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LOLC (Cambodia) Plc.

ANNUAL REPORT

2025



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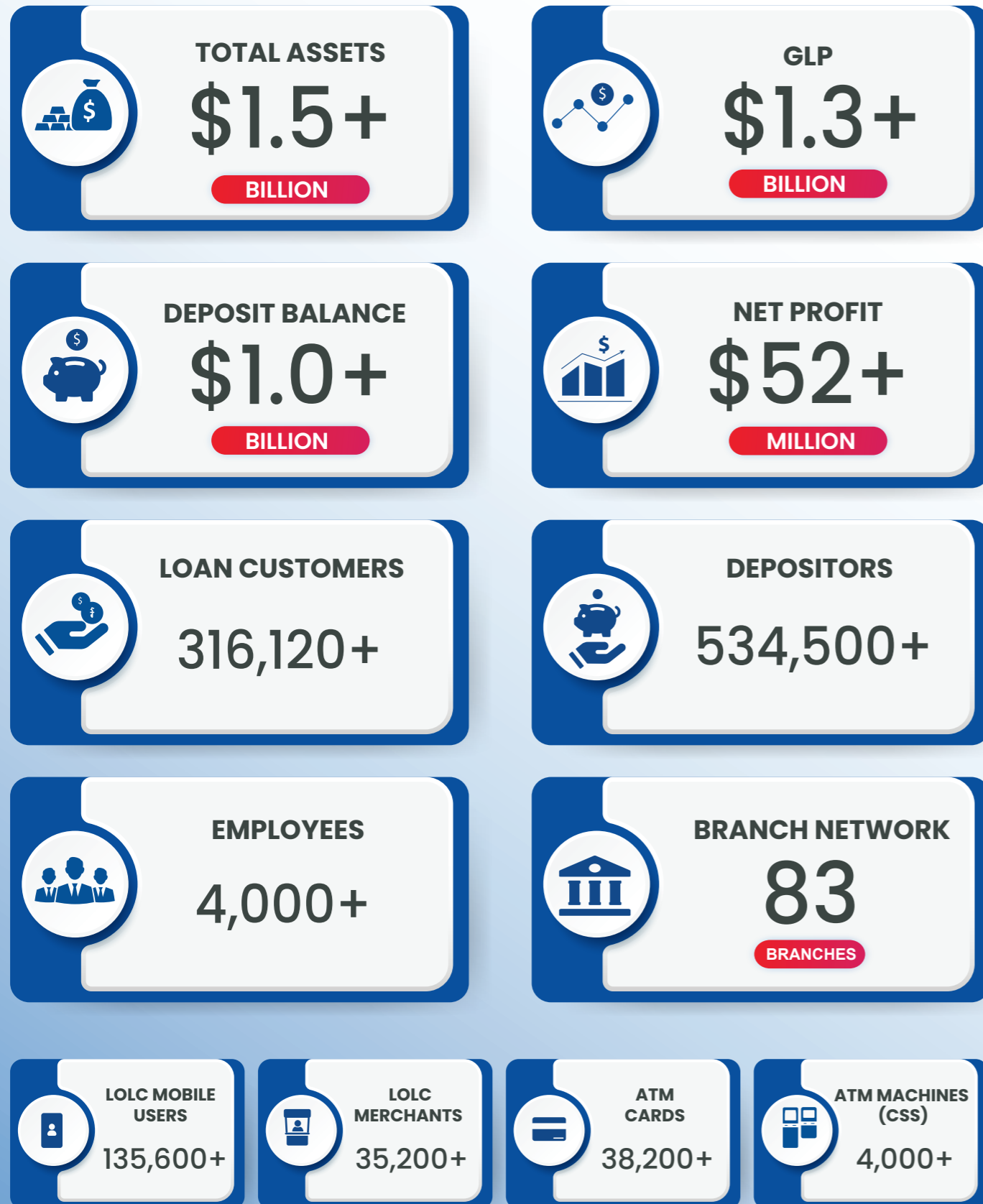
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KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS



CHAIRMAN'S MESSAGE

Mr. BRINDLEY DE ZYLVA
Chairman

Dear Valued Stakeholders,

It is my privilege to present the Annual Report of LOLC Cambodia for the financial year ending 2025. This year has been marked by resilience, transformation, and a steadfast commitment to sustainable growth amid evolving global and domestic economic conditions.

Global Economic Outlook

The global economy in 2025 demonstrated moderate resilience, with growth projected to slow from 3.3% in 2024 to 3.2% in 2025 and 3.1% in 2026, according to the IMF World Economic Outlook (October Update). While inflationary pressures eased to around 4.2%, geopolitical tensions, trade frictions, and subdued investment continued to weigh on global momentum. Advanced economies maintained modest growth, while emerging markets—particularly in Asia—remained key drivers of recovery. Monetary easing and targeted fiscal measures provided some relief; however, structural challenges persist, underscoring the need for innovation and adaptability across industries.

Cambodia's Economic Growth

Cambodia's economy experienced a mixed outlook. Following robust growth of approximately **6.0% in 2024**, GDP expansion moderated to an estimated **4.8% in 2025**, reflecting global trade headwinds and broader regional geopolitical and trade-related uncertainties. Despite these challenges, strong performance in garment and non-garment manufacturing, continued recovery in tourism, and rising foreign direct investment reinforced the Kingdom's resilience. Inflation remained contained at approximately **2.8%**, while ongoing structural reforms aimed at diversifying growth drivers and strengthening governance are expected to support long-term sustainability.

Mr. BRINDLEY DE ZYLVA
Chairman

Company Performance and Strategic Initiatives

LOLC Cambodia continued to demonstrate operational strength and strategic foresight in 2025. Our gross loan portfolio exceeded USD 1.3 billion, supported by disciplined credit risk management and robust internal controls. We also maintained a strong deposit base, surpassing USD 1 billion, reflecting sustained customer trust and confidence in our institution.

A key strategic priority during the year was digital transformation. We successfully upgraded to the Temenos T24 core banking system, enabling faster, more secure transactions and enhanced scalability. In parallel, we expanded mobile banking and QR payment solutions, including integration with Alipay+, supporting cross-border payments and Cambodia's transition towards a cashless economy. Continued investments in data analytics and cybersecurity further strengthened our operational resilience and reinforced customer trust.

We introduced innovative loan products tailored for MSMEs and women entrepreneurs, addressing barriers to credit and supporting digital adoption among small businesses. Partnerships with development organizations were strengthened to empower women entrepreneurs and expand rural outreach. Despite growth across segments, LOLC Cambodia remains steadfast in serving low-income communities. Group loans and microloans account for over 60% of our outstanding loan accounts. Approximately 70% of our microfinance clients are women, the majority residing in rural Cambodia.

The microfinance segment represents approximately 20% of our total portfolio, with the majority of these loans issued without real estate collateral. The average microloan size remains at USD 1,100. Meanwhile, the small, medium, and large enterprise segments—which account for the balance of the portfolio—play a critical role in supporting the sustainability of our inclusive business model.

Commitment to ESG and Sustainability

At LOLC Cambodia, sustainability is not a peripheral objective—it is embedded within our core strategy. During 2025, we advanced our ESG agenda through several impactful initiatives.

Environmental Stewardship

- Sustainability Bond:** We are in the process of launching a USD 50 million sustainability bond under the ASEAN Sustainability Bond Standards. Proceeds are intended to support eligible green projects—including renewable energy, clean transportation, and energy efficiency—as well as social projects focused on financial inclusion and gender empowerment, in alignment with ICMA Green and Social Bond Principles.
- Carbon Reduction:** Through our Green Lending programme, we achieved an estimated 6,200 tonnes of CO₂ emissions savings, exceeding our internal target for the year.
- Resource Efficiency:** Initiatives such as the “Starting from Us” campaign and branch-level energy efficiency measures contributed to meaningful reductions in paper usage and electricity consumption across our network.

Social Impact

- Financial Literacy:** in 2025, we conducted over 360 financial literacy sessions, reaching approximately 7,000 participants—around 75% of whom were women—covering budgeting, savings, and responsible borrowing.
- Gender Equality:** LOLC Cambodia earned the Stakeholder-Verified Orange Seal, a global recognition of our commitment to gender equity and responsible environmental practices.

- Inclusive Finance:** Approximately 70% of our borrowers are women, and close to 80% are based in rural areas, reinforcing our mission to serve underserved communities.
- Water and Sanitation:** Through WASH loan products, we provided financing for clean water and sanitation facilities, improving health outcomes for thousands of households.

Governance and Global Alignment

We continue to align our policies and practices with internationally recognised principles relating to human rights, labour standards, environmental responsibility, and anti-corruption, ensuring ethical and transparent operations across the organisation.

Our Gold-Level Client Protection Certification, valid through 2028, underscores our adherence to fair treatment, responsible lending, data security, and transparency.

Regulatory Compliance and Operational Resilience

LOLC Cambodia upheld full compliance with all prudential regulations issued by the National Bank of Cambodia and continued to strengthen governance frameworks. Our **management and employees demonstrated resilience and adaptability** in navigating macroeconomic changes while upholding the highest standards of regulatory compliance.

Operational resilience was furthermore enhanced through strengthened risk management systems and ongoing digital security investments, ensuring continuity and trust in an evolving financial landscape.

Looking Ahead

As we look to 2026 and beyond, LOLC Cambodia remains committed to sustainable growth, innovation, and inclusive finance. We will continue to invest in technology, strengthen ESG integration, and expand financial access, positioning ourselves as a trusted partner in Cambodia's journey toward economic resilience and long-term prosperity.

On behalf of the Board of Directors, I extend my sincere gratitude to our customers, investors, regulators, and local and international funding partners for their continued trust and support. I also thank my fellow board members for their guidance, and the CEO, Deputy CEO and the entire LOLC Cambodia team for their dedication and achievements. Finally, I express our appreciation to our shareholders for their unwavering support and confidence in our vision.

Together, we will continue to build a **more resilient, inclusive, and sustainable future.**



Brindley de Zylva
Chairman

CEO'S REPORT

Mr. SOK VOEUN

Chief Executive Officer

The Cambodian microfinance sector in 2025 demonstrated resilience amid global economic uncertainties and regional challenges. While overall growth was moderate compared to previous years, the sector continued to play a pivotal role in promoting financial inclusion and supporting small businesses. Robust regulatory support and enhanced consumer protection standards shaped the operating environment, emphasizing transparency and responsible lending practices. Digital transformation accelerated across the industry, with institutions investing heavily in technology to improve customer experience and operational efficiency.

By the end of 2025, the gross loan portfolio of deposit-taking microfinance institutions (MDIs) grew by 6.5% to USD 3.8 billion, serving more than 953,000 loan accounts. MDIs continued to support business expansion and agriculture. Loans were distributed across agriculture, forestry and fishing (23.8%), retail trade (22.1%), household production and services (20.6%), real estate (7.8%), construction (4%), accommodation and food services (3.9%), wholesale trade (3.1%), transportation and storage (3.1%), manufacturing (1.4%), and others (10.2%). Meanwhile, MDIs collected customers' deposits with a balance of USD 2.9 billion, serving 3.5 million deposit accounts.

The gross loan portfolio of non-deposit-taking microfinance institutions (MFIs) grew by 12.8% to USD 2 billion. Loans continued to support economic development and were discontinued across major sectors, including household activities as employers (47.5%), real estate (8.5%), construction (6.8%), manufacturing (5%), accommodation and food services (4.9%), retail trade (4.1%), agriculture, forestry and fishing (4.4%), transportation and storage (3.8%), wholesale trade (1.6%) and others (13.4%).

In 2025, LOLC Cambodia demonstrated resilience and steady progress. We operated with prudence, ensuring robust internal controls and maintaining a quality loan portfolio. Our unwavering commitment to innovation, sustainability, and customer centricity served as the cornerstone of our success in 2025. By embracing cutting-edge technologies, we enhanced operational efficiency and improved the customer experience, ensuring that our services remain accessible and relevant in a rapidly evolving market. Sustainability continued to guide our decisions, with initiatives focused on environmental responsibility and social impact, reinforcing our role as a responsible financial institution. At the heart of our strategy was a deep understanding of customer needs, enabling us to deliver tailored solutions that foster trust and long-term relationships.

Mr. SOK VOEUN

Chief Executive Officer

LOLC'S MAIN ACHIEVEMENTS IN 2025

LOAN PERFORMANCE

LOLC adopted a prudent approach to safeguarding its portfolio quality and ensuring long-term sustainability. By the end of 2025, the gross loan portfolio surpassed USD 1.3 billion, reflecting a 4% increase compared to 2024, and the institution served over 316,000 borrowers.

Over 60% of loans were extended to micro-entrepreneurs with loan sizes of USD 3,000 or below, and nearly 80% of these loans were provided without real estate collateral. Micro loans accounted for less than 20% of the total portfolio, with an average loan size of approximately USD 1,100, while the remaining 80% supported small, medium, and large enterprises. More than 30% of the portfolio was disbursed in local currency.

Our lending strategy continued to emphasize responsible financing, ensuring compliance with regulatory requirements and adherence to client protection standards.

LOAN PORTFOLIO QUALITY

Maintaining the quality of our loan portfolio remained a top priority throughout 2025. Despite macroeconomic challenges and sector-wide pressures, LOLC Cambodia continued to uphold strong internal controls and risk management practices while expanding its portfolio responsibly. The Board of Directors and management team worked closely to ensure robust credit risk oversight through the following measures and enhancements:

Comprehensive Credit Risk Management

- **Rigorous Loan Assessment:** All loan evaluations are conducted using cash flow-based analysis, supplemented by mandatory Credit Bureau of Cambodia checks for 100% of borrowers and co-borrowers prior to disbursement.

- **Tiered Approval Authority:** Multi-level review and approval processes ensure accountability and minimize risk exposure.
- **Policy Governance:** Credit policies, procedures, and manuals are regularly reviewed and updated and are supported by system controls to enforce compliance.

Advanced Monitoring & Early Intervention

- **Portfolio at Risk (PAR) Tracking:** PAR is continuously monitored, with monthly reporting to management for timely corrective actions.
- **Early Warning Systems:** Deployment of automated alerts and branch-level dashboards help detect delinquency trends and enable proactive intervention.
- **Restructuring & Recovery:** Dedicated recovery teams and structured loan restructuring programs support borrowers who face financial difficulties.

Technology & Data-Driven Controls

- **Credit Scoring & Analytics:** The integration of advanced credit scoring models and predictive analytics enhance both loan approval accuracy and risk forecasting.
- **Digital Risk Management:** Digital platforms are leveraged to enforce policy compliance, monitor credit quality, and reduce operational risk.

Strengthening Risk Culture

- **Internal Audit Oversight:** The Internal Audit Department plays a critical role in validating adherence to internal controls and risk protocols.
- **Credit Quality Assurance:** Dedicated teams ensure consistent implementation of credit standards across all branches.
- **Incentive Alignment:** Credit quality-based incentive structures for financial sales advisors and field personnel promote responsible lending.

Regulatory & Client Protection Compliance

- The company is in full compliance with NBC prudential guidelines and ABC/CMA lending guidelines on multiple loans and refinancing.
- The incorporation of Client Protection Principles as a core risk management practice reinforces transparency and fair treatment.

Capacity Building & Continuous Improvement

- Ongoing training and retention programs strengthen staff capabilities in credit risk management.
- Regular stress testing and scenario analysis help assess portfolio resilience under adverse economic conditions.
- External audits and benchmarking against industry best practices ensure continuous improvement.

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 billion by the end of 2025. The number of depositors rose to more than **530,000**, reflecting strong customer confidence and LOLC Cambodia's position as a leading microfinance deposit-taking institution. This success was driven by innovative savings and fixed deposit products, enhanced digital banking services, and strategic branch expansion that improved accessibility across rural and semi-urban areas.

DIGITAL BANKING

In 2025, LOLC Cambodia continued to invest strategically in digital banking to support business growth and embrace the transformative power of technology. We successfully upgraded to the Temenos T24 core banking system, enabling faster, more secure transactions and enhanced

scalability. In parallel, we expanded mobile banking and QR payment solutions, including integration with Alipay+, supporting cross-border payments and Cambodia's transition towards a cashless economy. The upgrade of our core banking system, coupled with ongoing enhancements to digital platforms, has streamlined access to financial services, making them more convenient and inclusive for our clients. Continued investments in data analytics and cybersecurity further strengthened our operational resilience and reinforced customer trust. These advancements position LOLC Cambodia as a forward-thinking institution, ready to thrive in an increasingly digital economy.

BANCASSURANCE

LOLC Cambodia, through its strategic partnership with **Serendib Microinsurance Plc.**, continues to advance financial inclusion by expanding access to affordable insurance solutions for our clients and operational networks. This collaboration reinforces consumer protection by offering credit and term life insurance products designed to safeguard families against financial hardship in the event of accidents, health complications, or circumstances leading to death or permanent disability of a borrower and/or co-borrower. Beyond providing peace of mind, these products strengthen resilience among vulnerable households and align with LOLC's commitment to responsible finance. As of 2025, approximately **70% of LOLC's clients are covered under credit and term life insurance**, and we aim to increase this penetration further through enhanced awareness campaigns, simplified enrollment processes, and integration with our digital platforms. By embedding insurance into our financial ecosystem, LOLC Cambodia ensures that clients not only access credit but also benefit from comprehensive protection for a more secure future.

REGULATORY COMPLIANCE AND OPERATIONAL RESILIENCE

LOLC Cambodia remains fully compliant with all regulations and prudential ratios mandated by the National Bank of Cambodia. Our governance framework ensures strict adherence to applicable laws, industry standards, and international best practices.

Operational resilience has been a cornerstone of our strategy, enabling us to navigate macroeconomic challenges and market volatility effectively. We implemented business continuity plans, strengthened cybersecurity protocols, and enhanced risk management systems to safeguard operations against disruptions. Continuous staff training and capacity-building initiatives ensure that employees remain well-equipped to adapt to regulatory changes and evolving market conditions.

SUSTAINABILITY MANAGEMENT

In 2025, LOLC Cambodia reaffirmed its commitment to sustainable and responsible finance by integrating Environmental, Social, and Governance principles across all operations. Our sustainability strategy aligns with the United Nations Global Compact and the Sustainable Development Goals, ensuring that our growth contributes positively to society and the environment

Inclusive Finance and Social Impact.

As of December 2025:

- Approximately 70% of our borrowers are women, and close to 80% are based in rural areas, reinforcing our mission to meet the needs of underserved communities.
- 46% of borrowers are engaged in agriculture, with no significant environmental risk exposure.

- Through WASH loan products, we provided financing for clean water and sanitation facilities, improving health outcomes for thousands of households. Around 1,000 clients accessed clean energy solutions, around 5,200 clients improved housing conditions, and 2,300 clients benefited from WASH loans for better sanitation and clean water.
- More than 530,000 clients had access to savings, strengthening household resilience.

Client Protection and Social Performance

LOLC Cambodia strongly upholds responsible lending principles. It has:

- Maintained Gold-Level Client Protection Certification, valid through 2028, which underscores our adherence to fair treatment, responsible lending, data security, and transparency.
- Achieved **sBB+ social rating**, indicating robust social performance management and alignment with our social mission.
- Achieved **α institutional rating**, reflecting LOLC Cambodia's good governance, excellent systems and healthy financial position.

ESG Integration in Lending

- ESG Embedded in Credit Origination:** LOLC Cambodia has embedded Environmental, Social, and Governance (ESG) principles into every stage of its lending process to ensure responsible financing and minimize adverse impacts on communities and the environment. Our approach goes beyond compliance, focusing on proactive risk management and sustainability-driven decision-making.

- Exclusion List Enforcement:** We maintain a strict exclusion list prohibiting financing for activities that pose significant environmental or social harm. All loans are screened against this list by field staff and verified by supervisors, branch managers, and the Credit Committee.
- Environmental & Social Assessment:** we implement environmental and social assessments for all loans:
 - Loans < USD 30,000: Clients receive ESG awareness guidance, including risk identification and improvement suggestions.
 - SME loans ≥ USD 30,000: A comprehensive ESG assessment tool evaluates potential impacts, classifies risks as low, medium, or high, and recommends mitigation measures.
 - Ongoing Monitoring: ESG compliance is tracked throughout the loan lifecycle to ensure continuous adherence.
- Promotion of Green and Social Financing:** We are in the process of launching a USD 50 million sustainability bond. Proceeds are intended to support eligible green projects — including renewable energy, clean transportation, and energy efficiency — as well as social projects focused on financial inclusion and gender empowerment.

To achieve this, LOLC Cambodia developed sustainability bond frameworks which have been assessed by Moody's and assigned an SQS3, or good Sustainability Quality Score. The framework is aligned with the International Capital Market Association (ICMA), Green Bond Principles (GBP) 2025, Social Bond Principles (SBP) 2025 and Sustainability Bond Guidelines 2021. In addition, the framework is aligned with the ASEAN Sustainability Bond Standards 2018.

- Carbon Reduction:** Through our Green Lending program, we achieved an estimated 6,200 tons of carbon emissions savings, exceeding our internal target for the year.

Transparency and Client Education

- Clients are informed twice (during assessment and before disbursement) about product features, fees, cooling-off periods, and terms using **visual aids (A4-Metacard)** and video guidelines available on LOLC Cambodia's website.

Financial Literacy and Community Empowerment

- In 2025, we conducted over 360 financial literacy sessions, reaching approximately 7,000 participants — around 75% of whom were women — and covering budgeting, savings, and responsible borrowing.
- LOLC Cambodia has developed key financial literacy messages that were shared on its website and Facebook Page to enhance the financial awareness of its clients and the public.

Corporate Social Responsibility (CSR) Initiatives

LOLC Cambodia remains committed to creating positive social and environmental impact through meaningful, sustainable initiatives that support communities, protect the environment, and promote national development. Key activities include:

- Humanitarian Support:** Contributed to the Kantha Bopha Cambodia Foundation through the nationwide "10,000 Riels, 10,000 People" campaign, supporting essential medical services for children and mothers.
- Financial Relief for Affected Individuals:** Waived interest payments, credit-related fees and penalties for displaced customers and frontline soldiers serving in active conflict zones. In addition, LOLC Cambodia wrote off loans for military borrowers or co-borrowers who became disable or lost their lives in the line of duty. This financial relief was provided to over 40,000 families, amounting to around USD 9 million.

- **Community Capacity Building:** Organized a two-day training course on “Promoting Knowledge on Mediation Skills,” equipping community members with practical conflict-resolution and communication skills.
- **Support for National Defense Forces:** Continued to support and encourage military personnel who bravely safeguard Cambodia’s territorial integrity.
- **Environmental Conservation:** Sponsored and supported the Sarus Crane Symposium in collaboration with the Ministry of Environment, the Cambodia Sarus Crane Working Group, NatureLife Cambodia, and other international conservation partners to promote the protection of endangered species and wetlands.
- **Community events:** Installed benches, donated books and school bags, planted trees, provided trash bins, and organized student activities to enhance the environment of schools and community spaces.
- **Anti-Drug Awareness Campaign:** Contributed to national anti-drug efforts by providing educational leaflets and promotional materials to the General Secretariat of the National Authority for Combating Drugs to raise public awareness about drug prevention.
- **Responsible Waste Management Partnership:** Signed an agreement with Ecobatt-Energy Cambodia to support the collection and proper disposal of electrical and electronic waste, helping reduce environmental and health risks associated with e-waste.

STRATEGIC PRIORITIES FOR 2026

As we look ahead, LOLC Cambodia’s strategic priorities for 2026 focus on sustaining growth, driving innovation, and deepening our social and environmental impact. These priorities will guide our efforts to remain a trusted financial partner while contributing to Cambodia’s economic development.

- **Advancing Financial Inclusion:** We will expand our reach to underserved communities through innovative financial products and digital channels, ensuring equitable access to essential financial services. Special emphasis will be placed on empowering women entrepreneurs and rural households, reinforcing our commitment to inclusive growth.
- **Accelerating Digital Innovation:** Leveraging cutting-edge technologies such as artificial intelligence, big data analytics, and automation, we aim to enhance customer experience, streamline operations, and strengthen cybersecurity. Our goal is to position LOLC Cambodia as a leader in digital financial services, supporting Cambodia’s transition toward a cashless economy.
- **Leading in Sustainability:** We will continue to champion green financing and ESG initiatives, prioritizing projects that promote climate resilience, renewable energy, and sustainable agriculture. Our sustainability roadmap will align with global standards, reinforcing LOLC Cambodia’s role as a responsible financial institution.
- **Empowering Our Workforce:** Investing in people remains a cornerstone of our strategy. We will implement advanced training programs, leadership development initiatives, and diversity-focused policies to nurture a highly skilled, motivated, and future-ready workforce.

- **Deepening Customer-Centric Growth:** Through personalized solutions, proactive engagement, and data-driven insights, we will strengthen relationships with our clients, anticipating their evolving needs and delivering exceptional value.

Finally, I would like to express my heartfelt gratitude to our **shareholders, board of directors, and committee members** for their unwavering leadership, guidance, and support throughout the year. Your vision and commitment have been instrumental in driving LOLC Cambodia’s success.

I extend my sincere appreciation to all **LOLC Cambodia staff**, whose hard work, professionalism, and dedication have enabled us to achieve remarkable milestones. Your integrity, ethics, and sense of responsibility continue to be the foundation of our organization.

To our **clients, investors, and business partners**, thank you for your trust and collaboration, and for making LOLC Cambodia part of your journey and accomplishments. Your confidence in us inspires continuous innovation and excellence. We look forward to continuing this strong relationship in the years ahead, working together toward shared prosperity and sustainable growth.

Lastly, I extend my profound gratitude to the Royal Government of Cambodia and the National Bank of Cambodia for their unwavering support, guidance and trust, which have been vital to our progress. We look forward to strengthening this collaboration in the years ahead, working together to foster shared prosperity, financial stability, and sustainable economic growth for Cambodia.



Sok Vooun
Chief Executive Officer

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ABOUT LOLC CAMBODIA

- ◆ **CAMBODIA AT A GLANCE (20)**
 - Geography and Demography
 - Macroeconomic Situation
 - Microfinance Situation

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 - Map of Operating Areas
 - Vision, Mission, Core Values
 - Brief Overview of LOLC Cambodia
 - Brief History
 - Ownership Structure

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CAMBODIA AT A GLANCE

Geography and Demography

Cambodia, officially known as the Kingdom of Cambodia, is located 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 River, one of the world's major rivers, flows through the country, supporting agriculture, fishing, and transportation.

As of 2025, Cambodia's population is estimated at almost 18 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 years, reflecting a dynamic and growing workforce. The Khmer ethnic group constitutes the majority, and the Khmer language 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 the vast majority 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 in 2025 experiences moderated but resilient growth. Following robust growth of approximately 6.0% in 2024, GDP expansion moderated to an estimated 4.8% in 2025, reflecting global trade headwinds and broader regional geopolitical and trade-related uncertainties.

Despite these challenges, strong performance in garment and non-garment manufacturing, continued recovery in tourism, and rising foreign direct investment reinforced the Kingdom's resilience. Inflation remained contained at approximately 2.8%, while ongoing structural reforms aimed at diversifying growth drivers and strengthening governance are expected to support long-term sustainability.

*Source: IMF World Economic Outlook (October 2025 Update)

Microfinance Situation

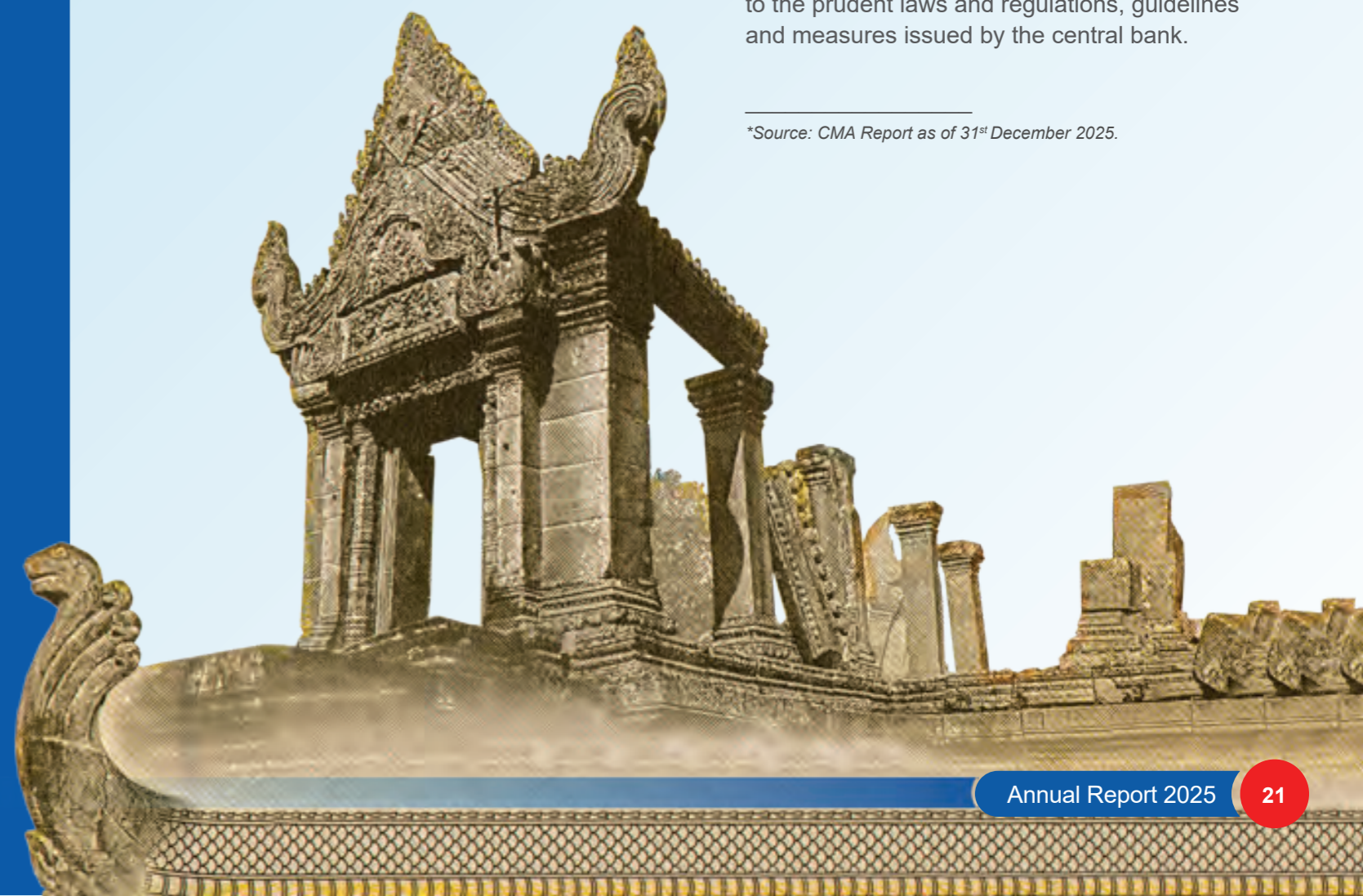
Total gross loan portfolio of microfinance sector reached more than USD 5.9 billion with over 1.5 million loan customers, increased compared to end of 2024. The number of depositors reached more than 2.2 million with a deposit balance of more than USD 2.9 billion. Microfinance providers in Cambodia operate 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 4 MDIs take up more than 60% of portfolio market share.

The microfinance market is well-structured where new entrants have to possess very strong capital.

In 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 31st December 2025.



LOLC CAMBODIA AT A GLANCE

Map of Operating Areas



SUMMARY



Scan Here for our Branch Network



83
Number of Branches



25/25
Number of Provinces

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



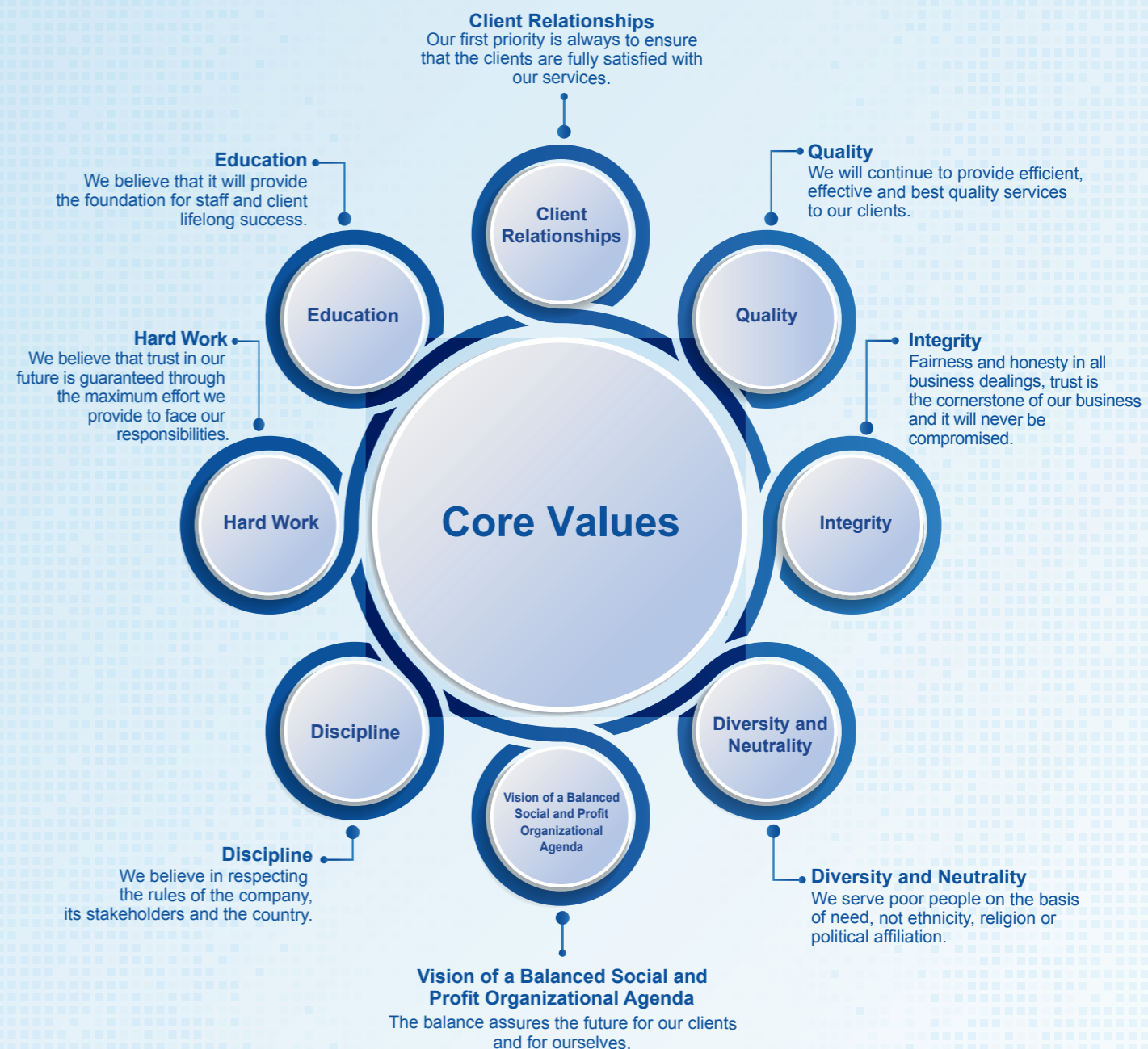
Vision Statement

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



Mission Statement

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 about LOLC Cambodia

LOLC Cambodia operates under a Microfinance Deposit-Taking Institution (MDI) license issued by the National Bank of Cambodia (NBC), allowing the company to provide a comprehensive range of credit and deposit products. In addition, the institution has obtained authorization to offer finance leasing services and to partner with Serendib Microinsurance Plc. as a bancassurance business partner under the “Corporate Agent” model. Over the years, LOLC Cambodia has received multiple regulatory approvals enabling the expansion of its service portfolio.

Today, the company delivers an extensive suite of financial solutions, including credit, deposit services, finance leasing, local fund transfers, mobile banking, payment services, and microinsurance through its bancassurance partnership.

Embracing digital transformation, LOLC Cambodia has significantly strengthened its technology driven service delivery, upgraded to the Temenos T24 core banking system, enabling faster, more secure transactions and enhanced scalability. In parallel, we expanded mobile banking and QR payment solutions, including integration with Alipay+, supporting cross-border payments and Cambodia’s transition towards a cashless economy. The upgrade of our core banking system, coupled with ongoing enhancements to digital platforms, has streamlined access to financial services, making them more convenient and inclusive for our clients. Continued investments in data analytics and cybersecurity further strengthened our operational resilience and reinforced customer trust. These advancements position LOLC Cambodia as a forward-thinking institution, ready to thrive in an increasingly digital economy.



CREDIT / FINANCIAL LEASE

DEPOSIT

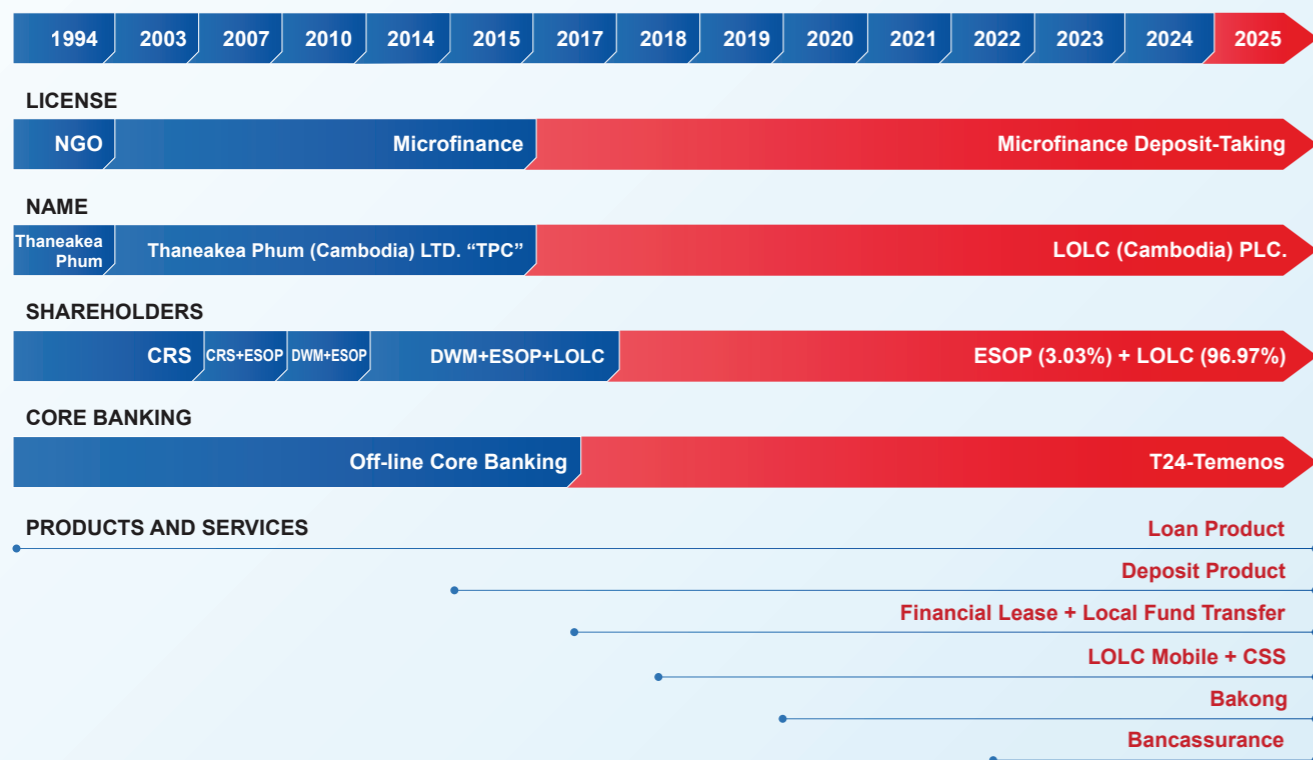
CSS / ATM CARD

LOLC MOBILE

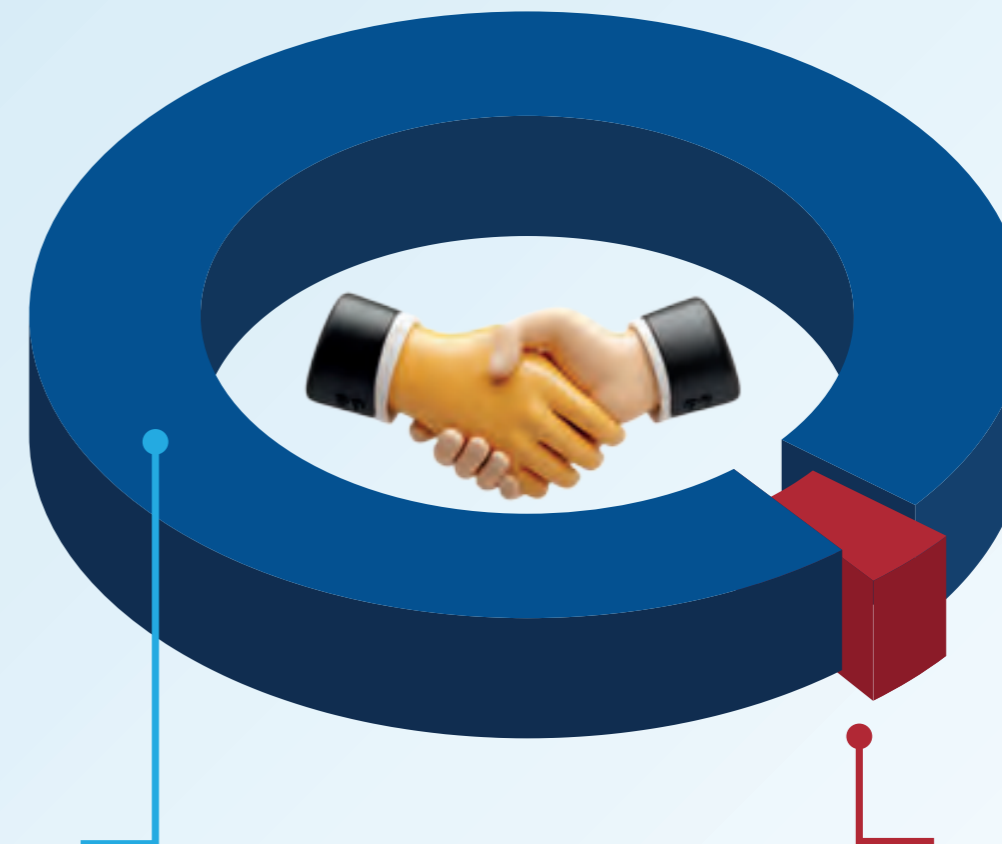
LOCAL FUND TRANSFER

Brief History

As one of Cambodia’s leading microfinance institutions, LOLC Cambodia is recognized for delivering financial solutions that empower Cambodian families, entrepreneurs, and individuals seeking opportunities to transform the quality of their lives. In 1994, LOLC Cambodia was founded as a credit program managed by a non-profit organization (Catholic Relief Service) 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. (LOLC) and obtained a microfinance deposit taking license from the National Bank of Cambodia at the same time. Currently, LOLC Cambodia is co-owned by LOLC Asia Private Limited (based in Singapore) and TPC-ESOP Co, Ltd.



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

In November 2025, LOLC received Gold Level of Client Protection Certification (CPC) that align with the Cerise+SPTF CP Certification Framework from M-CRIL (Micro-Credit Ratings International Ltd) and the certificate is secured by November 2028. This recognition reflects nearly a decade of our unwavering commitment since 2015 to delivering fair, transparent, and responsible financial services.



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.



LOLC Cambodia Recognized as No. 2 Ranking for Promoting Khmer Riel

LOLC Cambodia is honored to receive No. 2 ranking for our outstanding performance in providing loans and taking deposits in Khmer Riel. This recognition from the National Bank of Cambodia affirms our dedication to promoting the national currency and fostering sustainable economic growth for a resilient Cambodia.

Certificate of Tax Compliance "Gold"

LOLC Cambodia is honored to receive a Letter of Appreciation from Samdech Moha Borvor Thipadei Hun Manet, Prime Minister of the Kingdom of Cambodia, as the bank ranked 20th among the top taxpayers and obtained a Certificate of Tax Compliance "Gold" for the Year 2025. This achievement reflects LOLC Cambodia's firm commitment to transparency, integrity, and corporate governance responsibility.



Microfinance Institutional Rating

Alongside this achievement, LOLC is proud to announce another significant milestone that earning a high grade of "α" in the Institutional Rating in July 2025. This rating reflects a comprehensive assessment of the Company across key areas, including Governance & Strategy, Organization & Management, and Financial Performance. The "α" grade is recognized as a high rating, underscoring LOLC's strong institutional capacity, sound management practices, and overall financial performance.











Social Rating





LOLC Cambodia, achievement of a high Social Rating score of "Σα-", awarded by M-CRIL (Micro-Credit Ratings International Ltd.) in November 2025. This Social Rating reflects a comprehensive assessment of the Company across key dimensions, including Governance and Strategy, Social Reporting, Human Resources, Responsibility to Staff, Client Protection, Depth of Outreach, and the Quality of Products and Services. The result highlights LOLC's strong commitment to social performance and responsible financial inclusion.

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. 	SME Bank of Cambodia Plc. 
Cathay United Bank (Cambodia) Corporation Limited 	Union Commercial Bank Plc. 
ICBC LIMITED Phnom Penh Branch 	Alpha Commercial 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 	Incofin 
Abler Nordic (Former NMI) 	Oikocredit 
Banque Internationale de Commerce – BRED 	Proparco 
BlueOrchard 	responsAbility 
Enabling Capital 	Triple Jump 
MCE Social Capital 	Water Equity 

Guarantee Partners

CGCC 	USAID 
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2

BUSINESS REVIEW

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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 3,000 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 100,000 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

GLP By Products	2024				2025			
	# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
GL	142,015	36.6%	123,320	9.3%	114,699	31.4%	108,027	7.9%
IL	132,504	34.2%	388,867	29.5%	136,557	37.4%	399,670	29.1%
SME	37,858	9.8%	520,783	39.4%	40,930	11.2%	581,760	42.4%
SNL	26,590	6.9%	125,435	9.5%	24,251	6.6%	117,011	8.5%
HIL	11,312	2.9%	71,165	5.4%	13,184	3.6%	82,309	6.0%
LIL	35,098	9.0%	90,317	6.8%	34,083	9.3%	83,552	6.1%
WIL	2,302	0.6%	892	0.1%	1,766	0.5%	698	0.1%
FL	14	0.0%	57	0.0%	9	0.0%	68	0.0%
Total	387,693	100%	1,320,836	100%	365,479	100%	1,373,095	100%

Group and individual loan products remained the core business of LOLC Cambodia represented by almost 68.8% of total clients.

Loan Breakdown by Sectors

Sectors	2024				2025			
	# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
Agriculture	139,910	36.1%	352,646	26.7%	125,640	34.4%	344,381	25.1%
Manufacturing	116,053	29.9%	352,180	26.7%	115,555	31.6%	393,391	28.6%
Trade and Commerce	53,582	13.8%	248,194	18.8%	48,801	13.4%	245,976	17.9%
Services	44,453	11.5%	207,307	15.7%	42,936	11.7%	218,480	15.9%
Transportation	19,844	5.1%	91,259	6.9%	20,178	5.5%	104,221	7.6%
Construction	10,096	2.6%	50,066	3.8%	9,030	2.5%	47,673	3.5%
Other	3,755	1.0%	19,184	1.4%	3,339	0.9%	18,971	1.4%
Total	387,693	100%	1,320,836	100%	365,479	100%	1,373,095	100%

In 2025, more than 28.6% of total loan portfolio was lent to the manufacturing sector, while the agricultural sector represented 25.1% and 17.9% Trade and Commerce respectively.

Loan Breakdown by Income Ranking

Income Type	Loan Size	2024				2025			
		# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
Likely living below NPL	<= \$750	38,883	10.0%	14,795	1.1%	33,096	9.06%	12,585	0.92%
Likely living between NPL and 150% NPL	> \$750 <= \$1,500	102,658	26.5%	83,800	6.3%	88,365	24.18%	72,383	5.27%
Likely living between 150% NPL and \$5/Day/2005 PPP	> \$1,500 <= \$3,000	105,513	27.2%	156,726	11.9%	101,744	27.84%	162,130	11.81%
Likely living above \$5/Day/2005 PPP	> \$3,000 <= \$10,000	92,686	23.9%	418,610	31.7%	91,304	24.98%	415,896	30.29%
Likely living above \$5/Day/2005 PPP	> \$10,000 <= \$30,000	47,548	12.3%	630,243	47.7%	50,414	13.79%	687,353	50.06%
Likely living above \$5/Day/2005 PPP	> \$30,000	405	0.1%	16,662	1.3%	556	0.15%	22,748	1.66%
Total		387,693	100%	1,320,836	100%	365,479	100%	1,373,095	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 2025, the largest portion of accounts – around 60% – had loans that amounted to less than USD 3,000.

Loan Breakdown by Collateral Base

Collateral Type	2024				2025			
	# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
Unsecured	174,832	45%	169,723	12.8%	154,124	42%	163,698	12%
Secured	212,861	55%	1,151,113	87.2%	211,355	58%	1,209,397	88%
Total	387,693	100%	1,320,836	100%	365,479	100%	1,373,095	100%

In 2025, almost 58% of loan accounts were secured.

Loan Breakdown by Currency

Currency Type	2024				2025			
	# Account	% Account	GLP (USD '000)	% GLP	# Account	% Account	GLP (USD '000)	% GLP
KHR	225,558	58%	415,255	31%	213,458	58%	446,909	33%
USD	153,090	39%	885,391	67%	148,250	41%	913,988	67%
THB	9,045	2%	20,190	2%	3,771	1%	12,198	1%
Total	387,693	100%	1,320,836	100%	365,479	100%	1,373,095	100%

More than 33% 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

Deposit Type	2024				2025			
	# Account	% Account	Balance (USD '000)	% Balance	# Account	% Account	Balance (USD '000)	% Balance
Savings Account	761,422	93.1%	60,434	6.0%	744,488	92.4%	86,586	8.5%
Fixed Deposit Account	40,713	5.0%	939,898	93.9%	40,975	5.1%	929,025	91.3%
Kid Account	12,863	1.6%	979	0.1%	16,493	2.0%	1,618	0.2%
Digital Savings Account	2,148	0.3%	68	0.0%	3,884	0.5%	598	0.1%
Total	817,146	100.0%	1,001,379	100.0%	805,840	100.0%	1,017,828	100.0%

Total deposit balance has increased by 2% to reach USD 1,018 million by end of 2025.

Deposit Breakdown by Currency

Currency Type	2024				2025			
	# Account	% Account	Balance (USD '000)	% Balance	# Account	% Account	Balance (USD '000)	% Balance
KHR	528,202	64.6%	84,268	8.4%	529,143	65.7%	77,947	7.7%
USD	266,854	32.7%	916,304	91.5%	263,120	32.7%	939,688	92.3%
THB	22,090	2.7%	807	0.1%	13,577	1.7%	193	0.0%
Total	817,146	100.0%	1,001,379	100.0%	805,840	100.0%	1,017,828	100.0%

In terms of accounts, 66% was in KHR currency. In terms of balance, 92% was in USD currency.

LOLC Your Trusted Financial Partner!



LOLC Mobile

A digital banking application that enables customers to conveniently and manage their financial service anytime and anywhere. The platform provides a comprehensive range of banking services, including account management, fund transfers, bill payments, QR payments including cross-border, loan services and other digital financial services through a secure and user-friendly interface.

LOLC Merchant

A digital payment acceptance solution designed to support businesses of all sizes in receiving cashless payments from customers. Through QR-based payment technology and integrated merchant services, the platform enhances transactions convenience, improve operational efficiency and support the growth of Cambodia's digital payment ecosystem.

CSS ATM Card

A payment and cash access card issued by LOLC (Cambodia) under the Cambodia Shared Switch (CSS) network, enabling customers to perform cash withdrawals, balance inquiries and other banking transactions at ATMs and merchants acceptance points displaying the CSS acceptance logo nationwide. The card provides customers with greater convenience, accessibility and interoperability across participating financial institutions in Cambodia.

Local Fund Transfer

Local Fund Transfer via Bakong enables customer to transfer funds seamlessly between participating banks and financial institutions across Cambodia through the National Bank of Cambodia's Bakong payment system. The service offers fast, secure and convenient real-time transfers, promoting greater financial connectivity and supporting the development of the national digital payment infrastructure.

THREE-YEAR FINANCIAL SUMMARY

Statement of Financial Position

	2023 Audited	2024 Audited	2025 Audited
Assets			
Cash and placement with banks	318,840,509	304,690,231	258,214,020
Loans to customers	1,246,507,114	1,320,835,911	1,373,095,015
Loan Loss Reserve	(21,748,393)	(44,818,273)	(66,714,267)
Property and equipment (net)	11,903,211	12,938,984	12,325,872
Other Assets	12,330,061	11,858,894	7,581,860
Total Assets	1,567,832,502	1,605,505,747	1,584,502,500
Liabilities			
Deposits from customers	903,917,855	1,001,378,991	1,017,827,545
Borrowings	278,543,274	191,666,383	107,227,802
Other liabilities	29,175,915	23,887,357	24,882,839
Total Liabilities	1,211,637,044	1,216,932,731	1,149,938,186
Equities			
Share capital	103,969,218	103,969,218	105,750,660
Reserves and others	93,768,951	93,768,951	94,795,693
Regulatory and Other Reserves	5,408,459	49,220,690	72,967,237
Retained Earnings	153,048,830	141,614,157	161,050,724
Total Equity	356,195,458	388,573,016	434,564,314
Total Liabilities and Equity	1,567,832,502	1,605,505,747	1,584,502,500

As of 31 December 2025, LOLC Cambodia's total assets decreased by 1.3% to USD 1,584.50 million, driven primarily by the growth of its gross loan portfolio, which rose by 6.00% year-on-year to USD 1,320.83 million.

Statement of Profit or Loss and Other Comprehensive Income

	2023 Audited	2024 Audited	2025 Audited
Interest Income	216,814,098	218,418,423	223,364,610
Interest Expenses	(86,184,048)	(85,275,607)	(72,380,750)
Net interest income	130,630,050	133,142,816	150,983,860
Provision for Bad and Doubtful Financial Instruments	(2,493,753)	(33,575,810)	(28,007,298)
Net Interest Income after Provision	128,136,297	99,567,006	122,976,562
Net Foreign Exchange Gain/Loss	703,872	(420,707)	1,471,585
Other Income	6,584,407	6,135,573	7,690,969
Personnel Expenses	(36,124,496)	(36,718,584)	(40,446,088)
Depreciation and Amortization	(3,455,272)	(3,616,739)	(3,668,719)
Other Administrative Expenses	(13,340,886)	(14,458,412)	(20,218,371)
Profit from Operations	82,503,922	50,488,137	67,805,938
Income Tax Expense	(16,789,565)	(10,487,185)	(14,913,169)
Net Profit for the Period	65,714,357	40,000,952	52,892,769
Currency Translation Difference	2,676,062	5,615,596	1,139,588
Total Comprehensive Income for the Year	68,390,419	45,616,548	54,032,357

LOLC Cambodia reported a net profit of USD 52.89 million for 2025 (2024: USD40.00 million), a 32.2% increase year-on-year, reflecting the impact of a challenging operating environment. Despite this, the company achieved a Return on Average Equity of 12.85% and a Return on Average Assets of 3.32%.

Key Ratios

	FY2023	FY2024	FY2025
Return on Equity	20.33%	10.98%	12.85%
Return on Asset	4.32%	2.55%	3.32%
Operating Expense to Average GLP	4.18%	4.31%	4.67%
Cost to Income Ratio (including Provision)	39.87%	63.75%	57.27%
Deposit to Loan Ratio	72.52%	75.81%	74.13%
Liquidity Coverage Ratio	273.48%	176.93%	177.35%
Capital Adequacy Ratio	24.65%	26.38%	27.97%
Non Performing Loan to GLP (PAR 90D)	2.24%	5.53%	9.84%
Debt-to-Equity Ratio	3.4x	3.1x	2.65x
Gross Write-offs Ratio	1.41%	1.09%	1.13%
Number of Offices (Including Head Office)	83	83	83
Number of Personnel	3,590	3,704	4,035
Number of Active Borrowers	335,089	330,080	316,123
Depositors	510,972	530,575	534,575

LOLC Cambodia maintained strong performance in controlling its operating expenses, with the Operating Expense to Average Gross Loan Portfolio ratio recorded at 4.67% in 2025 (2024: 4.31% with a slight increase primarily due to exchange rate fluctuations during the year. The Cost to Income Ratio (including provisions) stood at 57.27%, compared to 63.75% in the previous year.

The company also sustained a robust liquidity position, with the Liquidity Coverage Ratio reaching 177.35%, well above the National Bank of Cambodia's minimum requirement of 100% effective from 1 January 2020. Additionally, the Capital Adequacy Ratio remained strong at 27.98%, 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 9.84% in 2025 (2024: 5.53%)



SIGNIFICANT CHANGES DURING 2025



NEW CUSTOMER BASE FOR 2025

In 2025, approximately 47,000 new customers began using LOLC Cambodia's products and services. Among these, 64% were female, and 70% resided in rural areas. The majority of new customers comprised farmers, employees, retailers and garment workers aged between 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 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 2025, LOLC Cambodia kept upgrading and developing its products and services as the following:

Salary Advance Loan

A short-term loan that allows salaried employees to access a portion of their upcoming salary before payday. It is used for urgent cash needs, emergencies or unexpected expenses.

Why employees will love it:

- Instant cash from your earned salary.
- Quick approval with a simple digital process.
- Apply anytime, anywhere via LOLC Mobile.

- Easy repayment automatically deducted from next salary.
- No collateral, no hassle.
- Clear and transparent fee.

A Combined KHQR (Single QR Dual Currency)

The implementation of Combined KHQR enables merchants to accept both Khmer Riel (KHR) and US Dollar through a single QR Code with emphasis on promoting transactions in Khmer Riel. This supports the National Bank of Cambodia's initiative to increase local currency usage and reduce dependency on foreign currency. This also enhances the KHQR design features the Bakong icon, providing a modern look that improves visibility, builds customer trust and clearly identifies the QR as part of the Bakong interoperable payment ecosystem.

SEATEL Mobile Top-Up

Adding to existing, LOLC has partnered and introduced SEATEL, allowing customers to instantly recharge mobile airtime through digital channel without visiting physical outlets. The service enhances customer convenience, increases digital engagement and position LOLC as a daily-use financial platform.

One-Time-Password (OTP) Enhancement

To strengthen security and reduce the risk of OTP compromise, LOLC Mobile introduced its OTP input mechanism by disabling the device keyboard and enforcing OTP entry through a controlled input method. This enhancement minimizes exposure to keylogging, screen capture and third-party keyboard risk while reducing user errors during authentication.

This improvement aligns with regulatory expectations and industry best practices for secure digital banking, enhancing overall customer trust without impacting user experience or transaction efficiency.

Fraud Rule Management (FRM)

To strengthen fraud prevention and protect customers, LOLC Mobile is introduced with a Fraud Rule Management framework that enables real-time monitoring, detection and control of suspicious transactions. The solution defines, adjusts and automates fraud rules based on customer behavior, transaction patterns, device and channel risk indicators. This initiative reduces fraud losses, improves response time, ensures regulatory compliance and enhances customer trust while maintaining a seamless and secure digital banking experience.

Re-Activate Dormant Account through LOLC Mobile

This initiative enables customers to conveniently re-activate their dormant accounts through LOLC Mobile without visiting a branch. The solution improves customer experience, increases active account usage and reduces operational workload by leveraging secure digital verification and automated re-activation process while ensuring compliance with regulatory and risk requirements.

Balance Summary Dashboard

To provide a consolidated view of customer's financial position, presenting total balances with a clear breakdown across Savings, Fixed Deposits and Loans. It enables quick understanding of asset and liability compositions, supporting informed decision-making, effective position monitoring and enhanced customer engagement through a simple and intuitive overview.

Kid Account Enhancement

This initiative enhances the Kid Account by enabling parents or guardians to make simple, progressive deposits that encourage long-term savings for their children. By offering higher interest returns tied to regular deposits, the product promotes early financial discipline while maximizing savings growth, creating greater value for families and strengthening customer loyalty.

2026 OUTLOOK



LOLC Cambodia expects to increase its performance in 2026 as below:

	2023	2024	2025	2026e
Gross Loan Portfolio (USD '000)	1,246,507	1,320,836	1,373,095	1,740,000
Number Loan Accounts	396,919	387,693	365,479	414,328
Deposit Balance (USD '000)	903,918	1,001,379	1,017,828	1,434,300
Number Deposit Account	620,840	817,146	805,840	1,280,270
Number Offices (include HO)	83	83	83	83
Number Personnel	3,590	3,704	4,035	4,272



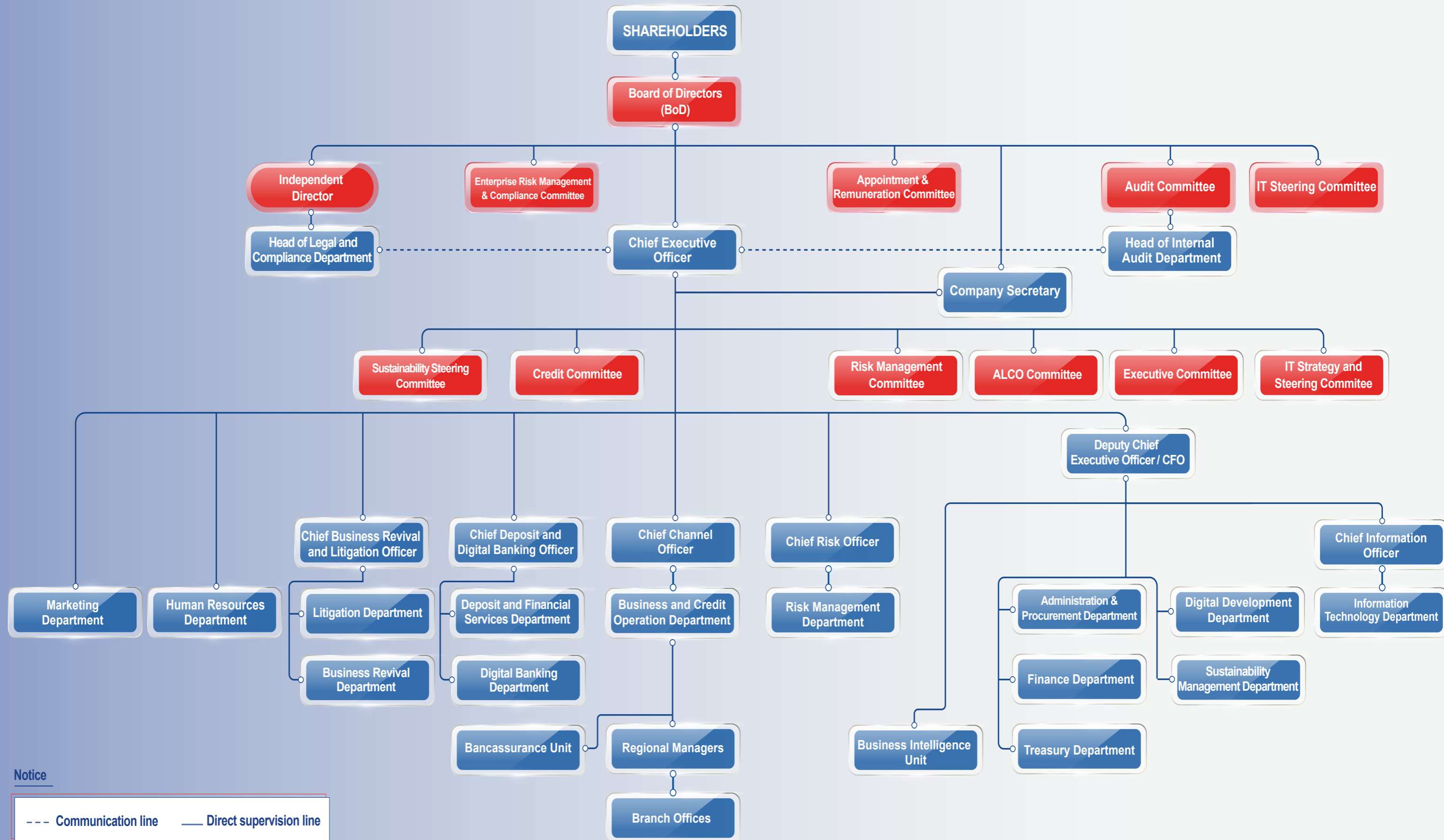
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CORPORATE GOVERNANCE

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ORGANIZATIONAL CHART



Notice

--- Communication line — Direct supervision line

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 Chrisantha Gajanayake de Zylva (<i>Brindley de Zylva</i>)	Chairman
Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias (<i>Conrad Dias</i>)	Director
Mr. Dulip Rasika Samaraweera (<i>Dulip Samaraweera</i>)	Director
Mr. Indrajith Wijesiriwardana	Independent Director
Mr. Chitral Nalin Wijesinha	Independent Director
Mr. Chandana Jayanath Kanwel Gamage Don (<i>Chandana Jayanath</i>)	Executive Director

Board of Directors Profile



MR. BRINDLEY DE ZYLVA
Chairman

Brindley serves as the chairman of the board for LOLC Cambodia, 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 SAMARAWEERA
Director

Dulip is a director of LOLC Cambodia. 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. 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 in January 2015.



MR. CHITRAL NALIN WIJESINHA
Independent Director

Chitral is an independent director of LOLC Cambodia. 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).



MR. CHANDANA JAYANATH
Executive Director

Chandana Jayanath is a Senior Financial Sector Professional with over 28 years of experience in banking, finance, recoveries, collections, and operational management. He currently serves as the Chief Recovery Officer of the LOLC Group and holds Board Directorships at LOLC (Cambodia) Plc., LOLC Micro Finance Bank - Pakistan, and LOLC Factors Ltd - Sri Lanka. Previously, he served as the Chief Operating Officer of LOLC Holdings PLC and held several senior leadership positions within the Group. Mr. Jayanath is recognized for his expertise in recoveries management, collections strategy, non-performing loan (NPL) management, and credit risk monitoring. He has contributed towards strengthening operational controls, portfolio quality, and introducing modern recovery methodologies across the financial sector. He has also conducted training programmes and workshops for financial institutions in Sri Lanka and overseas markets including Cambodia, Pakistan, and Myanmar. He holds a PhD from IIC University - Cambodia and an MBA from Cardiff Metropolitan University - United Kingdom. He is a Fellow and professional member of several internationally recognized professional bodies related to credit management and professional management.

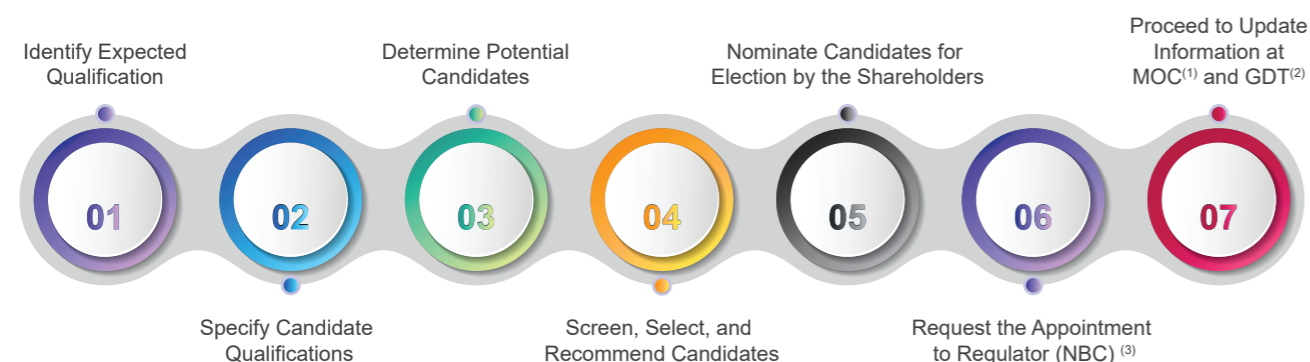
SELECTION OF BOARD OF DIRECTORS

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
Mr. Brindley de Zylva Chairman	15 th October 2015	4	4
Mr. Conrad Dias Director	12 th February 2018	4	4
Mr. Dulip Samaraweera Director	02 nd July 2018	4	4
Mr. Indrajith Wijesiriwardana Independent Director	01 st January 2015	4	4
Mr. Chitral Nalin Wijesinha Independent Director	15 th January 2024	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"> ○ Composition of the board of directors ○ Oversight of management ○ Understanding the company culture and its business ○ Conduct board meetings
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 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"> ○ Board structure and management structure/organizational chart ○ Basic ownership structure ○ Where applicable, corporate group structure and corresponding ownership shares held ○ Code of conduct or ethical code ○ Annual report ○ Audited financial statement 	✓
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"> ○ Authority of board committee ○ Resources and organizing ○ Duty quality

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 2025. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Chitral Nalin Wijesinha Committee Chair/Independent Director	15 th January 2024	4	4
Mr. Brindley de Zylva Member / Chairman	15 th October 2015	2	4
Mr. Indrajith Wijesiriwardana Member / Independent Director	01 st January 2015	4	4
Mr. Dulip Rasika Samaraweera Member / Director	05 th August 2025	2	4

Note: Mr. Dulip Rasika Samaraweera is appointed to be member of Audit Committee from 05th August 2025, replacing Mr. Brindley de Zylva.

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 2025. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Chitral Nalin Wijesinha Committee Chair/Independent Director	15 th January 2024	4	4
Mr. Brindley de Zylva Member / Chairman	06 th February 2016	4	4
Mr. Conrad Dias Member / Director	12 th 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 2025. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Indrajith Wijesiriwardana Committee Chair/Independent Director	02nd November 2016	4	4
Mr. Conrad Dias Member / Director	12th February 2018	4	4
Mr. Dulip Samaraweera Member / Director	02nd 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 2025. Attendance was as follows:

Members	Date of Appointment	No. of Meetings	
		Attended	Held
Mr. Conrad Dias Chairman / Director	06th February 2020	4	4
Mr. Brindley de Zylva Member / Chairman	06th February 2020	4	4
Mr. Indrajith Wijesiriwardana Member / Independent Director	06th 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 2025, 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:

- o Annual report has conveyed a fair and balanced view of the organization;
- o Report states that the organization has complied with all laws, governance regulations and codes;
- o 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 31st December 2025 are as follows:

	KHR'000	USD
Audit Fees	497,364	124,000
Non-audit fees	312,858	78,000
	<u>810,222</u>	<u>202,000</u>

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. Financial Sales Advisors 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 CONTROLS



All financial institutions' business strategy must include risk management, and LOLC Cambodia is no exception. By concentrating on two factors — risks and returns — risk management helps LOLC Cambodia's internal control function better, securing long-term resilience and helping the company achieve its corporate objectives.

Risk management serves as the second line of defense by offering a qualified risk analysis 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 business lines.

According to LOLC Cambodia's risk philosophy, risk management should effectively identify, measure, manage and monitor risk, as well as successfully oversee and support the institution's overall objectives, decision-making processes, and business strategies. On top of that, it is important to promote a risk awareness culture within the organization.

LOLC Cambodia's risk frameworks strive to:

- Enhance the business' capacity to identify, evaluate and treat risks, 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's 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 Cambodia in generating resilient and high 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
- Keep the drivers of the organization informed through transparent and timely reporting to support better decision-making that contribute to the organization's goals.

LOLC Cambodia has rolled out an integrated risk management system — called the "Risk Management Matrix" — throughout the entire institution. This helps guarantee that the growth of business operations and activities 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 is 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, as well as other matters of credit and finance. This helps ensure that all procedure and practice risks are identified 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 systems to evaluate, monitor, and approve liquidity risk, interest rate risk, regulatory risk, currency risk, and other financial risks, optimizing returns while maintaining a safe level of liquidity. The ALCO 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 three lines of defense model:



Credit Risk Management

Credit risk is the financial loss to LOLC Cambodia if a borrower fails to meet its contractual loan obligations. Since most of LOLC Cambodia's income is generated by lending to clients, credit risk is a principal risk. To manage credit risk and portfolio quality, LOLC Cambodia has a well-structured Credit Risk Policy, Credit Operating Manual, and other relevant rules that outline clear and detailed principles, procedures, and segregation for consistent implementation across the organization.

Exposures are actively monitored, reviewed, and reported to the Risk Management Committee and Credit Committee monthly. Senior management and relevant departments discuss, analyze, and identify any issues and then take timely and appropriate action.



Liquidity Risk Management

Liquidity risk occurs when the institution fails to meet current and future financing demand obligations in a timely manner.

ALCO, chaired by the Deputy Chief Executive Officer/Chief Finance Officer, is responsible for discussing all treasury risks and monitoring liquidity on an ongoing basis to ensure early triggers for further actions.

This risk is primarily monitored and managed based on cash flow projections arising from the maturity profiles of assets, liabilities, off-balance sheet commitments and stress conditions, and other important ratios.

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.



Operational Risk Management

Operational risk refers to the potential loss — either direct or indirect — resulting from human error, system failures, inadequate procedures and controls, and external factors. 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. To manage the risk, Bottom-Up Risk Assessment, Risk Management Matrix, Business Continuity Plan, and Disaster Recovery Plan are in place. Furthermore, LOLC Cambodia has also transferred risks to the insurance company.

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 inherent risk is understood and mitigated.



Market Risk Management

Market risk is defined as the potential financial loss that may arise 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 the impact of any price fluctuation among currencies on the value of the open foreign currency position. The risk may arise once a financial transaction is denominated in a currency other (THB, USD) than the domestic currency (KHR). It also includes loss from the maturity mismatching of foreign currency position.

Interest rate risk is caused by varying maturity dates and reprising of cash flows. LOLC Cambodia's lending, deposit, source of funds, 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 monitoring the above risk exposures and taking initiative-taking actions.



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 Cambodia. This can lead to loss of income and/or capital funds, and capacity to build new relationships or maintain existence both now and in the future.

LOLC Cambodia serves through the sustainable delivery of inclusive and client-centric financial services. For example, LOLC Cambodia adheres to the client protection principle and responsible lending practices, with proper credit assessment occurring before a loan is offered to client to prevent them from over-indebtedness.

Furthermore, customer feedback and complaints are prioritized as a mechanism to keep improving and solving issues for customers.



Capital Risk Management

Capital risk occurs if LOLC Cambodia does not have sufficient capital resources to meet the minimum regulatory requirements, respond to losses, and 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 ALCO 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.



Legal & Compliance Risk Management

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

Internal procedures — such as the procedure on Anti-Money Laundering and Combating the Financing of Terrorism, as well as the policy on Combating the Financing of Proliferation of Weapons of Mass Destruction — are developed for consistent response to compliance risk. All laws and regulations that are applicable to LOLC Cambodia are regularly monitored to ensure full compliance, and AML/CFT methods are used to ensure internal controls are sufficient.



Technology & Cyber Risk Management

It is crucial to secure all of the organization's information, including customer information. The objective of managing this risk focuses on confidentiality, integrity, and availability. To achieve this goal, LOLC Cambodia ensures that its system is aligned with both regulatory and international standards and requirements. This builds upon customer trust and LOLC Cambodia's reputation. LOLC Cambodia understands the importance of cybersecurity in governing, managing, and protecting data and ensures its system run smoothly, securely, and accurately.

A backup data recovery mechanism to ensures operations continue even under adverse circumstances. Many other security tools — such as a Security Operation Center and Privileged Identity Management — are in place as a control to manage information technology and cyber risk.

The IT Steering Committee at the board level (which meets quarterly) and the IT Strategy and Steering Committee at the management level (which meets monthly) have been established. These committees are responsible for identifying, monitoring and implementing IT strategies and IT risk management.



Environment & Social Risk Management

The inherent risks of LOLC Cambodia's business activity are related to geographic, seasonal/weather and demographic (illness and death, mobility of population, local authorities' willingness to support, corruption, political tensions, etc.) factors.

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 Cambodia has established the sustainability steering committee at the management level, which gathers semi-annually. The committee is responsible for overseeing and guiding the organization's sustainability initiatives and strategies, plus monitoring their progress. For example, an exclusion list has been developed to prohibit the financing of activities with negative impacts on the environment and community.



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 Cambodia integrates strategic risks into its planning process and provides decision making on key performance indicators (KPIs). The board of directors and senior management actively participate in overseeing and managing strategic risks. The management team controls performance, growth, quality, and profit. Additionally, the management team provides integrated reporting for monitoring, navigating uncertainties, seizing opportunities, and achieving their strategic objectives effectively. All management committees are responsible for overseeing relevant strategies and regularly discussing results and progress.



Third Party Risk Management

Third party risk is defined as either financial or non-financial loss that arises when the external parties that the organization relies on fail to meet obligations or expectations. The parties include vendors, suppliers, and so on.

To manage the risk, the Ad Hoc Procurement committee was established to perform an assessment on vendors and suppliers prior to and during the bidding stage. Similarly to the handling of customers, due diligence is conducted when onboarding third parties to open accounts with LOLC Cambodia. Additionally, agreements are reviewed thoroughly by the Legal and Compliance Department before signing off. Recommendations are also provided at the committee level, based on the project.

HUMAN RESOURCES DEVELOPMENT

LOLC Cambodia provides over 4,035 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 2025, 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
- Online trainings
- Rotation training programs
- Succession planning trainings
- Cross department trainings
- LOLC e-Learning Academy
- Compulsory trainings
- Insurance trainings
- 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;
- Life insurance;
- Health and work-related personal accident insurance from National Social Security Fund;
- 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.



MR. ROMESH PERERA
Chief Channel Officer

Mr. Romesh Perera is a banking and financial services professional with over 27 years of leadership experience in the Non-Bank Financial Institution (NBFI) and specialize banking sectors. He holds a Master of Business Administration (MBA) from Asia e University, Malaysia.

Before joining LOLC Cambodia, he served LOLC Finance PLC (LOFC), Sri Lanka, for over 13 years, holding several senior leadership positions. He has extensive expertise in conventional and Islamic finance, covering credit risk management, business development, sales and marketing, recovery management, trade finance, leasing and asset financing, deposit mobilization, pawning operations, and branch network management. Mr. Perera joined LOLC (Cambodia) Plc. in June 2017 and was promoted to Chief Channel Officer in August 2018. He leads the team in driving business growth, expanding customer reach, strengthening distribution channels, developing innovative financial products, nurturing strategic partnerships, and leading initiatives that enhance portfolio quality, profitability, and operational efficiency. In addition to his MBA, he has completed numerous professional and industry-related training programs, strengthening his expertise in banking, leadership, and operational management.

His strategic vision, regional experience and commitment to excellence continue to play a pivotal role in supporting LOLC Cambodia's growth and market leadership within the Cambodian financial services sector.



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.



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. 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 (CPISI), 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) Ld.), 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. KONG KOSAL
Head of Business Department

Mr. Kong Kosal currently serves as the Head of Business Department at LOLC Cambodia. In this capacity, he oversees credit portfolio management, branch management, business growth, and the effective implementation of credit policies to ensure portfolio quality, operational efficiency, and sustainable business growth. With over 24 years of extensive experience in business and credit operations within the financial services sector, Mr. Kosal has developed strong expertise in channel management, credit risk management, operational controls, and process optimization. He works closely with senior management and cross-functional teams to strengthen governance frameworks, enhance service delivery, and support LOLC Cambodia's strategic objectives. His leadership is anchored in professionalism, regulatory compliance, and a strong commitment to institutional excellence. He holds multiple academic degrees in management, finance and banking, as well as law. He has gained extensive international exposure through participation in professional training and capacity-building programs in the United States of America, Belgium, Sri Lanka, Thailand, Hong Kong (China), Singapore, Malaysia, Vietnam, the Philippines, and Indonesia, strengthening his expertise in credit management, operational governance, and international best practices.



MR. MUTH PISEY
Head of Recovery and Litigation Dep.

Head of Litigation 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 behead 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 Head of the Credit Department in August 2018. In April 2026, he was reassigned to a new position as Head of Recovery and Litigation Department.



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.



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. 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, business improvement methodologies and certified card payment system professional (CCPSP). 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.



MR. HONG CHANNPHEAKTRA
Head of Marketing and Corporate
Communications Department

Mr. Hong Channpheaptra holds a bachelor's degree in media management from the Royal University of Phnom Penh. After three years of experience working with an international NGO, he was awarded the Chevening Scholarship under the UK Government's International Awards Programme and pursued a master's degree in media, Campaigning and Social Change at the University of Westminster in 2015. He began his professional career in 2012 as a Communications Officer and has since built extensive expertise across public relations, integrated marketing, campaign management, product development, and brand and strategic communications. With more than 10 years of experience across diverse sectors, including INGOs, FMCG, real estate, mobile payments, and banking, he brings a well-rounded perspective to communications and marketing leadership. Mr. Hong Channpheaptra joined LOLC Cambodia as Head of Marketing and Corporate Communications, where he oversees the Marketing, Contact Centre, Customer Service, and Research teams.



MR. NIROSHAN SILVA
Head of Auto Finance Department

Mr. Niroschan Silva is the Head of Auto Finance Department at LOLC Cambodia PLC, bringing over 15 years of experience in the Banking & non-banking financial sector across Sri Lanka and Cambodia. He commenced his career as a trainee in banking at Bank of Ceylon, the largest state-owned bank in Sri Lanka, prior to joining the LOLC Group in January 2012. Mr. Silva began his journey at LOLC Finance Sri Lanka as a Customer Service Assistant and steadily progressed through multiple roles, including Customer Service Officer and Senior Marketing Officer, demonstrating strong performance and commitment throughout his career. In 2018, he joined LOLC Cambodia as a Business Development Officer in Leasing and Asset Finance after completing six years of service in Sri Lanka. His capabilities and leadership potential led to his promotion as Asset Backed Unit Manager in 2019, followed by his appointment as Head of the Business Revival Department. Subsequently, he assumed his current role as Head of Auto Finance Department, which represents his core area of expertise. Mr. Silva holds a Master of Business Administration (MBA) from Asia e University, Malaysia. He is recognized for his practical leadership style, disciplined approach, and strong commitment to driving sustainable business performance.



MRS. INN SREYRATH
Head of Digital Banking Department

Head of Digital Banking Department
Inn Sreyrath leads the Digital Banking Department at LOLC Cambodia, where she is responsible for driving the company's digital banking strategy, innovation roadmap, and long-term growth initiatives. With over 13 years of experience spanning corporate finance and international fintech, she brings deep expertise in digital payment solutions, having held senior positions in both Payment Service Providers (PSPs) and the banking sectors. Prior to joining LOLC Cambodia in January 2025, she played a pivotal role in developing scalable digital finance platforms that improved financial inclusion and customer experience. Her leadership is marked by a strategic vision, a commitment to ethical governance, and a strong focus on leveraging technology to enhance financial services delivery. She holds a bachelor's degree from the Royal University of Law and Economics in Cambodia and a Certificate in Economic Development. Her passion lies in fostering transparent, innovative, and sustainable financial ecosystems.



MR. PRAV SOKMEI
Head of Gold Finance Department

Mr. Prav Sokmei is currently serving as Head of Gold Finance Department for LOLC Cambodia where he firstly joined the company as Deputy Head of Business and Credit Operations Department in late May 2025. His journey with LOLC Cambodia has been started shortly, yet fruitful and meaningful. Mr. Sokmei brings his set of experience for almost 20 years in finance and banking sector for many companies including VisionFund Cambodia (currently as Worri Bank), MegaLeasing, and AMK Microfinance (currently as AMK Commercial Bank). His vast experiences have been compiled from many aspects of research and development, credit management, and business performance management. Mr. Sokmei graduated degree in the field of Finance and Banking from Cambodian Mekong University (CMU) and English Education from Institute of Foreign Languages (IFL).



MS. KHLEANG SOVANNA
Head of Administration and
Procurement Department

Ms. Khleang Sovanna is a senior procurement and operations professional with over 15 years of experience in the banking and development sectors. Since starting her career in 2008, she has developed strong expertise in procurement strategy, administration, facilities and property management, vendor management, and organizational operations, with a proven track record in compliance, budgeting, and operational efficiency. In June 2025, she joined LOLC Cambodia as Head of Administration and Procurement, where she leads procurement and administrative functions, strengthens governance, and drives operational efficiency and sustainable value creation.



MS. KIM DAVIN
Head of Agriculture Value Chain
Finance Department

Ms. KIM Davin is the Head of Agriculture Value Chain Financing Department at LOLC Cambodia PLC, with more than 15 years of experience in rural finance, agribusiness, agricultural value chain development, and enterprise support in Cambodia. Before her current role, she held senior technical and managerial positions with national and international institutions, including UNIDO, the Ministry of Economy and Finance, an MFI, and FAO. Her work has focused on agricultural finance, digital agriculture, supply chain development, business modeling, investment planning, and partnership development. Ms. Davin has strong expertise in agriculture value chain financing, financial modeling, investment readiness assessment, business plan review, and capacity building for agricultural enterprises and producer organizations. She works closely with public institutions, development partners, private sector actors, and financial institutions to promote inclusive and market-oriented agricultural development. She holds a Master of Science in Food Science from the Asian Institute of Technology, and a Bachelor of Science in Agro-Industry from the Royal University of Agriculture, Cambodia.

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COMMITMENT TO SUSTAINABLE DEVELOPMENT

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- ◊ KEY SUSTAINABILITY MANAGEMENT ACHIEVEMENTS IN 2025 AND TARGETS IN 2026 (98)
- ◊ PARTICIPATION IN THE UNITED NATIONS GLOBAL COMPACT (UNGC) (100)
- ◊ COMPLIANCE WITH CLIENT PROTECTION PRINCIPLES (102)
- ◊ ALIGNMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS (104)
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LOLC CAMBODIA SUSTAINABILITY STRATEGY

LOLC Cambodia) aims to achieve strong and sustainable financial performance while ensuring environmental protection, social responsibility, and effective corporate governance. The company is committed to reducing its environmental footprint; upholding the highest standards of ethical conduct and compliance with laws and regulations; and providing innovative, secure, and sustainable financial products and services to all segments of society in the process.

LOLC Cambodia is addressing sustainable development by integrating the United Nations Sustainable Development Goals (SDGs) into its operations, with a particular focus on climate action, financial inclusion, responsible consumption, and strong institutions.

Key Sustainability Efforts



Environmental (Green) Impact

- Renewable Energy
- Energy Efficiency
- Clean Transportation



Social Impact

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

LOLC's Green and Social Eligibility Criteria is aligned with the ICMA Sustainability Bond Guidelines (SBG), ICMA Green Bond Principles (GBP), and Social Bond Principle (SBP), as well as the ASEAN Green Bond Standards (AGBS) and the ASEAN Social Bond Standard (ASBS).

ESG (Environmental, Social, & Governance)

E Environmental

"Committed to minimizing the environmental and climate impacts of operations to support sustainable development goals."



Sustainability Actions Include:

- Reduction of operational carbon footprint
- Employee engagement in environmental initiatives
- Provision of green finance to support environmental protection and eco-friendly innovation.

S Social

"Committed to promoting inclusivity, respecting not only shareholders and staff, but also customers, partners, and individuals in the community."

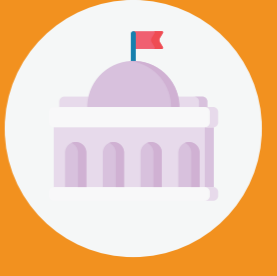


Sustainability Actions Include:

- Respect for human rights, diversity, and gender equality
- Safe and hygienic working conditions
- Fair labor practices
- Financial inclusion for clients
- Promotion of female inclusion
- Financial, environmental, and social awareness initiatives
- Continuous staff training and capacity building
- Adherence to exclusion lists, Code of Conduct, and responsible lending
- CSR and community engagement activities

G Governance

"Committed to conducting business with integrity, fairness, and compliance with all relevant laws, while maintaining high corporate governance standards."



Sustainability Actions Include:

- Compliance with applicable laws and regulations
- Zero tolerance on corruption
- Ethical business conduct
- Integration of ESG factors into business processes
- Data privacy and information security
- Transparent disclosure of financial and sustainability performance.

KEY SUSTAINABILITY MANAGEMENT

ACHIEVEMENTS IN 2025 AND TARGETS IN 2026



ESG Criteria	Selection	Annual Measurable KPIs (at end of period)	KPI Calculation/Measurement	2025 Achievements	2025 Targets	2026 Target
ENVIRONMENT	CO2 emission saved	CO2 emissions saved through Green Lending (tCO2)	# of CO2 emissions saved in Ton and it is generated and given by responsibility (GCPF) which relies on LOLC Cambodia's raw data submitted to them	10,108	>= 6,000	>= 7,000
		Solar Installment Project	# of branches equipped with solar systems	N/A	N/A	>= 15
	Net-zero transitions	CO2 emissions (Scope 1, 2 and 3)	Measure of CO2 emission in tone of Scope 1 2 and 3 through its own operation: operation: Scope 1: were generated from Fuel consumption (diesel, petrol) Scope 2: were generated from electricity consumption Scope 3: were generated from A4 paper and water consumption.	N/A	N/A	CO2 Emissions Measurement
	Access to green products	Number of clients access green products through Green Lending Project	# of IL, GL, SME, WIL, SNL, LILAB, and HIL with the purposes of energy efficiency or renewable energy.	> 989*	<= 2000	N/A
	Access to green products	Green Lending Disbursement Amount	Total amount disbursed in US\$ through green lending products to clients under IL, GL, SME, SNL, and LILAB with green purpose	5,643,024	6,000,000	>= 4,000,000
	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	>= 108	>= 108	>= 107
		A4 paper saved in ream via tablet, LOLC Mobile project, and client payment through PSPs	# of A4 paper saved in ream for loan processing via tablet, opening digital account, and payment transaction via PSPs	>10,931	>5,000	>5,500

ESG Criteria	Selection	Annual Measurable KPIs (at end of period)	KPI Calculation/Measurement	2025 Achievements	2025 Targets	2026 Target
SOCIAL	Water stress	Clients access to clean water, sanitation, and hygiene	# of IL, GL, SME, WIL, SNL, LILAB, and HIL disbursement for water, sanitation, and hygiene purposes	>= 2,314	>= 3,200	N/A
		WASH Loan Disbursement Amount	Total amount disbursed in USD through IL, GL, SME, WIL, and SNL loans for clean water, sanitation and hygiene purposes that do not fall under green products	8,822,348	9,000,000	>= 5,000,000
	Job creation	Total LOLC staff and jobs created by LOLC clients (as of end period)	# of LOLC staff and jobs created by LOLC clients	>= 643,259	>= 600,000	>= 600,000
	Female clients	Portion of female borrowers (as of end period)	% of female borrowers	>= 71%	>= 65%	>= 65%
	Female staff	Portion of female staff	% of female staff	N/A	N/A	>= 18%*
	Poverty outreach	Portion of borrowers in rural areas (as of end period)	% of borrowers in rural areas based on 2019 Cambodia General Population Census data	>=79%	>= 70%	>= 72%
		Portion of borrowers below 150% National Poverty Line (NPL) (as of end period)	% of borrowers below 150% NPL by using PPI tool.	>=20%	>= 20%	>= 20%
	Clients involve in agriculture	Number of borrowers involved in agriculture (as of end period)	% of borrowers using loans for agriculture purpose	>= 46%	>= 40%	>= 40%
	Access to education	Provide financial awareness training to clients, communities, and youths	# of people trained in financial literacy courses	>= 362	>= 350	>= 750
		Enhance financial literacy of staff	# of staff trained in financial literacy courses	>= 47	>= 6	>= 3
Provide internal and external training courses for staff		# of Internal and external training courses for LOLC staff	>= 1,558	>= 1,400	>= 1,300	
Provide refresher training on lending process/SM/ CPP to staff		# of refresher courses on lending process/SM/ CPP available to staff.	>= 125	>= 14	>= 6	
Impact on communities	Contribute to communities	# of community events and other social activities (CSR)	>= 37	>= 28	>= 24	
Access to finance	New clients can access financial services including savings and credit	# of new clients (borrowers and depositors)	>= 8.88%	>= 5%	>= 5%	
Better living conditions	Client income generation	Growth rate of Client income generation	>= Average income growth rate 6.88%	>= At least sample size of 5,000 clients	At least sample size of 5,000 clients	
	Client access to better housing conditions through HIL and HL	# of HILs and HLs disbursed	>= 5,194	>= 4,000	>= 4,000	
GOVERNANCE	Independent directors	Independent directors (as of end period)	# of independent directors	>= 2	>= 2	>= 2

PARTICIPATED IN UNITED NATIONS GLOBAL COMPACT (UNGC)

LOLC Cambodia is a participant in the United Nations Global Compact (UNGC), helping to align our organizational practices with internationally recognized principles of human rights, labor standards, environmental responsibility, and anti-corruption. This commitment is operationalized through LOLC Cambodia's Code of Conduct, responsible lending framework, environmental and social risk management practices, and internal governance policies. This participation has enhanced internal awareness of global sustainability standards, reinforced ethical practices within the organization and contributed to promoting responsible business conduct in line with UNGC principles.



LOLC Cambodia reflects its commitment to the UNGC by embedding its Ten Principles into LOLC's policies, operations, and organizational culture. These principles are translated into action through the Code of Conduct, responsible lending framework, Environmental and Social Risk Management (ESRM) system, and strong internal governance and compliance mechanisms.

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 clients, partners, and employees.
Principle 2: make sure that they are not complicit in human rights abuses.	Yes	LOLC Cambodia has implemented an exclusion list, as well as policies on sexual harassment, whistleblowing, ethical business practices, and gender equality to enforce its commitment to human rights. The institution 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 an elected shop steward, officially recognized by the labor department.
Principle 4: The elimination of all forms of forced and compulsory labor;	Yes	All employees are provided with an official employment contract. The working conditions and compensation fully abide by and exceed local labor laws.
Principle 5: The effective abolition of child labor; and	Yes	LOLC Cambodia complies with Cambodian labor law, which includes the effective abolition of child labor. 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 Cambodian labor law, which includes the elimination of discrimination in respect to employment and occupation. Our employees come from diverse backgrounds. We employ men and women, as well as people living with disabilities, those from different ethnic groups and religions, 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, as well as 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 to reduce the eco-footprint of the growing volume of IT gear it consumes. LOLC Cambodia is keen to contribute in the best possible way to limiting energy consumption and reducing waste related to IT for the benefit of the common good.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Yes	LOLC Cambodia has a strict zero-tolerance anti-corruption clause in its Code of Conduct.
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COMPLIANCE WITH CLIENT PROTECTION PRINCIPLES

LOLC Cambodia is committed to implementing the 8 Client Protection Principles as a core component of its sustainable and responsible finance framework. These principles guide the institution in delivering financial products and services that are ethical, transparent, and aligned with clients' needs and repayment capacities, while preventing over-indebtedness and ensuring fair and responsible pricing. LOLC Cambodia emphasizes clear communication, appropriate product design, and respectful treatment of all clients, promoting financial inclusion and long-term client well-being.

In addition, LOLC Cambodia safeguards client data, maintains effective complaint-handling and resolution mechanisms, and ensures strong oversight from the board of directors and management. Supported by internal policies and human resource systems, these principles are embedded across operations and staff practices. Through consistent application of the client protection principles, LOLC Cambodia reinforces trust, protects consumers, and contributes to sustainable social and economic development in Cambodia..

Appropriate product design and delivery: LOLC ensures that all products and delivery channels are carefully designed based on clients' needs. Our approach prioritizes safety, accessibility, transparency, and suitability, ensuring that products and services do not cause harm and serve the best interests of our clients. Throughout the product lifecycle, from design to delivery and post-sale support, we continuously assess and manage potential risks, adhere to regulations and ethics, and refine our offerings to uphold responsibility, fairness, client centricity, and positive outcomes for clients.

Prevention of Over-Indebtedness: The prevention of over-indebtedness is a core aspect of our responsible lending practices. We fully comply with all regulatory requirements and guidelines, ensuring that clients are not provided with loans they cannot reasonably afford to repay. Careful assessment is applied to each client and their loan cycle repayment capacity in an effort to promote responsible borrowing and protect clients. Our lending processes pre-disbursement, during disbursement and post-disbursement — are designed to identify and mitigate risks of over-indebtedness, supporting the long-term financial well-being of clients and sustainable growth..

Transparency: LOLC commits to providing clear, accurate, and timely information to all our clients regarding the costs, terms, and conditions of our products and services. This ensures that clients understand key terms and conditions and can make informed decisions. LOLC maintains transparency and empowers clients to manage their financial decisions responsibly, avoid misunderstandings, and build trust in our services.

Responsible Pricing: LOLC ensures that our products and services are priced fairly and competitively in the market while remaining affordable for its clients. At the same time, our pricing approach supports the sustainability of LOLC's business. By balancing client affordability with responsible business practices, we aim to provide value, maintain trust, and promote long-term financial well-being for both client and institution.

Fair and Respectful Treatment of Clients: LOLC ensures that all clients are treated with respect, dignity, and fairness. Staff are trained in diversity, inclusion, and ethical conduct to prevent any form of discrimination. We strive to foster an inclusive and respectful environment that supports positive client experiences and trust.

Privacy of Client Data: LOLC has safeguarded the privacy of all client information. Client data is collected, stored, and used only as permitted by law or with explicit consent. We implement strict data protection measures to prevent unauthorized access, misuse, or disclosure, ensuring our clients' trust and compliance with regulatory standards.

Complaint & Resolution Handling Mechanism: LOLC has effective mechanisms to receive, address, and resolve client complaints and feedback. All issues are handled promptly, transparently, and fairly, ensuring that clients' concerns are taken seriously and that corrective actions are implemented to improve products and services.

Board of Director & Management: LOLC's board of directors and management are fully committed to upholding all client protection. Policies, procedures, and HR systems are designed to embed client protection into organizational culture, ensuring that all staff understand their responsibilities and that client-centric practices are consistently applied throughout the institution.



ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The United Nations Sustainable Development Goals (UN-SDGs) comprise 17 goals adopted by all United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development. LOLC Cambodia seeks to align its strategic, operations, and sustainability reporting with the United Nations Sustainable Development Goals (UN-SDGs) as well as the Cambodian Sustainable Development Goals (CSDGs).



The company recognizes that integrating the SDGs into its business practices provides an important framework for fostering inclusive economic growth, social well-being, and environmental sustainability, thereby contributing to a more prosperous and sustainable future for both current and future generations.

The company's net-zero transition supports the objective of the 2015 Paris Agreement by prioritizing emissions reductions, energy efficiency, renewable energy adoption, and digitalization, while progressively strengthening emissions measurement and disclosure.



Detailed alignment with individual SDGs is reflected through the sustainability objectives and KPIs outlined in this plan.

LOLC Cambodia contributes to net-zero efforts by minimizing its operational carbon footprint through improved energy management, increased use of clean energy, and expanded digital services. These actions can be supported by effective SM/ESG governance, collaboration with stakeholders to promote climate-responsible practices, and clear monitoring and disclosure of emissions, with residual impacts addressed through appropriate carbon offset or carbon removal initiatives, as included in the table of key indicators for sustainability management below. Still, recording and disclosing full Scope 3 greenhouse gas emissions in Cambodia remains challenging due to limited data availability from suppliers and clients, low awareness of GHG measurement methods, and minimal regulatory guidance.

To support the net-zero transition, LOLC Cambodia can begin by measuring and managing its own operational CO₂ emissions (Scope 1, 2, 3) through energy efficiency, renewable energy, and digitalization using currently available data, and gradually expanding the coverage as stakeholder data improves. At the same time, LOLC Cambodia can promote low-carbon practices through green financing and can integrate ESG considerations into practice with clear KPIs to track progress and ensure transparent reporting.

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

The Universal Standard of Social and Environmental Performance Management (USSEPM) is an internationally recognized framework developed by the Social Performance Task Force (SPTF). LOLC Cambodia adopts USSEPM to systematically manage social and environmental risks and impacts across its operations. The standard guides governance, product design, client and employee treatment, and risk management practices to ensure responsible financing, client protection, environmental stewardship, and long-term institutional sustainability in line with LOLC Cambodia's sustainability management goals.



By establishing and promoting robust Social Performance and Sustainability Management (SPM/SM), the USSEPM helps refocus institutions on client-centered practices. In this context, LOLC Cambodia applies the USSEPM SPI tool to conduct self-assessments, evaluating the maturity of its SPM/SM practices to support the achievement of its social mission. The SPI tool consolidates industry standards into a single framework, providing a common and transparent language for reporting to stakeholders.

COMMITMENT TO RESPONSIBLE LENDING PRACTICES

a. Participates in the Responsible Lending Course

In line with its strong commitment to responsible lending, LOLC Cambodia actively participates in the Responsible Lending Course developed by the Institute of Banking and Finance (IBF), with the support of the National Bank of Cambodia (NBC), the Association of Banks in Cambodia (ABC), and the Cambodia Microfinance Association (CMA). As of December 2025, a total of 3,319 staff had completed this training program, demonstrating the institution's proactive approach to capacity building and compliance. The remaining new staff are scheduled to be enrolled in early 2026 to ensure full organizational coverage.



The course follows a comprehensive regulatory framework and provides clear principles and practical guidelines on responsible lending within the financial sector. It enhances staff understanding of

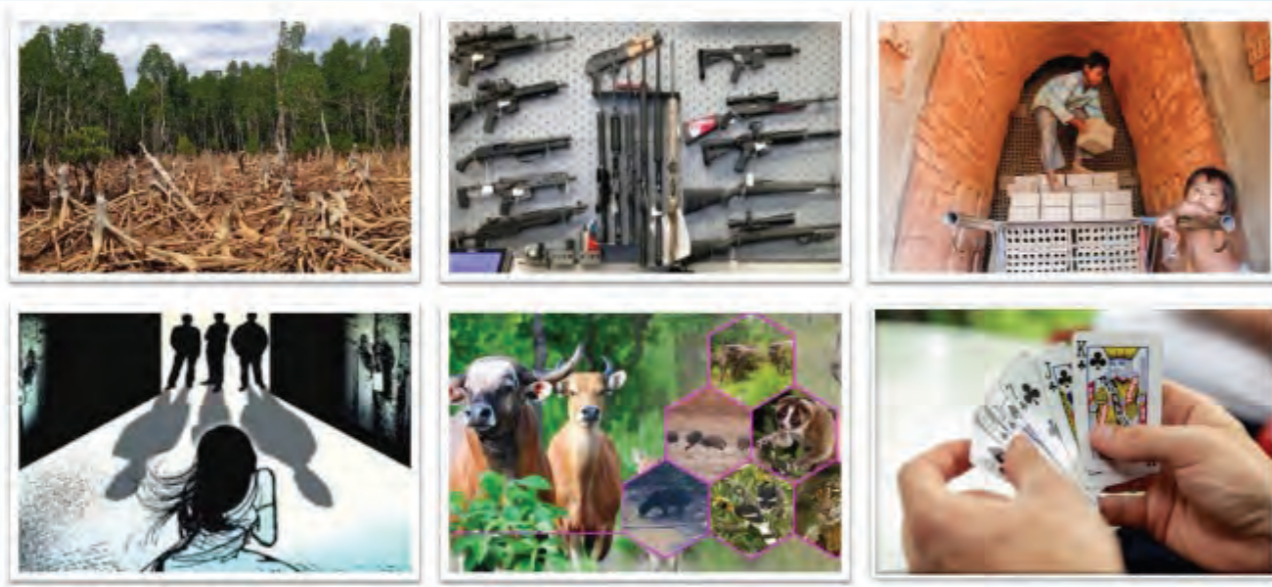
fair treatment of clients, transparent communication, accurate assessment of clients' repayment capacity, prevention of over-indebtedness, ethical collection practices, and effective complaint-handling mechanisms. Through this training, staff are better equipped to safeguard consumers against unfair, abusive, or misleading financial practices while promoting informed financial decision-making.

This initiative is further reinforced by LOLC Cambodia's internal policies, procedures, and monitoring systems, which embed responsible lending principles into daily operations. By continuously strengthening staff competency and aligning practices with regulatory and industry standards, LOLC Cambodia reaffirms its commitment to client protection, financial inclusion, and sustainable lending. These efforts reflect the institution's dedication to maintaining its reputation as a professional, ethical, and responsible financial service provider in Cambodia.

b. Exclusion List Including Cautious/Protected Areas

LOLC Cambodia has established an exclusion list to prevent the financing of activities that may have adverse environmental or social impacts. Staff are trained and regularly refreshed on the exclusion list to ensure proper understanding and consistent application across all lending activities. In addition, internal control mechanisms are in place to monitor compliance and ensure best practices are followed.

The institution enforces strict safeguards to ensure that loans are not granted for any excluded activities, particularly those located in sensitive or protected areas. LOLC Cambodia also collaborates with the Wildlife Conservation Society (WCS) to support the protection of environmentally sensitive and protected areas. Through its collaboration with the WCS, the institution supports initiatives that promote biodiversity conservation, environmental stewardship, and the safeguarding of environmentally sensitive and protected areas from harmful or unsustainable activities. Furthermore, the institution strictly prohibits financing or any form of support for activities involving forced labor, child labor, discrimination, or other harmful practices to the environment and society. Each loan is thoroughly assessed by field staff and subsequently reviewed by supervisors to ensure full compliance with environmental and social requirements before approval.



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 the 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 forests
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 more than 2.5 km in length
13	Production or activities involving harmful or exploitative forms of forced labor/harmful child 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 forests.
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.

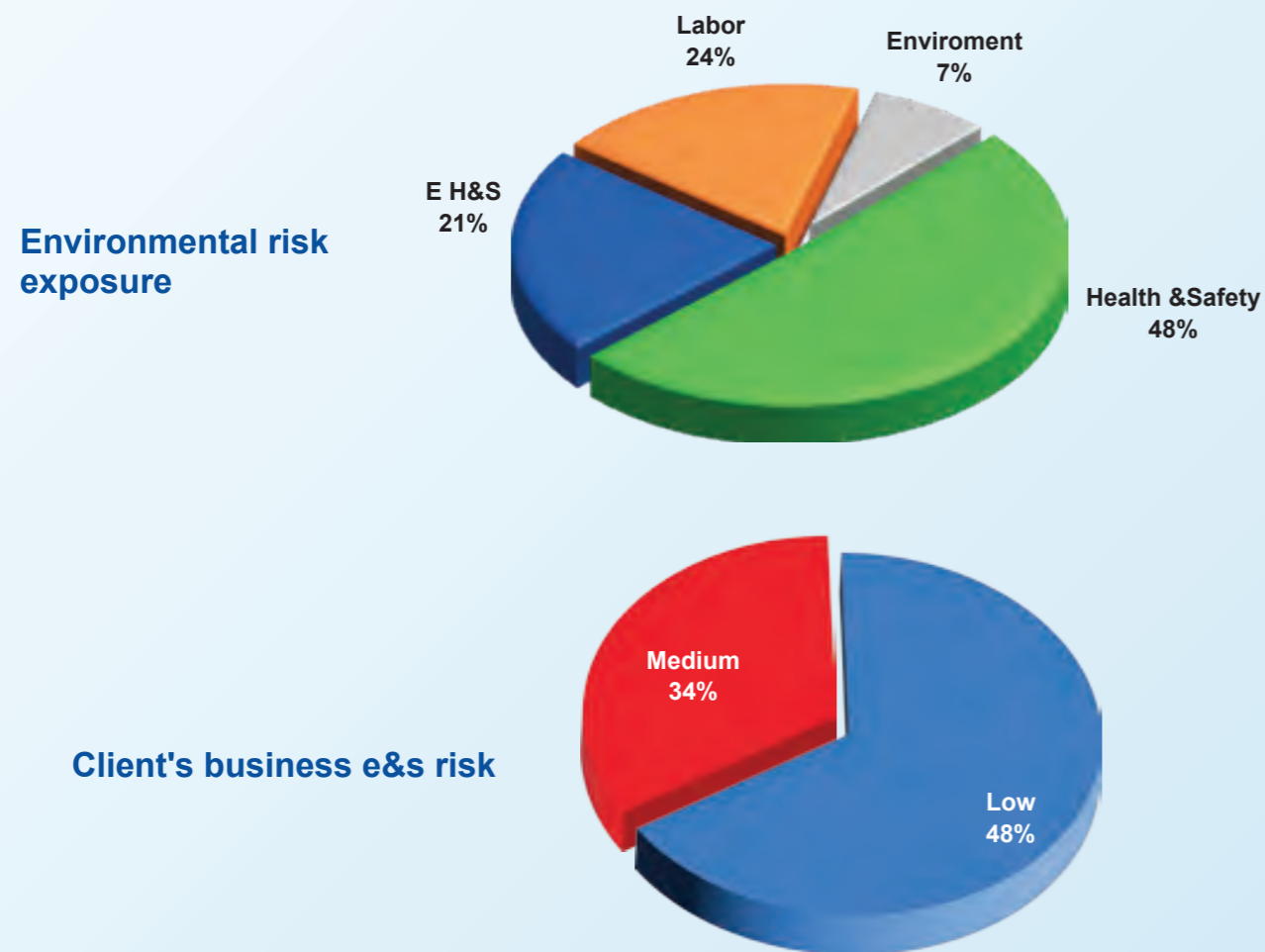
25	Business activities that could cause hug explosion, hug dust, smoke, disturbing noise, causing adverse effect the safety and security of daily work, and living of people in the surrounding area.
26	Business activities involving the use of high volume of electricity/power, paper or water that could cause interruption to the neighboring community. Business activities that seen overexploitation 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, epidemic disease/cholera
35	Located in or sufficiently near sensitive locations of national or regional importance to have with perceptible 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.

c. Environmental & Social Awareness and Assessment

Environmental and social awareness and assessments are conducted for all loans. For loans below USD 30,000, environmental and social aspects are discussed directly with clients, with emphasis on identifying potential risk areas and providing recommendations for improvement. For Small and Medium Enterprise (SME) loans of USD 30,000 and above, a comprehensive environmental and social assessment tool is fully embedded in the lending process. This tool assesses potential environmental and social impacts and classifies them as low, medium, or high risk. Based on the results, clients receive tailored guidance to enhance awareness and improve practices.

Clients identified as high risk are informed that the lending institution will conduct site visits during periodic reviews to assess business activities and any potential negative impacts on the environment, occupational health and safety, and labor conditions. Clients found to be non-compliant with environmental, health and safety, or labor requirements outlined in the loan agreement may have their loans recalled in accordance with institutional procedures and may be restricted from accessing future financing. Environmental and social performance is continuously monitored to ensure ongoing compliance and effectiveness.

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:



d. Client Rights

LOLC Cambodia has developed and disclosed client rights both on its website and in physical form. Clients are clearly 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.
- Right to refuse to accept any products.
- Right to complain or ask questions about any services and products offered by LOLC Cambodia.
- Receipt of the loan schedule and other important documents upon (or before) disbursement, as well as official receipts during loan repayment.
- Receipt of fair and respectful treatment, without discrimination, from LOLC's staff.
- The confidential handling of personal and financial information.



e. Client Credit Discipline

LOLC Cambodia places strong emphasis on ensuring that clients fully understand the terms and conditions of their loans prior to receiving the loan. Recognizing that some clients may have lower levels of formal education or limited financial literacy, LOLC Cambodia has implemented structured credit discipline practices to promote clear and effective communication. As part of this approach, visual aid tools such as A4 Metacards are used to help explain key information in a simple and understandable manner.



These visual aids highlight important aspects of the loan, including product features, interest rates, fees and charges, repayment terms, key clauses in the loan agreement, clients' roles and responsibilities, and available complaint mechanisms and channels. The use of clear language and visual presentation helps ensure that clients can grasp essential information before making financial commitments. In addition, staff members ask verification and follow-up questions during the discussion to confirm client understanding and clarify any uncertainties. This process helps ensure transparency, strengthens responsible lending practices, and supports clients in making informed financial decisions.

f. Complaint & Resolution Handling Mechanism

LOLC Cambodia has established a robust Complaints and Resolution Handling Mechanism that allows clients to share feedback or submit complaints through various internal and external channels. Feedback and complaints are systematically and promptly documented, assessed, and resolved in accordance with applicable laws, regulations, and internal policies.

Complaint handling is overseen by the designated Complaint Management function, with regular reporting to senior management to ensure effective oversight, accountability, and continuous improvement in service quality. Compared to 2024, when 80 client complaints were recorded, the decrease in complaints in 2025 to 71 indicates improved client convenience and satisfaction with LOLC Cambodia's products and services.

Clients can submit their concerns or suggestions through various accessible channels, including:

Internal Channels:



023 991 990

 ប្រអប់ផ្តល់មតិយោបល់

 តាមទូរស័ព្ទមកបុគ្គលិកផ្ទាល់


 មកជួបបុគ្គលិកសាខាផ្ទាល់នៅការិយាល័យ

 info@lolc.com.kh

 www.lolc.com.kh


 LOLC Cambodia

External Channels:



សហគមន៍ក្រុមហ៊ុនធុនកម្ពុជា

☎ 015 365 222



ធនាគារជាតិ នៃ កម្ពុជា

☎ 085 600 002



g. BFIs Code of Conduct

LOLC Cambodia is dedicated to supporting the financial sector's commitment to a strong, inclusive, client-focused, and trustworthy financial system. Formulated by a collaboration of stakeholders, the Banking and Financial Institutions' Code of Conduct (BFI Code) sets forth the ethical standards and responsible practices for banking and financial institutions in Cambodia. This code assures clients of reliable and trustful interactions with these institutions.

The code covers 1) Enhancing Good Governance, 2) Roles of Board and Executives, 3) Awareness Raising and Training, 4) Responsible Financing, 5) Conflicts of Interest, 6) Availability, 7) Accountability and Reliability, 8) Responsibility and Transparency, 9) Privacy and Consumer Data, 10) Service Standards, 11) Information, 12) Guarantees, 13) Advertising, Marketing and Sales, 14) Ethics, 15) Debt Collection, 16) Aggressive Selling Techniques, 17) Product and Service Design, 18) Discrimination, 19) Channel Communication, 20) Dispute Resolution for Consumers, and 21) Dispute Resolution for Banking and Financial Institutions.



SUSTAINABILITY BOND



LOLC Cambodia plans to launch a USD 50 million sustainability bond in early 2026 as part of its commitment to advancing sustainable finance and responsible investment practices. The net proceeds from the bond issuance will be used exclusively to finance or refinance eligible green and social projects in accordance with LOLC Cambodia's Sustainability Bond Framework. Examples of eligible social projects include those addressing renewable energy, clean transportation, energy efficiency, financial inclusion, and gender empowerment.

To support the bond issuance, LOLC Cambodia has developed a comprehensive Sustainability Bond Framework, which has undergone an independent external review by Moody's. Moody's assigned a Sustainability Quality Score of SQS3 (Good) to LOLC Cambodia's Sustainability Bond Framework, reflecting a sound approach to sustainability governance and impact management.

The framework is fully aligned with internationally recognized standards, including the International Capital Market Association (ICMA) Green Bond Principles (GBP) of 2025, Social Bond Principles (SBP) 2025, and Sustainability Bond Guidelines 2021. In addition, the Framework aligns with the ASEAN Sustainability Bond Standards (2018), reinforcing LOLC's commitment to regional and global best practices in sustainable finance.

DATA PRIVACY AND SECURITY

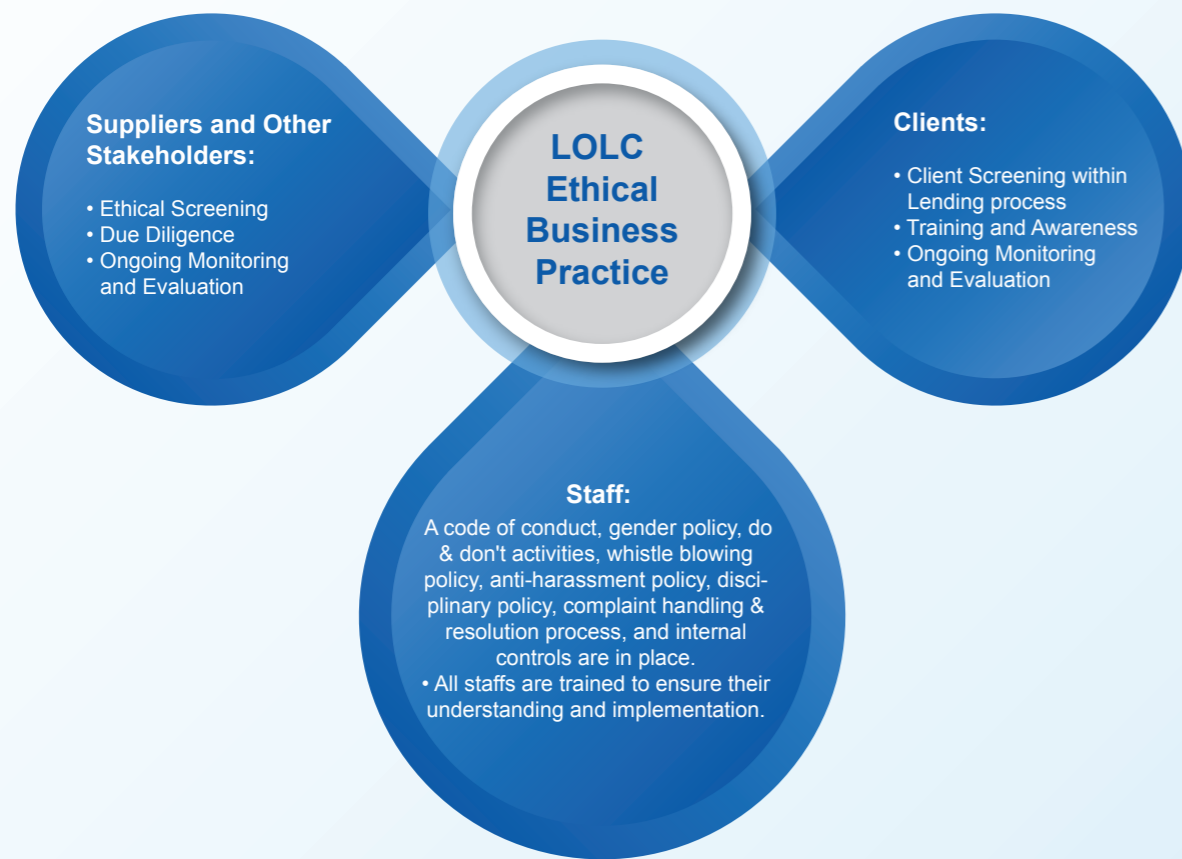


LOLC Cambodia is committed to protecting the privacy, confidentiality, and security of personal and institutional data entrusted to the organization by its clients, employees, and business partners. This commitment is embedded in LOLC Cambodia's internal policies and governance framework, ensuring that all data is collected, processed, stored, and shared responsibly and in compliance with applicable laws, regulatory requirements, and ethical standards.

To safeguard information, LOLC Cambodia has established a comprehensive data privacy and information security framework that includes clear data classification, controlled access rights based on job responsibilities, and secure IT systems to prevent unauthorized access, loss, or misuse of data. Personal and sensitive information is used strictly for legitimate business purposes, such as service delivery, risk management, regulatory reporting, and client relationship management, and is protected through technical and organizational security measures.

LOLC Cambodia also places strong emphasis on staff awareness and accountability. Employees receive regular training on data protection, confidentiality obligations, and cyber security best practices, and are required to adhere to internal codes of conduct and data handling procedures. Internal monitoring, audits, and incident response mechanisms are in place to identify potential risks and ensure timely action in the event of a data privacy or security incident. Through these measures, LOLC Cambodia strengthens client trust, minimizes operational and reputational risks, and upholds responsible and sustainable financial practices.

ETHICAL BUSINESS PRACTICE



Be Ethical and Professional Staff

- **Policy and Procedure Covers:** Code of Conduct, Disciplinary Actions, Gender Equality, and Harassments Policy, Credit Policy and Credit Operation Manual, Complaint Resolution, Sustainability Management Guidelines, Loan Recovery Guidelines, etc.
- **Regular Training Topic, Target and Frequency:** New staff orientation, annual refresher training, ongoing refresher courses on Code of Conduct, Whistleblowing Policy, Disciplinary Action Policy, Harassment Policy, Sustainability Management Guidelines, Exclusion List, E&S Assessment, Practical Selling Skills, Dos and Don'ts for Problem Solving, Loan Assessment and Approval, Complaint Handling and Resolution Processes, etc.
- **Monitoring and Control to Ensure the Implementation by Staff:** Quality Assurance staff are deployed in each region to frequently visit branches and review files and implementation of staffing practices, as well as visit clients. At least twice a year, Internal Audit staff also visit branches and their clients. Moreover, Disciplinary Action staff are in place in case any relevant action is required..

Engaging with Clients

- **Client Screening within Lending process:** LOLC Cambodia ensures the ethical business practices of its clients through a rigorous client screening during the lending process against its Exclusion List and Cautious Areas. By vetting clients before offering the loan, LOLC Cambodia aims to mitigate the risk of clients' involvement in unethical businesses.
- **Training and Awareness:** LOLC Cambodia invests in training programs and financial literacy initiatives for its staff and clients to promote responsible financial management practices. By educating clients on topics such as budgeting, savings, and debt management, LOLC Cambodia empowers them to make informed decisions and avoid unethical behaviors that could harm their financial well-being.
- **Ongoing Monitoring and Evaluation:** To maintain ethical standards among its clients, LOLC conducts ongoing monitoring and evaluation processes. This includes regular audits, reviews, and assessments by internal control teams (Internal Audit staff, Quality Assurance staff, and Financial Sales Advisors) to ensure that clients continue to uphold ethical business practices throughout their engagement with LOLC Cambodia. In the case that a client is found to be involved in unethical business practices, LOLC Cambodia responds proactively and decisively. The first step is to conduct an internal investigation into the matter. This may involve reviewing any available evidence with relevant parties if necessary. If the allegations are found to be substantiated, LOLC Cambodia will consider blacklisting the client and end the engagement with them soon as possible. LOLC Cambodia can reengage with them only if suppliers take proper corrective actions.

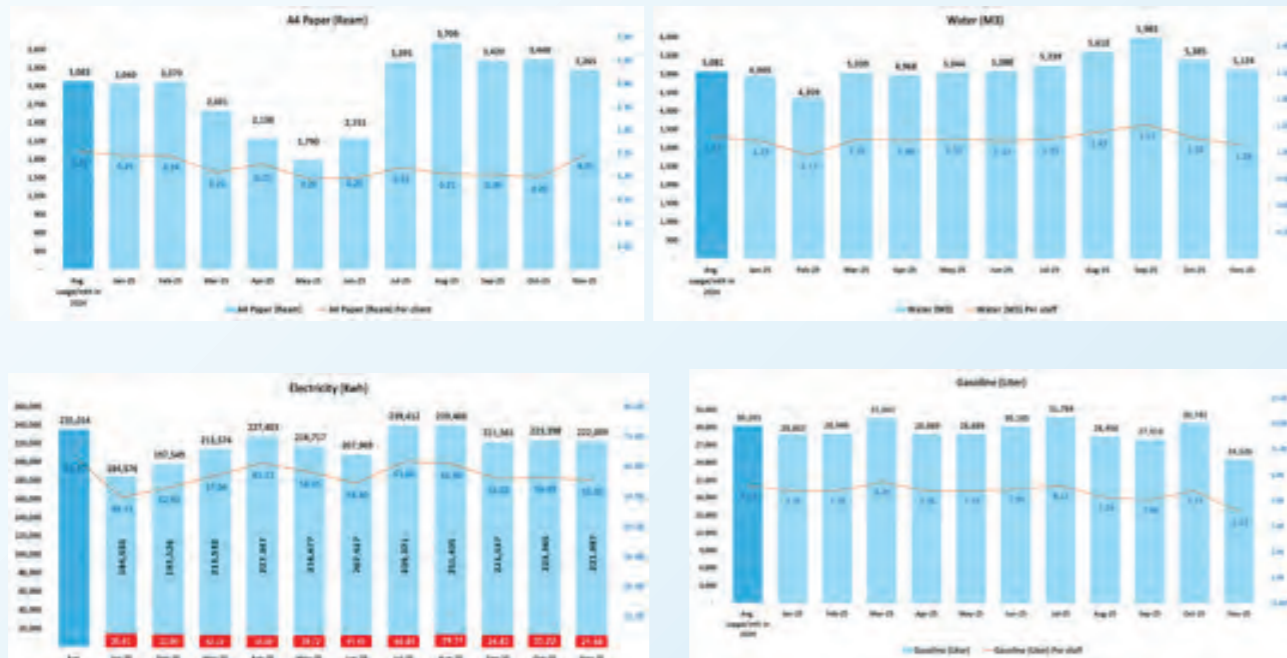
Engaging with External Organizations/Suppliers/Lenders

- **Ethical Screening:** Related departments (such as **Treasury, Administration, etc.**) screen the organizations they engage with. These screenings may involve evaluating factors such as labor practices, environmental impacts, human rights records, and adherence to anti-corruption laws. By conducting these screenings, LOLC Cambodia aims to avoid being associated with entities engaged in unethical practices.
 - **Due Diligence:** Related departments (such as **Treasury, Administration, etc.**) will conduct thorough due diligence screenings of potential partners, suppliers, or organizations they engage with to assess their ethical standards. This process may involve background checks, reviews of past performance, and evaluations of adherence to ethical guidelines. Moreover, a clause to ensure compliance with international and national laws concerning human rights, the environment, and social responsibility will be included in the agreement with suppliers or other stakeholders.
 - **Monitoring and Evaluation:** Related departments (such as **Treasury, Administration, etc.**) will frequently implement monitoring and evaluation mechanisms to track the ethical performance of partner organizations over time, using various tools and methodologies, such as self-assessment questionnaires or on-site visits. Regular assessments help ensure compliance with agreed-upon ethical standards and allow for corrective actions if deviations are identified.
- Much like with clients, when such allegations arise against LOLC Cambodia's suppliers or stakeholders, the institution follows a rigorous process to address the situation. The first step is to conduct an internal investigation into the matter. This may involve reviewing any available evidence with relevant parties if necessary. If the allegations are found to be substantiated, LOLC Cambodia will consider blacklisting the supplier or stakeholder and end any engagement with them as soon as possible. LOLC Cambodia can reengage with them back only if suppliers or stakeholders take proper corrective actions.

REDUCING ENVIRONMENTAL FOOTPRINTS

To establish clear baselines for measuring and managing its environmental impact, LOLC Cambodia has implemented a comprehensive resource tracking system. This system monitors the consumption of key resources, including electricity, water, gasoline, and diesel, across its operations. The collected data, presented under their respective categories below, will serve as a benchmark to evaluate future performance, set measurable reduction targets, and track progress over time.

LOLC Cambodia is committed to reducing its environmental footprint by improving energy efficiency, promoting responsible water use, optimizing fuel consumption, and gradually integrating environmentally friendly practices into daily operations. The company also aims to raise employee awareness on sustainable resource use, explore renewable energy options where feasible, and align its environmental initiatives with national regulations and international sustainability standards. Through continuous monitoring, transparent reporting, and targeted action plans, LOLC Cambodia strives to enhance operational efficiency while contributing to environmental protection and long-term sustainability.



As an eco-conscious institution, LOLC Cambodia has made significant efforts in minimizing our environmental impact, especially through efficient usage of electricity, paper, water, and gasoline from day to day.



In addition, to foster a culture of cost awareness and encourage employees to adopt energy-efficient practices in their daily operations, LOLC Cambodia launched an Electricity Saving Competition with a target of reducing electricity consumption by 10%.

As a result of this initiative in 2025, the top three performing branches of Oddar Meanchey, Angk Snuol, and Prey Veng were recognized for their outstanding achievements in reducing electricity usage. Each winning branch received a cash incentive and a certificate of appreciation in recognition of their efforts. The awards were officially presented during the 2025 LOLC Annual Review Meeting.



FINANCIAL INCLUSION AND PROMOTE FINANCIAL EDUCATION AWARENESS

Financial Services

LOLC Cambodia believes it is crucial to ensure that everyone has equal access to financial services. This is not only a matter of social responsibility, but also the crucial role and responsibility of financial institutions to reducing inequality by providing opportunities and fostering Cambodia's economy in the future.

To serve a wider range of clients and enhance financial accessibility nationwide, LOLC Cambodia operates 83 branches across the country, covering both urban and rural areas. The branch network and staff operation areas also strengthen client relationships by providing personalized services, timely support, and localized solutions. By maintaining strong geographic coverage, LOLC Cambodia demonstrates its commitment to financial inclusion and sustainable development throughout Cambodia.

LOLC Cambodia promotes financial inclusion through the provision of accessible, affordable, and responsible financial services to individuals, micro-entrepreneurs, and small businesses in the form of loans, deposits, and other digital offerings. Through micro-loans, savings products, and financial literacy programs, LOLC Cambodia helps low-income households, rural communities, and micro-entrepreneurs improve their livelihoods, manage financial risks, and build long-term economic resilience. Responsible lending practices and client protection principles ensure that these services are delivered sustainably and ethically.

LOLC Cambodia has worked with micro-, small-, and medium-sized enterprises (MSMEs), providing a wide range of financial products and services tailored to their needs. LOLC Cambodia offers convenient, secure, and user-friendly digital financial solutions including mobile and electronic banking services to enhance client accessibility and operational efficiency.

LOLC Cambodia has played a significant role in financing MSMEs, supporting their growth and contributing to the overall sustainable development of the sector. Through responsible lending practices, the company promotes sustainable economic growth and job creation by expanding financial inclusion across communities nationwide.

In addition to business financing, LOLC Cambodia provides diversified loan products, including Agricultural Loans, Home Improvement Loans, Housing Loan, Wash Loans, and Loans for Women, ensuring access to financial services for various segments of the population and supporting improved livelihoods throughout Cambodia. As of the end of December 2025, the total outstanding loans stood at USD 1.373 billion across 365,479 clients.

In addition, LOLC Cambodia serves 534,575 deposit clients, with a total deposit balance of USD 1.018 billion, reflecting strong public confidence in the institution. LOLC also provides digital financial services to more than 170,000 users, with a total transaction value of USD 516 million, demonstrating the growing adoption of its digital platforms and commitment to enhancing financial accessibility and convenience.

LOAN TO AGRICULTURE

167,076 Clients

USD 413 Million

CLIENTS IN RURAL AREA

287,426 Clients

USD 969 Million

HOUSING LOAN

13,184 Clients

USD 82 Million

SAVING

764,870 Clients

USD 89 Million

SMEs LOAN

40,930 Clients

USD 581 Million

FIX DEPOSIT

40,975 Clients

USD 929 Million

FEMALE CLIENTS

257,667 Clients

USD 887 Million

MOBILE USER AND MERCHANT

170,956 Clients

USD 516 Million

PROMOTE FINANCIAL EDUCATION AWARENESS

Financial Education Training Lessons:



Understanding Debt & Debt Management

- Laon
- Types of Loans (Formal vs. Informal)
- Disadvantages of Informal Money Lending
- Key Points to Consider Before Getting a Loan
- Signs of Over-indebtedness
- Disadvantages of Over-indebtedness



Financial Decision Making & Responsible Borrowing

- Understanding Financial Products
- Types of Loans (Formal vs. Informal)
- Key Points to Consider Before Getting a Loan
- Recognizing Scams and Predatory Lending
- Benefit of Having Good Credit History Records
- How to offer Give Feedback and Complaints



Budgeting and Cash Flow Management

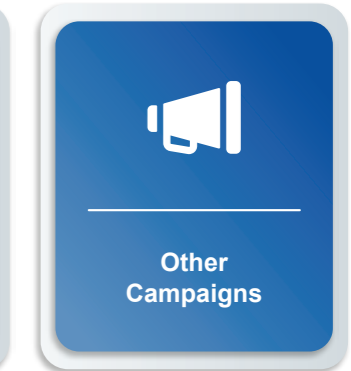
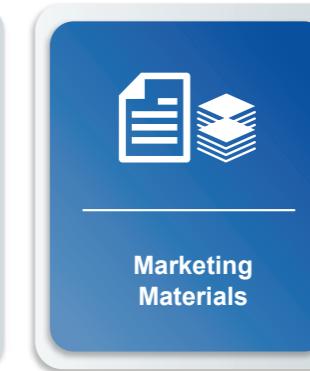
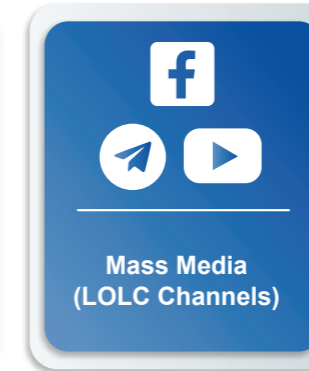
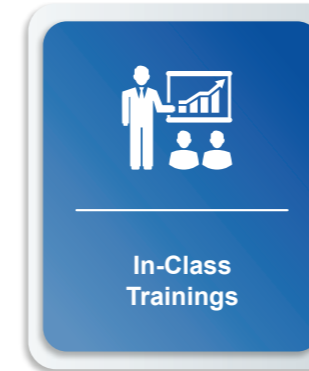
- Tracking Income and Expenses
- Benefit of Tracking Income and Expense
- Differentiating Between Need vs. Want
- Prioritizing Need Over Want
- Creating a Realistic Household Budget



Savings & Emergency Funds

- Saving
- Importance of Saving Even Small Amounts
- Importance of Emergency Funds
- Developing the Habit of Saving Regularly
- Simple Saving Techniques Even on Low Incomes

Potential Financial Education Awareness Channels:



LOLC Cambodia is committed to promoting financial education and enhancing financial literacy through a range of structured and accessible initiatives. These initiatives include in-class training programs, as well as the development and dissemination of engaging educational videos and targeted key messages designed to reach diverse audiences.

The classroom sessions empower participants to strengthen their financial literacy, build confidence in managing their personal and household finances, and make well-informed, responsible, and sustainable financial decisions that support their long-term financial well-being.

As of December 2025, a total of 17,722 individuals has participated in LOLC Cambodia's Financial Education Awareness Training, with women representing 76% (13,396 participants) of the total.

Date	Plan	Training Course	Participants	Female Participants	Client	Villages	Province and City
May 2023 - Dec 2023	200	241	4,428	3,490	1,486	240	15
Jan 2024 - Dec 2024	300	318	6,264	2,291	2,291	318	19
Jan 2025 - Dec 2025	350	373	7,030	5,281	1,694	373	17
Total	850	932	17,722	13,396	5,471	931	25



PROMOTING FEMALE INCLUSION



LOLC Cambodia recently launched a **Financial Education Awareness training campaign using its mobile “Lorry”** to reach communities in public areas, markets, and selected villages. The initiative garnered strong participation from residents and focused on promoting sound financial management practices, including savings, effective income and expense management, and responsible financial decision-making. By bringing financial education directly to communities, the campaign aims to enhance financial literacy, strengthen financial stability, and empower individuals to make informed and sustainable financial choices.

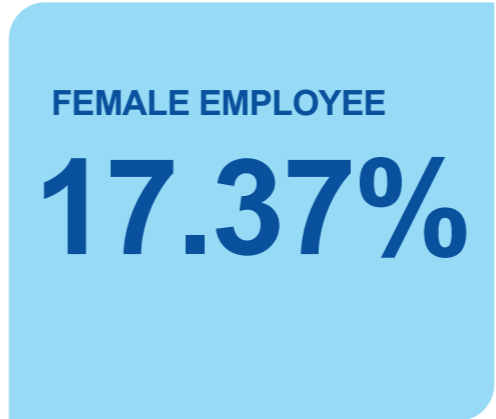
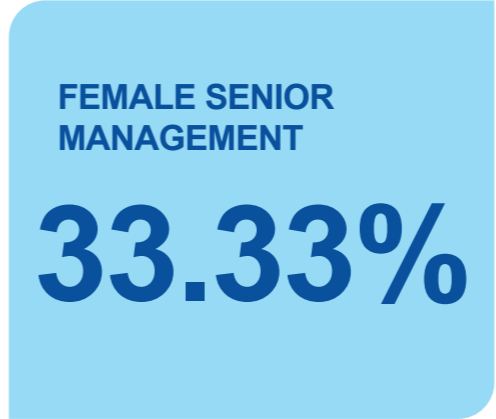
LOLC Cambodia utilizes multimedia resources **like videos and key awareness messages** to reach a wider audience, effectively conveying important financial concepts and tips. This approach aims to raise financial literacy and encourage positive financial behaviors across diverse groups. To broaden its reach, LOLC shares these messages across multiple platforms, including Facebook, its official website, YouTube, etc.



LOLC Cambodia promotes female inclusion as a key part of its social mission by expanding access to financial services for women, particularly in rural and low-income communities. Women represent a large proportion of the institution’s clients, many of whom operate small businesses or contribute to household income. Through responsible lending and inclusive financial products, LOLC Cambodia helps women strengthen their livelihoods, increase income-generating activities, and improve household financial stability.

In addition to financial access, LOLC Cambodia supports women’s empowerment through financial literacy and capacity-building programs that enhance knowledge of budgeting, savings, and business management. The organization also promotes gender equality within its workforce by providing equal employment and career development opportunities for women. These efforts contribute to women’s economic participation, stronger communities, and the advancement of gender equality in line with sustainable development objectives.

Through these ongoing efforts, LOLC Cambodia contributes to greater economic participation by women, stronger and more resilient communities, and the advancement of gender equality in alignment with sustainable development objectives.



GREEN LENDING AND OTHER GREEN INITIATIVES

Green lending

Green lending eligibility at LOLC Cambodia is defined based on the end use of funds, with a strong focus on energy efficiency improvements and renewable energy investments. Eligible projects must meet clearly defined criteria that demonstrate a direct contribution to climate change mitigation and/or adaptation, ensuring alignment with global climate priorities and the UN-SDGs. These criteria are grounded in internationally recognized scientific consensus, identifying activities that are proven to reduce greenhouse gas emissions, enhance resource efficiency, and promote environmental sustainability. Only projects that meet these standards are classified as green loans, ensuring that financing is directed toward impactful and measurable climate-positive outcomes.

Under this green lending framework, LOLC Cambodia provides financing to clients to support environmentally responsible initiatives, including the purchase of energy-efficient and low-emission vehicles, renewable energy systems, and eco-friendly equipment that reduce environmental impact and operating costs. As of December 2025, LOLC Cambodia's green loan portfolio reached an outstanding balance of USD 13.47 million, reflecting the institution's growing commitment to promoting sustainable finance and supporting the transition to a low-carbon economy in Cambodia.



Plastic Bag Campaign

LOLC Cambodia has launched an initiative to help reduce plastic bag usage by distributing eco-friendly bags to community members who participate in financial literacy trainings. The initiative aims to encourage participants to shift toward using environmentally friendly bags that do not cause negative impacts on the environment or the communities in which they live. At the same time, the Sustainability Management team provides them with essential knowledge and awareness of environmental protection.

This initiative demonstrates LOLC Cambodia's commitment to contributing to environmental preservation and sustainable social development by promoting the use of eco-friendly bags as an alternative to plastic, thereby helping to protect the health of people, animals, and the environment. As of December 2025, we have distributed 11,212 eco-friendly bags to training participants, demonstrating our continued commitment to promoting environmental responsibility, financial education, and sustainable community development.



E-Waste Management

On February 13, 2025, LOLC Cambodia signed an agreement with EcoBatt-Energy Cambodia to collaborate in the collection and recycling of electrical waste and electronic equipment that can adversely affect the environment and human health. The partnership focuses on collecting used batteries from staff and clients through recycling bins placed at LOLC Cambodia's operating offices, as well as gathering electronic waste — such as telephones, computers, air conditioners, printers, cameras, and batteries — for proper recycling and waste separation by EcoBatt-Energy Cambodia.

As of December 2025, the program successfully recycled 123.2 kg of e-waste, contributing to an estimated carbon reduction of 177.4 kg, along with 6 kg of alkaline batteries. LOLC Cambodia plans to donate these waste materials to EcoBatt-Energy Cambodia for disposal in early 2026 to further contribute to protecting human health and the environment. This initiative reflects LOLC Cambodia's strong commitment to environmental protection.



Solar Installation at Branches

LOLC Cambodia has successfully completed a pilot solar panel installation of a 10kW system at the Odongk Branch (ODG). This has demonstrated substantial improvements in energy efficiency, achieving approximately a 50% reduction in electricity expenses. The success of this pilot strongly supports scaling the solar installation project across additional branches.

As part of its strong commitment to environmental responsibility and sustainable development, LOLC Cambodia plans to expand the use of solar energy systems across its branch network. In 2026, the company intends to install more solar systems at branches. Transitioning to renewable energy sources such as solar power will significantly reduce LOLC Cambodia's carbon footprint, lower greenhouse gas emissions, and contribute to climate change mitigation, in alignment with its environmental and sustainability goals.



Tree Plantation

As part of its commitment to environmental sustainability and climate action, LOLC Cambodia actively supports tree plantation initiatives aimed at enhancing green cover, reducing carbon footprint, and promoting environmental awareness among employees and communities. These initiatives contribute to climate change mitigation by supporting carbon sequestration, improving local ecosystems, and helping preserve biodiversity in both rural and urban areas.

Tree plantation activities are implemented through staff engagement in community events. Employees are encouraged to take part in planting and caring for trees, fostering a culture of environmental responsibility within the organization. Through these efforts, LOLC Cambodia reinforces its commitment to sustainable development and aligns its environmental actions with global climate priorities and the UN-SDGs.

From 2022 through December 2025, a total of 633 trees were planted as part of the initiative. Of these, 585 trees are currently growing well, representing a survival and healthy growth rate of approximately 92%. This high percentage indicates that the planting methods, maintenance practices, and site conditions have been largely effective in supporting long-term tree establishment.



Photo in 2022



Photo in 2025



Photo in 2022



Photo in 2025



Photo in 2022



Photo in 2025

CORPORATE SOCIAL RESPONSIBILITY (CSR)

LOLC Cambodia remains committed to creating positive social and environmental impact through meaningful, sustainable initiatives that support communities, protect the environment, and promote national development. Key activities include:

Humanitarian Support

LOLC Cambodia proudly supports the Kantha Bopha Cambodia Foundation through the nationwide “10,000 Riels, 10,000 People” campaign as part of its corporate social responsibility initiatives. This contribution helps sustain the provision of free, high-quality medical treatment for children across Cambodia, regardless of their families’ financial circumstances. Through this support, LOLC Cambodia reaffirms its commitment to promoting child health, community well-being, and equitable access to essential healthcare services.



Community Capacity Building

LOLC Cambodia organized a two-day training course on “Promoting Knowledge on Mediation Skills”, equipping community members with practical conflict resolution and communication skills.



Community events

LOLC Cambodia conducts community events to raise social and environmental awareness, engage with communities, and strengthen trust while supporting responsible and sustainable development. These initiatives include installing benches, planting trees, providing trash bins, organizing student activities, and donating books and school bags.



Financial Relief and Support for National Defense Forces

LOLC Cambodia waives credit-related fees and penalties for displaced individuals and frontline soldiers serving in active conflict zones. In addition, the company fully writes off loans for military borrowers or co-borrowers whose lives were lost in the line of duty. This financial relief has been provided to over 40,000 families, amounting to about USD 9 million. LOLC Cambodia continues to support and encourage military personnel who bravely safeguard Cambodia's territorial integrity by providing them with food and essential supplies, along with financial assistance.



Anti-Drug Awareness Campaign

The company contributed to national anti-drug efforts by providing educational leaflets and promotional materials to the General Secretariat of the National Authority for Combating Drugs (NACD) in an effort to raise public awareness about drug prevention.



Sponsorship on Digital Financial Literacy Day

LOLC Cambodia allocated USD 1,000 for the Silver Sponsorship Package in support of NBC and CBC under the Financial Inclusion Initiative 2025.



Environmental Conservation

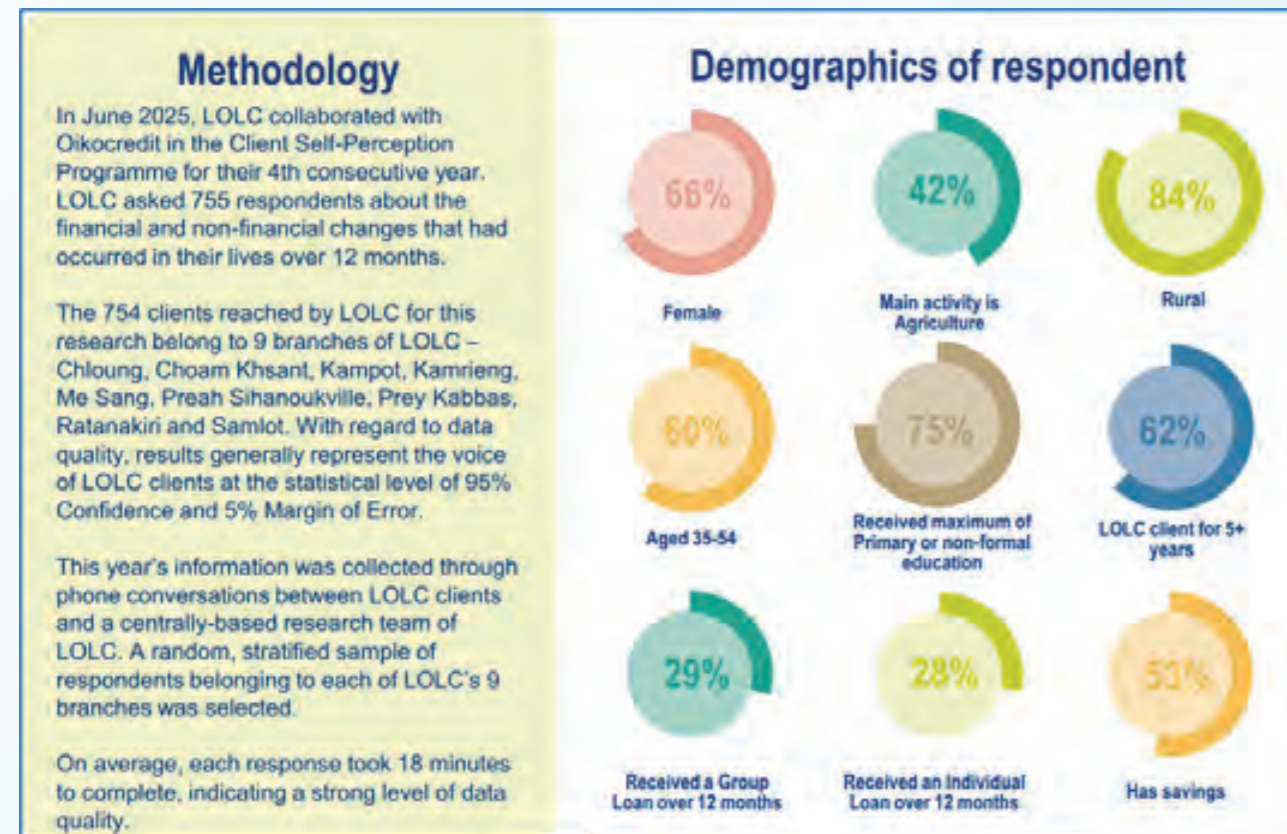
Environmental Conservation LOLC Cambodia also sponsored and supported the Sarus Crane Symposium in collaboration with the Ministry of Environment, the Cambodia Sarus Crane Working Group (CSCWG), Nature Life Cambodia, and other international conservation partners to promote the protection of endangered species and wetlands.



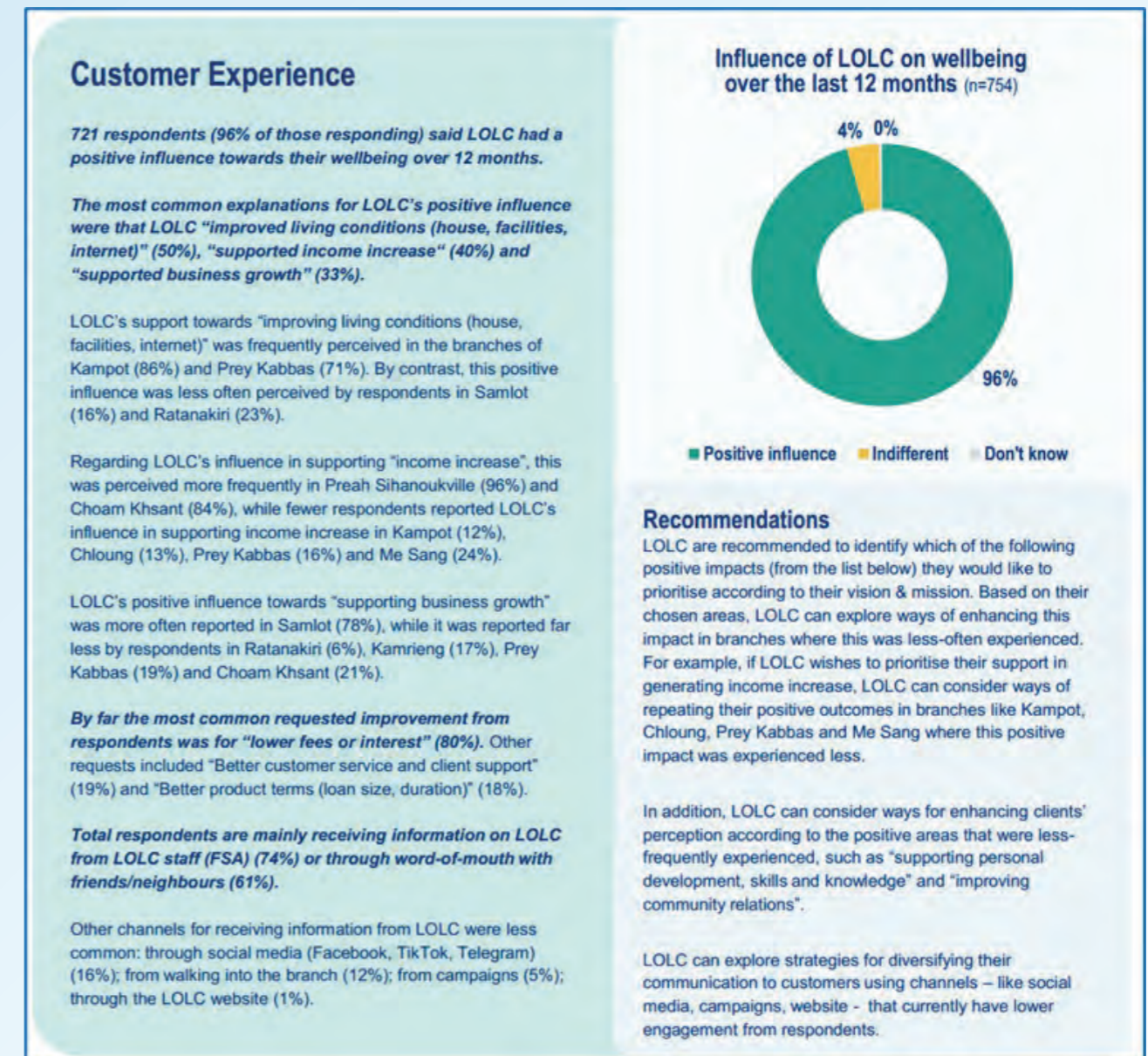
LOLC CAMBODIA'S IMPACT ASSESSMENT

Client Self-Perception Survey

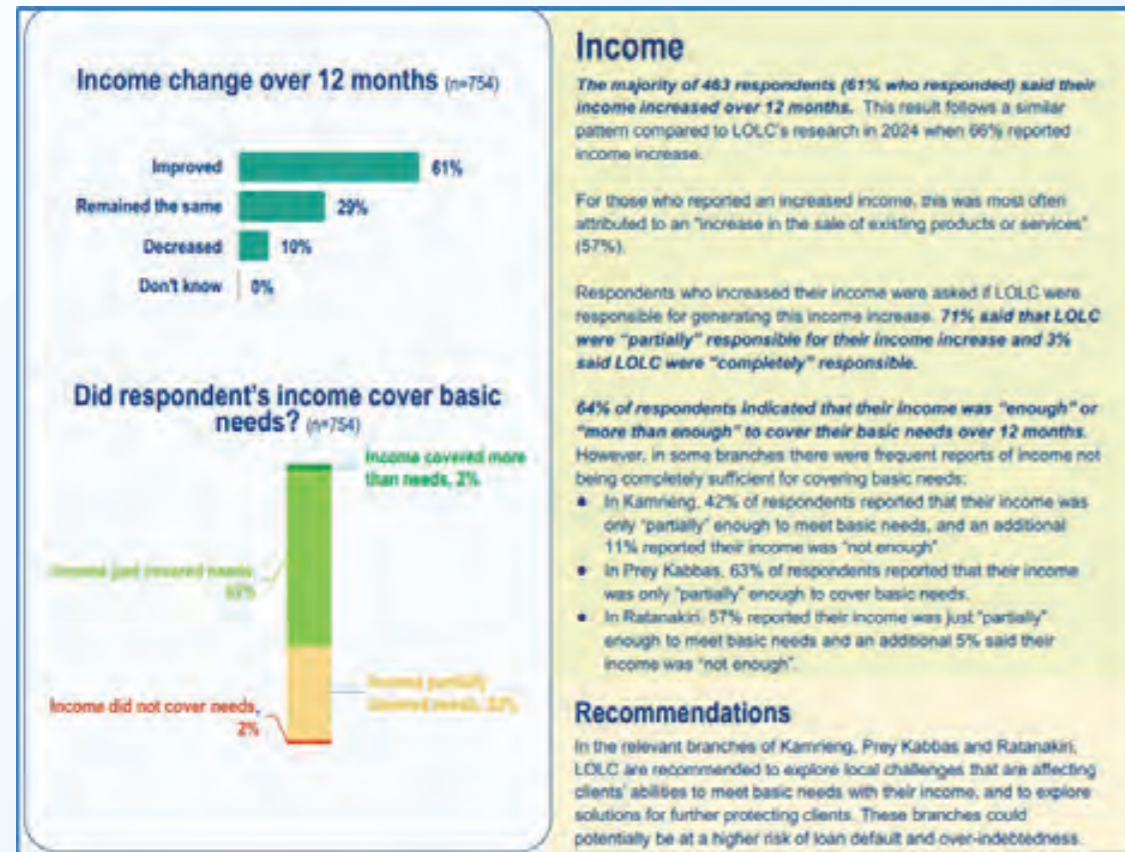
In collaboration with Oikocredit, LOLC conducted the 4th annual Client Self-Perception Program to assess financial and non-financial changes in clients' lives. The research provides statistically robust insights into client demographics, activities, education, loan usage, and savings behavior.



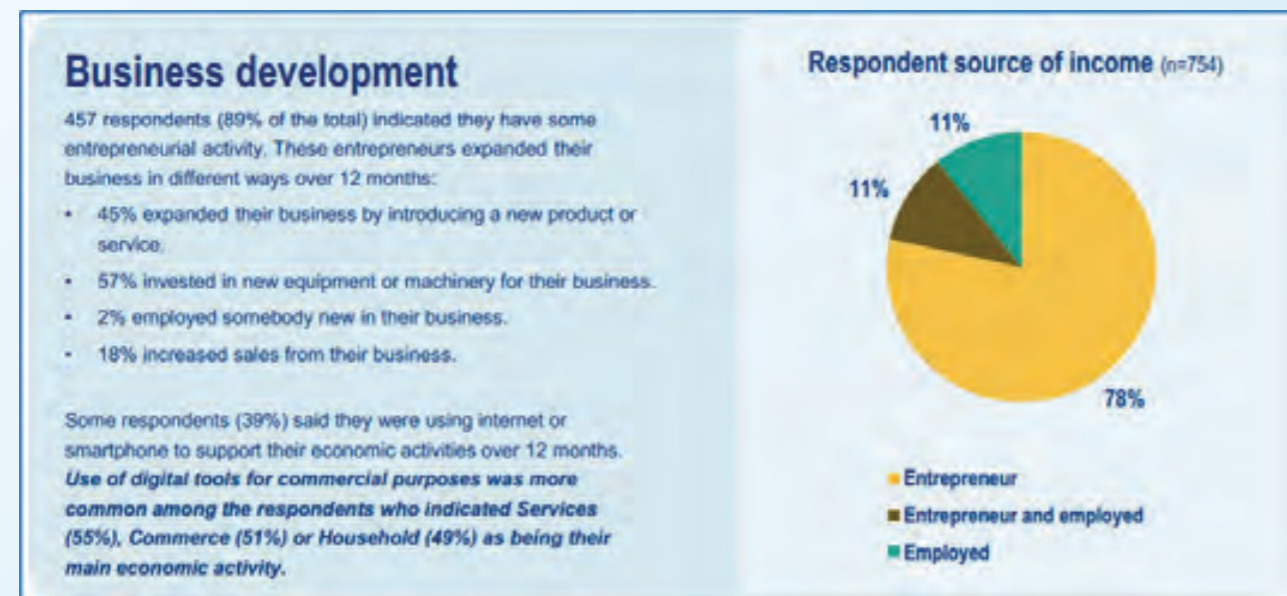
Clients of LOLC Cambodia experience accessible, reliable, and client-focused financial services designed to meet the needs of individuals, micro-entrepreneurs, and small businesses.



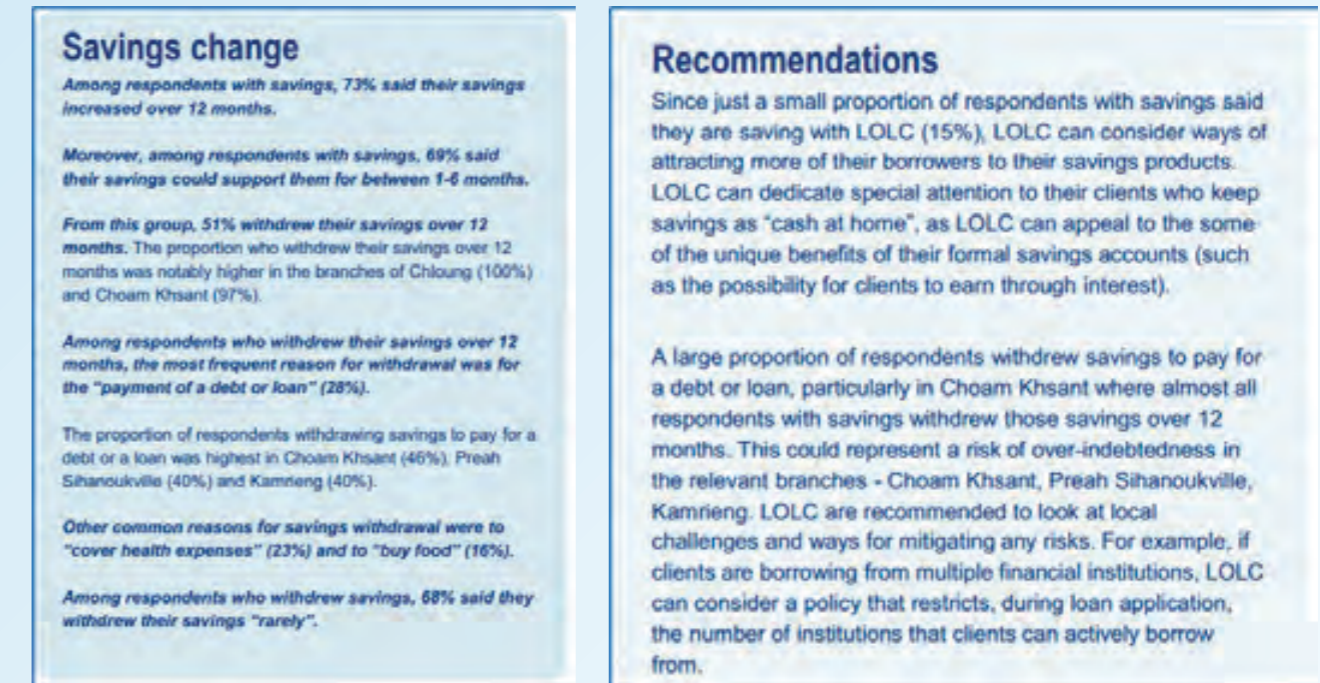
Many clients reported income growth after accessing financial services. Loans for business expansion, trading, or agriculture increased sales and productivity, improving household financial stability and living conditions over time gradually.



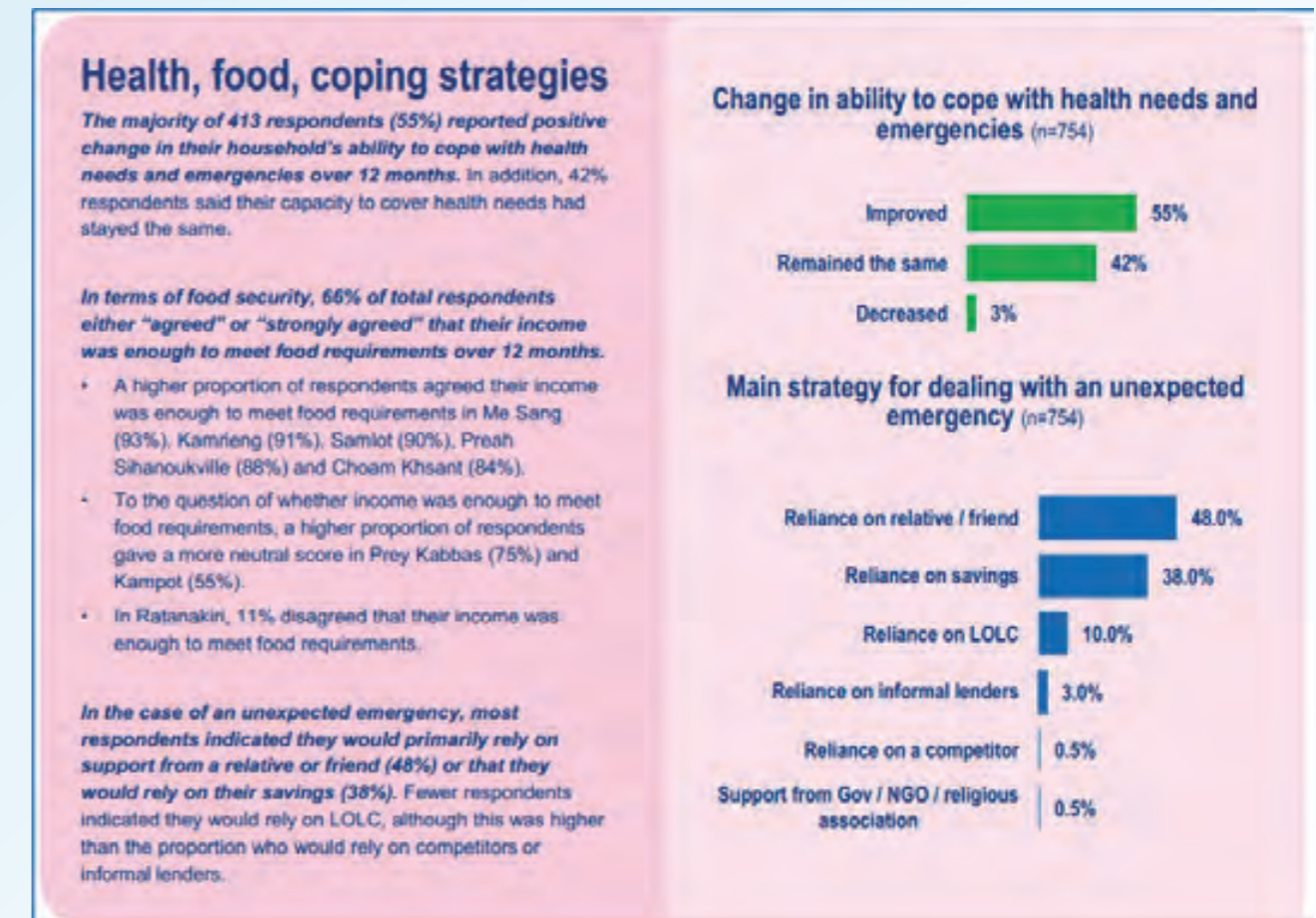
Many clients indicate that they are engaged in entrepreneurial activities, and over the past 12 months, these entrepreneurs have expanded their businesses through various approaches.



Clients of LOLC Cambodia demonstrate positive savings behavior, with many regularly depositing funds to build financial security, manage emergencies, and support future household or business needs.



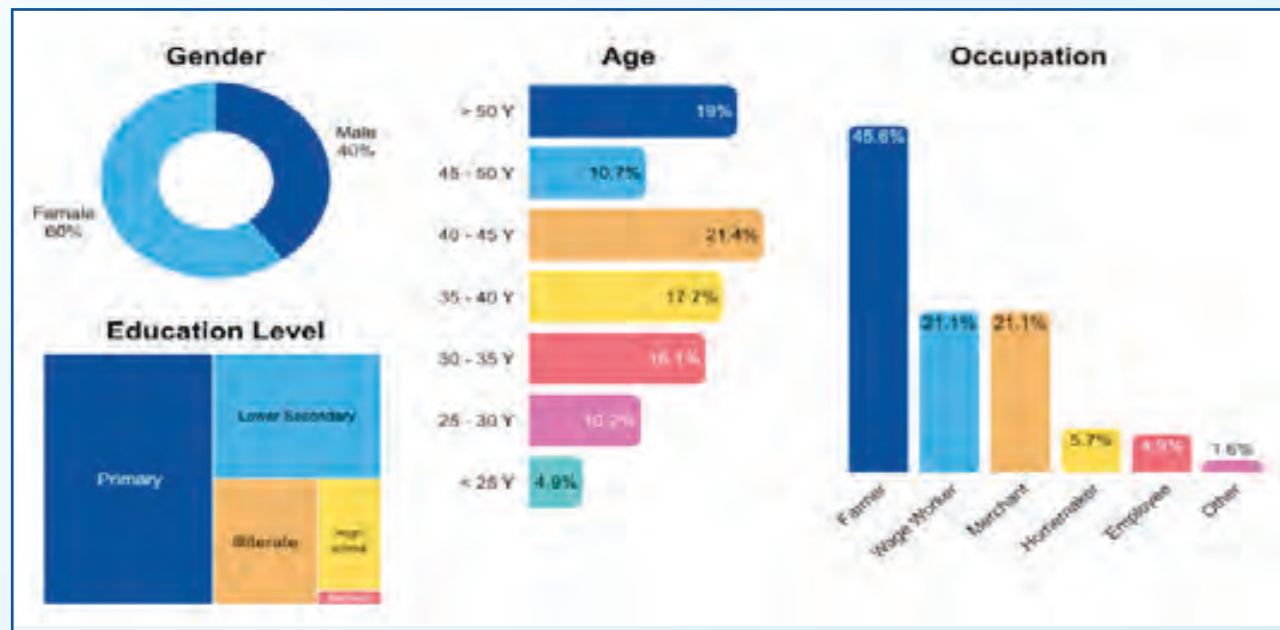
A significant portion of the clientele indicated a strengthened ability to address health-related challenges and urgent family crises.



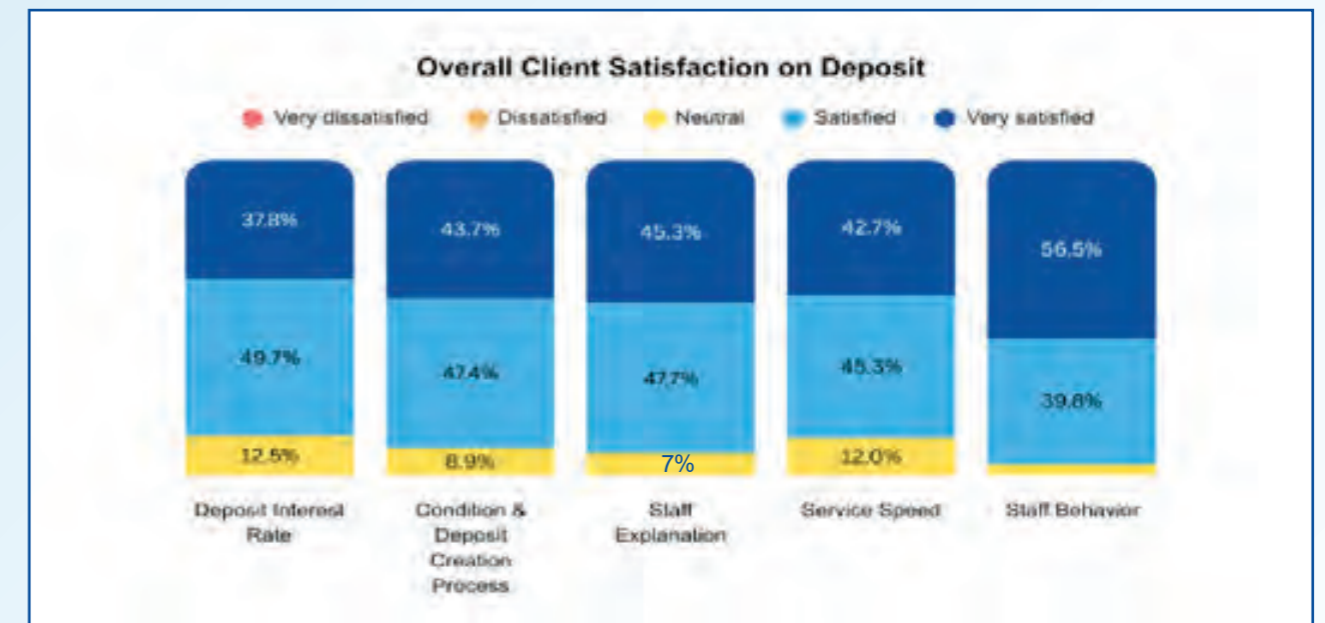
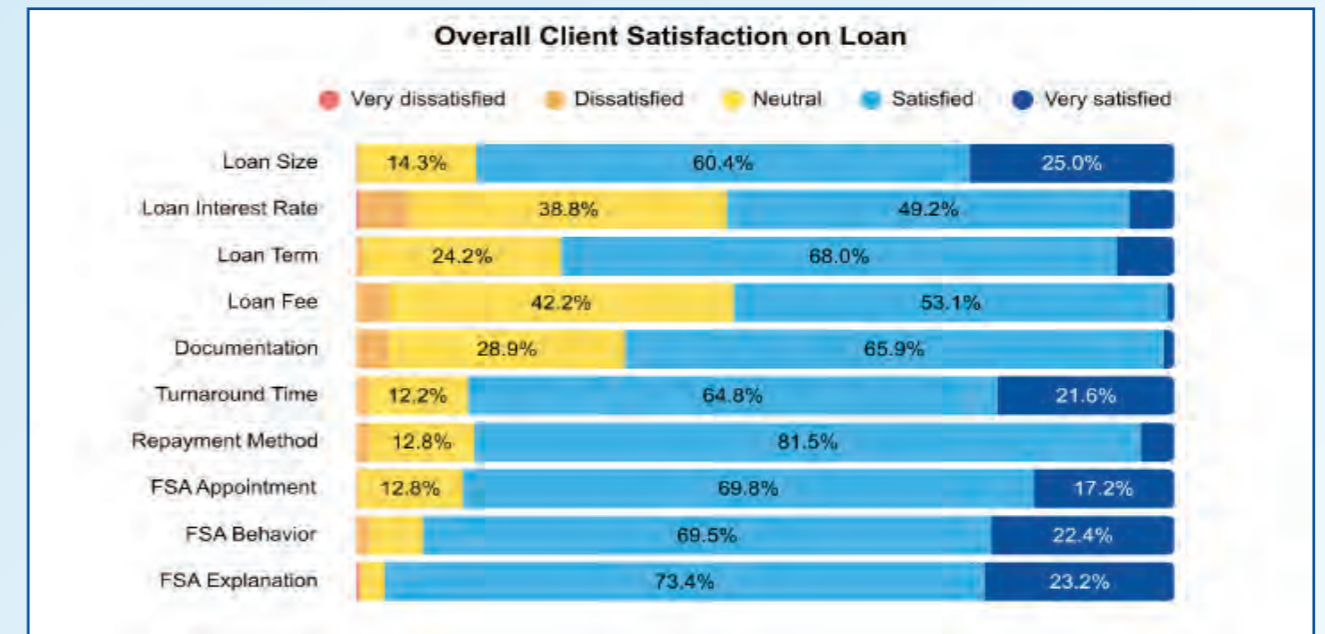
Client Satisfaction Survey

In January 2026, the survey adopted a robust and scientifically sound research methodology to ensure accuracy and representation. A two-stage cluster random sampling approach was used for the phone-call survey, whereby eight branches were randomly selected in the first stage, followed by random selection of clients within those branches, ensuring nationwide coverage across Bar Kaev, Cheung Prey, Chhloung, Chhouk, Kampot, Kratie, Prey Chhor, and Ratanakiri. The sample size of 384 respondents was determined using Cochran's formula, providing a 95% confidence level and a 5% margin of error from a total client population of 534,605. The questionnaire was structured into five key sections covering demographics, product features, client satisfaction with products and services, socio-economic impact, and client feedback, while data was managed and analyzed using Excel and SPSS through descriptive statistical methods to generate frequency distributions and percentages.

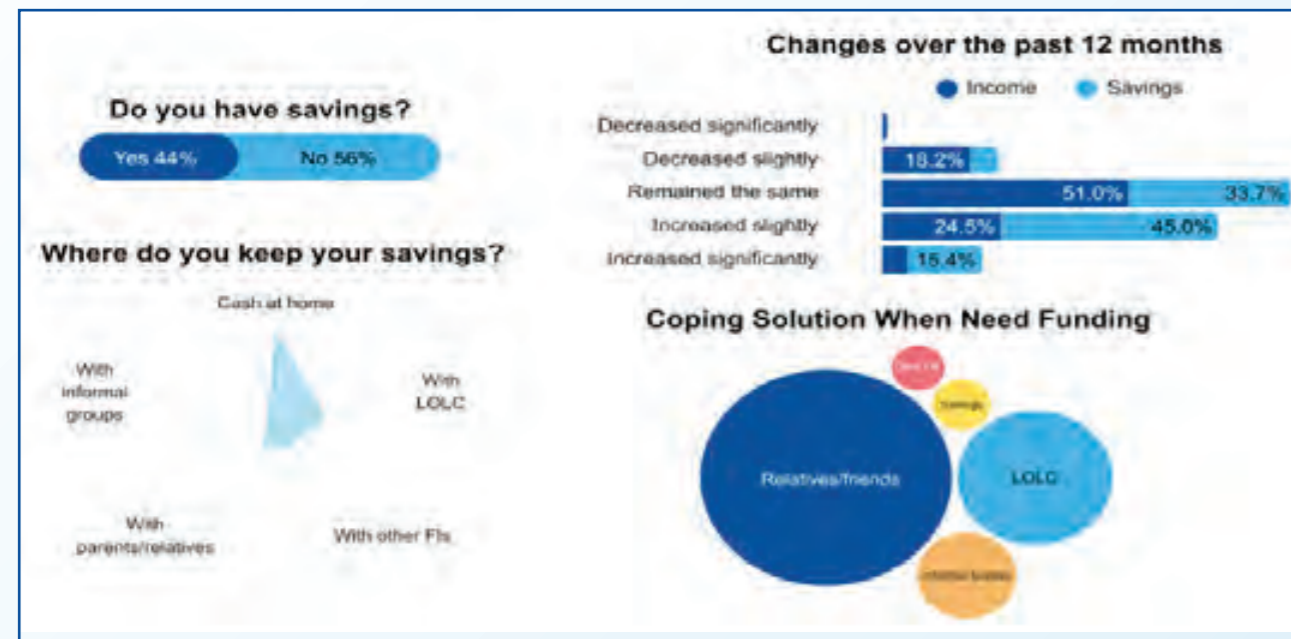
Demographics



Product Satisfaction



Socioeconomics

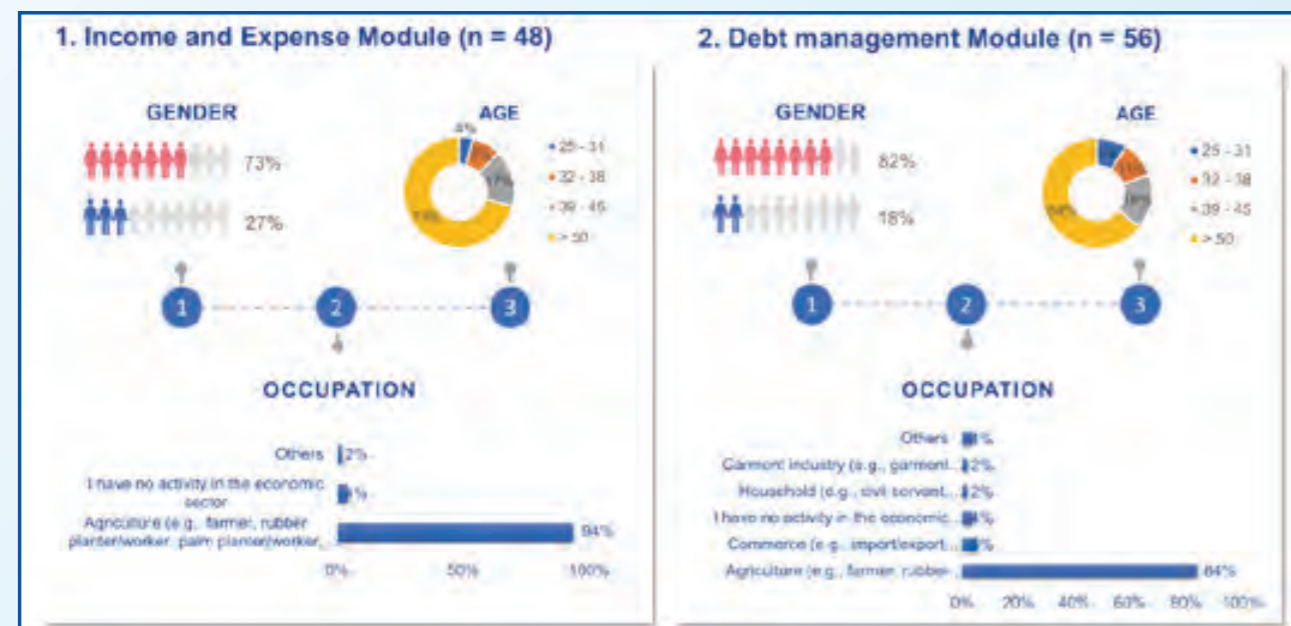


Financial Literacy Awareness Training Impact Assessment

Methodology

Data was collected through questionnaires with both open- and close-ended questions, using randomly selected training participants. The SM team gathered responses via face-to-face interviews.

Demographic of Respondents



Income and Expense Module (n = 48)

Section 1: Participant Awareness of Financial Literacy After Training



Section 2: Participant Behavior Changed After Financial Literacy Training



Debt Management Module (n = 56)

Section 1: Participant Awareness of Financial Literacy After Training



Section 2: Participant Behavior Changed After Financial Literacy Training



Perception of Financial Literacy Awareness Training (n = 104)



SOCIAL PARTNERS AND PROJECTS

LOLC Cambodia works closely with several international and development partners to strengthen responsible finance, improve client protection, support climate resilience, enhance grievance-handling systems, and expand access to inclusive financial services. These partnerships combine technical expertise, financial support, and innovative solutions to ensure LOLC Cambodia's services deliver positive social and environmental impacts alongside sustainable growth.



Proparco is providing technical assistance focused on Client Protection following LOLC Cambodia's Client Protection Certification (CPC). This support aims to identify gaps and areas for improvement based on the CPC assessment conducted by M-CRIL.



Forte and BlueOrchard are collaborating with LOLC Cambodia to implement a pilot Weather Index Crop Insurance program for rice farmers in targeted areas. This initiative is designed to help farmers manage climate-related risks such as droughts or excessive rainfall by providing timely insurance payouts linked to weather conditions rather than crop loss.



CGIF, ESCAP, GGGI, and SERC, working as a consortium, are supporting LOLC Cambodia through both technical assistance and financial structuring support to facilitate the issuance of sustainability bonds. This initiative will enable LOLC Cambodia to mobilize long-term funding to support climate adaptation, environmental protection, and socially impactful lending aligned with Cambodia's sustainable development priorities.



Oikocredit is piloting an Independent Mediation Mechanism to strengthen LOLC Cambodia's grievance-handling framework. This mechanism provides an additional, neutral channel for clients to raise concerns or complaints that require independent review.



WEQ is supporting LOLC Cambodia's WASH (Water, Sanitation, and Hygiene) loan program, which provides financing to MSME and SME clients to improve access to clean water and sanitation facilities. This partnership contributes to improved public health, business productivity, and quality of life for communities served by LOLC Cambodia.

HIGHLIGHTING KEY ACHIEVEMENTS AND RECOGNITIONS



1,558 Session

Number of training session arranged in 2025



USD 376 thousand

Amount LOLC Cambodia has invested and spent on staff training in 2025



705,106 Hours

Total Training Hours



10.21 Hours

Average training hours per employee



10,108

The estimated carbon emission savings in tons achieved through Green Lending loans or the EcoBatt E-waste partnership.



Client Protection Certification, LOLC Cambodia has been awarded the Gold Level Certification aligned with the CERISE+SPTF CP Certification Framework



Microfinance Institutional Rating, LOLC has been assigned a grade of "α"



LOLC Cambodia, achievement of a high Social Rating score of "α", awarded by M-CRIL (Micro-Credit Ratings International Ltd.)

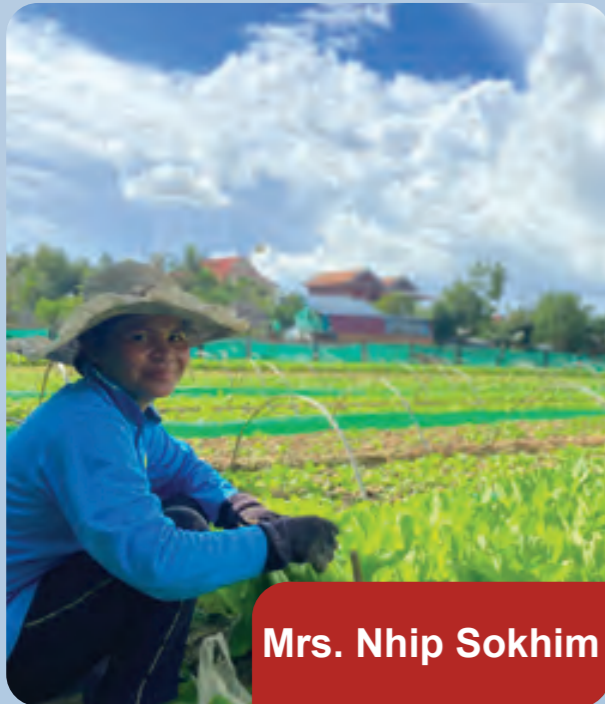


Second rank certificate from the National Bank of Cambodia in both lending and deposits in Khmer Riel



Certificate of Tax Compliance from the General Department of Taxation

SUCCESSFUL CLIENT STORIES



Mrs. Nhip Sokhim

Mrs. Sokhim is a vegetable farmer living in Siem Reap Provinces' Prey Porth Village. With a far-sighted vision and recognition of market opportunities, Mrs. Sokhim expanded her farming operations by purchasing additional land, seeds, and various agricultural equipment. This expansion was made possible through continuous financial support from LOLC Cambodia, where she has accessed multiple rounds of loans.

"I'm truly satisfied with the financial support from LOLC Cambodia, which has transformed my family's livelihood and made my farming business more stable and prosperous," she said.

Starting with a small wooden stall and limited stock, Ms. Nout recognized the potential of her business and decided to expand it with financial support from LOLC Cambodia in 2022.

Ms. Nout shared that loans from LOLC Cambodia provided her with the necessary capital to develop and expand her business, allowing her to offer a diverse range of products and operate in a more spacious retail space. Most importantly, this business growth has significantly increased her income, enabling her to add more capital to her business and support her family's livelihood.



Ms. Norn Nut

Mrs. Sokkim, a resident of Pou Ta Pang village in Kandal province, operates a wholesale and retail vegetable business at Deum Kor Market in Phnom Penh where she sells naturally grown vegetables sourced from her own farm and neighboring farmers. In 2023, she obtained a USD 13,000 loan from LOLC Cambodia to purchase land for cultivation and later secured a second loan of 34,400,000 riels to expand her farming activities. This allowed her to purchase seeds and agricultural equipment, and to improve her living conditions. As a result, her business has grown significantly, with fertile land and adequate water supply enabling year-round cultivation and harvests to meet client demand.



Mrs. Hour Sokkim



Mr. Noun Thein

"I am truly delighted because my handicraft and business have achieved significant growth, allowing me to meet client demand thanks to having sufficient capital to support my operations." This is the statement of Mr. Noun Thein, the owner of a Zinc handicraft grinding and construction materials trading business, located in Prey Pring Khang Cheung 1 Village in Phnom Penh.

To truly appreciate LOLC Cambodia's success, one must look beyond policies and certifications to the real impact on clients. Take Ms. Sitha, a small grocery store owner in Takeo Province, who was able to grow her business sustainably, thanks to fair and responsible financing. "They explained every fee clearly, and I never felt pressured," she recalled. "When I urgently needed capital, and LOLC provided the loan, it allowed my business to expand."



Mrs. Chhin Sitha

5

FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORTS

- ◆ Report of Directors (154)
- ◆ Independent Auditor's Report (158)
- ◆ The Financial Statements (161)



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 2025.

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 were as follows:

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Profit before income tax	271,969,611	205,537,202	67,805,938	50,488,137
Income tax expense	(59,816,721)	(42,693,330)	(14,913,169)	(10,487,185)
Profit for the year	<u>212,152,890</u>	<u>162,843,872</u>	<u>52,892,769</u>	<u>40,000,952</u>

Dividends

On 8 September 2025, the Board of Directors approved for a dividend to be paid to its shareholders amounting to KHR32,252,682 thousand (2024: KHR53,895,930 thousand). The dividend distribution was approved by the National Bank of Cambodia on 21 November 2025 and was paid to the shareholders on the same date.

Share capital

The total number of authorised share capital of the Company as at 31 December 2025 was 4,243,774 shares (2024: 4,243,774 shares) with a par value of KHR100,000 per share (2024: KHR100,000). Refer to Note 24 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:

- 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
- 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

At the date of this report, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements, except as disclosed in Note 40.

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 Chrishantha Gajanayake de Zylva	Chairman
Mr. Indrajith Wijesiriwardana	Member
Mr Chitral Nalin Wijesinha	Member
Mr. Dulip Rasika Samaraweera	Member
Mr. Francisco Kankanamalage Conrad Prasad Nirosh Dias	Member
Mr. Chandana Jayanath Karwel Gamage Don	Member (appointed on 1 February 2026)

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 2025 and its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

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

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the disclosure requirements of CIFRSs 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;
- maintain adequate accounting records and an effective system of internal controls;
- 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
- 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 2025 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 ("CIFRSs").

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

Mr. Brindley Chrishantha Gajanayake de Zylva
Chairman

Phnom Penh, Kingdom of Cambodia

Date: 20 March 2026

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 2025, 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 112 (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 2025, 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

20 March 2026

LOLC (Cambodia) Plc.

Statement of financial position As at 31 December 2025

Notes	31 December		31 December		
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))	
ASSETS					
Cash on hand	4	92,180,590	108,021,390	22,970,493	26,837,612
Deposits and placements with the National Bank of Cambodia	5	139,948,084	221,714,379	34,873,682	55,084,318
Deposits and placements with banks	6	463,605,580	556,774,147	115,525,936	138,328,981
Investment securities at amortised cost	7	3,324,861	3,339,960	828,523	829,804
Investment in associate	8	4,013,000	-	1,000,000	-
Financial assets at fair value through other comprehensive income	9	60,195	60,375	15,000	15,000
Loans and advances at amortised cost	10	5,242,505,943	5,135,970,992	1,306,380,748	1,276,017,638
Statutory deposits with the National Bank of Cambodia	11	340,478,606	339,868,390	84,843,909	84,439,352
Property and equipment	12	9,353,353	9,624,545	2,330,763	2,391,192
Right-of-use assets	13	29,560,613	30,640,659	7,366,213	7,612,586
Intangible assets	14	10,549,759	11,814,205	2,628,896	2,935,206
Deferred tax assets - net	15	-	23,543,707	-	5,849,368
Other assets	16	23,027,947	20,787,876	5,738,337	5,164,690
TOTAL ASSETS		6,358,608,531	6,462,160,625	1,584,502,500	1,605,505,747
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	17	269,871,824	336,956,689	67,249,395	83,715,948
Deposits from customers	18	3,814,670,116	3,693,593,747	950,578,150	917,663,043
Borrowings	19	361,568,498	592,478,916	90,099,301	147,199,731
Lease liabilities	13	27,762,781	28,859,765	6,918,211	7,170,128
Current income tax liabilities	20	26,519,092	28,116,358	6,608,296	6,985,431
Deferred tax liabilities, net	15	549,917	-	137,034	-
Employee benefits	21	1,566,852	1,826,652	390,444	453,827
Other liabilities	22	43,456,183	37,343,832	10,828,854	9,277,970
Subordinated debts	23	68,736,671	178,978,277	17,128,500	44,466,653
TOTAL LIABILITIES		4,614,701,934	4,898,154,236	1,149,938,185	1,216,932,731
EQUITY					
Share capital	24A	424,377,400	424,377,400	103,969,218	103,969,218
Retained earnings		646,262,261	578,409,737	158,544,691	141,614,157
General reserves		380,415,116	380,415,116	93,768,951	93,768,951
Regulatory reserves	25	173,127,727	49,192,708	43,022,491	12,139,107
Other reserves	26	119,724,093	131,611,428	29,717,584	32,679,791
Currency translation reserves		-	-	5,541,380	4,401,792
TOTAL EQUITY		1,743,906,597	1,564,006,389	434,564,315	388,573,016
TOTAL LIABILITIES AND EQUITY		6,358,608,531	6,462,160,625	1,584,502,500	1,605,505,747

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

LOLC (Cambodia) Plc.

Statement of profit or loss and other comprehensive income For the year ended 31 December 2025

	Notes	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Interest income	27	895,915,452	889,181,399	223,364,610	218,418,423
Interest expense	27	(290,319,190)	(347,156,997)	(72,380,750)	(85,275,607)
Net interest income		<u>605,596,262</u>	<u>542,024,402</u>	<u>150,983,860</u>	<u>133,142,816</u>
Fee and commission income	28	18,368,020	16,802,961	4,579,412	4,127,478
Fee and commission expense	28	(673,518)	(641,516)	(167,918)	(157,582)
Net fee and commission income		<u>17,694,502</u>	<u>16,161,445</u>	<u>4,411,494</u>	<u>3,969,896</u>
Other operating income		13,153,974	8,816,472	3,279,475	2,165,677
Other gains/(losses) – net		5,902,526	(1,712,699)	1,471,585	(420,707)
Credit impairment losses	29	(115,257,081)	(110,687,157)	(28,735,248)	(27,189,181)
Net (gains)/losses on derecognition of financial assets measured at amortised cost		<u>2,919,807</u>	<u>(25,999,966)</u>	<u>727,950</u>	<u>(6,386,629)</u>
Net other operating loss		<u>(93,280,774)</u>	<u>(129,583,350)</u>	<u>(23,256,238)</u>	<u>(31,830,840)</u>
Personnel expenses	30	(162,229,259)	(149,481,354)	(40,446,088)	(36,718,584)
Depreciation and amortisation charges	31	(14,715,233)	(14,723,746)	(3,668,719)	(3,616,739)
Other operating expenses	32	(81,095,887)	(58,860,195)	(20,218,371)	(14,458,412)
Profit before income tax		<u>271,969,611</u>	<u>205,537,202</u>	<u>67,805,938</u>	<u>50,488,137</u>
Income tax expense	33	(59,816,721)	(42,693,330)	(14,913,169)	(10,487,185)
Profit for the year		<u>212,152,890</u>	<u>162,843,872</u>	<u>52,892,769</u>	<u>40,000,952</u>
Other comprehensive income:					
<i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	-	1,139,588	5,615,596
Other comprehensive income for the year, net of tax		-	-	1,139,588	5,615,596
Total comprehensive income for the year		<u>212,152,890</u>	<u>162,843,872</u>	<u>54,032,357</u>	<u>45,616,548</u>
Profit attributable to:					
Owners of the Company		<u>212,152,890</u>	<u>162,843,872</u>	<u>52,892,769</u>	<u>40,000,952</u>
Total comprehensive income attributable to:					
Owners of the Company		<u>212,152,890</u>	<u>162,843,872</u>	<u>54,032,357</u>	<u>45,616,548</u>

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

LOLC (Cambodia) Plc.

Statement of changes in equity For the year ended 31 December 2025

	Attributable to owners of the Company													
	Share capital KHR'000	Retained earnings KHR'000	General reserves KHR'000	Regulatory reserves KHR'000	Other reserves KHR'000	Currency translation reserves KHR'000	Total KHR'000	Share capital US\$ (Note 2.4(iii))	Retained earnings US\$ (Note 2.4(ii))	General reserves US\$ (Note 2.4(iii))	Regulatory reserves US\$ (Note 2.4(ii))	Other reserves US\$ (Note 2.4(ii))	Currency translation reserves US\$ (Note 2.4(ii))	Total US\$ (Note 2.4(ii))
Balance at 1 January 2025	424,377,400	578,403,737	380,415,116	49,192,708	131,611,428	-	1,564,006,389	103,969,218	141,614,157	93,768,951	12,139,107	32,679,791	4,401,792	388,573,016
Profit for the year	-	212,152,890	-	-	-	-	212,152,890	-	52,892,769	-	-	-	-	52,892,769
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	1,139,588	1,139,588
Total comprehensive income for the year	-	212,152,890	-	-	-	-	212,152,890	-	52,892,769	-	-	-	1,139,588	54,032,357
Transactions with owners in their capacity as owners:														
Dividends (Note 24B)	-	(32,252,682)	-	-	-	-	(32,252,682)	-	(8,041,058)	-	-	-	-	(8,041,058)
Transfer from retained earnings to regulatory reserves (Note 25)	-	(123,935,019)	-	123,935,019	-	-	(30,883,384)	-	(30,883,384)	-	30,883,384	-	-	-
Transfer from other reserves to retained earnings (Note 26)	-	11,887,335	-	-	(11,887,335)	-	2,962,207	-	2,962,207	-	-	(2,962,207)	-	-
Total transactions with owners	-	(144,300,366)	-	123,935,019	(11,887,335)	-	(35,962,235)	-	(35,962,235)	-	30,883,384	(2,962,207)	-	(8,041,058)
Balance at 31 December 2025	424,377,400	646,262,261	380,415,116	173,127,727	119,724,093	-	1,743,906,597	103,969,218	188,544,691	93,768,951	43,022,491	29,717,584	5,541,380	434,564,315
Balance at 1 January 2024	424,377,400	623,203,250	380,415,116	21,938,040	5,124,641	-	1,455,058,447	103,969,218	153,048,830	93,768,951	5,367,761	1,254,502	(1,213,804)	356,195,458
Profit for the year	-	162,843,872	-	-	-	-	162,843,872	-	40,000,952	-	-	-	-	40,000,952
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	5,615,596	5,615,596
Total comprehensive income for the year	-	162,843,872	-	-	-	-	162,843,872	-	40,000,952	-	-	-	5,615,596	45,616,548
Transactions with owners in their capacity as owners:														
Dividends (Note 24B)	-	(53,885,930)	-	-	-	-	(53,885,930)	-	(13,238,990)	-	-	-	-	(13,238,990)
Transfer from retained earnings to regulatory reserves (Note 25)	-	(27,254,668)	-	27,254,668	-	-	(6,771,346)	-	(6,771,346)	-	6,771,346	-	-	-
Transfer from retained earnings to other reserves (Note 26)	-	(126,486,787)	-	-	(126,486,787)	-	(31,425,289)	-	(31,425,289)	-	-	31,425,289	-	-
Total transactions with owners	-	(207,627,385)	-	27,254,668	(126,486,787)	-	(51,436,625)	-	(51,436,625)	-	6,771,346	31,425,289	-	(13,238,990)
Balance at 31 December 2024	424,377,400	578,403,737	380,415,116	49,192,708	131,611,428	-	1,564,006,389	103,969,218	141,614,157	93,768,951	12,139,107	32,679,791	4,401,792	388,573,016

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

LOLC (CAMBODIA) PLC.

Statement of cash flows For the year ended 31 December 2025

	Notes	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Cash flows from operating activities					
Cash used in operations	35(a)	(313,575,463)	(51,544,368)	(78,178,874)	(12,661,354)
Interest received		852,543,466	857,923,480	212,551,350	210,740,231
Interest paid		(299,469,944)	(358,883,118)	(74,662,165)	(88,156,010)
Income tax paid	20	(37,320,363)	(58,832,363)	(9,304,503)	(14,451,575)
Employee benefits paid		(7,421,082)	(7,543,083)	(1,850,182)	(1,852,882)
Net cash generated from operating activities		<u>194,756,614</u>	<u>381,120,548</u>	<u>48,555,626</u>	<u>93,618,410</u>
Cash flows from investing activities					
Deposits and placements with the National Bank of Cambodia – maturity more than three months		46,757,181	(41,980,661)	11,657,238	(10,312,125)
Purchases of investment securities at amortised cost	7	-	(3,346,213)	-	(821,963)
Investment in associate	8	(4,011,000)	-	(1,000,000)	-
Purchases of property and equipment	12	(5,157,433)	(2,894,453)	(1,285,822)	(710,993)
Purchases of intangible assets	14	(514,983)	(6,295,155)	(128,393)	(1,546,341)
Proceeds from disposals of property and equipment		200,353	291,330	49,951	71,562
Net cash generated from/(used in) investing activities		<u>37,274,118</u>	<u>(54,225,152)</u>	<u>9,292,974</u>	<u>(13,319,860)</u>
Cash flows from financing activities					
Proceeds from borrowings	35(b)	136,829,165	121,160,750	34,113,479	29,761,914
Repayments of borrowings	35(b)	(364,608,580)	(401,676,040)	(90,902,164)	(98,667,659)
Repayments of subordinated debts	35(b)	(108,631,800)	(71,111,400)	(27,083,470)	(17,467,797)
Payment of transaction costs	35(b)	(680,165)	(660,750)	(169,575)	(162,307)
Payment of dividend to shareholders	24(B)	(32,252,682)	(53,895,930)	(8,041,058)	(13,238,990)
Principal element of lease payments	35(b)	(7,531,334)	(7,839,501)	(1,877,670)	(1,925,694)
Net cash used in financing activities		<u>(376,875,396)</u>	<u>(414,022,871)</u>	<u>(93,960,458)</u>	<u>(101,700,533)</u>
Net decrease in cash and cash equivalents		<u>(144,844,664)</u>	<u>(87,127,475)</u>	<u>(36,111,858)</u>	<u>(21,401,983)</u>
Cash and cash equivalents at beginning of the year		<u>845,200,338</u>	<u>932,327,813</u>	<u>209,987,662</u>	<u>228,232,023</u>
Currency translation differences		-	-	645,919	3,157,620
Cash and cash equivalents at end of the year	34	<u>700,355,674</u>	<u>845,200,338</u>	<u>174,521,723</u>	<u>209,987,660</u>

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 2025

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 2025, 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 20 March 2026.

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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements For the year ended 31 December 2025

2. Material accounting policies (continued)

2.2. Basis of preparation

The financial statements are prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) 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.

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 2025 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 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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.3. New standards and interpretation (continued)

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.

- 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 following amendments to accounting standards are not expected to have a significant impact on the Company's consolidated financial statements:

- *Contracts Referencing Nature-dependent Electricity (Amendments to CIFRS 9 and CIFRS 7);*
- *Annual Improvements to CIFRS Accounting Standards (Volume 11); and*
- *CIFRS 19 Subsidiaries without Public Accountability: Disclosures*

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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.4. Foreign currency translation (continued)

(i) Functional and presentation currency (continued)

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.

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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.4. Foreign currency translation (continued)

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

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 2025	USD1=	KHR4,013	KHR4,011
31 December 2024	USD1=	<u>KHR4,025</u>	<u>KHR4,071</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.

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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.6. Financial instruments (continued)

(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.

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;

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.6. Financial instruments (continued)

(b) Classification (continued)

Financial assets (continued)

Business model assessment (continued)

- 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;
- 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 2025

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 2025

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 38.1(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 2025

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.

Income and expenses are presented on a net basis only when permitted under CIFRS, or for gains and losses arising from a group of similar transactions.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.6. Financial instruments (continued)

(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.

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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.6. Financial instruments (continued)

(f) Fair value measurement (continued)

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; and
- loan commitment issued.

No impairment loss is recognised on equity investments.

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 38.1(c)(iv)).

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 2025

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.

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.

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 38.1(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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.6. Financial instruments (continued)

(g) Impairment (continued)

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.

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.

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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.6. Financial instruments (continued)

(g) Impairment (continued)

Presentation of allowance for ECL in the statement of financial position (continued)

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.

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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.7. Property and equipment (continued)

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.

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).

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.9. Impairment of non-financial assets (continued)

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.

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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.10. Leases (continued)

(i) Lease liabilities (continued)

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.

(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'.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.11. Income tax (continued)

(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.

(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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

2.12. Provision (continued)

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.

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 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 allowed 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 Circular.

The Circular 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 Circular in preparing these financial statements for the year ended 31 December 2025.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

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, then compare with loan and advances impairment 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 2025

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 months on 30 June and 31 December (7.5 days each payment).
- 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.

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.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

2. Material accounting policies (continued)

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. Investment in associate

Associate is the entity in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associate is accounted for under the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases.

2.22. 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)).

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Notes to the financial statements (continued) For the year ended 31 December 2025

3. Use of judgements and estimates

In preparing these 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 38.1 (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 38.5:** Determination of the fair value of financial instruments with significant unobservable inputs.
- **Note 38.1(c):** Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- **Note 38.1(c):** Impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- **Note 39:** 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.

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Notes to the financial statements (continued) For the year ended 31 December 2025

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 2025 KHR'000		31 December 2024 US\$	
			(Note 2.4(iii))	(Note 2.4(iii))
<i>Current:</i>				
Khmer Riel	26,201,785	28,465,584	6,529,226	7,072,195
US Dollars	63,735,927	73,009,717	15,882,364	18,139,060
Thai Baht	2,242,878	6,546,089	558,903	1,626,357
	<u>92,180,590</u>	<u>108,021,390</u>	<u>22,970,493</u>	<u>26,837,612</u>

5. Deposits and placements with the National Bank of Cambodia

(a) By account types

	31 December 2025 KHR'000		31 December 2024 US\$	
			(Note 2.4 (iii))	(Note 2.4(iii))
Settlement accounts	43,428,312	67,783,263	10,821,907	16,840,562
Current accounts	96,519,772	151,610,099	24,051,775	37,667,105
Negotiable certificate of deposits	-	2,321,017	-	576,651
	<u>139,948,084</u>	<u>221,714,379</u>	<u>34,873,682</u>	<u>55,084,318</u>

The Company has no negotiable certificate of deposits as at 31 December 2025 (31 December 2024: KHR2,321,017thousands).

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

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

(b) By maturity

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Current	139,948,084	221,714,379	34,873,682	55,084,318
Non-current	-	-	-	-
	<u>139,948,084</u>	<u>221,714,379</u>	<u>34,873,682</u>	<u>55,084,318</u>

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

	31 December	
	2025	2024
Settlement accounts	0%	0%
Current accounts	0%	0%
Negotiable certificates of deposits	N/A	1.00% – 1.18%

6. Deposits and placements with banks

(a) By account types

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Deposits and placements with local banks:				
Savings deposits	133,413,484	157,125,366	33,245,324	39,037,358
Current accounts	234,555,353	170,685,773	58,448,879	42,406,403
Time deposits	100,258,163	234,410,611	24,983,345	58,238,662
	<u>468,227,000</u>	<u>562,221,750</u>	<u>116,677,548</u>	<u>139,682,423</u>
Less: Allowance for expected credit loss	<u>(4,621,420)</u>	<u>(5,447,603)</u>	<u>(1,151,612)</u>	<u>(1,353,442)</u>
	<u>463,605,580</u>	<u>556,774,147</u>	<u>115,525,936</u>	<u>138,328,981</u>

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

6. Deposits and placements with banks (continued)

(b) By maturity

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Current	468,227,000	562,221,750	116,677,548	139,682,423
Non-current	-	-	-	-
	<u>468,227,000</u>	<u>562,221,750</u>	<u>116,677,548</u>	<u>139,682,423</u>

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

	31 December	
	2025	2024
Savings deposits	0% – 2.75%	0% – 2.50%
Current accounts	0% – 3.50%	0% – 2.50%
Term deposits	2.80%	2.70% – 7.10%

7. Investment securities at amortised cost

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Investment in government bonds	<u>3,324,861</u>	<u>3,339,960</u>	<u>828,523</u>	<u>829,804</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 2025, there were no allowance for expected credit loss being recognised.

The Company has pledged government bonds amounting to KHR787,000 thousands as collateral for overdraft (31 December 2024: KHR2,810,000 thousands).

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

8. Investment in associate

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Investment at Serendib Microinsurance Plc.	4,013,000	-	1,000,000	-

This represents the investment at 25% stake in Serendib Micro Insurance Plc.'s total share capital as approved by the NBC on 6 January 2025 in response to the Company's request letter dated 18 November 2024.

The objective of the Company's investment is strategically aligned with its long-term goals of enhancing financial inclusion, diversifying its products, creating a positive social impact, and tapping into the growing demand for affordable insurance in Cambodia.

On 27 August 2025, the Board of Directors resolved to inject additional capital of US\$999,000 equivalent to additional 23% of Serendib Micro Insurance Plc.'s total share capital. On 19 November 2025, the Company has obtained approval letter from the NBC on the said additional capital. As of reporting date, the actual additional capital has not yet been paid into Serendib Micro Insurance Plc. as the Company is still undergoing the required regulatory processes.

As of the reporting date, no significant transactions related to Serendib Micro Insurance Plc. that require recognition in the Company's financial statements.

9. Financial assets at fair value through other comprehensive income

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Non-current <i>Unlisted securities</i>				
Investment in Credit Bureau Cambodia	60,195	60,375	15,000	15,000

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 2025 was KHR60,195 thousand (2024: KHR60,375 thousand).

Dividend received during the year was KHR118,752 thousand (2024: KHR118,752 thousand).

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

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

10. Loans and advances at amortised cost

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
<i>At amortised cost</i>				
Group loans	433,511,656	496,363,762	108,026,827	123,320,189
Individual loans	5,047,102,621	4,787,736,239	1,257,688,168	1,189,499,687
Staff loans	29,616,020	32,264,541	7,380,020	8,016,035
Total gross loans	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911
Less: Allowance for expected credit loss	(267,724,354)	(180,393,550)	(66,714,267)	(44,818,273)
Loans and advances at amortised cost	5,242,505,943	5,135,970,992	1,306,380,748	1,276,017,638

(a) Allowance for expected credit loss

Allowance for expected credit loss by stages are as follow:

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
12-month ECL (Stage 1)	24,698,325	18,919,816	6,154,579	4,700,575
Lifetime ECL-not credit impaired (Stage 2)	24,926,346	17,235,755	6,211,399	4,282,175
Lifetime ECL-credit impaired (Stage 3)	218,099,683	144,237,979	54,348,289	35,835,523
	267,724,354	180,393,550	66,714,267	44,818,273

(b) By industry

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Household/family	1,578,677,342	1,417,524,512	393,390,815	352,180,003
Agriculture	1,382,002,678	1,419,397,914	344,381,430	352,645,444
Trade and commerce	987,102,063	998,980,153	245,976,093	248,193,827
Services	876,762,089	834,410,205	218,480,461	207,306,883
Manufacturing	418,240,847	367,318,354	104,221,492	91,259,218
Construction	191,312,895	201,516,695	47,673,286	50,066,260
Transportation	76,132,383	77,216,709	18,971,438	19,184,276
Total gross loans	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

10. Loans and advances at amortised cost (continued)

(c) Analysis by loan classification

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
<i>Performing</i>				
Gross amount	4,484,119,998	4,515,237,712	1,117,398,455	1,121,798,189
Exposure at default	4,484,119,998	4,515,237,712	1,117,398,455	1,121,798,189
Allowance for expected credit loss	(24,698,325)	(18,919,816)	(6,154,579)	(4,700,575)
<i>Under-performing</i>				
Gross amount	379,014,726	438,448,450	94,446,730	108,931,292
Exposure at default	379,014,726	438,448,450	94,446,730	108,931,292
Allowance for expected credit loss	(24,926,346)	(17,235,755)	(6,211,399)	(4,282,175)
<i>Non-performing</i>				
Gross amount	647,095,573	362,678,380	161,249,830	90,106,430
Exposure at default	647,095,573	362,678,380	161,249,830	90,106,430
Allowance for expected credit loss	(218,099,683)	(144,237,979)	(54,348,289)	(35,835,523)
Total gross loans	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911
Exposure at default	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911
Allowance for expected credit loss	(267,724,354)	(180,393,550)	(66,714,267)	(44,818,273)

(d) By maturity

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Not later than 1 year	198,628,028	247,274,938	49,496,145	61,434,766
Later than 1 year and no later than 3 years	1,053,681,755	1,124,803,455	262,567,096	279,454,275
Later than 3 years and no later than 5 years	1,469,553,130	1,524,075,244	366,198,139	378,652,235
Later than 5 years	2,788,367,384	2,420,210,905	694,833,635	601,294,635
Total gross loans	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

10. Loans and advances at amortised cost (continued)

(e) By large exposure

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Large exposure	-	-	-	-
Non-large exposure	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911
Total gross loans	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911

(f) By relationship

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Related parties (including staff loans)	29,616,020	32,264,541	7,380,020	8,016,035
Non-related parties	5,480,614,277	5,284,100,001	1,365,714,995	1,312,819,876
Total gross loans	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911

(g) By residency

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Residents	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911
Non-residents	-	-	-	-
Total gross loans	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911

(h) By security

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Secured	4,853,309,103	4,633,229,038	1,209,396,736	1,151,112,804
Un-secured	656,921,194	683,135,504	163,698,279	169,723,107
Total gross loans	5,510,230,297	5,316,364,542	1,373,095,015	1,320,835,911

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

10. Loans and advances at amortised cost (continued)

(i) By interest rate

Annual interest rate for loans and advances are as follows:

	31 December	
	2025	2024
Short term loans	6.79% – 18.00%	6.75% – 18.00%
Long term loans	<u>6.79% – 18.00%</u>	<u>7.66% – 18.00%</u>

11. Statutory deposits with the National Bank of Cambodia

	Note	31 December		31 December	
		2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Capital guarantee deposit	(a)	42,437,740	42,437,740	10,575,066	10,543,538
Reserve requirements	(b)	<u>298,040,866</u>	<u>297,430,650</u>	<u>74,268,843</u>	<u>73,895,814</u>
		<u>340,478,606</u>	<u>339,868,390</u>	<u>84,843,909</u>	<u>84,439,352</u>

(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 2024: 3%).

(b) Reserve requirements

This represents the minimum reserve requirement which is calculated at 7% of the total deposits from customers (31 December 2024: 7%) as required by the NBC's Prakas No.B7-023-005 and NBC's letter No. B7-024-1718. The reserve requirements fluctuate depending on the level of deposits from customers, non-resident's bank placements and non-resident borrowings. Reserve requirements do not earn interest.

On 5 January 2026, the NBC announced, through information notice B30-026-013 Sor Chor Nor allowing Banks and Financial institutions to continue maintaining reserve requirements at the rate of 7% until 31 December 2026.

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Notes to the financial statements (continued) For the year ended 31 December 2025

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

(b) Reserve requirements (continued)

Annual interest rate are as follows:

	31 December	
	2025	2024
Capital guarantee deposit	3.00%	3.00%
Reserve requirements	<u>Nil</u>	<u>Nil</u>

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

12. Property and equipment

2025	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))
Cost						
At 1 January	6,979,535	12,413,478	22,641,729	2,849,871	44,884,613	11,151,457
Additions	852,361	1,038,863	2,987,439	278,770	5,157,433	1,285,822
Disposals	(130,724)	(615,042)	(98,916)	(9,132)	(853,814)	(212,868)
Currency translation difference	-	-	-	-	-	32,811
At 31 December	7,701,172	12,837,299	25,530,252	3,119,509	49,188,232	12,257,222
Less: Accumulated depreciation						
At 1 January	5,446,204	10,416,048	17,468,650	1,929,166	35,260,068	8,760,265
Depreciation for the year	1,078,726	859,362	3,240,475	248,144	5,426,707	1,352,956
Disposals	(128,809)	(615,042)	(98,913)	(9,132)	(851,896)	(212,390)
Currency translation difference	-	-	-	-	-	25,628
At 31 December	6,396,121	10,660,368	20,610,212	2,168,178	39,834,879	9,926,459
Carrying amounts						
At 1 January	1,533,331	1,997,430	5,173,079	920,705	9,624,545	2,391,192
At 31 December	1,305,051	2,176,931	4,920,040	951,331	9,353,353	2,330,763

As at 31 December 2025, the cost of fully depreciated items of property and equipment still in use amounted to KHR25,743,146 thousand (31 December 2024: KHR23,232,562 thousand).

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Notes to the financial statements (continued) For the year ended 31 December 2025

12. Property and equipment (continued)

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))
Cost						
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
Less: Accumulated depreciation						
At 1 January	4,581,990	10,586,562	14,471,174	1,699,449	31,339,175	7,671,769
Depreciation for the 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
Carrying amounts						
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

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Notes to the financial statements (continued) For the year ended 31 December 2025

13. 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	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
<i>Right-of-use assets (Non-current)</i>				
Buildings	<u>29,560,613</u>	<u>30,640,659</u>	<u>7,366,213</u>	<u>7,612,586</u>
<i>Lease liabilities</i>				
Current	6,301,539	6,380,120	1,570,281	1,585,123
Non-current	<u>21,461,242</u>	<u>22,479,645</u>	<u>5,347,930</u>	<u>5,585,005</u>
	<u>27,762,781</u>	<u>28,859,765</u>	<u>6,918,211</u>	<u>7,170,128</u>

Additions to the right-of-use assets during the year were KHR6,520,895 thousand (2024: KHR9,641,610 thousand).

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

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
<i>Depreciation of right-of-use assets</i>				
Buildings (Note 31)	<u>7,509,097</u>	<u>7,213,556</u>	<u>1,872,126</u>	<u>1,771,937</u>
Interest expense (Note 27)	<u>2,306,666</u>	<u>2,245,287</u>	<u>575,085</u>	<u>551,531</u>
Expense relating to short-term lease and leases of low-value assets (included in operating expenses) (Note 32)	<u>10,446,622</u>	<u>9,869,372</u>	<u>2,604,493</u>	<u>2,424,311</u>
Total expenses related to leases	<u>20,262,385</u>	<u>19,328,215</u>	<u>5,051,704</u>	<u>4,747,779</u>

Total cash outflow for lease during the period was KHR17,977,956 thousand (2024: KHR19,954,160 thousand).

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Notes to the financial statements (continued) For the year ended 31 December 2025

14. Intangible assets

2025	Software and license KHR'000	Work in progress KHR'000	Total KHR'000	US\$ (Note 2.4(iii))
Cost				
At 1 January	23,449,001	126,935	23,575,936	5,857,375
Additions	389,761	125,222	514,983	128,393
Transfers	252,157	(252,157)	-	-
Currency translation difference	-	-	-	17,451
At 31 December	<u>24,090,919</u>	<u>-</u>	<u>24,090,919</u>	<u>6,003,219</u>
Less: Accumulated amortisation				
At 1 January	11,761,731	-	11,761,731	2,922,169
Amortisation for the year	1,779,429	-	1,779,429	443,637
Currency translation difference	-	-	-	8,517
At 31 December	<u>13,541,160</u>	<u>-</u>	<u>13,541,160</u>	<u>3,374,323</u>
Carrying amounts				
At 1 January	<u>11,687,270</u>	<u>126,935</u>	<u>11,814,205</u>	<u>2,935,206</u>
At 31 December	<u>10,549,759</u>	<u>-</u>	<u>10,549,759</u>	<u>2,628,896</u>
2024				
Cost				
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	<u>23,449,001</u>	<u>126,935</u>	<u>23,575,936</u>	<u>5,857,375</u>
Less: Accumulated amortisation				
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	<u>11,761,731</u>	<u>-</u>	<u>11,761,731</u>	<u>2,922,169</u>
Carrying amounts				
At 1 January	<u>6,098,265</u>	<u>1,719,829</u>	<u>7,818,094</u>	<u>1,913,854</u>
At 31 December	<u>11,687,270</u>	<u>126,935</u>	<u>11,814,205</u>	<u>2,935,206</u>

As at 31 December 2025, the cost of fully depreciated items of intangible assets still in use amounted to KHR8,158,179 thousand (31 December 2024: KHR742,900 thousand).

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Notes to the financial statements (continued) For the year ended 31 December 2025

15. Deferred tax (liabilities)/assets - net

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
<i>Non-current</i>				
Deferred tax assets	25,844,554	29,671,814	6,440,208	7,371,879
Deferred tax liabilities	(26,394,471)	(6,128,107)	(6,577,242)	(1,522,511)
Net deferred (liabilities)/tax assets	(549,917)	23,543,707	(137,034)	5,849,368

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

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
As at 1 January	23,543,707	29,627,908	5,849,368	7,252,854
Charged to profit or loss (Note 33(a))	(24,093,624)	(6,084,201)	(6,006,888)	(1,494,522)
Currency translation differences	-	-	20,486	91,036
As at 31 December	(549,917)	23,543,707	(137,034)	5,849,368

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

15. Deferred tax (liabilities)/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 2025	2,129,712	16,373,698	5,771,953	589,693	1,450,191	3,356,567	29,671,814
(Charged)/credited to profit or loss	(2,129,712)	(1,413,184)	(219,397)	18,252	(2,066)	(81,153)	(3,827,260)
As at 31 December 2025	-	14,960,514	5,552,556	607,945	1,448,125	3,275,414	25,844,554
In US\$ equivalent (Note 2.4(iii))	-	3,728,012	1,383,642	151,494	360,859	816,201	6,440,208
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	2,129,712	16,373,698	5,771,953	589,693	1,450,191	3,356,567	29,671,814
In US\$ equivalent (Note 2.4(iii))	529,121	4,068,000	1,434,026	146,508	360,296	833,928	7,371,879

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Notes to the financial statements (continued)
For the year ended 31 December 2025

15. Deferred tax (liabilities)/assets - net (continued)

(ii) Deferred tax liabilities

	Right-of-use assets KHR'000	Impairment loss KHR'000	Unwinding Interest KHR'000	Total KHR'000
As at 1 January 2025	6,128,107	-	-	6,128,107
(Credit)/Charged to profit or loss	(216,009)	11,852,070	8,630,303	20,266,364
As at 31 December 2025	5,912,098	11,852,070	8,630,303	26,394,471
In US\$ equivalent (Note 2.4(iii))	1,473,236	2,953,419	2,150,586	6,577,242
As at 1 January 2024	5,732,202	-	-	5,732,202
Charged to profit or loss	395,905	-	-	395,905
As at 31 December 2024	6,128,107	-	-	6,128,107
In US\$ equivalent (Note 2.4(iii))	1,522,511	-	-	1,522,511

16. Other assets

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Account receivables	1,596,092	1,763,556	397,730	438,151
Prepayments	11,843,680	10,665,132	2,951,328	2,649,722
Office and house rental deposits	671,246	676,071	167,268	167,968
Supplies	1,212,820	598,164	302,223	148,612
Others	7,704,109	7,084,953	1,919,788	1,760,237
	23,027,947	20,787,876	5,738,337	5,164,690

(a) By maturity

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Current	22,624,819	20,404,944	5,637,882	4,996,722
Non-current	403,128	382,932	100,455	167,968
	23,027,947	20,787,876	5,738,337	5,164,690

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Notes to the financial statements (continued)
For the year ended 31 December 2025

17. Deposits from banks and other financial institutions

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Savings deposits	3,494,543	10,517,544	870,806	2,613,055
Fixed deposits	266,377,281	326,439,145	66,378,589	81,102,893
	269,871,824	336,956,689	67,249,395	83,715,948

(a) By maturity

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Current	269,871,824	336,956,689	67,249,395	83,715,948
Non-current	-	-	-	-
	269,871,824	336,956,689	67,249,395	83,715,948

(b) By interest rate

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

	31 December	
	2025	2024
Savings deposits	0.00% - 3.00%	0.00% - 3.00%
Fixed deposits	3.10% - 4.50%	3.75% - 6.25%

18. Deposits from customers

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Savings deposits	346,376,135	233,005,254	86,313,515	57,889,504
Fixed deposits	3,468,293,981	3,460,588,493	864,264,635	859,773,539
	3,814,670,116	3,693,593,747	950,578,150	917,663,043

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Notes to the financial statements (continued)
For the year ended 31 December 2025

18. Deposits from customers (continued)

(a) By maturity

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Current	3,401,370,442	3,255,384,361	847,587,950	808,791,146
Non-current	413,299,674	438,209,386	102,990,200	108,871,897
	<u>3,814,670,116</u>	<u>3,693,593,747</u>	<u>950,578,150</u>	<u>917,663,043</u>

(b) By interest rate

Annual interest rate for deposits from customers are as follows:

	31 December	
	2025	2024
Savings deposits	0.00 % - 5.00%	0.00 % - 5.00%
Fixed deposits	<u>4.00 % - 9.13%</u>	<u>2.75 % - 9.13%</u>

19. Borrowings

As at 31 December 2025, the Company is in breach of covenants of eleven lenders, of which the actual performance ratio exceeded the limit as follows:

Ratio	Limit	Actual	31 December	31 December
			2025 KHR'000	2025 US\$
(Note 2.4(iii))				
PAR(*) 90 days plus restructured loan excludes Covid 19 minus loan loss reserve divide by net worth	<= 25%	Exceeded limit	17,866,532	4,452,164
PAR(*) 30 days plus economic recovery restructured loan divide by gross loan portfolio	<= 6.5%	Exceeded limit	12,289,356	3,062,386

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Notes to the financial statements (continued)
For the year ended 31 December 2025

19. Borrowings (continued)

As at 31 December 2025, the Company is in breach of covenants with eleven lenders, of which the actual performance ratio exceeded the limit as follow: (continued)

Ratio	Limit	Actual	31 December	31 December
			2025 KHR'000	2025 US\$
(Note 2.4(iii))				
PAR(*) 30 days plus restructured loan excludes Covid 19 divide by gross loan portfolio	<= 13%	Exceeded limit	4,001,360	997,099
PAR(*) 30 days plus economic recovery restructured loan divide by gross loan portfolio	<= 23%	Exceeded limit		
PAR(*) 30 days plus restructure loan exclude Covid 19 divided by gross loan portfolio	<= 7%	Exceeded limit	19,014,548	4,738,238
PAR(*) 30 days plus restructured loan excludes Covid 19 less loan loss reserve divided by total equity	<= 15%	Exceeded limit		
PAR(*) 30 days plus economic recovery restructured loan plus net-charged-offs last 12 months divided by gross loan portfolio	<= 7%	Exceeded limit	14,211,370	3,541,333
PAR(*) 90 days plus restructured loan divided by loan loss reserve	>= 100%	Not met		
(Substandard loan + doubtful loan + loss) divided by gross loan portfolio	<= 6%	Exceeded limit	83,704,534	20,858,344
PAR(*) 30 days plus net-charged-offs last 12 months divide by gross loan portfolio	<= 12%	Exceeded limit	24,602,969	6,130,817
PAR(*) 30 days plus restructure loan exclude Covid 19 divide by gross loan portfolio	<= 5%	Exceeded limit	10,016,457	2,496,002
PAR(*) 90 days plus economic recovery restructured loan plus net-charged-offs last 12 months divided by gross loan portfolio	<= 12%	Exceeded limit	14,011,996	3,491,651
Loan loss reserve divided by PAR(*) 90 days plus economic recovery restructured loan	>= 100%	Not met		
(Substandard loan + doubtful loan + loss) divided by gross loan portfolio	<= 5%	Exceeded limit	6,140,547	1,530,164
Open credit exposure	<= 30%	Exceeded limit	7,914,985	1,972,336

(*) Portfolio at risk

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

19. Borrowings (continued)

As at 31 December 2025, the non-current liabilities portion of KHR64,055,991 thousand (equivalent to US\$15,962,121) (31 December 2024: KHR143,889,030 equivalent to US\$35,748,827) had been reclassified to current liabilities.

Borrowings are further analysed as follows:

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Current	293,725,649	495,942,606	73,193,533	123,215,555
Non-current (*)	67,842,849	96,536,310	16,905,768	23,984,176
	<u>361,568,498</u>	<u>592,478,916</u>	<u>90,099,301</u>	<u>147,199,731</u>

The annual interest rates are ranging from 5.38% to 8.20% (2024: 5.25% to 8.20%).

(*) In addition to the breach of covenants of eleven lenders above, as at 31 December 2025, the Company also in breach of another lender amounting to KHR107,618,427 thousand (equivalent to US\$26,817,450). On 14 November 2025, the Company received an official waiver letter from the lender, waiving the covenant breach for the next twelve months after reporting date. Accordingly, the non-current portion of the borrowing amounting to KHR60,306,758 thousand (equivalent to US\$15,027,849) has not been reclassified to current liabilities.

The Company complied with the performance ratios set by the other lenders when it was tested on 31 December 2025. As at 31 December 2025, Company has assessed covenant compliance for the next twelve months after reporting date and expect that the Company will remain in compliance throughout the period. Therefore, the borrowings amounts of KHR7,536,091 thousand (equivalent to US\$1,877,919) is classified as non-current as at 31 December 2025 because the Company has an existing right to defer settlement of the loans for at least 12 months after the reporting period.

20. Current income tax liabilities

	2025		2024	
	KHR'000	KHR'000	US\$ (Note 2.4(iii))	US\$ (Note 2.4(iii))
As at 1 January	28,116,358	50,339,592	6,985,431	12,323,034
Income tax expense (Note 33)	35,723,097	36,609,129	8,906,281	8,992,663
Income tax paid	(37,320,363)	(58,832,363)	(9,304,503)	(14,451,575)
Currency translation differences	-	-	21,087	121,309
As at 31 December	<u>26,519,092</u>	<u>28,116,358</u>	<u>6,608,296</u>	<u>6,985,431</u>

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Notes to the financial statements (continued) For the year ended 31 December 2025

21. Employee benefits

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
<i>Provision on seniority payment</i>				
Current	124,930	234,946	31,131	58,372
Non-current	1,441,922	1,591,706	359,313	395,455
	<u>1,566,852</u>	<u>1,826,652</u>	<u>390,444</u>	<u>453,827</u>

22. Other liabilities

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Staff bonuses and incentives	33,095,965	27,470,670	8,247,188	6,825,011
Accrued expenses	2,515,237	2,546,839	626,772	632,755
Other tax payables	2,668,437	2,702,578	664,948	671,448
Payables to related companies (Note 37(c))	2,638,455	2,210,336	657,477	549,152
Others	2,538,089	2,413,409	632,469	599,604
	<u>43,456,183</u>	<u>37,343,832</u>	<u>10,828,854</u>	<u>9,277,970</u>

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Current	43,456,183	37,343,832	10,828,854	9,277,970
Non-current	-	-	-	-
	<u>43,456,183</u>	<u>37,343,832</u>	<u>10,828,854</u>	<u>9,277,970</u>

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

23. Subordinated debts

As at 31 December 2025, the Company is in breach of covenants of four lenders, of which the actual performance ratio exceeded the limit as follows:

Ratio	Limit	Actual	31 December	31 December
			2025	2025
			KHR'000	US\$
(Note 2(b))				
PAR(*) 30 days plus economic recovery restructured loan plus net-charged-offs last 12 months divided by gross loan portfolio	<= 7%	Exceeded limit	31,547,229	7,861,258
Loan loss reserve divided by PAR(*) 90 days plus restructured loan	>= 100%	Not met		
PAR(*) 30 days plus restructure loan exclude Covid 19 divided by gross loan portfolio	<= 8%	Exceeded limit	12,275,516	3,058,938
PAR(*) 90 days plus economic recovery restructured loan plus net-charged-offs last 12 months divided by gross loan portfolio	<= 12%	Exceeded limit	4,109,992	1,024,169
Loan loss reserve divided by PAR(*) 90 days plus economic recovery restructured loan	>= 100%	Not met		
Open credit exposure	<= 30%	Exceeded limit	4,017,606	1,001,148

(*) Portfolio at risk

As at 31 December 2025, the non-current liabilities portion of KHR23,827,342 thousand (equivalent to US\$5,937,538) (31 December 2024: KHR103,863,120 thousands equivalent to US\$25,804,502) had been reclassified to current liabilities.

Subordinated debts are further analysed as follows:

	31 December		31 December	
	2025	2024	2025	2024
	KHR'000	KHR'000	US\$	US\$
Current	57,528,079	174,948,657	14,335,430	43,465,505
Non-current	11,208,592	4,029,620	2,793,070	1,001,148
	<u>68,736,671</u>	<u>178,978,277</u>	<u>17,128,500</u>	<u>44,466,653</u>

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Notes to the financial statements (continued) For the year ended 31 December 2025

23. Subordinated debts (continued)

During the year, the Company repaid subordinated debts to various financial institutions amounting to KHR108,631,800 thousand (2024: KHR71,111,400 thousand). The annual interest rates for all subordinated debts are ranging from 7.50% to 10.17% (2024: 7.50% to 10.47%).

The Company complied with the performance ratios set by the lenders when it was tested on 31 December 2025. As at 31 December 2025, Company has assessed covenant compliance for the next twelve months after reporting date and expect that the Company will remain in compliance throughout the period. Therefore, the subordinated debts amounts of KHR11,208,592 thousand (equivalent to US\$2,793,070) is classified as non-current as at 31 December 2025 because the Company has an existing right to defer settlement of the loans for at least 12 months after the reporting period.

24. Share capital

A. Share capital

The total number of authorised shares of the Company as at 31 December 2025 was 4,243,774 shares (31 December 2024: 4,243,774 shares) with a par value of KHR100 thousand per share (2024: KHR100 thousand). All authorised shares are issued and fully paid up.

	31 December 2025/31 December 2024		
	Number of shares	%	KHR'000
Shareholders:			
LOLC Asia Private Limited	4,115,192	97%	411,519,200
TPC-ESOP Co., Ltd	128,582	3%	12,858,200
	<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 8 September 2025, the Board of Directors approved for a dividend to be paid to its shareholders amounting to KHR32,252,682 thousand (equivalent to US\$8,041,058) (2024: KHR53,895,930 thousand) (equivalent to US\$13,238,990). The dividend distribution was approved by the National Bank of Cambodia on 21 November 2025 and had been paid to the shareholders on the same date.

Notes to the financial statements (continued)
For the year ended 31 December 2025

25. 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 2025, the Company transferred from retained earnings to regulatory reserves as follows:

	Deposit and placements at banks KHR'000	Loans and advances at amortised cost KHR'000	Other assets KHR'000	Total KHR'000
At 31 December 2025				
Allowance per NBC	4,682,270	440,756,935	34,296	445,473,501
Less: Allowances per CIFRS 9	(4,621,420)	(267,724,354)	-	(272,345,774)
Regulatory reserve (A)				173,127,727
At 31 December 2024				
Allowance per NBC	5,622,217	229,380,591	31,053	235,033,861
Less: Allowances per CIFRS 9	(5,447,603)	(180,393,550)	-	(185,841,153)
Regulatory reserve (B)				49,192,708
Transfer from retained earnings to regulatory reserves (A - B)				123,935,019
In US\$ equivalent (Note 2.4(iii))				30,883,384

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Notes to the financial statements (continued)
For the year ended 31 December 2025

26. 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, then compare with the 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 2025, the Company transferred from retained earnings to other reserves accumulatively amounting to KHR119,724,093 thousands (equivalent to US\$29,717,584) (31 December 2024: KHR131,611,428 thousands (equivalent to US\$32,679,791)).

27. Net interest income

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
<i>Interest income from financial assets at amortised cost</i>				
Loans and advances	877,068,822	872,428,575	218,665,874	214,303,262
Deposits and placements with banks	17,418,423	15,351,255	4,342,663	3,770,881
Deposits and placements with the National Bank of Cambodia	1,294,807	1,333,572	322,814	327,577
Investment securities at amortised cost	133,400	67,997	33,259	16,703
Total interest income	895,915,452	889,181,399	223,364,610	218,418,423
<i>Interest expense on financial liabilities at amortised cost</i>				
Deposits from customers and banks and other financial institutions	(241,088,415)	(273,204,776)	(60,106,810)	(67,109,992)
Borrowings	(32,704,319)	(49,645,014)	(8,153,657)	(12,194,796)
Subordinated debts	(14,219,790)	(22,061,920)	(3,545,198)	(5,419,288)
Lease liabilities	(2,306,666)	(2,245,287)	(575,085)	(551,531)
Total interest expense	(290,319,190)	(347,156,997)	(72,380,750)	(85,275,607)
Net interest income	605,596,262	542,024,402	150,983,860	133,142,816

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

28. Net fee and commission income

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
<i>Fee and commission income:</i>				
Fees and commission income on loans	1,546,218	1,841,443	385,494	452,332
Penalty income	16,821,779	14,960,875	4,193,911	3,674,988
Other fees	23	643	7	158
	<u>18,368,020</u>	<u>16,802,961</u>	<u>4,579,412</u>	<u>4,127,478</u>
Fee and commission expense	(673,518)	(641,516)	(167,918)	(157,582)
Net fee and commission income	<u>17,694,502</u>	<u>16,161,445</u>	<u>4,411,494</u>	<u>3,969,896</u>

29. Credit impairment losses

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
<i>Expected Credit Loss:</i>				
Loans and advances	115,939,369	111,365,708	28,905,353	27,355,860
Deposits and placements with banks	(682,288)	(678,551)	(170,105)	(166,679)
	<u>115,257,081</u>	<u>110,687,157</u>	<u>28,735,248</u>	<u>27,189,181</u>

30. Personnel expenses

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Salaries and wages	135,615,131	130,411,763	33,810,803	32,034,331
Other benefits	26,614,128	19,069,591	6,635,285	4,684,253
	<u>162,229,259</u>	<u>149,481,354</u>	<u>40,446,088</u>	<u>36,718,584</u>

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Notes to the financial statements (continued) For the year ended 31 December 2025

31. Depreciation and amortisation charges

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Depreciation of property and equipment (Note 12)	5,426,707	5,403,731	1,352,956	1,327,372
Amortisation of right-of-use assets (Note 13)	7,509,097	7,213,556	1,872,126	1,771,937
Amortisation of intangible assets (Note 14)	1,779,429	2,106,459	443,637	517,430
	<u>14,715,233</u>	<u>14,723,746</u>	<u>3,668,719</u>	<u>3,616,739</u>

32. Other operating expenses

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Professional fees	13,238,095	13,585,138	3,300,448	3,337,052
Rental expense related to short-term lease and lease of low-value assets	10,446,622	9,869,372	2,604,493	2,424,311
Insurance	5,091,813	5,312,976	1,269,462	1,305,079
Travelling expenses	4,649,004	6,447,231	1,159,064	1,583,697
Communication	3,154,775	3,019,336	786,531	741,669
Office supplies and stationery	2,578,356	2,584,267	642,821	634,799
Utilities	2,230,735	2,405,466	556,154	590,878
Security guard	1,349,191	1,491,876	336,373	366,464
Advertising	1,719,338	2,122,245	428,656	521,308
Board of directors' expenses (Note 37(f))	754,845	754,401	188,194	185,311
Repairs and maintenance	492,333	536,737	122,746	131,844
Charitable contributions	179,427	437,141	44,734	107,379
Fees and penalties waived off	25,141,985	-	6,268,259	-
Others	10,069,368	10,294,009	2,510,436	2,528,621
	<u>81,095,887</u>	<u>58,860,195</u>	<u>20,218,371</u>	<u>14,458,412</u>

33. Income tax expense

(a) Income tax expense

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Current income tax	35,723,097	36,609,129	8,906,281	8,992,663
Deferred income tax	24,093,624	6,084,201	6,006,888	1,494,522
	<u>59,816,721</u>	<u>42,693,330</u>	<u>14,913,169</u>	<u>10,487,185</u>

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

33. 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:

	%	2025 KHR'000	%	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Profit before income tax		271,969,611		205,537,202	67,805,938	50,488,137
Tax at rate of 20%	20	54,393,922	20	41,107,440	13,561,187	10,097,627
Tax effect of reconciling items:						
Expenses not deductible for tax purposes	2.2	5,994,424	0.26	538,022	1,494,496	132,160
Others	(0.21)	(571,625)	0.51	1,047,868	(142,514)	257,398
Income tax expense	22	59,816,721	20.77	42,693,330	14,913,169	10,487,185

The calculation of income tax is subject to the review and final assessment of the tax authorities.

34. Cash and cash equivalents

	31 December 2025 KHR'000		31 December 2024 KHR'000		31 December 2025 US\$ (Note 2.4(iii))		31 December 2024 US\$ (Note 2.4(iii))	
Cash on hand (Note 4)	92,180,590	108,021,390	22,970,493	26,837,612				
Deposits and placements with the National Bank of Cambodia:								
Settlement accounts (Note 5)	43,428,312	67,783,263	10,821,907	16,840,562				
Current accounts (Note 5)	96,519,772	151,610,099	24,051,775	37,667,105				
Deposits and placements with banks:								
Savings accounts (Note 6)	133,413,484	157,125,366	33,245,324	39,037,358				
Current accounts (Note 6)	234,555,353	170,685,773	58,448,879	42,406,403				
Fixed deposits with original maturity of three months or less (Note 6)	100,258,163	189,974,447	24,983,345	47,198,620				
	<u>700,355,674</u>	<u>845,200,338</u>	<u>174,521,723</u>	<u>209,987,660</u>				

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Notes to the financial statements (continued) For the year ended 31 December 2025

35. Cash flow information

(a) Cash flow used in operations

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Profit before income tax	271,969,611	205,537,202	67,805,938	50,488,137
<i>Adjustments for:</i>				
Depreciation and amortisation charges (Note 31)	14,715,233	14,723,746	3,668,719	3,616,739
Credit impairment losses (Note 29)	115,257,081	110,687,157	28,735,248	27,189,181
Net (gains)/losses on derecognition of financial assets measured at amortised cost	(2,919,807)	25,999,966	(727,950)	6,386,629
Gain on disposals of property and equipment	(198,435)	(279,637)	(49,473)	(68,690)
Written off on intangible assets	-	192,585	-	47,307
Provision for employee benefits	7,161,282	7,270,445	1,785,411	1,785,911
Unrealised exchange loss/(gains)	5,705,063	(5,294,780)	1,422,354	(1,300,609)
Net interest income (Note 27)	(605,596,262)	(542,024,402)	(150,983,860)	(133,142,816)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(610,216)	31,743,371	(152,136)	7,797,438
Loans and advances	(183,594,050)	(244,782,011)	(45,769,397)	(60,128,227)
Other assets	(2,240,071)	(108,763)	(558,482)	(26,717)
Deposits from banks and other financial institutions	(67,084,865)	143,380,827	(16,725,222)	35,220,051
Deposits from customers	127,747,623	203,329,158	31,849,320	49,945,752
Other liabilities	6,112,351	(1,919,232)	1,523,897	(471,440)
Cash used in operations	<u>(313,575,463)</u>	<u>(51,544,368)</u>	<u>(78,178,874)</u>	<u>(12,661,354)</u>

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Notes to the financial statements (continued) For the year ended 31 December 2025

35. 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 financial year presented.

Net debt	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Cash and cash equivalents	700,355,674	845,200,338	174,521,723	209,987,660
Borrowings	(361,568,498)	(592,478,916)	(90,099,301)	(147,199,731)
Subordinated debts	(68,736,671)	(178,978,277)	(17,128,500)	(44,466,653)
Lease liabilities	(27,762,781)	(28,859,765)	(6,918,211)	(7,170,128)
Net debt	<u>242,287,724</u>	<u>44,883,380</u>	<u>60,375,711</u>	<u>11,151,148</u>
Cash and liquid investments	700,355,674	845,200,338	174,521,723	209,987,660
Gross debt – fixed interest rates	(458,067,950)	(800,316,958)	(114,146,012)	(198,836,512)
Net debt	<u>242,287,724</u>	<u>44,883,380</u>	<u>60,375,711</u>	<u>11,151,148</u>

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

35. Cash flow information (continued)

(b) Net debt reconciliation (continued)

	Borrowings KHR'000	Leases KHR'000	Subordinated Debts KHR'000	Cash KHR'000	Total KHR'000
Net debt as at 1 January 2025					
Cash flows	(592,478,916)	(28,859,765)	(178,978,277)	845,200,338	44,883,380
New leases	228,459,580	7,531,334	108,631,800	(144,844,664)	199,778,050
Foreign exchange adjustments	-	(5,840,594)	(5,840,594)	-	(5,840,594)
Other changes (i)	(760,506)	86,545	(820,638)	-	(1,494,599)
Net debt as at 31 December 2025	<u>(361,568,498)</u>	<u>(27,762,781)</u>	<u>(68,736,671)</u>	<u>700,355,674</u>	<u>242,287,724</u>
In US\$ equivalent (Note 2.4(iii))	(90,099,302)	(6,918,211)	(17,128,500)	174,521,723	60,375,710
Net debt as at 1 January 2024					
Cash flows	(884,096,100)	(27,481,666)	(253,753,175)	932,327,813	(233,003,128)
New leases	281,176,040	7,839,501	71,111,400	(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)
Net debt as at 31 December 2024	<u>(592,478,916)</u>	<u>(28,859,765)</u>	<u>(178,978,277)</u>	<u>845,200,338</u>	<u>44,883,380</u>
In US\$ equivalent (Note 2.4(iii))	(147,199,731)	(7,170,128)	(44,466,653)	209,987,660	11,151,150

(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 2025

36. Commitments and contingencies

(a) Loan commitment and guarantee

As at 31 December 2025, the Company have outstanding commitments on unused speed draft to customers as below:

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Within one year	<u>604,452</u>	<u>368,251</u>	<u>150,623</u>	<u>91,491</u>

(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	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Within one year	<u>6,774</u>	<u>24,969</u>	<u>1,688</u>	<u>6,203</u>

(c) Capital commitments

	2025	2024	2025	2024
	KHR'000	KHR'000	US\$ (Note 2.4(iii))	US\$ (Note 2.4(iii))
<i>Intangible assets:</i>				
Within one year	<u>-</u>	<u>125,300</u>	<u>-</u>	<u>31,130</u>

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Notes to the financial statements (continued) For the year ended 31 December 2025

37. 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:

(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.
Associate	Serendib Micro Insurance Plc
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

	2025	2024	2025	2024
	KHR'000	KHR'000	US\$ (Note 2.4(iii))	US\$ (Note 2.4(iii))
Loans to key management personnel	<u>2,007,773</u>	<u>2,895,100</u>	<u>500,317</u>	<u>719,280</u>
Interest income	<u>225,659</u>	<u>289,310</u>	<u>56,260</u>	<u>71,066</u>

Loans and advances to key management personnel are secured and having interest rate of 6.79% to 14.40% (2024: 7.66% to 14.40%) per annum. Allowances for expected credit losses for loans to related parties was recognised during the year of KHR1,642 thousand (2024: KHR473 thousand).

(c) Payables to related parties

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Payables to related companies (Note 22)	<u>2,638,455</u>	<u>2,210,336</u>	<u>657,477</u>	<u>549,152</u>

The payables to related companies are unsecured and bear no interest.

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Notes to the financial statements (continued) For the year ended 31 December 2025

37. Related-party disclosures (continued)

(d) Deposits from related parties

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Shareholders	105,727	100,670	26,346	25,011
Board of directors	2,283,971	2,224,157	569,143	552,586
Key management personnel	22,954,817	18,242,169	5,720,114	4,532,216
Related companies	1,437,880	1,168,501	358,306	290,311
	<u>26,782,395</u>	<u>21,735,497</u>	<u>6,673,909</u>	<u>5,400,124</u>
Interest payable	<u>769,730</u>	<u>756,582</u>	<u>191,809</u>	<u>187,971</u>
Interest expense	<u>1,048,158</u>	<u>1,066,272</u>	<u>261,321</u>	<u>261,919</u>

Annual interest rates during the year are as follows:

	31 December	
	2025	2024
Shareholders	2.00% – 5.75%	3.00% - 7.00%
Board of directors	2.00% – 7.00%	3.00% - 7.75%
Key management personnel	2.00% – 9.13%	0.00% – 9.13%
Related companies	<u>2.00% – 3.00%</u>	<u>0.00% – 3.00%</u>

(e) Transactions with related parties

	2025	2024	2025	2024
	KHR'000	KHR'000	US\$ (Note 2.4(iii))	US\$ (Note 2.4(iii))
(i) <i>Incomes from related companies:</i>				
Rental income	-	19,708	-	4,841
Management fee income	187,815	203,530	46,825	49,995
Commission income	<u>11,417,725</u>	<u>8,120,615</u>	<u>2,846,603</u>	<u>1,994,747</u>
	<u>11,605,540</u>	<u>8,343,853</u>	<u>2,893,428</u>	<u>2,049,583</u>

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Notes to the financial statements (continued) For the year ended 31 December 2025

37. Related-party disclosures (continued)

(e) Transactions with related parties (continued)

	2025	2024	2025	2024
	KHR'000	KHR'000	US\$ (Note 2.4(iii))	US\$ (Note 2.4(iii))
(ii) <i>Expenses/payment to related companies:</i>				
License fees	682,275	2,113,479	170,101	519,155
IT consultancy and support fees	3,044,850	1,805,769	759,125	443,569
	<u>3,727,125</u>	<u>3,919,248</u>	<u>929,226</u>	<u>962,724</u>

(f) Key management compensation

	2025	2024	2025	2024
	KHR'000	KHR'000	US\$ (Note 2.4(iii))	US\$ (Note 2.4(iii))
Directors' fees	754,845	754,401	188,194	185,311
Salaries and other benefits to key management	<u>13,090,957</u>	<u>13,220,609</u>	<u>3,263,764</u>	<u>3,247,509</u>
	<u>13,845,802</u>	<u>13,975,010</u>	<u>3,451,958</u>	<u>3,432,820</u>

38. 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 2025

38. Financial risk management (continued)

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Financial assets				
Financial assets at amortised costs				
Cash on hand	92,180,590	108,021,390	22,970,493	26,837,612
Deposits and placements with the National Bank of Cambodia	139,948,084	221,714,379	34,873,682	55,084,318
Deposits and placements with banks	463,605,580	556,774,147	115,525,936	138,328,981
Investment securities at amortised cost	3,324,861	3,339,960	828,523	829,804
Loans and advances at amortised cost	5,242,505,943	5,135,970,992	1,306,380,748	1,276,017,638
Other financial assets	3,431,731	3,105,224	855,154	771,484
	<u>5,944,996,789</u>	<u>6,028,926,092</u>	<u>1,481,434,536</u>	<u>1,497,869,837</u>
Financial assets at fair value through other comprehensive income	60,195	60,375	15,000	15,000
Total financial assets	<u>5,945,056,984</u>	<u>6,028,986,467</u>	<u>1,481,449,536</u>	<u>1,497,884,837</u>
Financial liabilities				
Financial liabilities at amortised cost				
Deposits from banks and other financial institutions	269,871,824	336,956,689	67,249,395	83,715,948
Deposits from customers	3,814,670,116	3,693,593,747	950,578,150	917,663,043
Borrowings	361,568,498	592,478,916	90,099,301	147,199,731
Subordinated debts	68,736,671	178,978,277	17,128,500	44,466,653
Lease liabilities	27,762,781	28,859,765	6,918,211	7,170,128
Other financial liabilities	7,244,416	6,601,558	1,805,237	1,640,139
Total financial liabilities	<u>4,549,854,306</u>	<u>4,837,468,952</u>	<u>1,133,778,794</u>	<u>1,201,855,642</u>
Net financial assets	<u>1,395,202,678</u>	<u>1,191,517,515</u>	<u>347,670,742</u>	<u>296,029,195</u>

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. 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 38.1(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 2025

38. Financial risk management (continued)

38.1. 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 2025

38. Financial risk management (continued)

38.1. 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 2025

38. Financial risk management (continued)

38.1. 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 2025

38. Financial risk management (continued)

38.1. 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 2025 and 31 December 2024, 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 2025, 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 2025

38. Financial risk management (continued)

38.1. 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% (2024: 70%) for base case, 10% (2024: 20%) for best case, and 20% (2024: 10%) 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 2025 and 31 December 2024 are as follows:

	Base %	Best %	Worst %
As at 31 December 2025			
Scenario probability weighting	<u>70</u>	<u>10</u>	<u>20</u>
As at 31 December 2024			
Scenario probability weighting	<u>70</u>	<u>20</u>	<u>10</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 2025 and 31 December 2024 are as follows:

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Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. 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	2025	2024
PD	Group loan	USDKHR	USDKHR
		Foreign direct investment (% of GDP)	Foreign direct investment (% of GDP)
	Individual loan	USDKHR	USDKHR
		Foreign direct investment (% of GDP)	Foreign direct investment (% of GDP)
	Life improvement loan asset backed	Unemployment	Unemployment
		Goods & Services GDP	Goods & Services 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	GDP constant 2000	USDKHR	
	Foreign direct investment (% of GDP)	Foreign direct investment (% of GDP)	
Staff loan	USDKHR	Crude oil Brent	
	Private consumption expenditure	Private consumption expenditure	
LGD	Group loan	N/A	N/A
		N/A	N/A

Set out below are the estimated changes to the ECL for the year ended 31 December 2025 and 31 December 2024 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.

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Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. Credit risk (continued)

(c) Impairment (expected credit loss) policies (continued)

(v) *Forward-looking information incorporated into the ECL models (continued)*

Sensitivity analysis (continued)

	ECL		ECL	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Group loan				
Variation added to MEVs	(736,438)	(129,693)	(183,513)	(32,222)
Variation deducted from MEVs	560,493	126,904	139,669	31,529
Individual loan				
Variation added to MEVs	(5,308,478)	391,645	(1,322,820)	97,303
Variation deducted from MEVs	4,426,774	(411,473)	1,103,108	(102,229)
Life improvement loan asset backed				
Variation added to MEVs	(4,950,699)	(4,652,060)	(1,233,665)	(1,155,791)
Variation deducted from MEVs	2,449,320	3,201,998	610,346	795,527
Home improvement loan				
Variation added to MEVs	(377,757)	(40,706)	(94,133)	(10,113)
Variation deducted from MEVs	246,695	36,579	61,474	9,088
Seasonal loan				
Variation added to MEVs	756,636	97,991	188,546	24,346
Variation deducted from MEVs	(945,897)	(112,657)	(235,708)	(27,989)
SME loan				
Variation added to MEVs	6,026,868	(1,388,434)	1,501,836	(344,953)
Variation deducted from MEVs	(14,915,530)	1,320,434	(3,716,803)	328,058
Staff loan				
Variation added to MEVs	(1,973)	1,418	(492)	352
Variation deducted from MEVs	1,733	(1,563)	432	(388)

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. 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 2025

38. Financial risk management (continued)

38.1. 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:

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Credit risk exposure relating to on-balance sheet assets:				
Deposits and placements with banks	463,605,580	556,774,147	115,525,936	138,328,981
Investment securities at amortised cost	3,324,861	3,339,960	828,523	829,804
Loans and advances at amortised cost	5,242,505,943	5,135,970,992	1,306,380,748	1,276,017,638
Other financial assets	3,431,731	3,105,224	855,154	771,484
Total maximum credit risk exposure that are subject to impairment	<u>5,712,868,115</u>	<u>5,699,190,323</u>	<u>1,423,590,361</u>	<u>1,415,947,907</u>

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. 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:

	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Total maximum credit risk exposure that are subject to impairment	<u>604,452</u>	<u>368,251</u>	<u>150,623</u>	<u>91,491</u>

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, 92% (2024: 90%) 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 2025

38. Financial risk management (continued)

38.1. 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 2025

38. Financial risk management (continued)

38.1. 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:

	2025			2024		
	12-month ECL KHR'000	Lifetime ECL not Credit-Impaired KHR'000	Lifetime ECL Credit-Impaired KHR'000	12-month ECL KHR'000	Lifetime ECL not Credit-Impaired KHR'000	Lifetime ECL Credit-Impaired KHR'000
Deposits and placements with banks						
Investment grade	51,494,398	-	-	109,614,660	-	-
Un-graded	416,732,602	-	-	452,607,090	-	-
Gross carrying amount	468,227,000	-	-	562,221,750	-	-
Less: Expected credit loss	(4,621,420)	-	-	(5,447,603)	-	-
Net carrying amount	463,605,580	-	-	556,774,147	-	-
In US\$ equivalent (Note 2.4(iii))	115,525,936	-	-	138,328,981	-	-
			Total KHR'000			Total KHR'000
			51,494,398			109,614,660
			416,732,602			452,607,090
			468,227,000			562,221,750
			(4,621,420)			(5,447,603)
			463,605,580			556,774,147
			115,525,936			138,328,981

38. Financial risk management (continued)

38.1. 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)

	2025			2024			
	12-month ECL KHR'000	Lifetime ECL not Credit-Impaired KHR'000	Lifetime ECL Credit-Impaired KHR'000	12-month ECL KHR'000	Lifetime ECL not Credit-Impaired KHR'000	Lifetime ECL Credit-Impaired KHR'000	Total KHR'000
Loans and advances at amortised cost							
Standard monitoring	4,484,119,998	-	-	4,515,237,712	-	-	4,515,237,712
Special monitoring	-	379,014,726	-	-	438,448,450	-	438,448,450
Default	-	-	647,095,573	-	-	362,678,380	362,678,380
Gross carrying amount	4,484,119,998	379,014,726	647,095,573	4,515,237,712	438,448,450	362,678,380	5,316,364,542
Less: Expected credit loss	(24,698,325)	(24,926,346)	(218,099,683)	(18,919,816)	(17,235,755)	(144,237,979)	(180,393,550)
Net carrying amount	4,459,421,673	354,088,380	428,995,890	4,496,317,896	421,212,695	218,440,401	5,135,970,992
In US\$ equivalent ((Note 2.4(iii)))	1,111,243,876	88,235,330	106,901,542	1,117,097,614	104,649,117	54,270,907	1,276,017,638

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Notes to the financial statements (continued)
For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. Credit risk (continued)

(f) Loss allowance

The following tables show reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument – Deposit and placements with banks

	2025			
	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit-Impaired KHR'000	Stage 3 Lifetime ECL Credit-Impaired KHR'000	Total KHR'000
Expected Credit Losses				
Loss allowance as at 1 January	5,447,603	-	-	5,447,603
Net remeasurement of loss allowance	(2,862,211)	-	-	(2,862,211)
New financial assets originated	2,179,923	-	-	2,179,923
Foreign exchange difference	(143,895)	-	-	(143,895)
Loss allowance as at 31 December	4,621,420	-	-	4,621,420
In US\$ equivalent (Note 2.4(iii))	1,151,612	-	-	1,151,612
	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
Expected Credit Losses				
Loss allowance as at 1 January	6,252,615	-	-	6,252,615
Net remeasurement of loss allowance	(2,443,681)	-	-	(2,443,681)
New financial assets originated	1,765,130	-	-	1,765,130
Foreign exchange difference	(126,461)	-	-	(126,461)
Loss allowance as at 31 December	5,447,603	-	-	5,447,603
In US\$ equivalent (Note 2.4(iii))	1,353,441	-	-	1,353,441

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. Credit risk (continued)

(f) Loss allowance (continued)

Expected credit loss reconciliation – loans and advances at amortised cost

	2025			
	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Expected Credit Losses				
Loss allowance as at 1 January	18,919,816	17,235,755	144,237,979	180,393,550
<i>Changes due to exposure:</i>				
Transfer to stage 1	2,880,915	(1,152,555)	(1,728,360)	-
Transfer to stage 2	(2,153,226)	5,373,984	(3,220,758)	-
Transfer to stage 3	(2,853,687)	(8,296,275)	11,149,962	-
Net remeasurement of loss allowance (*)	199,220	4,078,229	104,909,313	109,186,762
New financial assets originated	14,511,974	13,135,939	13,296,031	40,943,944
Financial assets derecognised during the year other than write off	(7,337,931)	(6,223,721)	(20,629,685)	(34,191,337)
Write offs	(9)	(16,887)	(45,814,476)	(45,831,372)
Unwinding of discount (**)	-	-	8,869,204	8,869,204
Foreign exchange difference	531,253	791,877	7,030,473	8,353,603
Loss allowance as at 31 December	<u>24,698,325</u>	<u>24,926,346</u>	<u>218,099,683</u>	<u>267,724,354</u>
In US\$ equivalent (Note 2.4(iii))	<u>6,154,579</u>	<u>6,211,399</u>	<u>54,348,289</u>	<u>66,714,267</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 2025

38. Financial risk management (continued)

38.1. Credit risk (continued)

(f) Loss allowance (continued)

Expected credit loss reconciliation – loans and advances at amortised cost (continued)

	2025			
	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January	4,515,237,712	438,448,450	362,678,380	5,316,364,542
<i>Changes due to exposure:</i>				
Transfer to stage 1	68,985,448	(63,740,287)	(5,245,161)	-
Transfer to stage 2	(229,338,557)	238,588,480	(9,249,923)	-
Transfer to stage 3	(192,368,645)	(160,237,845)	352,606,490	-
New financial assets originated or purchased	1,991,422,270	97,458,061	80,232,668	2,169,112,999
Financial assets derecognised during the year other than write offs	(1,669,798,304)	(171,453,262)	(63,949,212)	(1,905,200,778)
Write-offs	(19,926)	(48,871)	(69,977,669)	(70,046,466)
Gross carrying amount as at 31 December	<u>4,484,119,998</u>	<u>379,014,726</u>	<u>647,095,573</u>	<u>5,510,230,297</u>
In US\$ equivalent (Note 2.4(iii))	<u>1,117,398,455</u>	<u>94,446,730</u>	<u>161,249,830</u>	<u>1,373,095,015</u>

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Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. 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
Expected Credit Losses				
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 offs	(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 2025

38. 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
Gross carrying amount				
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 off	(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>

Notes to the financial statements (continued)
For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. 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.

	2025				2024					
	Deposits and placements with banks KHR'000	Investment securities at amortised cost KHR'000	Loans and advances at amortised cost KHR'000	Other financial assets KHR'000	Total KHR'000	Deposits and placements with banks KHR'000	Investment securities at amortised cost KHR'000	Loans and advances at amortised cost KHR'000	Other financial assets KHR'000	Total KHR'000
Financial institutions	468,227,000	-	-	-	468,227,000	562,221,750	-	-	-	562,221,750
Government	-	3,324,861	-	-	3,324,861	-	3,339,960	-	-	3,339,960
Household/family	-	-	1,578,677,342	-	1,578,677,342	-	-	1,419,397,914	-	1,419,397,914
Agriculture	-	-	1,382,002,678	-	1,382,002,678	-	-	1,417,524,512	-	1,417,524,512
Trade and commerce	-	-	987,102,063	-	987,102,063	-	-	998,980,153	-	998,980,153
Services	-	-	876,762,089	-	876,762,089	-	-	834,410,205	-	834,410,205
Manufacturing	-	-	418,240,847	-	418,240,847	-	-	367,318,354	-	367,318,354
Construction	-	-	191,312,895	-	191,312,895	-	-	201,516,695	-	201,516,695
Transportation	-	-	76,132,383	-	76,132,383	-	-	77,216,709	-	77,216,709
Others	-	-	-	3,431,731	3,431,731	-	-	-	3,105,224	3,105,224
Gross carrying amount	468,227,000	3,324,861	5,510,230,297	3,431,731	5,985,213,889	562,221,750	3,339,960	5,316,364,542	3,105,224	5,885,031,476
Less: expected credit loss	(4,621,420)	-	(267,724,354)	-	(272,345,774)	(5,447,603)	-	(180,393,550)	-	(185,841,153)
Net carrying amount	463,605,580	3,324,861	5,242,505,943	3,431,731	5,712,868,115	556,774,147	3,339,960	5,135,970,992	3,105,224	5,699,190,323
In US\$ equivalent (Note 2.4(iii))	115,525,936	828,523	1,306,380,748	855,154	1,423,590,360	138,328,981	829,804	1,276,017,638	771,484	1,415,947,906

LOLC (Cambodia) Plc.

Notes to the financial statements (continued)
For the year ended 31 December 2025

38. Financial risk management (continued)

38.1. 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 2025 and 31 December 2024.

38.2 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 2025

38. Financial risk management (continued)

38.2. Market risk (continued)

(i) Foreign exchange risk (continued)

	In KHR'000 equivalent			
	KHR	US\$	THB	Total
As at 31 December 2025				
Financial assets				
Cash on hand	26,201,785	63,735,927	2,242,878	92,180,590
Deposits and placements with the National Bank of Cambodia	46,772,603	93,175,481	-	139,948,084
Deposits and placements with banks	147,920,479	315,685,101	-	463,605,580
Investment securities at amortised cost	3,324,861	-	-	3,324,861
Loans and advances at amortised cost	1,680,368,219	3,519,831,074	42,306,650	5,242,505,943
Financial assets at fair value through other comprehensive income	-	60,195	-	60,195
Other financial assets	1,194,409	2,136,364	100,958	3,431,731
Total financial assets	1,905,782,356	3,994,624,142	44,650,486	5,945,056,984
Financial liabilities				
Deposits from banks and other financial institutions	10,473,573	259,355,937	42,314	269,871,824
Deposits from customers	302,326,396	3,511,611,447	732,273	3,814,670,116
Borrowings	148,773,736	212,794,762	-	361,568,498
Subordinated debts	-	68,736,671	-	68,736,671
Lease liabilities	-	27,762,781	-	27,762,781
Other liabilities	3,081,901	4,095,491	67,024	7,244,416
Total financial liabilities	464,655,606	4,084,357,089	841,611	4,549,854,306
Net on-balance sheet position	1,441,126,750	(89,732,947)	43,808,875	1,395,202,678
In US\$ equivalent (Note 2.4(iii))	359,114,565	(22,360,565)	10,916,739	347,670,739

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.2. Market risk (continued)

(i) Foreign exchange risk (continued)

	In KHR'000 equivalent			
	KHR	US\$	THB	Total
As at 31 December 2024				
Financial assets				
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
Total financial assets	1,856,409,454	4,091,528,464	81,048,549	6,028,986,467
Financial liabilities				
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
Total financial liabilities	539,576,338	4,294,611,979	3,280,635	4,837,468,952
Net on-balance sheet position	1,316,833,116	(203,083,515)	77,767,914	1,191,517,515
In US\$ equivalent (Note 2.4(iii))	327,163,507	(50,455,532)	19,321,221	296,029,196

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Notes to the financial statements (continued)
For the year ended 31 December 2025

38. Financial risk management (continued)

38.2. 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\$
2025				
KHR/US\$ exchange rate- increase by 2%	1,407,576	-	350,754	-
KHR/US\$ exchange rate- decrease by 2%	(1,465,027)	-	(365,070)	-
KHR/THB exchange rate- increase by 7%	(2,292,801)	-	(571,343)	-
KHR/THB exchange rate- decrease by 7%	2,637,954	-	657,352	-
2024				
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	-

(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 2025

38. Financial risk management (continued)

38.2. 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 2025

38. Financial risk management (continued)

38.2. 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 2025	Carrying amount 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	Non-interest rate sensitive KHR'000
Financial assets							
Cash on hand	92,180,590	-	-	-	-	-	92,180,590
Deposits and placements with the National Bank of Cambodia	139,948,084	-	-	-	-	-	139,948,084
Deposits and placements with banks	463,605,580	411,499,598	-	-	-	-	52,105,982
Investment securities at amortised cost	3,324,861	-	-	-	3,324,861	-	-
Financial assets at fair value through other comprehensive income	60,195	-	-	-	-	-	60,195
Loans and advances at amortised cost	5,242,505,943	19,175,110	18,497,762	120,901,159	2,397,008,079	2,686,923,833	-
Other financial assets	3,431,731	-	-	-	-	-	3,431,731
Total financial assets	5,945,056,984	430,674,708	18,497,762	120,901,159	2,400,332,940	2,686,923,833	287,726,582

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.2. 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 2025	Carrying amount 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	Non-interest rate sensitive KHR'000
Financial liabilities							
Deposits from banks and other financial institutions	269,871,824	12,767,525	68,469,257	188,635,042	-	-	-
Deposits from customers	3,814,670,116	345,652,748	13,314,255	187,464,915	3,261,677,958	5,827,967	732,273
Borrowings	361,568,498	14,011,998	89,457,700	130,836,246	127,262,554	-	-
Subordinated debts	68,736,671	-	4,017,606	31,962,994	32,756,071	-	-
Lease liabilities	27,762,781	-	31,554	126,442	11,259,896	16,344,889	-
Other financial liabilities	7,244,416	-	-	-	-	-	7,244,416
Total financial liabilities	4,549,854,306	372,432,271	175,290,372	539,025,639	3,432,956,479	22,172,856	7,976,689
Net interest repricing gap	1,395,202,678	58,242,437	(156,792,610)	(418,124,480)	(1,032,623,539)	2,664,750,977	279,749,893
In US\$ equivalent (Note 2.4(iii))	347,670,740	14,513,441	(39,071,171)	(104,192,494)	(257,319,596)	664,029,648	69,710,913

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Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.2. 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	Carrying amount 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	Non-interest rate sensitive KHR'000
Financial assets							
Cash on hand	108,021,390	-	-	-	-	-	108,021,390
Deposits and placements with the National Bank of Cambodia	221,714,379	-	705,852	1,615,969	-	-	219,392,558
Deposits and placements with banks	556,774,147	184,526,844	-	44,436,164	-	-	327,811,139
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	5,135,970,992	17,201,018	31,491,144	158,320,070	2,553,078,197	2,375,880,563	-
Other financial assets	3,105,224	-	-	-	-	-	3,105,224
Total financial assets	6,028,986,467	201,727,862	32,196,996	204,372,203	2,556,418,157	2,375,880,563	658,390,686

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.2 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	Carrying amount 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	Non-interest rate sensitive KHR'000
Financial liabilities							
Deposits from banks and other financial institutions	336,956,689	25,802,939	135,243,980	175,909,318	-	-	452
Deposits from customers	3,693,593,747	483,957,447	491,159,664	2,282,531,752	434,286,842	-	1,658,042
Borrowings	592,478,916	78,659,891	119,465,600	394,353,425	-	-	-
Subordinated debts	178,978,277	-	-	121,845,396	57,132,881	-	-
Lease liabilities	28,859,765	-	16,659	161,378	10,038,266	18,643,462	-
Other financial liabilities	6,601,558	-	-	-	-	-	6,601,558
Total financial liabilities	4,837,468,952	588,420,277	745,885,903	2,974,801,269	501,457,989	18,643,462	8,260,052
Net interest repricing gap	1,191,517,515	(386,692,415)	(713,688,907)	(2,770,429,066)	2,054,960,168	2,357,237,101	650,130,634
In US\$ equivalent (Note 2.4(iii))	296,029,196	(96,072,650)	(177,314,014)	(688,305,358)	510,549,110	585,648,969	161,523,139

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.2. 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 2025, there is no variable interest rate subject to sensitivity analysis (31 December 2024: nil).

38.3. 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 2025

38. Financial risk management (continued)

38.3. Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

	As at 31 December 2025	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
Financial assets								
Cash on hand		92,180,590	92,180,590	92,180,590	-	-	-	-
Deposits and placements with the National Bank of Cambodia		139,948,084	139,948,084	139,948,084	-	-	-	-
Deposits and placements with banks		463,605,580	468,291,972	468,291,972	-	-	-	-
Investment securities at amortised cost		3,324,861	3,522,547	-	-	148,500	3,374,047	-
Financial assets at fair value through other comprehensive income		60,195	60,195	-	-	-	-	60,195
Loans and advances at amortised cost		5,242,505,943	8,087,494,193	761,341,533	276,103,475	902,030,059	4,675,509,204	1,472,509,922
Other financial assets		3,431,731	3,431,731	3,431,731	-	-	-	-
Total financial assets by remaining contractual maturities		5,945,056,984	8,794,929,312	1,465,193,910	276,103,475	902,178,559	4,678,883,251	1,472,570,117

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)g

38.3. Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

As at 31 December 2025	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
Financial liabilities							
Deposits from banks and other financial institutions	269,871,824	273,934,839	12,784,521	68,821,592	192,328,726	-	-
Deposits from customers	3,814,670,116	4,252,310,750	700,425,830	482,390,671	2,542,738,024	520,928,258	5,827,967
Borrowings	361,568,498	386,727,256	15,142,535	57,788,820	237,210,611	76,585,290	-
Subordinated debts	68,736,671	76,381,460	-	-	62,320,153	14,061,307	-
Lease liabilities	27,762,781	33,478,074	706,716	1,307,140	6,150,311	20,434,526	4,879,381
Other financial liabilities	7,244,416	7,244,416	7,244,416	-	-	-	-
Total financial liabilities by remaining contractual maturities	4,549,854,306	5,030,076,795	736,304,018	610,308,223	3,040,747,825	632,009,381	10,707,348
Net liquidity surplus/(gap)	1,395,202,678	3,764,852,517	728,889,892	(334,204,748)	(2,138,569,266)	4,046,873,870	1,461,862,769
In US\$ equivalent (Note 2.4(iii))	347,670,740	938,164,096	181,632,168	(83,280,525)	(532,910,358)	1,008,441,034	364,281,776

LOLC (Cambodia) Plc.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.3. 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
Financial assets							
Cash on hand	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	-	-
Deposits and placements with banks	556,774,147	564,327,133	518,081,549	-	46,245,584	-	-
Investment securities at amortised cost	3,339,960	3,671,043	-	-	148,497	3,522,546	-
Financial assets at fair value through other comprehensive income	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
Other financial assets	3,105,224	3,105,224	3,105,224	-	-	-	-
Total financial assets by remaining contractual maturities	6,028,986,467	8,554,996,741	1,109,934,635	316,678,948	1,471,303,038	4,581,747,041	1,075,333,079

38. Financial risk management (continued)**38.3. 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
Financial liabilities							
Deposits from banks and other financial institutions	336,956,689	342,486,140	25,853,359	136,390,094	180,242,687	-	-
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
Borrowings	592,478,916	632,492,335	16,057,395	119,671,515	390,261,376	106,502,049	-
Subordinated debts	178,978,277	206,920,712	-	6,435,120	183,418,714	17,066,878	-
Lease liabilities	28,859,765	36,151,786	687,072	1,377,762	6,430,348	21,828,519	5,828,085
Other financial liabilities	6,601,558	6,601,558	6,601,558	-	-	-	-
Total financial liabilities by remaining contractual maturities	4,837,468,952	5,087,287,805	535,903,271	767,499,376	3,149,899,036	624,529,147	9,456,975
Net liquidity (gap)/surplus	1,191,517,515	3,467,708,936	574,031,364	(450,820,428)	(1,678,595,998)	3,957,217,894	1,065,876,104
In US\$ equivalent (Note 2.4(iii))	296,029,196	861,542,593	142,616,488	(112,005,075)	(417,042,484)	983,159,725	264,813,939

LOLC (CAMBODIA) PLC.**Notes to the financial statements (continued)
For the year ended 31 December 2025****38. Financial risk management (continued)****38.4. 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.

38.5. 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 2025

38. Financial risk management (continued)

38.5. 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 2025 and 31 December 2024 on a recurring basis:

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'000
As at 31 December 2025				
Financial assets				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	-	-	60,195	60,195
Total financial assets	-	-	60,195	60,195
In US\$ equivalent (Note 2.4(iii))	-	-	15,000	15,000
As at 31 December 2024				
Financial assets				
<i>Financial assets at fair value through other comprehensive income</i>				
Equity securities	-	-	60,375	60,375
Total financial assets	-	-	60,375	60,375
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 2025

38. Financial risk management (continued)

38.5. 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 2025

38. Financial risk management (continued)

38.5. 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 2025

38. Financial risk management (continued)

38.6. Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' shown on the statement of financial position, 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 2025

38. Financial risk management (continued)

38.6. Capital management (continued)

However, on 8 January 2025, the NBC has further issued instruction No. B37-025-023 Sor.Chur.Nor to provide options to Bank and deposit taking institutions in implementation on the new Capital Adequacy framework or former Solvency framework.

The Company chooses to apply the new Capital Adequacy Framework to prepare this financial statements.

The table below summarises the composition of regulatory capital:

	31 December		31 December	
	2025 KHR'000	2024 KHR'000	2025 US\$ (Note 2.4(iii))	2024 US\$ (Note 2.4(iii))
Tier I capital				
Share capital	424,377,400	424,377,400	103,969,218	103,969,218
Retained earnings	434,109,371	241,909,097	105,678,284	60,101,639
Audited net profit for the last financial year	212,152,890	162,843,872	52,866,407	40,458,105
General reserves	380,415,116	380,415,116	93,768,951	93,768,951
Other reserves	119,724,093	-	29,717,584	-
Less: Loans to related parties	(2,443,168)	(2,895,100)	(608,813)	(719,280)
Less: Investment outside the scope of regulatory consolidation	(4,073,195)	-	(1,015,000)	-
Less: Intangible asset	(8,581,220)	(11,814,205)	(2,138,355)	(2,935,206)
	<u>1,555,681,287</u>	<u>1,194,836,180</u>	<u>382,238,276</u>	<u>294,643,427</u>
Tier II complementary capital				
Subordinated debts	67,819,700	177,100,000	16,900,000	44,000,000
General provision	54,341,238	51,830,482	13,541,300	12,877,138
Provision for accrued interest receivables (*)	-	20,130,814	-	5,001,444
	<u>122,160,938</u>	<u>249,061,296</u>	<u>30,441,300</u>	<u>61,878,582</u>
Total Capital Tier I + Tier II	<u>1,677,842,225</u>	<u>1,443,897,476</u>	<u>412,679,576</u>	<u>356,522,009</u>

(*) 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 remain in effect solely for the duration of 31 December 2024 through 30 June 2025.

LOLC (CAMBODIA) PLC.

Notes to the financial statements (continued) For the year ended 31 December 2025

38. Financial risk management (continued)

38.7. 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.

39. 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.

40. Subsequent events

On 2 January 2026, the Company obtained approval from the Insurance Regulator of Cambodia ("IRC") on the total investment in equity of Serendib Micro Insurance Plc. amounting to US\$1,999,000 equivalent to 48.1264% of Serendib Micro Insurance Plc.'s total share capital.

On 21 January 2026, the Company obtained No objection letter ("NOL") from the Securities and Exchange Regulator of Cambodia ("SERC") on the bond listing in the Cambodia Stock Exchange ("CSX"). The Company is still undergoing the required regulatory process.

Ideas for Growth



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