)	(9,093,753)	(1,788,544,203)
Write-offs	-	(8,105)	(83,029,094)	(83,037,199)
Gross carrying amount as at 31 December	4,921,687,690	50,381,792	119,912,081	5,091,981,563
In US\$ equivalent (Note 2.4(iii))	1,204,819,508	12,333,364	29,354,242	1,246,507,114

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

##### (g) Concentration of financial assets with credit risk exposure

##### (i) Industry sector

The following table breaks down the Company's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sectors of its counterparties.

	2024				2023			
	Deposits and placements with banks	Investment securities at amortised cost	Loans and advances at amortised cost	Other financial assets	Total	Deposits and placements with banks	Loans and advances at amortised cost	Other financial assets
	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000	KHR'000
Financial institutions	562,221,750	-	-	-	562,221,750	678,540,101	-	-
Government	-	3,339,960	-	-	3,339,960	-	-	-
Household/family	-	-	1,417,524,512	-	1,417,524,512	-	1,361,399,479	1,361,399,479
Agriculture	-	-	1,419,397,914	-	1,419,397,914	-	1,358,578,944	1,358,578,944
Trade and commerce	-	-	998,980,153	-	998,980,153	-	979,429,343	979,429,343
Services	-	-	834,410,205	-	834,410,205	-	778,684,244	778,684,244
Manufacturing	-	-	367,318,354	-	367,318,354	-	334,987,960	334,987,960
Construction	-	-	201,516,695	-	201,516,695	-	206,357,866	206,357,866
Transportation	-	-	77,216,709	-	77,216,709	-	72,543,727	72,543,727
Others	-	-	-	3,105,224	3,105,224	-	-	5,406,074
Gross carrying amount	562,221,750	3,339,960	5,316,364,542	3,105,224	5,885,031,476	678,540,101	5,091,981,563	5,775,927,738
Less: expected credit loss	(5,447,603)	-	(180,393,550)	-	(185,841,153)	(6,252,615)	(88,842,187)	(95,094,802)
Net carrying amount	556,774,147	3,339,960	5,135,970,992	3,105,224	5,699,190,323	672,287,486	5,003,139,376	5,680,832,936
In US\$ equivalent (Note 2.4(iii))	138,328,981	829,804	1,276,017,638	771,484	1,415,947,906	164,574,660	1,224,758,721	1,390,656,778

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.1 Credit risk (continued)

##### (g) Concentration of financial assets with credit risk exposure (continued)

##### (ii) Geographical sector

All of the Company's financial assets are located in Cambodia. Therefore, the Company's credit exposure is within Cambodia only.

##### (h) Repossessed collateral

Reposessed collaterals are sold as soon as practicable. The Company does not utilise the reposessed collaterals for its business use.

The Company did not obtain assets by taking possession of collateral held as security as at 31 December 2024 and 31 December 2023.

##### 37.2 Market risk

The Company takes exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Company does not use derivative financial instruments such as foreign exchange contract and interest rate swaps to hedge its risk exposure.

##### (i) Foreign exchange risk

The Company operates in Cambodia and transacts in Khmer Riel, United States Dollars and Thai Baht (THB), and is exposed to various currency risks, primarily with respect to US\$ and THB.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

Management monitors foreign exchange risk against the Company's functional currency. However, the Company does not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The Company's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Company's exposure to foreign currency exchange rate risk. Included in the table are and Company's financial instruments at their carrying amounts by currency in KHR equivalent.



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (i) Foreign exchange risk (continued)

	In KHR'000 equivalent			
	KHR	US\$	THB	Total
<b>As at 31 December 2024</b>				
<b>Financial assets</b>				
Cash on hand	28,465,584	73,009,717	6,546,089	108,021,390
Deposits and placements with the National Bank of Cambodia	42,943,113	178,771,266	-	221,714,379
Deposits and placements with banks	192,679,979	364,094,168	-	556,774,147
Investment securities at amortised cost	3,339,960	-	-	3,339,960
Loans and advances at amortised cost	1,587,921,064	3,473,628,099	74,421,829	5,135,970,992
Financial assets at fair value through other comprehensive income	-	60,375	-	60,375
Other financial assets	1,059,754	1,964,839	80,631	3,105,224
<b>Total financial assets</b>	<b>1,856,409,454</b>	<b>4,091,528,464</b>	<b>81,048,549</b>	<b>6,028,986,467</b>
<b>Financial liabilities</b>				
Deposits from banks and other financial institutions	5,890,153	331,064,286	2,250	336,956,689
Deposits from customers	333,288,220	3,357,061,048	3,244,479	3,693,593,747
Borrowings	197,867,593	394,611,323	-	592,478,916
Subordinated debts	-	178,978,277	-	178,978,277
Lease liabilities	-	28,859,765	-	28,859,765
Other liabilities	2,530,372	4,037,280	33,906	6,601,558
<b>Total financial liabilities</b>	<b>539,576,338</b>	<b>4,294,611,979</b>	<b>3,280,635</b>	<b>4,837,468,952</b>
<b>Net on-balance sheet position</b>	<b>1,316,833,116</b>	<b>(203,083,515)</b>	<b>77,767,914</b>	<b>1,191,517,515</b>
In US\$ equivalent (Note 2.4(iii))	327,163,507	(50,455,532)	19,321,221	296,029,196

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (i) Foreign exchange risk (continued)

	In KHR'000 equivalent			
	KHR	US\$	THB	Total
<b>As at 31 December 2023</b>				
<b>Financial assets</b>				
Cash on hand	31,087,701	78,918,818	14,365,489	124,372,008
Deposits and placements with the National Bank of Cambodia	41,226,151	92,966,073	-	134,192,224
Deposits and placements with banks	286,561,273	385,726,213	-	672,287,486
Loans and advances at amortised cost	1,472,322,801	3,382,541,229	148,275,346	5,003,139,376
Financial assets at fair value through other comprehensive income	-	61,275	-	61,275
Other financial assets	1,611,447	3,649,505	145,122	5,406,074
<b>Total financial assets</b>	<b>1,832,809,373</b>	<b>3,943,863,113</b>	<b>162,785,957</b>	<b>5,939,458,443</b>
<b>Financial liabilities</b>				
Deposits from banks and other financial institutions	16,538,892	176,976,105	60,865	193,575,862
Deposits from customers	368,155,614	3,123,132,366	7,640,595	3,498,928,575
Borrowings	125,834,726	715,664,975	42,596,399	884,096,100
Subordinated debts	-	253,753,175	-	253,753,175
Lease liabilities	-	27,481,666	-	27,481,666
Other liabilities	1,778,370	2,315,817	20,712	4,114,899
<b>Total financial liabilities</b>	<b>512,307,602</b>	<b>4,299,324,104</b>	<b>50,318,571</b>	<b>4,861,950,277</b>
<b>Net on-balance sheet position</b>	<b>1,320,501,771</b>	<b>(355,460,991)</b>	<b>112,467,386</b>	<b>1,077,508,166</b>
In US\$ equivalent (Note 2.4(iii))	323,256,248	(87,016,154)	27,531,796	263,771,889

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (i) Foreign exchange risk (continued)

###### Sensitivity analysis

As shown in the table above, the Company is primarily exposed to changes in KHR/US\$ and KHR/THB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US\$ and THB denominated financial instruments.

	Impact on post tax profit KHR'000	Impact on other component of equity KHR'000	Impact on post tax profit US\$	Impact on other component of equity US\$
<b>2024</b>				
KHR/US\$ exchange rate- increase by 2%	3,185,624	-	791,459	-
KHR/US\$ exchange rate- decrease by 2 %	(3,315,650)	-	(823,764)	-
KHR/THB exchange rate- increase by 7%	(4,070,097)	-	(1,011,204)	-
KHR/THB exchange rate- decrease by 7 %	4,682,799	-	1,163,428	-
<b>2023</b>				
KHR/US\$ exchange rate- increase by 2%	5,575,858	-	1,364,959	-
KHR/US\$ exchange rate- decrease by 2%	(5,803,443)	-	(1,420,672)	-
KHR/THB exchange rate- increase by 6%	(5,092,862)	-	(1,246,723)	-
KHR/THB exchange rate- decrease by 6%	5,743,015	-	1,405,879	-

###### (ii) Price risk

The Company's exposure to equity securities price risk arises from investment held by the Company and classified as FVOCI. The investment amount is insignificant, so the Company did not have any policy to manage its price risk arising from investments in equity securities.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise.

The Company's main interest rate risk arises from borrowings with variable rates, which exposes the Company to cash flow interest rate risk. The Company's borrowing consists of both fixed rates and variable rates, in which majority of the borrowings are at fixed rates as the Company's policy is to maintain at least 70% of its borrowing at fixed rate. The Company does not have fair value interest rate risk as the interest rates of financial instruments measured at amortised cost are similar to prevailing market rates.

The management of the Company at this stage does not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch. In addition, the management regularly analyses and foresees the expected changes in the interest rates and manages cash flow interest rate risk by assessing its impacts and developed actions to respond to the interest rate risk.



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (iii) Interest rate risk (continued)

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2024	Up to 1 month KHR'000	1 to 3 months KHR'000	3 to 12 months KHR'000	1 to 5 years KHR'000	Over 5 years KHR'000	Non-interest rate sensitive KHR'000	Total KHR'000
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	108,021,390	108,021,390
Deposits and placements with the National Bank of Cambodia	-	705,852	1,615,969	-	-	219,392,558	221,714,379
Deposits and placements with banks	184,526,844	-	44,436,164	-	-	327,811,139	556,774,147
Investment securities at amortised cost	-	-	-	3,339,960	-	-	3,339,960
Financial assets at fair value through other comprehensive income	-	-	-	-	-	60,375	60,375
Loans and advances at amortised cost	17,201,018	31,491,144	158,320,070	2,553,078,197	2,375,880,563	-	5,135,970,992
Other financial assets	-	-	-	-	-	3,105,224	3,105,224
<b>Total financial assets</b>	<b>201,727,862</b>	<b>32,196,996</b>	<b>204,372,203</b>	<b>2,556,418,157</b>	<b>2,375,880,563</b>	<b>658,390,686</b>	<b>6,028,986,467</b>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (iii) Interest rate risk (continued)

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. (continued)

As at 31 December 2024	Up to 1 month KHR'000	1 to 3 months KHR'000	3 to 12 months KHR'000	1 to 5 years KHR'000	Over 5 years KHR'000	Non-interest rate sensitive KHR'000	Total KHR'000
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	25,802,939	135,243,980	175,909,318	-	-	452	336,956,689
Deposits from customers	483,957,447	491,159,664	2,282,531,752	434,286,842	-	1,658,042	3,693,593,747
Borrowings	78,659,891	119,465,600	394,353,425	-	-	-	592,478,916
Subordinated debts	-	-	17,982,276	160,996,001	-	-	178,978,277
Lease liabilities	-	16,659	161,378	10,038,266	18,643,462	-	28,859,765
Other financial liabilities	-	-	-	-	-	6,601,558	6,601,558
<b>Total financial liabilities</b>	<b>588,420,277</b>	<b>745,885,903</b>	<b>2,870,938,149</b>	<b>605,321,109</b>	<b>18,643,462</b>	<b>8,260,052</b>	<b>4,837,468,952</b>
<b>Net interest repricing gap</b>	<b>(386,692,415)</b>	<b>(713,688,907)</b>	<b>(2,666,565,946)</b>	<b>1,951,097,048</b>	<b>2,357,237,101</b>	<b>650,130,634</b>	<b>1,191,517,515</b>
<b>In US\$ equivalent (Note 2.4(iii))</b>	<b>(96,072,650)</b>	<b>(177,314,014)</b>	<b>(662,500,856)</b>	<b>484,744,608</b>	<b>585,648,969</b>	<b>161,523,139</b>	<b>296,029,196</b>

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

##### (iii) Interest rate risk (continued)

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. (continued)

As at 31 December 2023	Up to 1 month KHR'000	1 to 3 months KHR'000	3 to 12 months KHR'000	1 to 5 years KHR'000	Over 5 years KHR'000	Non-interest rate sensitive KHR'000	Total KHR'000
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	124,372,008	124,372,008
Deposits and placements with the National Bank of Cambodia	-	707,140	4,069,380	-	-	129,415,704	134,192,224
Deposits and placements with banks	312,427,950	41,375,540	-	-	-	318,483,996	672,287,486
Financial assets at fair value through other comprehensive income	-	-	-	-	-	61,275	61,275
Loans and advances at amortised cost	9,047,867	27,713,423	190,744,949	2,730,692,162	2,044,940,975	-	5,003,139,376
Other financial assets	-	-	-	-	-	5,406,074	5,406,074
<b>Total financial assets</b>	<b>321,475,817</b>	<b>69,796,103</b>	<b>194,814,329</b>	<b>2,730,692,162</b>	<b>2,044,940,975</b>	<b>577,739,057</b>	<b>5,939,458,443</b>

### LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

##### (iii) Interest rate risk (continued)

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. (continued)

As at 31 December 2023	Up to 1 month KHR'000	1 to 3 months KHR'000	3 to 12 months KHR'000	1 to 5 years KHR'000	Over 5 years KHR'000	Non-interest rate sensitive KHR'000	Total KHR'000
<b>Financial liabilities</b>							
Deposits from banks and other financial institutions	23,823,303	81,861,284	87,891,275	-	-	-	193,575,862
Deposits from customers	453,837,227	550,133,562	2,164,436,837	328,781,934	1,739,015	-	3,498,928,575
Borrowings	-	44,214,014	236,460,770	603,421,316	-	-	884,096,100
Subordinated debts	-	-	-	253,753,175	-	-	253,753,175
Lease liabilities	-	45,989	39,784	11,493,131	15,902,762	-	27,481,666
Other financial liabilities	-	-	-	-	-	4,114,899	4,114,899
<b>Total financial liabilities</b>	<b>477,660,530</b>	<b>676,254,849</b>	<b>2,488,828,666</b>	<b>1,197,449,556</b>	<b>17,641,777</b>	<b>4,114,899</b>	<b>4,861,950,277</b>
<b>Net interest repricing gap</b>	<b>(156,184,713)</b>	<b>(606,458,746)</b>	<b>(2,294,014,337)</b>	<b>1,533,242,606</b>	<b>2,027,299,198</b>	<b>573,624,158</b>	<b>1,077,508,166</b>
<b>In US\$ equivalent (Note 2.4(iii))</b>	<b>(38,233,712)</b>	<b>(148,459,913)</b>	<b>(561,570,217)</b>	<b>375,334,787</b>	<b>496,278,873</b>	<b>140,422,071</b>	<b>263,771,889</b>



## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.2 Market risk (continued)

###### (iii) Interest rate risk (continued)

###### Sensitivity analysis

Profit or loss is sensitive to higher/lower interest income from financial instruments as a result of changes in interest rates.

As at 31 December 2024, there is no variable interest rate subject to sensitivity analysis (31December 2023: nil).

##### 37.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

###### (a) Liquidity risk management process

The Company's management monitors balance sheet liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

###### (b) Funding approach

The Company's main sources of liquidities arise from shareholder's paid-up capital, borrowing, subordinated debts and customers' deposits. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

###### (c) Non-derivative cash flows

The table below presents the cash flows payable by the Company under non-derivative financial liabilities based on remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected undiscounted cash flows.

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.3 Liquidity risk (continued)

###### (c) Non-derivative cash flows (continued)

As at 31 December 2024	Carrying amount KHR'000	Gross nominal inflows/(outflow) KHR'000	Up to 1 month KHR'000	1 to 3 months KHR'000	3 to 12 months KHR'000	1 to 5 years KHR'000	Over 5 years KHR'000	Total KHR'000
<b>Financial assets</b>								
Cash on hand	108,021,390	108,021,390	108,021,390	-	-	-	-	108,021,390
Deposits and placements with the National Bank of Cambodia	221,714,379	221,729,218	219,393,362	706,962	1,628,894	-	-	221,729,218
Deposits and placements with banks	556,774,147	564,327,133	518,081,549	-	46,245,584	-	-	564,327,133
Investment securities at amortised cost	3,339,960	3,671,043	-	-	148,497	3,522,546	-	3,671,043
Financial assets at fair value through other comprehensive income	60,375	60,375	-	-	-	-	60,375	60,375
Loans and advances at amortised cost	5,135,970,992	7,654,082,358	261,333,110	315,971,986	1,423,280,063	4,578,224,495	1,075,272,704	7,654,082,358
Other financial assets	3,105,224	3,105,224	3,105,224	-	-	-	-	3,105,224
<b>Total financial assets by remaining contractual maturities</b>	<b>6,028,986,467</b>	<b>8,554,996,741</b>	<b>1,109,934,635</b>	<b>316,678,948</b>	<b>1,471,303,038</b>	<b>4,581,747,041</b>	<b>1,075,333,079</b>	<b>8,554,996,741</b>

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.3 Liquidity risk (continued)

##### (c) Non-derivative cash flows (continued)

As at 31 December 2024	Carrying amount KHR'000	Gross nominal inflows/(outflow) KHR'000	Up to 1 month KHR'000	1 to 3 months KHR'000	3 to 12 months KHR'000	1 to 5 years KHR'000	Over 5 years KHR'000	Total KHR'000
<b>Financial liabilities</b>								
Deposits from banks and other financial institutions	336,956,689	342,486,140	25,853,359	136,390,094	180,242,687	-	-	342,486,140
Deposits from customers	3,693,593,747	3,862,635,274	486,703,887	503,624,885	2,389,545,911	479,131,701	3,628,890	3,862,635,274
Borrowings	592,478,916	632,492,335	16,057,395	119,671,515	246,372,346	250,391,079	-	632,492,335
Subordinated debts	178,978,277	206,920,712	-	6,435,120	79,555,594	120,929,998	-	206,920,712
Lease liabilities	28,859,765	36,151,786	687,072	1,377,762	6,430,348	21,828,519	5,828,085	36,151,786
Other financial liabilities	6,601,558	6,601,558	6,601,558	-	-	-	-	6,601,558
<b>Total financial liabilities by remaining contractual maturities</b>	<b>4,837,468,952</b>	<b>5,087,287,805</b>	<b>535,903,271</b>	<b>767,499,376</b>	<b>2,902,146,886</b>	<b>872,281,297</b>	<b>9,456,975</b>	<b>5,087,287,805</b>
<b>Net liquidity surplus/(gap)</b>	<b>1,191,517,515</b>	<b>3,467,708,936</b>	<b>574,031,364</b>	<b>(450,820,428)</b>	<b>(1,430,843,848)</b>	<b>3,709,465,744</b>	<b>1,065,876,104</b>	<b>3,467,708,936</b>
In US\$ equivalent (Note 2.4(iii))	296,029,196	861,542,593	142,616,488	(112,005,075)	(355,489,155)	921,606,396	264,813,939	861,542,593

## LOLC (Cambodia) Plc.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.3 Liquidity risk (continued)

##### (c) Non-derivative cash flows (continued)

As at 31 December 2023	Carrying amount KHR'000	Gross nominal inflows/(outflow) KHR'000	Up to 1 month KHR'000	1 to 3 months KHR'000	3 to 12 months KHR'000	1 to 5 years KHR'000	Over 5 years KHR'000	Total KHR'000
<b>Financial assets</b>								
Cash on hand	124,372,008	124,372,008	124,372,008	-	-	-	-	124,372,008
Deposits and placements with the National Bank of Cambodia	134,192,224	134,226,190	129,415,704	709,029	4,101,457	-	-	134,226,190
Deposits and placements with banks	672,287,486	672,382,709	672,382,709	-	-	-	-	672,382,709
Financial assets at fair value through other comprehensive income	61,275	61,275	61,275	-	-	-	-	61,275
Loans and advances at amortised cost	5,003,139,376	7,234,912,560	238,495,030	347,980,953	1,426,253,051	4,399,814,734	822,368,792	7,234,912,560
Other financial assets	5,406,074	5,406,074	4,734,631	-	-	377,323	294,120	5,406,074
<b>Total financial assets by remaining contractual maturities</b>	<b>5,939,458,443</b>	<b>8,171,360,816</b>	<b>1,169,461,357</b>	<b>348,689,982</b>	<b>1,430,354,508</b>	<b>4,400,192,057</b>	<b>822,662,912</b>	<b>8,171,360,816</b>



Notes to the financial statements (continued)  
For the year ended 31 December 2024

## 37. Financial risk management (continued)

## 37.3 Liquidity risk (continued)

## (c) Non-derivative cash flows (continued)

As at 31 December 2023	Carrying amount KHR'000	Gross nominal inflows (outflow) KHR'000	Up to 1 month KHR'000	1 to 3 months KHR'000	3 to 12 months KHR'000	1 to 5 years KHR'000	Over 5 years KHR'000	Total KHR'000
<b>Financial liabilities</b>								
Deposits from banks and other financial institutions	193,575,862	197,813,895	23,912,558	82,733,547	91,167,790	-	-	197,813,895
Deposits from customers	3,498,928,575	3,676,521,708	459,118,939	564,364,362	2,287,966,621	363,332,763	1,739,023	3,676,521,708
Borrowings	884,096,100	960,316,359	16,947,541	99,713,551	339,784,287	503,870,980	-	960,316,359
Subordinated debts	253,753,175	304,587,181	-	7,626,314	86,860,007	210,100,860	-	304,587,181
Lease liabilities	27,481,666	33,594,951	651,663	1,336,207	5,657,871	21,408,805	4,540,405	33,594,951
Other financial liabilities	4,114,899	4,114,899	4,114,899	-	-	-	-	4,114,899
<b>Total financial liabilities by remaining contractual maturities</b>	<b>4,861,950,277</b>	<b>5,176,948,993</b>	<b>504,745,600</b>	<b>755,773,981</b>	<b>2,811,436,576</b>	<b>1,098,713,408</b>	<b>6,279,428</b>	<b>5,176,948,993</b>
<b>Net liquidity (gap)/surplus</b>	<b>1,077,508,166</b>	<b>2,994,411,823</b>	<b>664,715,757</b>	<b>(407,083,999)</b>	<b>(1,381,082,068)</b>	<b>3,301,478,649</b>	<b>816,383,484</b>	<b>2,994,411,823</b>
In US\$ equivalent (Note 2.4(iii))	263,771,889	733,026,150	162,721,116	(99,653,366)	(338,086,186)	808,195,508	199,849,078	733,026,150

## LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued)  
For the year ended 31 December 2024

## 37. Financial risk management (continued)

## 37.4 Climate-related risk

Climate-related risks' are potential negative impacts on the Company arising from climate change. Climate-related risks have an impact on the principal risk categories discussed above (i.e. credit, liquidity, market and operational risks), but due to their pervasive nature have been identified and managed by the Company on an overall basis.

The Company distinguishes between physical risks and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate-related patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels. Transition risks arise as a result of measures taken to mitigate the effects of climate change and transition to a low-carbon economy – e.g. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The Company has set up a Climate Risk Committee, which is responsible for developing Companywide policies, processes and controls to incorporate climate-related risks in the management of principal risk categories.

The Company has developed a climate-related risk framework for:

- identifying risk factors and assessing their potential impact on the Company's financial statements; and
- allocating responsibilities for managing each identified risk factor.

The Company has also set out principles on how to incorporate climate-related risk into stress test scenarios.

## 37.5 Fair value of financial assets and liabilities

Financial instruments comprise of financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the statements of financial position date.

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.5 Fair value of financial assets and liabilities (continued)

###### (a) Financial instruments measured at fair value

###### (i) Determination of fair value and fair value hierarchy

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

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'000
<b>As at 31 December 2024</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	-	-	60,375	60,375
<b>Total financial assets</b>	-	-	60,375	60,375
In US\$ equivalent (Note 2.4(iii))	-	-	15,000	15,000

###### **As at 31 December 2023**

###### **Financial assets**

*Financial assets at fair value through other comprehensive income*

Equity securities	-	-	61,275	61,275
<b>Total financial assets</b>	-	-	61,275	61,275
In US\$ equivalent (Note 2.4(iii))	-	-	15,000	15,000

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.5 Fair value of financial assets and liabilities (continued)

###### (a) Financial instruments measured at fair value (continued)

###### (i) Determination of fair value and fair value hierarchy (continued)

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

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

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

###### (ii) Valuation techniques

The Company's financial asset at FVOCI is investment in unlisted equity securities where the fair values have been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk.

###### (b) 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 National Bank of Cambodia and banks

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

###### (ii) Investment securities at amortised cost

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



LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued)  
For the year ended 31 December 2024

37. Financial risk management (continued)

37.5 Fair value of financial assets and liabilities (continued)

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

(iii) 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 are approximate to their carrying value as reporting date.

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

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

(v) 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.

(vi) 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.

(vii) Borrowings and subordinated debts

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

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued)  
For the year ended 31 December 2024

37. Financial risk management (continued)

37.6 Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' shown on the balance sheet, are:

- to comply with the capital requirement set by the National Bank of Cambodia;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide a return for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support business development of the business.

The National Bank of Cambodia requires all micro-finance deposits taking institutions to i) hold the minimum capital requirement, ii) maintain the Company's net worth at least equal to the minimum capital and iii) comply with solvency and liquidity ratios.

On 22 February 2018, the NBC issued a Prakas on Capital Buffer in Banking and Financial Institutions. According to Article 22 of this Prakas, the institution shall comply with the provisions related to the capital conservation buffer at least 50% of the conservation buffer by 1 January 2019 and fully comply by 1 January 2020.

The implementation of building the capital conservation buffer ratio is as follows:

NBC's announcement		Requirement for capital conservation buffer ratio	Effective until
Reference No.	Issue date		
Press No. B13-020-002	17 March 2020	1.25%	Further notice
Letter No. B7-023-2621	23 November 2023	1.25%	31 December 2024
Letter No. B7-024-1718	21 August 2024	1.25%	31 December 2025

The implementation of countercyclical capital buffer is as follows:

NBC's announcement		Requirement for countercyclical capital buffer ratio	Effective until
Reference No.	Issue date		
Circular No. B7-018-001	7 March 2018	0%	Further notice

In addition, on 31 December 2024, the NBC has issued Prakas No.B7-024-745 Prokor setting the required minimum capital adequacy ratio as below:

Capital Adequacy Ratio			
Total Capital Ratio	Tier 1 Capital Ratio	CET1 Capital Ratio	Total Capital Ratio
15%	11%	8%	15%

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.6 Capital management (continued)

However, on 7 January 2025, the NBC has further issued instruction No. B37-025-023 Sor.Chur.Nor to provide options to DTI in implementation on the new Capital Adequacy framework or current Solvency framework. In case:

- Institution selects to implement the new Capital Adequacy Framework; the institution shall start implementing the new framework from effective date of the Prakas on Capital Adequacy Ratios in DTI. While for the new reporting template, the institution shall submit monthly report on solo basis to NBC no later than the 20th of the following month and quarterly on consolidated basis (if any) no later than the 20th of the first month of the following quarter until further notify.
- Institution selects to implement the Solvency Ratio (old template) shall comply with all conditions of the framework and old reporting template. In parallel, the institution shall prepare the report on new Capital Adequacy Framework (new template) and submit to NBC together with the solvency ratio report (old template).

The table below summarises the composition of regulatory capital:

	31 December		31 December	
	2024	2023	2024	2023
	KHR'000	KHR'000	US\$	US\$
			(Note 2.4(iii))	(Note 2.4(iii))
<b>Tier I capital</b>				
Share capital	424,377,400	424,377,400	103,969,218	103,969,218
Retained earnings	241,909,097	268,719,630	60,101,639	65,782,039
Audited net profit for the last financial year	162,843,872	270,086,002	40,458,105	66,116,524
General reserves	380,415,116	380,415,116	93,768,951	93,768,951
Less: Loans to related parties	(2,895,100)	(4,369,644)	(719,280)	(1,069,680)
Less: Intangible asset	(11,814,205)	(7,818,095)	(2,935,206)	(1,913,854)
	<u>1,194,836,180</u>	<u>1,331,410,409</u>	<u>294,643,427</u>	<u>326,653,198</u>
<b>Tier II complementary capital</b>				
Subordinated debts	177,100,000	251,227,500	44,000,000	61,500,000
General provision	51,830,482	56,675,000	12,877,138	13,873,929
Provision for accrued interest receivables (*)	20,130,814	-	5,001,444	-
	<u>249,061,296</u>	<u>307,902,500</u>	<u>61,878,582</u>	<u>75,373,929</u>
<b>Total Capital Tier I + Tier II</b>	<u>1,443,897,476</u>	<u>1,639,312,909</u>	<u>356,522,009</u>	<u>402,027,127</u>

## LOLC (CAMBODIA) PLC.

### Notes to the financial statements (continued) For the year ended 31 December 2024

#### 37. Financial risk management (continued)

##### 37.6 Capital management (continued)

- (\*) The provision for accrued interest receivables is allowed to be added back by the NBC in accordance with its notification letter dated 5 February 2025. This requirement is applicable from 31 December 2024, and will remain in effect until 30 June 2025.

##### 37.7 Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

#### 38. Tax contingency

The Company assesses its tax obligations based on applicable tax laws and regulations as of the reporting date. Given the evolving nature of tax legislation, certain tax treatments may necessitate judgment and interpretation. Management exercises judgment in establishing the Company's tax positions and continually monitors regulatory developments. While the Company strives to comply with current tax requirements, interpretations of tax regulations may vary. Any adjustments resulting from regulatory reviews, once conducted and finalised, will be reflected into the financial statements as appropriate.

#### 39. Subsequent event

On 6 January 2025, the Company obtained approval from the NBC on the investment in equity of Serendib Micro Insurance Plc. amounting to US\$1,000,000 equivalent to 25% of Serendib Micro Insurance Plc.'s total share capital in response to the Company's request letter dated 18 November 2024.



# *Ideas for Growth*

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