

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

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LOLC (Cambodia) Plc.

STATEMENT BY BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting the condensed interim financial information of LOLC (Cambodia) Plc. ("the Company") for the three-month period ended 31 March 2020.

BOARD OF DIRECTORS

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

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

In the opinion of the Board of Directors, the condensed interim financial information of the Company is prepared, in all material respects, the financial position of the Company as at 31 March 2020 and its financial performance, changes in equity and cash flows of the Company for the three-month period then ended, in accordance with Cambodian International Accounting Standard 34, 'Interim Financial Reporting'.



On behalf of the Board of Directors

Mr. Sok Voeun
Chief Executive Officer

DATE 29 MAY 2020



Report on review of condensed interim financial information

To the Shareholder of LOLC (Cambodia) Plc.

Introduction

We have reviewed the accompanying condensed statement of financial position of LOLC (Cambodia) Plc. ("the Company") as at 31 March 2020 and the related condensed statement of profit or loss and other comprehensive income for the three-month then ended, changes in equity and cash flows for the three-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

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

Other matter

The comparative information for the condensed statement of financial position is based on the audited financial statements as at 31 December 2019. The comparative information for the condensed statement of profit or loss and other comprehensive income, changes in equity and cash flows, and related explanatory notes, for the three-month period ended 31 March 2019 has not been audited or reviewed.

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim
Partner

Phnom Penh, Kingdom of Cambodia
29 May 2020

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

		31 March 2020	31 December 2019	31 March 2020	31 December 2019
	Notes	KHR'000	KHR'000	US\$	US\$
ASSETS					
Cash on hand	6	87,138,379	105,185,581	21,409,921	25,812,413
Deposits and placements with the central bank	7	249,241,245	570,920,007	61,238,635	140,103,069
Deposits and placements with banks	8	177,949,078	77,291,436	43,722,132	18,967,224
Financial assets at fair value through other comprehensive income		61,050	61,125	15,000	15,000
Loans and advances at amortised cost	9	3,388,419,508	3,115,481,925	832,535,506	764,535,442
Statutory deposits with the central bank	10	203,208,551	187,099,453	49,928,391	45,913,976
Property and equipment	11	7,645,397	7,841,251	1,878,476	1,924,233
Right-of-use assets	12	18,148,148	19,667,508	4,459,004	4,826,382
Intangible assets	13	5,124,317	5,100,225	1,259,046	1,251,589
Deferred tax assets	14	17,363,760	9,127,261	4,266,280	2,239,819
Other assets	15	14,185,392	15,331,602	3,485,355	3,762,356
TOTAL ASSETS		<u>4,168,484,825</u>	<u>4,113,107,374</u>	<u>1,024,197,746</u>	<u>1,009,351,503</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	16	1,982,796,501	1,864,970,492	487,173,587	457,661,470
Borrowings	17	1,339,684,943	1,426,459,591	329,160,920	350,051,433
Subordinated debts	18	116,826,647	120,587,586	28,704,336	29,592,046
Debt securities	19	83,359,213	81,755,899	20,481,379	20,062,797
Lease liabilities	12	17,406,741	18,602,031	4,276,841	4,564,916
Current income tax liabilities		16,584,635	13,621,187	4,074,849	3,342,623
Employee benefits	20	4,367,399	2,850,672	1,073,071	699,551
Other liabilities	21	16,084,220	30,852,745	3,951,897	7,571,226
TOTAL LIABILITIES		<u>3,577,110,299</u>	<u>3,559,700,203</u>	<u>878,896,880</u>	<u>873,546,062</u>
EQUITY					
Share capital		224,377,400	224,377,400	55,460,850	55,460,850
Retained earnings		156,582,010	107,919,896	38,717,538	26,740,647
General reserves		210,415,116	210,415,116	51,979,374	51,979,374
Regulatory reserves	22	-	10,694,759	-	2,645,229
Other reserves		-	-	(856,896)	(1,020,659)
TOTAL EQUITY		<u>591,374,526</u>	<u>553,407,171</u>	<u>145,300,866</u>	<u>135,805,441</u>
TOTAL LIABILITIES AND EQUITY		<u>4,168,484,825</u>	<u>4,113,107,374</u>	<u>1,024,197,746</u>	<u>1,009,351,503</u>

The accompanying notes on pages 7 to 31 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

	Notes	Three-month period ended			
		31 March 2020 KHR'000	31 March 2019 KHR'000 <i>(Unreviewed and unaudited)</i>	31 March 2020 US\$	31 March 2019 US\$ <i>(Unreviewed and unaudited)</i>
Interest income	23	155,163,203	100,921,743	38,189,319	25,173,795
Interest expense	23	(67,643,573)	(35,461,364)	(16,648,677)	(8,845,439)
Net interest income	23	<u>87,519,630</u>	<u>65,460,379</u>	<u>21,540,642</u>	<u>16,328,356</u>
Fee and commission income	24	19,711,893	14,017,952	4,851,561	3,496,621
Fee and commission expense	24	(392,302)	(300,392)	(96,555)	(74,929)
Net fee and commission income	24	<u>19,319,591</u>	<u>13,717,560</u>	<u>4,755,006</u>	<u>3,421,692</u>
Other operating income		909,081	1,190,453	223,746	296,945
Other losses - net		(3,321,459)	(42,492)	(817,489)	(10,599)
Total other operating (loss)/income		<u>(2,412,378)</u>	<u>1,147,961</u>	<u>(593,743)</u>	<u>286,346</u>
Credit impairment losses	25	(17,959,831)	(4,459,210)	(4,420,337)	(1,112,300)
Net other operating loss		<u>(20,372,209)</u>	<u>(3,311,249)</u>	<u>(5,014,080)</u>	<u>(825,954)</u>
Personnel expenses	26	(27,077,573)	(21,333,646)	(6,664,429)	(5,321,438)
Depreciation and amortisation charges		(2,651,245)	(2,340,177)	(652,534)	(583,731)
Other operating expenses	27	(10,143,616)	(7,387,899)	(2,496,583)	(1,842,828)
Profit before income tax		<u>46,594,578</u>	<u>44,804,968</u>	<u>11,468,022</u>	<u>11,176,097</u>
Income tax expense	28	(8,627,223)	(4,030,981)	(2,123,363)	(1,005,483)
Profit for the period		<u>37,967,355</u>	<u>40,773,987</u>	<u>9,344,659</u>	<u>10,170,614</u>
Other comprehensive income: <i>Items that will not reclassified to profit or loss</i>					
Currency translation differences		-	-	163,763	(828)
Other comprehensive income for the period, net of tax		-	-	163,763	(828)
Total comprehensive income for the period		<u>37,967,355</u>	<u>40,773,987</u>	<u>9,508,422</u>	<u>10,169,786</u>
Profit attributable to:					
Owners of the Company		<u>37,967,355</u>	<u>40,773,987</u>	<u>9,344,659</u>	<u>10,170,614</u>
Total comprehensive income attributable to:					
Owners of the Company		<u>37,967,355</u>	<u>40,773,987</u>	<u>9,508,422</u>	<u>10,169,786</u>

The accompanying notes on pages 7 to 31 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH ENDED 31 MARCH 2020

	Attributable to owners of the Company													
	Share capital KHR'000	Retained earnings KHR'000	General reserves KHR'000	Advance capital contribution KHR'000	Regulatory reserves KHR'000	Other reserves KHR'000	Total KHR'000	Share capital US\$	Retained earnings US\$	General reserves US\$	Advance capital contribution US\$	Regulatory reserves US\$	Other reserve US\$	Total US\$
Balance at 1 January 2019	120,000,000	66,497,044	110,415,116	20,846,600	8,384,769	-	326,143,529	29,701,373	16,517,832	27,300,203	5,153,671	2,075,142	422,393	81,170,614
Profit for the period	-	40,773,987	-	-	-	-	40,773,987	-	10,170,614	-	-	-	-	10,170,614
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(828)	(828)
Total comprehensive income for the period	-	40,773,987	-	-	-	-	40,773,987	-	10,170,614	-	-	-	(828)	10,169,786
Transactions with owners in their capacity as owners:														
Transfer to share capital	20,846,600	-	-	(20,846,600)	-	-	-	5,199,950	-	-	(5,199,950)	-	-	-
Transfer to regulatory reserves	-	(436,040)	-	-	436,040	-	-	-	(108,765)	-	-	108,765	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-	46,279	-	-	46,279
Total transactions with owners	20,846,600	(436,040)	-	(20,846,600)	436,040	-	-	5,199,950	(108,765)	-	(5,153,671)	108,765	-	46,279
Balance at 31 March 2019 <i>(Unreviewed and unaudited)</i>	140,846,600	106,834,991	110,415,116	-	8,820,809	-	366,917,516	34,901,323	26,579,681	27,300,203	-	2,183,907	421,565	91,386,679
Balance at 1 January 2020	224,377,400	107,919,896	210,415,116	-	10,694,759	-	553,407,171	55,460,850	26,740,647	51,979,374	-	2,645,229	(1,020,659)	135,805,441
Profit for the period	-	37,967,355	-	-	-	-	37,967,355	-	9,344,659	-	-	-	-	9,344,659
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	163,763	163,763
Total comprehensive income for the period	-	37,967,355	-	-	-	-	37,967,355	-	9,344,659	-	-	-	163,763	9,508,422
Transactions with owners in their capacity as owners:														
Transfer to regulatory reserves	-	10,694,759	-	-	(10,694,759)	-	-	-	2,632,232	-	-	(2,632,232)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	(12,997)	-	(12,997)
Total transactions with owners	-	10,694,759	-	-	(10,694,759)	-	-	-	2,632,232	-	-	(2,645,229)	-	(12,997)
Balance at 31 March 2020	224,377,400	156,582,010	210,415,116	-	-	-	591,374,526	55,460,850	38,717,538	51,979,374	-	-	(856,896)	145,300,866

The accompanying notes on pages 7 to 31 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

	Notes	Three-month period ended			
		31 March 2020 KHR'000	31 March 2019 KHR'000 <i>(Unreviewed and unaudited)</i>	31 March 2020 US\$	31 March 2019 US\$ <i>(Unreviewed and unaudited)</i>
Cash flows from operating activities					
Cash used in operations	29	(223,078,215)	(179,658,696)	(54,904,805)	(44,813,843)
Interest received		156,995,851	100,386,320	38,640,377	25,040,239
Interest paid		(61,191,931)	(29,586,459)	(15,060,776)	(7,380,010)
Income tax paid		(13,900,274)	(21,646,949)	(3,421,185)	(5,399,588)
Cash used in operating activities		(141,174,569)	(130,505,784)	(34,746,389)	(32,553,202)
Cash flows from investing activities					
Capital guarantee deposits		-	(2,084,660)	-	(519,995)
Deposits and placements with the central bank - maturity more than three months		(404,330)	-	(99,515)	-
Purchases of property and equipment	11	(890,262)	(632,887)	(219,114)	(157,867)
Purchases of intangible assets	13	(154,923)	(48,490)	(38,130)	(12,095)
Proceeds from disposals of property and equipment		14,302	12,231	3,520	3,051
Cash used in investing activities		(1,435,213)	(2,753,806)	(353,239)	(686,906)
Cash flows from financing activities					
Proceeds from issuance of share capital		-	20,846,600	-	5,199,950
Advance capital contribution		-	(20,846,600)	-	(5,199,950)
Proceeds from borrowings		101,100,362	160,557,268	24,883,180	40,049,206
Repayments of borrowings		(190,158,126)	(84,685,488)	(46,802,394)	(21,123,843)
Proceeds from subordinated debts		-	4,080,400	-	1,017,810
Repayments of subordinated debts		(4,115,093)	(4,018,000)	(1,012,821)	(1,002,245)
Principal element of lease payment		(1,166,326)	(1,662,197)	(287,060)	(414,616)
Cash (used in)/generated from financing activities		(94,339,183)	74,271,983	(23,219,095)	18,526,312
Net decrease in cash and cash equivalents		(236,948,965)	(58,987,607)	(58,318,723)	(14,713,796)
Cash and cash equivalents at beginning of period		752,231,266	369,337,050	185,141,833	92,126,977
Currency translation differences		-	-	(218,122)	(115,686)
Cash and cash equivalents at end of period		515,282,301	310,349,443	126,604,988	77,297,495

The accompanying notes on pages 7 to 31 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

1. GENERAL INFORMATION

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

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

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

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

The Company has 79 office locations (78 branches and a head office in Phnom Penh). The Company’s registered office is at Building No. 666B, Street 271, Sangkat Boeung Tumpun 2, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia.

The condensed interim financial information was authorised to issue by the Board of Directors on 29 May 2020.

This condensed interim financial information for the three-month period ended 31 March 2020 has been reviewed, but not audited.

2. BASIS OF PREPARATION

This condensed interim financial information for the three-month period ended 31 March 2020 has been prepared in accordance with Cambodian International Accounting Standard 34 - Interim financial reporting (CIAS 34).

This condensed interim financial information does not include all the notes of the type normally included in the annual audited financial statements. Accordingly, this report is to be read in conjunction with the annual audited financial statements for the year ended 31 December 2019, which have been prepared in accordance with Cambodian International Financial Reporting Standards (CIFRS).

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

The comparative information for the condensed statement of profit or loss and other comprehensive income, changes in equity and cash flows, and related explanatory notes for the three-month period ended 31 March 2019 has not been audited or reviewed.

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

2. BASIS OF PREPARATION (continued)

New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period. Those standards and amendments have no impact as a result the Company did not have to change its accounting policies or make retrospective adjustments.

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The novel coronavirus (COVID-19) declared as pandemic has spread into Cambodia since late January 2020. Since then, the country is facing sustained risk of further national spread causing disruption to business and economic activity. The impact of this pandemic on the macroeconomic forecasts are incorporated into the Company's CIFRS9 estimates of expected credit loss provisions in 2020.

An additional impairment loss for the loans and advances to customers are recognised which resulted from the impact of changes in macroeconomic forecasts.

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

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period are outlined below:

i) Measurement of expected credit loss allowance

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from credit commitments. The measurement of ECL allowance reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Management noted the impact of COVID-19 pandemic on its assessment of the ECL allowance on its financial assets, and management has made specific to the allowance for impairment for the reporting period.

The other significant estimates, assumptions and judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual audited financial statements for the year ended 31 December 2019.

ii) Functional 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 Central Bank, staff costs, the source of equity funding in which the Company receives share subscriptions from and the distribution of dividends to its shareholders.

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

5. SEGMENT REVENUE AND INFORMATION

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

6. CASH ON HAND

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
<i>Current:</i>				
Khmer Riel	16,892,898	20,383,956	4,150,589	5,002,198
US Dollars	67,817,913	81,937,814	16,662,878	20,107,439
Thai Baht	2,427,568	2,863,811	596,454	702,776
	<u>87,138,379</u>	<u>105,185,581</u>	<u>21,409,921</u>	<u>25,812,413</u>

7. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
<i>Current:</i>				
Settlement accounts	3,459,306	2,677,807	849,952	657,131
Current accounts	245,177,428	568,042,019	60,240,154	139,396,814
Negotiable certificate of deposits	604,511	200,181	148,529	49,124
	<u>249,241,245</u>	<u>570,920,007</u>	<u>61,238,635</u>	<u>140,103,069</u>

The Company has pledged negotiable certificate of deposits amounting to KHR 400,000 thousand (31 December 2019: KHR 200,000 thousand) with the central bank as collateral for settlement clearing accounts.

Annual interest rates of deposits and placements with the central bank are as follows:

	<u>31 March 2020</u>	<u>31 December 2019</u>
Settlement accounts	0.00%	0.00%
Savings accounts	0.00%	0.00%
Negotiable certificates of deposits	0.61% - 0.69%	0.61%

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

8. DEPOSITS AND PLACEMENTS WITH BANKS

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Current - deposits and placements with local banks:				
Savings deposits	87,191,539	41,598,705	21,422,983	10,208,271
Current accounts	<u>92,315,649</u>	<u>36,473,452</u>	<u>22,681,977</u>	<u>8,950,541</u>
	179,507,188	78,072,157	44,104,960	19,158,812
Less: Allowance for expected credit loss	<u>(1,558,110)</u>	<u>(780,721)</u>	<u>(382,828)</u>	<u>(191,588)</u>
	<u>177,949,078</u>	<u>77,291,436</u>	<u>43,722,132</u>	<u>18,967,224</u>

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

	31 March 2020	31 December 2019
Current accounts	0% – 1.75%	0% – 1.75%
Savings accounts	0% – 2.00%	0% – 2.00%

9. LOANS AND ADVANCES

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
<i>At amortised cost</i>				
Group loans:				
Fixed term	13,876,709	17,609,593	3,409,511	4,321,373
End of cycle	<u>388,820,198</u>	<u>329,854,709</u>	<u>95,533,218</u>	<u>80,945,941</u>
	<u>402,696,907</u>	<u>347,464,302</u>	<u>98,942,729</u>	<u>85,267,314</u>
Individual loans:				
Fixed term	2,722,272,828	2,495,764,137	668,863,104	612,457,457
End of cycle	<u>290,678,433</u>	<u>282,940,994</u>	<u>71,419,762</u>	<u>69,433,373</u>
	<u>3,012,951,261</u>	<u>2,778,705,131</u>	<u>740,282,866</u>	<u>681,890,830</u>
Staff loans	<u>21,574,876</u>	<u>20,603,698</u>	<u>5,300,952</u>	<u>5,056,122</u>
Total gross loans	<u>3,437,223,044</u>	<u>3,146,773,131</u>	<u>844,526,547</u>	<u>772,214,266</u>
Less: Allowance for expected credit loss	<u>(48,803,536)</u>	<u>(31,291,206)</u>	<u>(11,991,041)</u>	<u>(7,678,824)</u>
Total net loans	<u>3,388,419,508</u>	<u>3,115,481,925</u>	<u>832,535,506</u>	<u>764,535,442</u>

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

(a) Analysis by industry

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Trade and commerce	557,030,178	493,234,369	136,862,452	121,039,109
Services	439,379,060	420,091,494	107,955,543	103,089,937
Manufacturing	17,123,341	16,353,875	4,207,209	4,013,221
Transportation	40,670,552	36,750,608	9,992,765	9,018,554
Agriculture	1,145,236,447	1,075,119,979	281,384,876	263,833,125
Construction	347,589,506	297,546,619	85,402,827	73,017,575
Household/family	882,350,863	798,344,204	216,793,824	195,912,688
Others	7,843,097	9,331,983	1,927,051	2,290,057
Total gross loans	<u>3,437,223,044</u>	<u>3,146,773,131</u>	<u>844,526,547</u>	<u>772,214,266</u>

(b) Analysis by loan classification

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
<i>Performing</i>				
Gross amount	<u>3,407,058,013</u>	<u>3,127,350,043</u>	<u>837,114,992</u>	<u>767,447,864</u>
Exposure at default	<u>3,407,058,013</u>	<u>3,127,350,043</u>	<u>837,114,992</u>	<u>767,447,864</u>
Allowance for expected credit loss	<u>(37,778,521)</u>	<u>(24,377,268)</u>	<u>(9,282,192)</u>	<u>(5,982,152)</u>
<i>Under-performing</i>				
Gross amount	<u>9,129,931</u>	<u>3,646,766</u>	<u>2,243,226</u>	<u>894,912</u>
Exposure at default	<u>9,129,931</u>	<u>3,646,766</u>	<u>2,243,226</u>	<u>894,912</u>
Allowance for expected credit loss	<u>(1,548,901)</u>	<u>(552,581)</u>	<u>(380,565)</u>	<u>(135,603)</u>
<i>Non-performing</i>				
Gross amount	<u>21,035,100</u>	<u>15,776,322</u>	<u>5,168,329</u>	<u>3,871,490</u>
Exposure at default	<u>21,035,100</u>	<u>15,776,322</u>	<u>5,168,329</u>	<u>3,871,490</u>
Allowance for expected credit loss	<u>(9,476,114)</u>	<u>(6,361,357)</u>	<u>(2,328,284)</u>	<u>(1,561,069)</u>
Total gross loans	<u>3,437,223,044</u>	<u>3,146,773,131</u>	<u>844,526,547</u>	<u>772,214,266</u>
Exposure at default	<u>3,437,223,044</u>	<u>3,146,773,131</u>	<u>844,526,547</u>	<u>772,214,266</u>
Allowance for expected credit loss	<u>(48,803,536)</u>	<u>(31,291,206)</u>	<u>(11,991,041)</u>	<u>(7,678,824)</u>

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9. LOANS AND ADVANCES (continued)

(c) Analysis by maturity

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Not later than 1 year	233,860,331	217,135,654	57,459,541	53,284,823
Later than 1 year and no later than 3 years	1,225,931,762	1,123,912,583	301,211,735	275,806,769
Later than 3 years and no later than 5 years	122,055,147	1,682,330,381	29,988,980	412,841,811
Later than 5 years	1,855,375,804	123,394,513	455,866,291	30,280,863
Total gross loans	<u>3,437,223,044</u>	<u>3,146,773,131</u>	<u>844,526,547</u>	<u>772,214,266</u>

(d) Analysis by exposure

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Large exposure	-	-	-	-
Non-large exposure	<u>3,437,223,044</u>	<u>3,146,773,131</u>	<u>844,526,547</u>	<u>772,214,266</u>
Total gross loans	<u>3,437,223,044</u>	<u>3,146,773,131</u>	<u>844,526,547</u>	<u>772,214,266</u>

Large exposure is defined by the central bank as overall credit exposure to any individual beneficiary which exceeds 10% of the Company's net worth.

(e) Analysis by relationship

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Related parties (including staff loans)	21,574,876	17,596,880	5,300,952	4,318,253
Non-related parties	<u>3,415,648,168</u>	<u>3,129,176,251</u>	<u>839,225,595</u>	<u>767,896,013</u>
Total gross loans	<u>3,437,223,044</u>	<u>3,146,773,131</u>	<u>844,526,547</u>	<u>772,214,266</u>

(f) Analysis by residency

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Residents	3,437,223,044	3,146,773,131	844,526,547	772,214,266
Non-residents	-	-	-	-
Total gross loans	<u>3,437,223,044</u>	<u>3,146,773,131</u>	<u>844,526,547</u>	<u>772,214,266</u>

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

(g) Interest rates

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

	<u>31 March 2020</u>	<u>31 December 2019</u>
Short term loans	11.00% – 18.00%	11.00% – 18.00%
Long term loans	9.65% – 18.00%	9.87% – 18.00%

(h) Allowance for expected credit loss

	<u>31 March 2020 KHR'000</u>	<u>31 December 2019 KHR'000</u>	<u>31 March 2020 US\$</u>	<u>31 December 2019 US\$</u>
12-month ECL (Stage 1)	37,778,521	24,377,268	9,282,192	5,982,152
Lifetime ECL-not credit impaired (Stage 2)	1,548,901	552,581	380,565	135,603
Lifetime ECL-credit impaired (Stage 3)	<u>9,476,114</u>	<u>6,361,357</u>	<u>2,328,284</u>	<u>1,561,069</u>
	<u>48,803,536</u>	<u>31,291,206</u>	<u>11,991,041</u>	<u>7,678,824</u>

(i) Expected credit loss reconciliation – loans and advances

	<u>Stage 1 12-month ECL KHR'000</u>	<u>Stage 2 Lifetime ECL not Credit- Impaired KHR'000</u>	<u>Stage 3 Lifetime ECL Credit- Impaired KHR'000</u>	<u>Total KHR'000</u>
Expected Credit Losses				
Loss allowance as at 1 January 2020	24,377,268	552,581	6,361,357	31,291,206
<i>Changes due to exposure:</i>				
Transfer to stage 1	3,396	(2,149)	(1,247)	-
Transfer to stage 2	(241,746)	262,072	(20,326)	-
Transfer to stage 3	(133,247)	(403,071)	536,318	-
Net remeasurement of loss allowance (*)	6,589,861	16,098	1,124,419	7,730,378
New financial assets originated or purchased	9,206,948	1,174,231	1,116,964	11,498,143
Financial assets derecognised during the period other than write off	(1,910,761)	(46,220)	(89,727)	(2,046,708)
Unwinding of discount	-	-	475,326	475,326
Foreign exchange differences	<u>(113,198)</u>	<u>(4,641)</u>	<u>(26,970)</u>	<u>(144,809)</u>
Loss allowance as at 31 March 2020	<u>37,778,521</u>	<u>1,548,901</u>	<u>9,476,114</u>	<u>48,803,536</u>
<i>In US\$ equivalent</i>	<u>9,282,192</u>	<u>380,565</u>	<u>2,328,284</u>	<u>11,991,041</u>

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

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

9. LOANS AND ADVANCES (continued)

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

	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	KHR'000
	KHR'000	KHR'000	KHR'000	KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 2020	3,127,350,043	3,646,766	15,776,322	3,146,773,131
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	479,403	(282,484)	(196,919)	-
Transfer to stage 2	(8,774,721)	8,835,190	(60,469)	-
Transfer to stage 3	(936,076)	(2,614,461)	3,550,537	-
New financial assets originated or purchased	844,232,714	43,554	-	844,276,268
Financial assets derecognised during the period other than write off	(555,293,350)	(498,634)	1,965,629	(553,826,355)
Gross carrying amount as at 31 March 2020	<u>3,407,058,013</u>	<u>9,129,931</u>	<u>21,035,100</u>	<u>3,437,223,044</u>
<i>In US\$ equivalent</i>	<u>837,114,992</u>	<u>2,243,226</u>	<u>5,168,329</u>	<u>844,526,547</u>
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	
	KHR'000	Impaired	Impaired	KHR'000
	KHR'000	KHR'000	KHR'000	KHR'000
Expected Credit Losses				
Loss allowance as at 1 January 2019	14,482,901	438,766	6,774,028	21,695,695
<i>Changes due to exposure:</i>				
Transfer to stage 1	65,602	(29,635)	(35,967)	-
Transfer to stage 2	(110,764)	231,435	(120,671)	-
Transfer to stage 3	(162,961)	(318,094)	481,055	-
Net remeasurement of loss allowance	(611,986)	(3,269)	44,100	(571,155)
New financial assets originated or purchased	5,905,820	356,075	642,620	6,904,515
Financial assets derecognised during the period other than write off	(1,627,529)	(30,258)	(173,381)	(1,831,168)
Foreign exchange differences	15,228	547	6,461	22,236
Loss allowance as at 31 March 2019	<u>17,956,311</u>	<u>645,567</u>	<u>7,618,245</u>	<u>26,220,123</u>
<i>In US\$ equivalent</i>	<u>4,472,307</u>	<u>160,789</u>	<u>1,897,446</u>	<u>6,530,542</u>

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

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

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 2019	1,925,376,214	2,666,446	16,047,786	1,944,090,446
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	325,330	(221,643)	(103,687)	-
Transfer to stage 2	(3,408,800)	3,779,160	(370,360)	-
Transfer to stage 3	(822,726)	(1,844,717)	2,667,443	-
New financial assets originated or purchased	730,330,983	-	10,172	730,341,155
Financial assets derecognised during the period other than write off	<u>(413,946,504)</u>	<u>(459,240)</u>	<u>1,920,815</u>	<u>(412,484,929)</u>
Gross carrying amount as at 31 March 2019	<u>2,237,854,497</u>	<u>3,920,006</u>	<u>20,172,169</u>	<u>2,261,946,672</u>
<i>In US\$ equivalent</i>	<u>557,373,474</u>	<u>976,340</u>	<u>5,024,201</u>	<u>563,374,015</u>

10. STATUTORY DEPOSITS WITH THE CENTRAL BANK

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
<i>Current</i>				
Reserve requirement	180,605,287	164,661,713	44,374,763	40,407,782
<i>Non-current</i>				
Capital guarantee deposits	<u>22,603,264</u>	<u>22,437,740</u>	<u>5,553,628</u>	<u>5,506,194</u>
	<u>203,208,551</u>	<u>187,099,453</u>	<u>49,928,391</u>	<u>45,913,976</u>

Annual interest rates of statutory deposits with the central bank are as follows:

	<u>31 March 2020</u>	<u>31 December 2019</u>
Reserve requirement	0.00%	0.00%
Capital guarantee	3.00%	3.00%

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11. PROPERTY AND EQUIPMENT

	Furniture and equipment KHR'000	Motor vehicles KHR'000	Computer equipment KHR'000	Leasehold improvement KHR'000	Total KHR'000
As at 31 December 2019					
Cost	3,801,978	13,168,697	11,514,920	1,600,256	30,085,851
Accumulated depreciation	(2,708,606)	(11,680,536)	(7,106,314)	(749,144)	(22,244,600)
Net book amount	<u>1,093,372</u>	<u>1,488,161</u>	<u>4,408,606</u>	<u>851,112</u>	<u>7,841,251</u>
<i>In US\$ equivalents</i>	<u>268,312</u>	<u>365,193</u>	<u>1,081,867</u>	<u>208,861</u>	<u>1,924,233</u>
Three-month period ended 31 March 2020					
Opening net book amount	1,093,372	1,488,161	4,408,606	851,112	7,841,251
Additions	205,125	198,606	473,128	13,403	890,262
Depreciation charge	(135,833)	(205,166)	(685,936)	(59,181)	(1,086,116)
Closing net book amount	<u>1,162,664</u>	<u>1,481,601</u>	<u>4,195,798</u>	<u>805,334</u>	<u>7,645,397</u>
As at 31 March 2020					
Cost	4,007,103	13,367,303	11,988,048	1,613,659	30,976,113
Accumulated depreciation	(2,844,439)	(11,885,702)	(7,792,250)	(808,325)	(23,330,716)
Net book amount	<u>1,162,664</u>	<u>1,481,601</u>	<u>4,195,798</u>	<u>805,334</u>	<u>7,645,397</u>
<i>In US\$ equivalents</i>	<u>285,667</u>	<u>364,030</u>	<u>1,030,909</u>	<u>197,870</u>	<u>1,878,476</u>

12. LEASES

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

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

(i) Amounts recognised in the statement of financial position

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
<i>Right-of-use assets (Non-current)</i>				
Buildings	<u>18,148,148</u>	<u>19,667,508</u>	<u>4,459,004</u>	<u>4,826,382</u>
	<u>18,148,148</u>	<u>19,667,508</u>	<u>4,459,004</u>	<u>4,826,382</u>
<i>Lease liabilities</i>				
Current	1,067,486	4,321,097	262,282	1,060,392
Non-current	<u>16,339,255</u>	<u>14,280,934</u>	<u>4,014,559</u>	<u>3,504,524</u>
	<u>17,406,741</u>	<u>18,602,031</u>	<u>4,276,841</u>	<u>4,564,916</u>

Right-of-use assets' additions during the period were KHR 699,126,000 (2019: KHR 6,452,378).

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12. LEASES (continued)

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

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

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000 <i>(Unreviewed and unaudited)</i>	31 March 2020 US\$	31 March 2019 US\$ <i>(Unreviewed and unaudited)</i>
<i>Depreciation of right-of-use assets</i>				
Buildings	1,434,730	1,297,861	353,121	323,737
Interest expense (Note 23)	356,679	334,572	87,787	83,455
Expense relating to short-term lease and leases of low-value assets (included in operating expenses)	1,135,167	711,212	279,391	177,404
Total expenses related to leases	2,926,576	2,343,645	720,299	584,596

13. INTANGIBLE ASSETS

	Software and license KHR'000	Work in progress KHR'000	Total KHR'000
As at 31 December 2019			
Cost	5,112,580	966,924	6,079,504
Accumulated amortisation	(979,279)	-	(979,279)
Net book amount	4,133,301	966,924	5,100,225
<i>In US\$ equivalents</i>	1,014,307	237,282	1,251,589
Three-month period ended 31 March 2020			
Opening net book amount	4,133,301	966,924	5,100,225
Additions	93,248	61,675	154,923
Amortisation charge	(130,831)	-	(130,831)
Closing net book amount	4,095,718	1,028,599	5,124,317
As at 31 March 2020			
Cost	5,205,828	1,028,599	6,234,427
Accumulated amortisation	(1,110,110)	-	(1,110,110)
Net book amount	4,095,718	1,028,599	5,124,317
<i>In US\$ equivalents</i>	1,006,319	252,727	1,259,046

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

14. DEFERRED TAX ASSETS

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
<i>Non-current</i>				
Deferred tax assets	20,993,390	9,127,261	5,158,081	2,239,819
Deferred tax liabilities	(3,629,630)	-	(891,801)	-
Net deferred tax assets	<u>17,363,760</u>	<u>9,127,261</u>	<u>4,266,280</u>	<u>2,239,819</u>

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 2019	4,303,314	-	-	207,666	1,620,202	1,898,373	8,029,555
(Charged)/credited to profit or loss	<u>2,316,127</u>	<u>-</u>	<u>-</u>	<u>(25,240)</u>	<u>354,792</u>	<u>(1,547,973)</u>	<u>1,097,706</u>
As at 31 December 2019	<u>6,619,441</u>	<u>-</u>	<u>-</u>	<u>182,426</u>	<u>1,974,994</u>	<u>350,400</u>	<u>9,127,261</u>
<i>In US\$ equivalent</i>	<u>1,624,403</u>	<u>-</u>	<u>-</u>	<u>44,767</u>	<u>484,661</u>	<u>85,988</u>	<u>2,239,819</u>
As at 1 January 2020	6,619,441	-	-	182,426	1,974,994	350,400	9,127,261
(Charged)/credited to profit or loss	<u>901,768</u>	<u>6,617,635</u>	<u>3,481,348</u>	<u>48,859</u>	<u>106,756</u>	<u>709,763</u>	<u>11,866,129</u>
As at 31 March 2020	<u>7,521,209</u>	<u>6,617,635</u>	<u>3,481,348</u>	<u>231,285</u>	<u>2,081,750</u>	<u>1,060,163</u>	<u>20,993,390</u>
<i>In US\$ equivalent</i>	<u>1,847,963</u>	<u>1,625,955</u>	<u>855,368</u>	<u>56,827</u>	<u>511,487</u>	<u>260,481</u>	<u>5,158,081</u>

Deferred tax liabilities

	Right-of-use assets KHR'000	Total KHR'000
As at 1 January 2019	-	-
Charged/(credited) to profit or loss	<u>-</u>	<u>-</u>
As at 31 December 2019	<u>-</u>	<u>-</u>
<i>In US\$ equivalent</i>	<u>-</u>	<u>-</u>
As at 1 January 2020	-	-
Charged/(credited) to profit or loss	<u>3,629,630</u>	<u>3,629,630</u>
As at 31 March 2020	<u>3,629,630</u>	<u>3,629,630</u>
<i>In US\$ equivalent</i>	<u>891,801</u>	<u>891,801</u>

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15. OTHER ASSETS

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Account receivables	7,586,747	8,443,974	1,864,066	2,072,141
Prepayments	3,505,732	2,805,013	861,360	688,347
Office and house rental deposits	703,941	617,192	172,958	151,458
Supplies	203,511	232,041	50,003	56,943
Others	2,185,461	3,233,382	536,968	793,467
	<u>14,185,392</u>	<u>15,331,602</u>	<u>3,485,355</u>	<u>3,762,356</u>
	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Current	13,481,451	14,714,410	3,312,397	3,610,898
Non-current	703,941	617,192	172,958	151,458
	<u>14,185,392</u>	<u>15,331,602</u>	<u>3,485,355</u>	<u>3,762,356</u>

16. DEPOSITS FROM CUSTOMERS

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Savings deposits	162,114,793	166,048,516	39,831,644	40,748,102
Fixed deposits	1,781,233,432	1,661,618,338	437,649,492	407,759,101
	<u>1,943,348,225</u>	<u>1,827,666,854</u>	<u>477,481,136</u>	<u>448,507,203</u>
Accrued interest payables	39,448,276	37,303,638	9,692,451	9,154,267
	<u>1,982,796,501</u>	<u>1,864,970,492</u>	<u>487,173,587</u>	<u>457,661,470</u>
	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Current	1,420,592,368	1,304,777,502	349,039,894	320,190,798
Non-current	562,204,133	560,192,990	138,133,693	137,470,672
	<u>1,982,796,501</u>	<u>1,864,970,492</u>	<u>487,173,587</u>	<u>457,661,470</u>

Annual interest rates for deposits from customers are as follows:

	<u>31 March 2020</u>	<u>31 December 2019</u>
Savings deposits	1.00% - 5.00%	1.00% - 5.00%
Fixed deposits	5.25% - 8.50%	5.25% - 8.50%

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17. BORROWINGS

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Current borrowings				
Overdraft	-	1,746,299	-	428,540
Others current borrowings	<u>112,804,302</u>	<u>289,177,846</u>	<u>27,716,043</u>	<u>70,963,889</u>
	112,804,302	290,924,145	27,716,043	71,392,429
Non-current borrowings	<u>1,226,880,641</u>	<u>1,135,535,446</u>	<u>301,444,877</u>	<u>278,659,004</u>
	<u>1,339,684,943</u>	<u>1,426,459,591</u>	<u>329,160,920</u>	<u>350,051,433</u>

During the period, the Company obtained additional borrowings of KHR 89,900,362 thousand (US\$20,895,979). The annual interest rates are ranging from 5.50% to 8.82% (2019: 5.50% to 9.88%).

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Principal amount	1,324,382,124	1,413,439,888	325,401,013	346,856,414
Interest payables	<u>15,302,819</u>	<u>13,019,703</u>	<u>3,759,907</u>	<u>3,195,019</u>
	<u>1,339,684,943</u>	<u>1,426,459,591</u>	<u>329,160,920</u>	<u>350,051,433</u>

18. SUBORDINATED DEBTS

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Non-current	<u>116,826,647</u>	<u>120,587,586</u>	<u>28,704,336</u>	<u>29,592,046</u>

The annual interest rates are ranging from 10.17% to 12.21% (2019: 10.17% to 12.21%).

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Principal amount	114,290,642	118,405,735	28,081,239	29,056,622
Interest payables	<u>2,536,005</u>	<u>2,181,851</u>	<u>623,097</u>	<u>535,424</u>
	<u>116,826,647</u>	<u>120,587,586</u>	<u>28,704,336</u>	<u>29,592,046</u>

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19. DEBT SECURITIES

The Company issued bond payables on 26 April 2019 with par value in amount of KHR 80,000,000 thousand with maturity date for three-year period. These bonds are divided into two types as plain bond and foreign exchange-indexed bond with coupon rate of 9% and 8% per annum, respectively.

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Current	2,894,281	1,224,548	711,125	300,502
Non-current	80,464,932	80,531,351	19,770,254	19,762,295
	<u>83,359,213</u>	<u>81,755,899</u>	<u>20,481,379</u>	<u>20,062,797</u>
	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Principal amount	80,464,932	80,531,351	19,770,254	19,762,295
Interest payables	2,894,281	1,224,548	711,125	300,502
	<u>83,359,213</u>	<u>81,755,899</u>	<u>20,481,379</u>	<u>20,062,797</u>

20. EMPLOYEE BENEFITS

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
<i>Provision on seniority payment:</i>				
Current	1,541,079	-	378,643	-
Non-current	2,826,320	2,850,672	694,428	699,551
	<u>4,367,399</u>	<u>2,850,672</u>	<u>1,073,071</u>	<u>699,551</u>

21. OTHER LIABILITIES

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Tax payables	2,805,459	2,058,690	689,302	505,200
Staff bonuses and incentives	7,901,152	22,379,018	1,941,315	5,491,784
Accrued expenses	2,162,953	1,608,425	531,438	394,706
Others	3,214,656	4,806,612	789,842	1,179,536
	<u>16,084,220</u>	<u>30,852,745</u>	<u>3,951,897</u>	<u>7,571,226</u>

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21. OTHER LIABILITIES (continued)

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Current	9,222,725	26,447,847	2,266,026	6,490,269
Non-current	6,861,495	4,404,898	1,685,871	1,080,957
	<u>16,084,220</u>	<u>30,852,745</u>	<u>3,951,897</u>	<u>7,571,226</u>

22. REGULATORY RESERVES

As at the reporting date, the accumulated regulatory provision is lower than the accumulated impairment based on CIFRS 9, so the regulatory reserve is reversed to retained earnings.

23. NET INTEREST INCOME

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
<i>Interest income from financial assets at amortised cost</i>				
Loans and advances	154,850,921	100,677,697	38,112,459	25,112,921
Deposits and placements with banks	145,927	150,034	35,916	37,424
Deposits and placements with the central bank	166,355	94,012	40,944	23,450
Total interest income	<u>155,163,203</u>	<u>100,921,743</u>	<u>38,189,319</u>	<u>25,173,795</u>
<i>Interest expense on financial liabilities at amortised cost</i>				
Deposits from customers	(34,539,746)	(17,799,452)	(8,501,045)	(4,439,873)
Borrowings	(27,892,897)	(15,052,126)	(6,865,099)	(3,754,584)
Subordinated debts	(3,184,518)	(2,275,214)	(783,785)	(567,527)
Debt securities	(1,669,733)	-	(410,961)	-
Lease liabilities	(356,679)	(334,572)	(87,787)	(83,455)
	<u>(67,643,573)</u>	<u>(35,461,364)</u>	<u>(16,648,677)</u>	<u>(8,845,439)</u>
Net interest income	<u>87,519,630</u>	<u>65,460,379</u>	<u>21,540,642</u>	<u>16,328,356</u>

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24. NET FEE AND COMMISSION INCOME

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
Fee and commission income				
Fees and commission income on loans	1,010,398	1,246,332	248,683	310,884
Penalty income	5,250,847	1,709,752	1,292,357	426,478
Other fees	13,450,648	11,061,868	3,310,521	2,759,259
	<u>19,711,893</u>	<u>14,017,952</u>	<u>4,851,561</u>	<u>3,496,621</u>
Fee and commission expense	<u>(392,302)</u>	<u>(300,392)</u>	<u>(96,555)</u>	<u>(74,929)</u>
Net fee and commission income	<u>19,319,591</u>	<u>13,717,560</u>	<u>4,755,006</u>	<u>3,421,692</u>

25. CREDIT IMPAIRMENT LOSSES

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
<i>Expected Credit Loss (ECL):</i>				
Loans and advances	17,181,813	4,454,122	4,228,848	1,111,031
Deposits and placements with banks	<u>778,018</u>	<u>5,088</u>	<u>191,489</u>	<u>1,269</u>
	<u>17,959,831</u>	<u>4,459,210</u>	<u>4,420,337</u>	<u>1,112,300</u>

26. PERSONNEL EXPENSES

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
Salaries and wage expenses	24,631,154	19,198,807	6,062,307	4,788,927
Other benefits	<u>2,446,419</u>	<u>2,134,839</u>	<u>602,122</u>	<u>532,511</u>
	<u>27,077,573</u>	<u>21,333,646</u>	<u>6,664,429</u>	<u>5,321,438</u>

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27. GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
Advertising	312,472	287,206	76,907	71,640
Professional fees	982,247	475,090	241,754	118,506
Repairs and maintenance	106,347	75,016	26,175	18,712
Vehicle expenses	928,881	826,901	228,619	206,261
Office supplies and stationery	856,010	514,706	210,684	128,388
Communication	413,924	361,210	101,876	90,100
Utilities	385,939	372,518	94,989	92,920
Rental	1,135,167	711,212	279,391	177,404
Security guard	312,178	283,896	76,834	70,815
Insurance	1,482,448	817,893	364,865	204,014
Board of directors' expenses (Note 30 (e))	168,274	169,165	41,416	42,196
Charitable contributions	121,853	34,326	29,991	8,562
Others	2,937,876	2,458,760	723,082	613,310
	10,143,616	7,387,899	2,496,583	1,842,828

28. INCOME TAX EXPENSE

(a) Income tax expense

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
Current income tax	16,863,722	4,467,405	4,150,559	1,114,344
Deferred income tax	(8,236,499)	(436,424)	(2,027,196)	(108,861)
	8,627,223	4,030,981	2,123,363	1,005,483

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28. INCOME TAX EXPENSE (continued)

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000 <i>(Unreviewed and unaudited)</i>	31 March 2020 US\$	31 March 2019 US\$ <i>(Unreviewed and unaudited)</i>
Profit before income tax	46,594,578	44,804,968	11,468,023	11,176,096
Tax expenses at 20%	9,318,916	4,480,497	2,293,605	1,117,610
Tax effect of reconciling items:				
Expenses not deductible for tax purposes	102,661	85,550	25,267	21,339
Unrecognised previous deferred tax	(794,354)	(535,066)	(195,509)	(133,466)
Income tax expense	<u>8,627,223</u>	<u>4,030,981</u>	<u>2,123,363</u>	<u>1,005,483</u>

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

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

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

- Issue bond size is more than 20% of total assets, the reduction on tax on profit at 50%.
- Issue bond size is 20% or less than total assets, the reduction on tax on profit is based on a pro-rata basis but the tax incentive amount should not exceed KHR 80,000 million.

As at 31 March 2020, the Company's bond issuance was approximately 2% of total assets and the tax reduction incentive was insignificant. The Company estimated income tax liabilities at 20% tax rate for the three-month period ended 31 March 2020. For the three-month period ended 31 March 2019, the Company income tax liabilities was at 10% as the Company received full tax reduction for the year ended 31 December 2019.

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29. CASH FLOW FROM OPERATING ACTIVITIES

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000 <i>(Unreviewed and unaudited)</i>	31 March 2020 US\$	31 March 2019 US\$ <i>(Unreviewed and unaudited)</i>
Profit before income tax	46,594,578	44,804,968	11,468,022	11,176,097
<i>Adjustments for:</i>				
Depreciation and amortisation charges	2,651,245	2,340,177	652,534	583,731
Credit impairment losses (Note 25)	17,959,831	4,459,210	4,420,337	1,112,300
Gain on disposals of property and equipment	(13,869)	(10,395)	(3,413)	(2,593)
Provision for employee benefits	1,516,727	393,982	373,302	98,274
Unrealised exchange losses	2,066,337	3,342,281	508,574	833,694
Net interest income (Note 23)	(87,519,630)	(65,460,379)	(21,540,642)	(16,328,356)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(15,943,574)	(26,069,490)	(3,924,089)	(6,502,741)
Loans and advances	(292,448,916)	(317,414,815)	(71,978,567)	(79,175,559)
Other assets	1,146,210	(3,032,023)	282,109	(756,304)
Deposits from customers	115,681,371	192,620,637	28,471,910	48,047,053
Other liabilities	(14,768,525)	(15,632,849)	(3,634,882)	(3,899,439)
Cash used in operations	<u>(223,078,215)</u>	<u>(179,658,696)</u>	<u>(54,904,805)</u>	<u>(44,813,843)</u>

30. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Related parties and relationship

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

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

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30. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Loans and advances to shareholders

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Loans to shareholders	136,279	142,654	33,484	35,007
Interest receivable	167	174	41	43
	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
Interest income	10,107	4,047	2,487	1,010

Loans and advances to shareholders are unsecured and having interest rate of 11% to 12% per annum.

(c) Loans and advances to key management personnel

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Loans to key management personnel	1,230,905	113,237	302,434	27,788
Interest receivable	1,414	151	347	37
	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
Interest income	88,221	26,473	21,713	6,603

Loans and advances to key management personnel are secured and having interest rate of 9.65% to 18% per annum.

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30. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(d) Deposits from related parties

	31 March 2020 KHR'000	31 December 2019 KHR'000	31 March 2020 US\$	31 December 2019 US\$
Shareholders	163,518	153,053	40,176	37,559
Board of directors	451,516	687,448	110,937	168,699
Key management personnel	2,986,369	2,045,000	733,752	501,840
Related company	39,544	1,599,874	9,716	392,607
	<u>3,640,947</u>	<u>4,485,375</u>	<u>894,581</u>	<u>1,100,705</u>
Interest payable	<u>25,844</u>	<u>26,425</u>	<u>6,350</u>	<u>6,485</u>
	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
Interest expense	<u>62,113</u>	<u>54,023</u>	<u>15,288</u>	<u>13,475</u>

Annual interest rates during the period are as follows:

	31 March 2020	31 December 2019
Shareholders	5.00%	5.00%
Board of directors	5.00% – 8.75%	5.00% – 8.75%
Key management personnel	5.00% – 9.25%	5.00% – 9.25%
Related company	5.00%	5.00%

(e) Key management compensation

	Three-month period ended			
	31 March 2020 KHR'000	31 March 2019 KHR'000	31 March 2020 US\$	31 March 2019 US\$
		<i>(Unreviewed and unaudited)</i>		<i>(Unreviewed and unaudited)</i>
Directors' fees	168,274	169,165	41,416	42,196
Salaries and other benefits to key management	<u>8,132,734</u>	<u>5,447,247</u>	<u>2,001,657</u>	<u>1,358,755</u>
	<u>8,301,008</u>	<u>5,616,412</u>	<u>2,043,073</u>	<u>1,400,951</u>

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31. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

(a) Fair value hierarchy

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

The following table presents the Company's financial assets measured and recognised at fair value at 31 March 2020 and 31 December 2019 on a recurring basis:

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'000
As at 31 March 2020				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,050	61,050
Total financial assets	-	-	61,050	61,050
<i>In US\$ equivalent</i>	-	-	15,000	15,000
As at 31 December 2019				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,125	61,125
Total financial assets	-	-	61,125	61,125
<i>In US\$ equivalent</i>	-	-	15,000	15,000

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

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

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

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31. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

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

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

There is no gain/loss recognised in other comprehensive income due to fair value approximate the carrying amount. There is no loss allowance for this FVOCI at 31 March 2020.

(c) Financial instruments not measured at fair value

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

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

(i) Deposits and placements with the central bank and banks

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

(ii) Loans and advances to customers

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

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

(iii) Deposits from customers

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

(iv) Lease liabilities

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

(v) Other financial assets and other financial liabilities

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

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

31. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

(vi) Borrowings and subordinated debts

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

(vii) Debt securities

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