

**LOLC (CAMBODIA) PLC.**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**LOLC (CAMBODIA) PLC.**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 Nine-month period ended 30 September 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 30 September 2020 and its financial performance for the three-month and nine-month periods then ended, changes in equity and cash flows of the Company for the nine-month period then ended, in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting".

On behalf of the Board of Directors



13 NOV 2020



## **Report on review of condensed interim financial information**

To the Shareholders of LOLC (Cambodia) Plc.

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of LOLC (Cambodia) Plc. ("the Company") as at 30 September 2020, the related condensed interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, the related condensed interim statements of changes in equity and cash flows for the nine-month period then ended and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of review**

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

### **Conclusion**

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

### **Emphasis of matter**

We draw attention to Note 33 to the condensed interim financial information, which describes the adjustments of prior period balances related to overstatement of impairment loss on loans and advances and overstatement of income tax expenses. Our conclusion is not modified in respect of this matter.



**Other matter**

The condensed interim financial information of the Company for the nine-month period ended 30 September 2019 was reviewed by another firm of auditors whose report, dated 29 November 2019, expressed an unmodified conclusion on this condensed interim financial information.

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim  
Partner

Phnom Penh, Kingdom of Cambodia  
13 November 2020

**LOLC (CAMBODIA) PLC.**
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**

		30 September 2020	31 December 2019	30 September 2020	31 December 2019
	Notes	KHR'000	KHR'000	US\$	US\$
<b>ASSETS</b>					
Cash on hand	6	103,368,700	105,185,581	25,211,878	25,812,413
Deposits and placements with the central bank	7	315,935,336	570,920,007	77,057,399	140,103,069
Deposits and placements with banks	8	360,289,299	77,291,436	87,875,439	18,967,224
Financial assets at fair value through other comprehensive income		61,500	61,125	15,000	15,000
Loans and advances at amortised cost	9	3,340,821,309	3,115,481,925	814,834,466	764,535,442
Statutory deposits with the central bank	10	220,478,537	187,099,453	53,775,253	45,913,976
Property and equipment	11	7,727,511	7,841,251	1,884,759	1,924,233
Right-of-use assets	12	18,205,389	19,667,508	4,440,339	4,826,382
Intangible assets	13	6,208,204	5,100,225	1,514,196	1,251,589
Deferred tax assets	14	23,535,807	9,127,261	5,740,441	2,239,819
Other assets	15	11,376,735	15,331,602	2,774,813	3,762,356
<b>TOTAL ASSETS</b>		<u>4,408,008,327</u>	<u>4,113,107,374</u>	<u>1,075,123,983</u>	<u>1,009,351,503</u>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from banks and other financial institutions	16	188,824,658	93,135,131	46,054,795	22,855,247
Deposits from customers	17	2,045,423,387	1,771,835,361	498,883,753	434,806,223
Borrowings	18	1,202,582,377	1,426,459,591	293,312,775	350,051,433
Subordinated debts	19	135,980,481	120,587,586	33,165,971	29,592,046
Debt securities	20	83,768,571	81,755,899	20,431,359	20,062,797
Lease liabilities	12	17,398,388	18,602,031	4,243,509	4,564,916
Current income tax liabilities		41,391,580	13,621,187	10,095,507	3,342,623
Employee benefits	21	3,912,589	2,850,672	954,290	699,551
Other liabilities	22	24,138,868	30,852,745	5,887,529	7,571,226
<b>TOTAL LIABILITIES</b>		<u>3,743,420,899</u>	<u>3,559,700,203</u>	<u>913,029,488</u>	<u>873,546,062</u>
<b>EQUITY</b>					
Share capital		224,377,400	224,377,400	55,460,850	55,460,850
Retained earnings		229,794,912	107,919,896	56,597,338	26,740,647
General reserves		210,415,116	210,415,116	51,979,374	51,979,374
Regulatory reserves	23	-	10,694,759	-	2,645,229
Other reserves		-	-	(1,943,067)	(1,020,659)
<b>TOTAL EQUITY</b>		<u>664,587,428</u>	<u>553,407,171</u>	<u>162,094,495</u>	<u>135,805,441</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>4,408,008,327</u>	<u>4,113,107,374</u>	<u>1,075,123,983</u>	<u>1,009,351,503</u>

The accompanying notes on pages 8 to 40 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

Notes	Three-month period ended				Nine-month period ended				
	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	
Interest income	24	166,518,306	137,045,272	40,663,811	33,531,997	498,045,039	372,632,092	122,010,054	92,053,382
Interest expense	24	(68,850,520)	(56,190,739)	(16,813,314)	(13,748,652)	(206,723,907)	(148,144,815)	(50,642,799)	(36,597,039)
<b>Net interest income</b>	24	<u>97,667,786</u>	<u>80,854,533</u>	<u>23,850,497</u>	<u>19,783,345</u>	<u>291,321,132</u>	<u>224,487,277</u>	<u>71,367,255</u>	<u>55,456,343</u>
Fee and commission income	25	5,160,519	3,752,631	1,260,200	918,188	13,637,784	9,424,969	3,340,956	2,328,303
Fee and commission expense	25	(246,137)	(298,996)	(60,107)	(73,158)	(558,897)	(956,294)	(136,917)	(236,239)
<b>Net fee and commission income</b>	25	<u>4,914,382</u>	<u>3,453,635</u>	<u>1,200,093</u>	<u>845,030</u>	<u>13,078,887</u>	<u>8,468,675</u>	<u>3,204,039</u>	<u>2,092,064</u>
Other operating income		1,680,339	1,207,676	410,339	295,492	4,318,703	3,542,738	1,057,987	875,182
Other (losses)/gains – net		(747,761)	483,652	(182,603)	118,339	(1,848,487)	1,390,980	(452,839)	343,622
<b>Total other operating income</b>		<u>932,578</u>	<u>1,691,328</u>	<u>227,736</u>	<u>413,831</u>	<u>2,470,216</u>	<u>4,933,718</u>	<u>605,148</u>	<u>1,218,804</u>
Credit impairment losses	26	(28,237,687)	(3,060,788)	(6,895,650)	(748,908)	(45,369,255)	(10,011,740)	(11,114,467)	(2,473,256)
<b>Net other operating loss</b>		<u>(27,305,109)</u>	<u>(1,369,460)</u>	<u>(6,667,914)</u>	<u>(335,077)</u>	<u>(42,899,039)</u>	<u>(5,078,022)</u>	<u>(10,509,319)</u>	<u>(1,254,452)</u>
Personnel expenses	27	(31,284,459)	(26,224,981)	(7,639,673)	(6,416,682)	(86,468,584)	(71,529,827)	(21,182,897)	(17,670,412)
Depreciation and amortisation charges		(2,467,326)	(2,677,996)	(602,522)	(655,247)	(7,808,587)	(7,550,923)	(1,912,932)	(1,865,347)
Other operating expenses	28	(9,445,458)	(9,563,596)	(2,306,583)	(2,340,004)	(28,737,642)	(25,744,955)	(7,040,089)	(6,359,920)
<b>Profit before income tax</b>		<u>32,079,816</u>	<u>44,472,135</u>	<u>7,833,898</u>	<u>10,881,365</u>	<u>138,486,167</u>	<u>123,052,225</u>	<u>33,926,057</u>	<u>30,398,276</u>
Income tax expense	29	(6,634,898)	(4,537,417)	(1,620,244)	(1,110,207)	(27,305,910)	(11,978,797)	(6,689,346)	(2,959,189)
<b>Profit for the period</b>		<u>25,444,918</u>	<u>39,934,718</u>	<u>6,213,654</u>	<u>9,771,158</u>	<u>111,180,257</u>	<u>111,073,428</u>	<u>27,236,711</u>	<u>27,439,087</u>
Other comprehensive income:									
Items that will not reclassified to profit or loss									
Currency translation differences		-	-	(237,804)	(915,981)	-	-	(922,408)	(2,078,052)
Other comprehensive income for the period, net of tax		-	-	(237,804)	(915,981)	-	-	(922,408)	(2,078,052)
<b>Total comprehensive income for the period</b>		<u>25,444,918</u>	<u>39,934,718</u>	<u>5,975,850</u>	<u>8,855,177</u>	<u>111,180,257</u>	<u>111,073,428</u>	<u>26,314,303</u>	<u>25,361,035</u>
<b>Profit attributable to:</b>									
Owners of the Company		<u>25,444,918</u>	<u>39,934,718</u>	<u>6,213,654</u>	<u>9,771,158</u>	<u>111,180,257</u>	<u>111,073,428</u>	<u>27,236,711</u>	<u>27,439,087</u>
<b>Total comprehensive income attributable to:</b>									
Owners of the Company		<u>25,444,918</u>	<u>39,934,718</u>	<u>5,975,850</u>	<u>8,855,177</u>	<u>111,180,257</u>	<u>111,073,428</u>	<u>26,314,303</u>	<u>25,361,035</u>

The accompanying notes on pages 8 to 40 form an integral part of these condensed interim financial information.

LOLC (CAMBODIA) PLC.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 reserves US\$	Total US\$
<b>Balance at 1 January 2019</b>	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 <i>(Restated)</i>	-	111,073,428	-	-	-	-	111,073,428	-	27,439,087	-	-	-	-	27,439,087
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(2,078,052)	(2,078,052)
<b>Total comprehensive income the period</b>	-	<u>111,073,428</u>	-	-	-	-	<u>111,073,428</u>	-	<u>27,439,087</u>	-	-	-	<u>(2,078,052)</u>	<u>25,361,035</u>
<b>Transactions with owners in their capacity as owners:</b>														
Issue of share capital	41,765,400	-	-	41,765,400	-	-	83,530,800	10,317,540	-	-	10,317,540	-	-	20,635,080
Transfer to share capital	20,846,600	-	-	(20,846,600)	-	-	-	5,149,852	-	-	(5,149,852)	-	-	-
Transfer to regulatory reserves	-	(4,149,175)	-	-	4,149,175	-	-	-	(1,024,994)	-	-	1,024,994	-	-
<b>Total transactions with owners in their capacity as owners:</b>	<u>62,612,000</u>	<u>(4,149,175)</u>	-	<u>20,918,800</u>	<u>4,149,175</u>	-	<u>83,530,800</u>	<u>15,467,392</u>	<u>(1,024,994)</u>	-	<u>5,167,688</u>	<u>1,024,994</u>	-	<u>20,635,080</u>
<b>Balance at 30 September 2019 <i>(Restated)</i></b>	<u>182,612,000</u>	<u>173,421,297</u>	<u>110,415,116</u>	<u>41,765,400</u>	<u>12,533,944</u>	-	<u>520,747,757</u>	<u>45,168,765</u>	<u>42,931,925</u>	<u>27,300,203</u>	<u>10,321,359</u>	<u>3,100,136</u>	<u>(1,655,659)</u>	<u>127,166,729</u>
<b>Balance at 1 January 2020</b>	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	-	111,180,257	-	-	-	-	111,180,257	-	27,236,711	-	-	-	-	27,236,711
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	(922,408)	(922,408)
<b>Total comprehensive income for the period</b>	-	<u>111,180,257</u>	-	-	-	-	<u>111,180,257</u>	-	<u>27,236,711</u>	-	-	-	<u>(922,408)</u>	<u>26,314,303</u>
<b>Transactions with owners in their capacity as owners:</b>														
Transfer to regulatory reserves	-	10,694,759	-	-	(10,694,759)	-	-	-	2,619,980	-	-	(2,619,980)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	(25,249)	-	(25,249)
<b>Total transactions with owners</b>	-	<u>10,694,759</u>	-	-	<u>(10,694,759)</u>	-	-	-	<u>2,619,980</u>	-	-	<u>(2,645,229)</u>	-	<u>(25,249)</u>
<b>Balance at 30 September 2020</b>	<u>224,377,400</u>	<u>229,794,912</u>	<u>210,415,116</u>	-	-	-	<u>664,587,428</u>	<u>55,460,850</u>	<u>56,597,338</u>	<u>51,979,374</u>	-	-	<u>(1,943,067)</u>	<u>162,094,495</u>

The accompanying notes on pages 8 to 40 form an integral part of these condensed interim financial information.

**LOLC (CAMBODIA) PLC.**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

Notes	Nine-month period ended				
	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	
<b>Cash flows from operating activities</b>					
Cash used in operations	30	(37,515,769)	(342,873,661)	(9,190,538)	(84,701,992)
Interest received		494,636,382	379,252,611	121,175,008	93,688,886
Interest paid		(192,589,552)	(129,287,014)	(47,180,194)	(31,938,492)
Income tax paid		(13,944,063)	(25,214,530)	(3,415,988)	(6,228,886)
Employee benefits paid		(3,052,979)	-	(747,913)	-
<b>Cash generated from/(used in) operating activities</b>		<b>247,534,019</b>	<b>(118,122,594)</b>	<b>60,640,375</b>	<b>(29,180,484)</b>
<b>Cash flows from investing activities</b>					
Capital guarantee deposits		-	(6,261,200)	-	(1,546,739)
Deposits and placements with the central bank - maturity more than three months		(408,611)	-	(100,101)	-
Purchases of property and equipment	11	(3,060,293)	(4,959,903)	(749,704)	(1,225,272)
Purchases of intangible assets	13	(1,561,696)	(870,660)	(382,581)	(215,084)
Proceeds from disposals of property and equipment		74,443	15,905	18,237	3,929
<b>Cash used in investing activities</b>		<b>(4,956,157)</b>	<b>(12,075,858)</b>	<b>(1,214,149)</b>	<b>(2,983,166)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issuance of share capital		-	62,612,000	-	15,467,392
Advance capital contribution		-	20,918,800	-	5,167,688
Proceeds from borrowings		227,570,595	424,675,217	55,749,778	104,909,886
Repayments of borrowings		(450,278,365)	(190,665,022)	(110,308,272)	(47,101,043)
Proceeds from subordinated debts		20,475,000	4,080,400	5,015,924	1,008,004
Repayments of subordinated debts		(6,512,000)	(6,448,000)	(1,595,296)	(1,592,885)
Proceeds from issuance of corporate bonds		-	80,000,000	-	19,762,846
Principal element of lease payment		(3,509,769)	(3,137,851)	(859,816)	(775,161)
<b>Cash (used in)/generated from financing activities</b>		<b>(212,254,539)</b>	<b>392,035,544</b>	<b>(51,997,682)</b>	<b>96,846,727</b>
<b>Net increase in cash and cash equivalents</b>		<b>30,323,323</b>	<b>261,837,092</b>	<b>7,428,544</b>	<b>64,683,077</b>
Cash and cash equivalents at beginning of period		752,231,266	369,337,050	184,280,075	91,239,390
Currency translation differences		-	-	(841,646)	(1,789,587)
<b>Cash and cash equivalents at end of period</b>		<b>782,554,589</b>	<b>631,174,142</b>	<b>190,866,973</b>	<b>154,132,880</b>

The accompanying notes on pages 8 to 40 form an integral part of these condensed interim financial information.

## **LOLC (CAMBODIA) PLC.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 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 13 November 2020.

This condensed interim financial information for the nine-month period ended 30 September 2020 has been reviewed but not audited.

#### **2. BASIS OF PREPARATION**

This condensed interim financial information for the nine-month period ended 30 September 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 statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, changes in equity and cash flows for the nine-month period then ended, and related explanatory notes for the three-month and nine-month periods ended 30 September 2019 has been reviewed but not audited.

## LOLC (CAMBODIA) PLC.

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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.

##### *COVID-19 Related Rent Concessions – Amendments to CIFRS 16*

As a result of the novel coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to CIFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The Company does not have any rent concession during the period so the amendment has no impact on the condensed interim financial information.

#### 3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

##### Impact on impairment charge from COVID-19

The COVID-19 declared as pandemic has spread into Cambodia since late January 2020. Due to the rapidly unfolding COVID-19 pandemic, the country economy is experiencing an economic downturn, and a prolonged downturn could potentially have an impact on the quality of the financial assets including loans and advances. The COVID-19 impact on credit risk could be more severe and immediate in various sectors. To consider the effect of COVID-19 pandemic on the Company's loans and advances, the managements continuously refresh the macroeconomic variables quarterly to reflect the current economic condition in its forward-looking model. For the nine-month period ended 30 September 2020, the management has refreshed the latest macroeconomics variables available which were up to 30 September 2020. The managements believe that the adjustment is reflected the most recent economic condition. The longevity of COVID-19 pandemic has also led to uncertain economic environment which may results in higher credit impairment expenses. As a result, the managements have adjusted the Company's probability weighted percentage in the probability weighted forward looking Probability of Default ("PD") to give a heavier weight to the worst case scenario and a lighter weight to the best case scenario while keeping the base percentage the same.

The table below show the scenario probability weighted percentage as at 31 December 2019 (before COVID-19 pandemic) and as at 30 September 2020 (after COVID-19 pandemic).

##### Scenario probability weighting

	Base %	Best %	Worst %
As at 30 September 2020			
Scenario probability weighting	60%	15%	25%

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### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

##### Scenario probability weighting (continued)

As at 31 December 2019	Base %	Best %	Worst %
Scenario probability weighting	60%	20%	20%

In the light of COVID-19 pandemic, the central bank has issued a circular on loan restructuring during COVID-19 which encourages financial institutions to provide loan restructuring to borrowers in priority sectors that are heavily affected by the pandemic. The Company has restructured loans for borrowers who are having financial difficulties. As a result, the Company has downgraded the staging of the borrowers which resulted in higher credit impairment expenses being recognised during the period.

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 including the restructured loans resulted from the impact of COVID-19 pandemic, and management has made specific to the allowance for impairment for the reporting period.

##### 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.

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.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
<i>Current:</i>				
Khmer Riel	17,209,910	20,383,956	4,197,539	5,002,198
US Dollars	78,705,777	81,937,814	19,196,531	20,107,439
Thai Baht	7,453,013	2,863,811	1,817,808	702,776
	<u>103,368,700</u>	<u>105,185,581</u>	<u>25,211,878</u>	<u>25,812,413</u>

**7. DEPOSITS AND PLACEMENTS WITH THE CENTRAL BANK**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
<i>Current:</i>				
Settlement accounts	8,124,659	2,677,807	1,981,624	657,131
Current accounts	307,201,885	568,042,019	74,927,289	139,396,814
Negotiable certificate of deposits	608,792	200,181	148,486	49,124
	<u>315,935,336</u>	<u>570,920,007</u>	<u>77,057,399</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:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Settlement accounts	0.00%	0.00%
Current accounts	0.00%	0.00%
Negotiable certificates of deposits	0.18%-1.94%	0.61%

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**8. DEPOSITS AND PLACEMENTS WITH BANKS**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Current - deposits and placements with local banks:				
Savings deposits	104,294,526	41,598,705	25,437,689	10,208,271
Current accounts	150,927,538	36,473,452	36,811,595	8,950,541
Time deposits	108,637,281	-	26,496,898	-
	<u>363,859,345</u>	<u>78,072,157</u>	<u>88,746,182</u>	<u>19,158,812</u>
Less: Allowance for expected credit loss	<u>(3,570,046)</u>	<u>(780,721)</u>	<u>(870,743)</u>	<u>(191,588)</u>
	<u>360,289,299</u>	<u>77,291,436</u>	<u>87,875,439</u>	<u>18,967,224</u>

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

	<b>30 September 2020</b>	<b>31 December 2019</b>
Savings deposits	0% – 2.00%	0% – 2.00%
Current accounts	0% – 1.75%	0% – 1.75%
Term Deposits	0% – 1.75%	0%

**9. LOANS AND ADVANCES**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
<i>At amortised cost</i>				
Group loans:				
Fixed term	9,444,106	17,609,593	2,303,439	4,321,373
End of cycle	413,545,595	329,854,709	100,864,779	80,945,941
	<u>422,989,701</u>	<u>347,464,302</u>	<u>103,168,218</u>	<u>85,267,314</u>
Individual loans:				
Fixed term	2,672,535,104	2,495,764,137	651,837,831	612,457,457
End of cycle	299,233,319	282,940,994	72,983,736	69,433,373
	<u>2,971,768,423</u>	<u>2,778,705,131</u>	<u>724,821,567</u>	<u>681,890,830</u>
Staff loans	<u>22,123,337</u>	<u>20,603,698</u>	<u>5,395,936</u>	<u>5,056,122</u>
Total gross loans	<u>3,416,881,461</u>	<u>3,146,773,131</u>	<u>833,385,721</u>	<u>772,214,266</u>
Less: Allowance for expected credit loss	<u>(76,060,152)</u>	<u>(31,291,206)</u>	<u>(18,551,255)</u>	<u>(7,678,824)</u>
Total net loans	<u>3,340,821,309</u>	<u>3,115,481,925</u>	<u>814,834,466</u>	<u>764,535,442</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**9. LOANS AND ADVANCES (continued)**

**(a) Analysis by loan classification**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
<i>Performing</i>				
Gross amount	<u>2,562,521,568</u>	<u>3,127,350,043</u>	<u>625,005,260</u>	<u>767,447,864</u>
Exposure at default	<u>2,562,521,568</u>	<u>3,127,350,043</u>	<u>625,005,260</u>	<u>767,447,864</u>
Allowance for expected credit loss	<u>(29,286,576)</u>	<u>(24,377,268)</u>	<u>(7,143,067)</u>	<u>(5,982,152)</u>
<i>Under-performing</i>				
Gross amount	<u>801,248,166</u>	<u>3,646,766</u>	<u>195,426,382</u>	<u>894,912</u>
Exposure at default	<u>801,248,166</u>	<u>3,646,766</u>	<u>195,426,382</u>	<u>894,912</u>
Allowance for expected credit loss	<u>(22,247,744)</u>	<u>(552,581)</u>	<u>(5,426,278)</u>	<u>(135,603)</u>
<i>Non-performing</i>				
Gross amount	<u>53,111,727</u>	<u>15,776,322</u>	<u>12,954,079</u>	<u>3,871,490</u>
Exposure at default	<u>53,111,727</u>	<u>15,776,322</u>	<u>12,954,079</u>	<u>3,871,490</u>
Allowance for expected credit loss	<u>(24,525,832)</u>	<u>(6,361,357)</u>	<u>(5,981,910)</u>	<u>(1,561,069)</u>
Total gross loans	<u>3,416,881,461</u>	<u>3,146,773,131</u>	<u>833,385,721</u>	<u>772,214,266</u>
Exposure at default	<u>3,416,881,461</u>	<u>3,146,773,131</u>	<u>833,385,721</u>	<u>772,214,266</u>
Allowance for expected credit loss	<u>(76,060,152)</u>	<u>(31,291,206)</u>	<u>(18,551,255)</u>	<u>(7,678,824)</u>

**(b) Analysis by industry**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Trade and commerce	595,337,305	493,234,369	145,204,221	121,039,109
Services	553,396,997	420,091,494	134,974,877	103,089,937
Manufacturing	37,803,400	16,353,875	9,220,341	4,013,221
Transportation	18,934,022	36,750,608	4,618,054	9,018,554
Agriculture	907,780,378	1,075,119,979	221,409,848	263,833,125
Construction	132,992,016	297,546,619	32,437,077	73,017,575
Household/family	1,158,838,613	798,344,204	282,643,564	195,912,688
Others	11,798,730	9,331,983	2,877,739	2,290,057
Total gross loans	<u>3,416,881,461</u>	<u>3,146,773,131</u>	<u>833,385,721</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)**

**(c) Analysis by maturity**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Not later than 1 year	231,669,415	217,135,654	56,504,735	53,284,823
Later than 1 year and no later than 3 years	1,218,482,390	1,123,912,583	297,190,827	275,806,769
Later than 3 years and no later than 5 years	1,750,615,355	1,682,330,381	426,979,355	412,841,811
Later than 5 years	216,114,301	123,394,513	52,710,804	30,280,863
Total gross loans	<u>3,416,881,461</u>	<u>3,146,773,131</u>	<u>833,385,721</u>	<u>772,214,266</u>

**(d) Analysis by relationship**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Related parties (including staff loans)	22,123,337	17,596,880	5,395,936	4,318,253
Non-related parties	3,394,758,124	3,129,176,251	827,989,785	767,896,013
Total gross loans	<u>3,416,881,461</u>	<u>3,146,773,131</u>	<u>833,385,721</u>	<u>772,214,266</u>

**(e) Analysis by residency**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Residents	3,416,881,461	3,146,773,131	833,385,721	772,214,266
Non-residents	-	-	-	-
Total gross loans	<u>3,416,881,461</u>	<u>3,146,773,131</u>	<u>833,385,721</u>	<u>772,214,266</u>

**(f) Interest rates**

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

	<b>30 September 2020</b>	<b>31 December 2019</b>
Short term loans	11.00% – 18.00%	11.00% – 18.00%
Long term loans	9.00% – 18.00%	9.87% – 18.00%

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

**(g) Allowance for expected credit loss**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
12-month ECL (Stage 1)	29,286,576	24,377,268	7,143,067	5,982,152
Lifetime ECL-not credit impaired (Stage 2)	22,247,744	552,581	5,426,278	135,603
Lifetime ECL-credit impaired (Stage 3)	<u>24,525,832</u>	<u>6,361,357</u>	<u>5,981,910</u>	<u>1,561,069</u>
	<u>76,060,152</u>	<u>31,291,206</u>	<u>18,551,255</u>	<u>7,678,824</u>

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

	<b>Stage 1 12-month ECL KHR'000</b>	<b>Stage 2 Lifetime ECL not Credit- Impaired KHR'000</b>	<b>Stage 3 Lifetime ECL Credit- Impaired KHR'000</b>	<b>Total KHR'000</b>
<b>Expected Credit Losses</b>				
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	19,280	(10,974)	(8,306)	-
Transfer to stage 2	(5,085,926)	5,133,801	(47,875)	-
Transfer to stage 3	(460,198)	(420,690)	880,888	-
Net remeasurement of loss allowance (*)	(1,092,512)	12,464,423	13,710,447	25,082,358
New financial assets originated or purchased	16,626,275	4,527,305	1,837,290	22,990,870
Financial assets derecognised during the period other than write off	(5,198,118)	(74,954)	(212,264)	(5,485,336)
Unwinding of discount	-	-	1,920,260	1,920,260
Foreign exchange differences	<u>100,507</u>	<u>76,252</u>	<u>84,035</u>	<u>260,794</u>
Loss allowance as at 30 September 2020	<u>29,286,576</u>	<u>22,247,744</u>	<u>24,525,832</u>	<u>76,060,152</u>
<i>In US\$ equivalent</i>	<u>7,143,067</u>	<u>5,426,278</u>	<u>5,981,910</u>	<u>18,551,255</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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**9. LOANS AND ADVANCES** (continued)

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>ECL</b>	<b>not Credit-</b>	<b>Credit-</b>	
	<b>KHR'000</b>	<b>Impaired</b>	<b>Impaired</b>	<b>KHR'000</b>
	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>
<b>Gross carrying amount</b>				
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	107,399	(86,192)	(21,207)	-
Transfer to stage 2	(721,423,369)	721,529,434	(106,065)	-
Transfer to stage 3	(29,497,465)	(2,776,769)	32,274,234	-
New financial assets originated or purchased	873,073,807	79,368,916	5,744,936	958,187,659
Financial assets derecognised during the period other than write off	(687,088,847)	(433,989)	(556,493)	(688,079,329)
Gross carrying amount as at 30 September 2020	<u>2,562,521,568</u>	<u>801,248,166</u>	<u>53,111,727</u>	<u>3,416,881,461</u>
<i>In US\$ equivalent</i>	<u>625,005,260</u>	<u>195,426,382</u>	<u>12,954,079</u>	<u>833,385,721</u>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>ECL</b>	<b>not Credit-</b>	<b>Credit-</b>	
	<b>KHR'000</b>	<b>Impaired</b>	<b>Impaired</b>	<b>KHR'000</b>
	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>	<b>KHR'000</b>
<b>Expected Credit Losses</b>				
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	64,280	(27,866)	(36,414)	-
Transfer to stage 2	(84,286)	85,490	(1,204)	-
Transfer to stage 3	(295,633)	(321,415)	617,048	-
Net remeasurement of loss allowance	(2,516,413)	278,681	2,358,388	120,656
New financial assets originated or purchased	15,198,071	141,231	206,965	15,546,267
Financial assets derecognised during the period other than write off	(4,967,525)	(77,534)	(535,064)	(5,580,123)
Foreign exchange differences	527,090	12,462	226,040	765,592
Loss allowance as at 30 September 2019	<u>22,408,485</u>	<u>529,815</u>	<u>9,609,787</u>	<u>32,548,087</u>
<i>In US\$ equivalent</i>	<u>5,472,158</u>	<u>129,381</u>	<u>2,346,712</u>	<u>7,948,251</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**9. LOANS AND ADVANCES** (continued)

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

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
<b>Gross carrying amount</b>				
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	305,793	(199,839)	(105,954)	-
Transfer to stage 2	(3,069,070)	3,070,538	(1,468)	-
Transfer to stage 3	(7,057,002)	(1,916,638)	8,973,640	-
New financial assets originated or purchased	1,542,579,806	485,182	(1,077,458)	1,541,987,530
Financial assets derecognised during the period other than write off	(676,997,504)	(466,209)	(1,401,524)	(678,865,237)
Gross carrying amount as at 30 September 2019	<u>2,781,138,237</u>	<u>3,639,480</u>	<u>22,435,022</u>	<u>2,807,212,739</u>
<i>In US\$ equivalent</i>	<u>679,154,637</u>	<u>888,762</u>	<u>5,478,637</u>	<u>685,522,036</u>

**10. STATUTORY DEPOSITS WITH THE CENTRAL BANK**

	30 September 2020 KHR'000	31 December 2019 KHR'000	30 September 2020 US\$	31 December 2019 US\$
<i>Current</i>				
Reserve requirement	197,871,594	164,661,713	48,261,364	40,407,782
<i>Non-current</i>				
Capital guarantee deposits	22,606,943	22,437,740	5,513,889	5,506,194
	<u>220,478,537</u>	<u>187,099,453</u>	<u>53,775,253</u>	<u>45,913,976</u>

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

	<u>30 September 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
<b>As at 31 December 2019</b>					
Cost	3,801,978	13,168,697	11,514,920	1,600,256	30,085,851
Accumulated depreciation	<u>(2,708,606)</u>	<u>(11,680,536)</u>	<u>(7,106,314)</u>	<u>(749,144)</u>	<u>(22,244,600)</u>
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>
<b>Nine-month period ended 30 September 2020</b>					
Opening net book amount	1,093,372	1,488,161	4,408,606	851,112	7,841,251
Additions	363,410	589,539	2,073,876	33,468	3,060,293
Disposals	(802)	-	(471)	-	(1,273)
Depreciation charge	<u>(415,452)</u>	<u>(590,561)</u>	<u>(1,985,805)</u>	<u>(180,942)</u>	<u>(3,172,760)</u>
Closing net book amount	<u>1,040,528</u>	<u>1,487,139</u>	<u>4,496,206</u>	<u>703,638</u>	<u>7,727,511</u>
<b>At 30 September 2020</b>					
Cost	4,164,586	13,758,236	13,588,325	1,633,724	33,144,871
Accumulated depreciation	<u>(3,124,058)</u>	<u>(12,271,097)</u>	<u>(9,092,119)</u>	<u>(930,086)</u>	<u>(25,417,360)</u>
Net book amount	<u>1,040,528</u>	<u>1,487,139</u>	<u>4,496,206</u>	<u>703,638</u>	<u>7,727,511</u>
<i>In US\$ equivalents</i>	<u>253,787</u>	<u>362,717</u>	<u>1,096,636</u>	<u>171,619</u>	<u>1,884,759</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**

	30 September 2020 KHR'000	31 December 2019 KHR'000	30 September 2020 US\$	31 December 2019 US\$
<i>Right-of-use assets (Non-current)</i>				
Buildings	18,205,389	19,667,508	4,440,339	4,826,382
	<u>18,205,389</u>	<u>19,667,508</u>	<u>4,440,339</u>	<u>4,826,382</u>
<i>Lease liabilities</i>				
Current	4,042,602	4,321,097	986,000	1,060,392
Non-current	13,355,786	14,280,934	3,257,509	3,504,524
	<u>17,398,388</u>	<u>18,602,031</u>	<u>4,243,509</u>	<u>4,564,916</u>

Right-of-use assets' additions during the period were KHR 3,018,235 thousand (2019: KHR 6,452,378 thousand).

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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				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Reviewed but unaudited)</i>	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Reviewed but unaudited)</i>
<i>Depreciation of right-of-use assets</i>								
Buildings	1,303,341	1,406,934	318,276	344,246	4,183,450	4,057,129	1,024,853	1,002,255
Interest expense (Note 24)	434,009	340,641	105,985	83,347	1,140,422	1,021,585	279,378	252,368
Expense relating to short-term lease and leases of low-value assets (included in operating expenses)	1,380,002	885,632	336,997	216,695	3,817,606	2,472,920	935,229	610,899
Total expenses related to leases	3,117,352	2,633,207	761,258	644,288	9,141,478	7,551,634	2,239,460	1,865,522

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**13. INTANGIBLE ASSETS**

	<b>Software and license KHR'000</b>	<b>Work in progress KHR'000</b>	<b>Total KHR'000</b>
<b>As at 31 December 2019</b>			
Cost	5,112,580	966,924	6,079,504
Accumulated amortisation	<u>(979,279)</u>	<u>-</u>	<u>(979,279)</u>
Net book amount	<u>4,133,301</u>	<u>966,924</u>	<u>5,100,225</u>
<i>In US\$ equivalents</i>	<u>1,014,307</u>	<u>237,282</u>	<u>1,251,589</u>
<b>Six-month period ended 30 September 2020</b>			
Opening net book amount	4,133,301	966,924	5,100,225
Additions	248,847	1,312,849	1,561,696
Transfer	776,837	(776,837)	-
Disposals	(1,340)	-	(1,340)
Amortisation charge	<u>(452,377)</u>	<u>-</u>	<u>(452,377)</u>
Closing net book amount	<u>4,705,268</u>	<u>1,502,936</u>	<u>6,208,204</u>
<b>At 30 September 2020</b>			
Cost	6,136,924	1,502,936	7,639,860
Accumulated amortisation	<u>(1,431,656)</u>	<u>-</u>	<u>(1,431,656)</u>
Net book amount	<u>4,705,268</u>	<u>1,502,936</u>	<u>6,208,204</u>
<i>In US\$ equivalents</i>	<u>1,147,626</u>	<u>366,570</u>	<u>1,514,196</u>

**14. DEFERRED TAX ASSETS**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
<i>Non-current</i>				
Deferred tax assets	27,176,885	9,127,261	6,628,509	2,239,819
Deferred tax liabilities	<u>(3,641,078)</u>	<u>-</u>	<u>(888,068)</u>	<u>-</u>
Net deferred tax assets	<u>23,535,807</u>	<u>9,127,261</u>	<u>5,740,441</u>	<u>2,239,819</u>

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**14. DEFERRED TAX ASSETS (continued)**

**Deferred tax assets:**

	<b>Impairment loss KHR'000</b>	<b>Unamortised loan fee KHR'000</b>	<b>Lease liabilities KHR'000</b>	<b>Accelerated depreciation KHR'000</b>	<b>Accrued expense KHR'000</b>	<b>Others KHR'000</b>	<b>Total KHR'000</b>
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	2,316,127	-	-	(25,240)	354,792	(1,547,973)	1,097,706
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	5,415,663	8,399,807	3,479,678	42,274	303,380	408,822	18,049,624
As at 30 September 2020	<u>12,035,104</u>	<u>8,399,807</u>	<u>3,479,678</u>	<u>224,700</u>	<u>2,278,374</u>	<u>759,222</u>	<u>27,176,885</u>
<i>In US\$ equivalent</i>	<u>2,935,391</u>	<u>2,048,734</u>	<u>848,702</u>	<u>54,805</u>	<u>555,701</u>	<u>185,176</u>	<u>6,628,509</u>

**Deferred tax liabilities**

	<b>Right-of-use assets KHR'000</b>	<b>Total KHR'000</b>
As at 1 January 2019	-	-
Charged/(credited) to profit or loss	-	-
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	3,641,078	3,641,078
As at 30 September 2020	<u>3,641,078</u>	<u>3,641,078</u>
<i>In US\$ equivalent</i>	<u>888,068</u>	<u>888,068</u>

**15. OTHER ASSETS**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Account receivables	6,557,838	8,443,974	1,599,473	2,072,141
Prepayments	2,607,306	2,805,013	635,929	688,347
Office and house rental deposits	664,208	617,192	162,002	151,458
Supplies	107,569	232,041	26,236	56,943
Others	1,439,814	3,233,382	351,173	793,467
	<u>11,376,735</u>	<u>15,331,602</u>	<u>2,774,813</u>	<u>3,762,356</u>

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**15. OTHER ASSETS (continued)**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Current	10,712,527	14,714,410	2,612,811	3,610,898
Non-current	664,208	617,192	162,002	151,458
	<u>11,376,735</u>	<u>15,331,602</u>	<u>2,774,813</u>	<u>3,762,356</u>

**16. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Savings deposits	1,691,838	737,750	412,643	181,043
Fixed deposits	184,452,473	90,177,022	44,988,409	22,129,331
	<u>186,144,311</u>	<u>90,914,772</u>	<u>45,401,052</u>	<u>22,310,374</u>
Accrued interest payables	2,680,347	2,220,359	653,743	544,873
	<u>188,824,658</u>	<u>93,135,131</u>	<u>46,054,795</u>	<u>22,855,247</u>
	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Current	184,314,658	93,135,131	44,954,795	22,855,247
Non-current	4,510,000	-	1,100,000	-
	<u>188,824,658</u>	<u>93,135,131</u>	<u>46,054,795</u>	<u>22,855,247</u>

Annual interest rates for deposits from customers are as follows:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Savings deposits	1.00%	5.00%
Fixed deposits	2.50% - 7.00%	3.00% - 6.50%

**17. DEPOSITS FROM CUSTOMERS**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Savings deposits	175,013,381	165,310,766	42,686,190	40,567,059
Fixed deposits	1,825,607,922	1,571,441,316	445,270,225	385,629,770
	<u>2,000,621,303</u>	<u>1,736,752,082</u>	<u>487,956,415</u>	<u>426,196,829</u>
Accrued interest payables	44,802,084	35,083,279	10,927,338	8,609,394
	<u>2,045,423,387</u>	<u>1,771,835,361</u>	<u>498,883,753</u>	<u>434,806,223</u>

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**17. DEPOSITS FROM CUSTOMERS** (continued)

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Current	1,784,149,879	1,211,642,371	435,158,507	297,335,551
Non-current	261,273,508	560,192,990	63,725,246	137,470,672
	<u>2,045,423,387</u>	<u>1,771,835,361</u>	<u>498,883,753</u>	<u>434,806,223</u>

Annual interest rates for deposits from customers are as follows:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Savings deposits	3.00%	5.00%
Fixed deposits	3.50% - 10.50%	3.25% - 12.00%

**18. BORROWINGS**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Current borrowings				
Overdraft	-	1,746,299	-	428,540
Other current borrowings	520,615,771	484,225,441	126,979,456	118,828,328
	<u>520,615,771</u>	<u>485,971,740</u>	<u>126,979,456</u>	<u>119,256,868</u>
Non-current borrowings	<u>681,966,606</u>	<u>940,487,851</u>	<u>166,333,319</u>	<u>230,794,565</u>
	<u>1,202,582,377</u>	<u>1,426,459,591</u>	<u>293,312,775</u>	<u>350,051,433</u>

During the period, the Company obtained additional borrowings of KHR 227,570,595 thousand (US\$55,749,778). The annual interest rates are ranging from 5.31% to 8.72% (2019: 5.50% to 9.88%).

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Principal amount	1,187,572,717	1,413,439,888	289,651,882	346,856,414
Interest payables	15,009,660	13,019,703	3,660,893	3,195,019
	<u>1,202,582,377</u>	<u>1,426,459,591</u>	<u>293,312,775</u>	<u>350,051,433</u>

**19. SUBORDINATED DEBTS**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Current	33,077,658	6,588,480	8,067,721	1,616,805
Non-current	102,902,823	113,999,106	25,098,250	27,975,241
	<u>135,980,481</u>	<u>120,587,586</u>	<u>33,165,971</u>	<u>29,592,046</u>

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**19. SUBORDINATED DEBTS (continued)**

During the period, the Company obtained additional subordinated debts of KHR 204,750,000 thousand (US\$5,015,924). The annual interest rates for all subordinated debts are ranging from 10.17% to 12.21% (2019: 10.17% to 12.21%).

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Principal amount	133,513,602	118,405,735	32,564,293	29,056,622
Interest payables	<u>2,466,879</u>	<u>2,181,851</u>	<u>601,678</u>	<u>535,424</u>
	<u>135,980,481</u>	<u>120,587,586</u>	<u>33,165,971</u>	<u>29,592,046</u>

**20. DEBT SECURITIES**

The Company issued bond payables on 26 April 2019 with par value in amount of KHR 80,000,000 thousand with three-year maturity 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.

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Current	2,905,126	1,224,548	708,568	300,502
Non-current	<u>80,863,445</u>	<u>80,531,351</u>	<u>19,722,791</u>	<u>19,762,295</u>
	<u>83,768,571</u>	<u>81,755,899</u>	<u>20,431,359</u>	<u>20,062,797</u>

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Principal amount	80,863,445	80,531,351	19,722,791	19,762,295
Interest payables	<u>2,905,126</u>	<u>1,224,548</u>	<u>708,568</u>	<u>300,502</u>
	<u>83,768,571</u>	<u>81,755,899</u>	<u>20,431,359</u>	<u>20,062,797</u>

**21. EMPLOYEE BENEFITS**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
<i>Provision on seniority payment:</i>				
Current	1,174,991	-	286,583	-
Non-current	<u>2,737,598</u>	<u>2,850,672</u>	<u>667,707</u>	<u>699,551</u>
	<u>3,912,589</u>	<u>2,850,672</u>	<u>954,290</u>	<u>699,551</u>

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**22. OTHER LIABILITIES**

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Tax payables	1,937,151	2,058,690	472,476	505,200
Staff bonuses and incentives	17,680,415	22,379,018	4,312,296	5,491,784
Accrued expenses	2,431,255	1,608,425	592,989	394,706
Others	2,090,047	4,806,612	509,768	1,179,536
	<u>24,138,868</u>	<u>30,852,745</u>	<u>5,887,529</u>	<u>7,571,226</u>
	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Current	24,138,868	26,447,847	5,887,529	6,490,269
Non-current	-	4,404,898	-	1,080,957
	<u>24,138,868</u>	<u>30,852,745</u>	<u>5,887,529</u>	<u>7,571,226</u>

**23. 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 as per the central bank's guidelines.

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24. NET INTEREST INCOME

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
<i>Interest income from financial assets at amortised cost</i>								
Loans and advances	165,078,414	136,546,694	40,312,189	33,410,006	495,847,043	371,466,202	121,471,593	91,765,366
Deposits and placements with banks	1,238,084	391,625	302,340	95,822	1,658,745	857,939	406,356	211,941
Deposits and placements with the central bank	201,808	106,953	49,282	26,169	539,251	307,951	132,105	76,075
Total interest income	166,518,306	137,045,272	40,663,811	33,531,997	498,045,039	372,632,092	122,010,054	92,053,382
<i>Interest expense on financial liabilities at amortised cost</i>								
Deposits from customers	(39,815,623)	(27,175,861)	(9,722,985)	(6,649,342)	(111,876,088)	(67,376,282)	(27,407,175)	(16,644,338)
Borrowings	(23,949,605)	(24,769,460)	(5,848,499)	(6,060,549)	(79,542,188)	(70,193,193)	(19,486,082)	(17,340,216)
Subordinated debts	(2,952,834)	(2,202,979)	(721,083)	(539,021)	(9,103,250)	(6,641,003)	(2,230,096)	(1,640,564)
Debt securities	(1,698,449)	(1,701,798)	(414,762)	(416,393)	(5,061,959)	(2,912,752)	(1,240,068)	(719,553)
Lease liabilities	(434,009)	(340,641)	(105,985)	(83,347)	(1,140,422)	(1,021,585)	(279,378)	(252,368)
	(68,850,520)	(56,190,739)	(16,813,314)	(13,748,652)	(206,723,907)	(148,144,815)	(50,642,799)	(36,597,039)
Net interest income	97,667,786	80,854,533	23,850,497	19,783,345	291,321,132	224,487,277	71,367,255	55,456,343

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25. NET FEE AND COMMISSION INCOME

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Fee and commission income								
Fees and commission income on loans	559,592	1,250,471	136,653	305,963	1,710,473	3,537,886	419,028	873,984
Penalty income	4,593,571	2,502,160	1,121,751	612,225	11,912,840	5,887,083	2,918,383	1,454,319
Other fees	7,356	-	1,796	-	14,471	-	3,545	-
	<u>5,160,519</u>	<u>3,752,631</u>	<u>1,260,200</u>	<u>918,188</u>	<u>13,637,784</u>	<u>9,424,969</u>	<u>3,340,956</u>	<u>2,328,303</u>
Fee and commission expense	<u>(246,137)</u>	<u>(298,996)</u>	<u>(60,107)</u>	<u>(73,158)</u>	<u>(558,897)</u>	<u>(956,294)</u>	<u>(136,917)</u>	<u>(236,239)</u>
Net fee and commission income	<u>4,914,382</u>	<u>3,453,635</u>	<u>1,200,093</u>	<u>845,030</u>	<u>13,078,887</u>	<u>8,468,675</u>	<u>3,204,039</u>	<u>2,092,064</u>

26. CREDIT IMPAIRMENT LOSSES

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$
		<i>(Restated)</i>		<i>(Restated)</i>		<i>(Restated)</i>		<i>(Restated)</i>
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
<i>Expected Credit Loss (ECL):</i>								
Loans and advances	26,397,166	3,209,569	6,446,194	785,311	42,587,892	10,086,800	10,433,095	2,491,798
Deposits and placements with banks	1,840,521	(148,781)	449,456	(36,403)	2,781,363	(75,060)	681,372	(18,542)
	<u>28,237,687</u>	<u>3,060,788</u>	<u>6,895,650</u>	<u>748,908</u>	<u>45,369,255</u>	<u>10,011,740</u>	<u>11,114,467</u>	<u>2,473,256</u>

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27. PERSONNEL EXPENSES

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Salaries and wage expenses	29,289,010	23,694,380	7,152,383	5,797,499	80,442,508	64,794,644	19,706,641	16,006,582
Other benefits	1,995,449	2,530,601	487,290	619,183	6,026,076	6,735,183	1,476,256	1,663,830
	<u>31,284,459</u>	<u>26,224,981</u>	<u>7,639,673</u>	<u>6,416,682</u>	<u>86,468,584</u>	<u>71,529,827</u>	<u>21,182,897</u>	<u>17,670,412</u>

28. GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Insurance	1,521,560	1,223,865	371,565	299,453	4,673,588	3,084,624	1,144,926	762,012
Rental	1,380,002	885,632	336,997	216,695	3,817,606	2,472,920	935,229	610,899
Professional fees	1,242,446	1,245,385	303,406	304,719	2,979,382	2,649,344	729,883	654,482
Vehicle expenses	983,640	974,061	240,205	238,332	2,737,332	2,722,786	670,586	672,625
Office supplies and stationery	584,179	505,559	142,657	123,699	2,013,652	1,558,752	493,300	385,067
Utilities	407,610	421,393	99,538	103,106	1,231,442	1,178,152	301,676	291,045
Communication	435,710	386,647	106,400	94,604	1,257,426	1,130,634	308,042	279,307
Advertising	298,216	387,995	72,824	94,934	944,670	1,118,749	231,423	276,371
Security guard	322,733	291,953	78,811	71,435	954,727	864,840	233,887	213,646
Board of directors' expenses (Note 31 (h))	160,487	167,117	39,191	40,890	488,358	506,360	119,637	125,089
Repairs and maintenance	90,145	107,821	22,013	26,381	274,856	325,332	67,334	80,369
Charitable contributions	22,725	25,992	5,550	6,360	194,413	116,097	47,627	28,680
Others	1,996,005	2,940,176	487,426	719,396	7,170,190	8,016,365	1,756,539	1,980,328
	<u>9,445,458</u>	<u>9,563,596</u>	<u>2,306,583</u>	<u>2,340,004</u>	<u>28,737,642</u>	<u>25,744,955</u>	<u>7,040,089</u>	<u>6,359,920</u>

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29. INCOME TAX EXPENSE

(a) Income tax expense

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>
Current income tax	13,262,072	3,346,968	3,238,601	818,930	41,714,456	9,162,320	10,219,122	2,263,419
Deferred income tax	(6,627,174)	1,190,449	(1,618,357)	291,277	(14,408,546)	2,816,477	(3,529,776)	695,770
	<u>6,634,898</u>	<u>4,537,417</u>	<u>1,620,244</u>	<u>1,110,207</u>	<u>27,305,910</u>	<u>11,978,797</u>	<u>6,689,346</u>	<u>2,959,189</u>

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Restated)</i> <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Restated)</i> <i>(Reviewed but unaudited)</i>
Profit before income tax	32,079,816	44,472,135	7,833,898	10,881,365	138,486,167	123,052,225	33,926,057	30,398,276
Tax expenses at 20%	6,415,962	4,447,214	1,566,779	1,088,136	27,697,233	12,305,223	6,785,211	3,039,827
Tax effect of reconciling items:								
Expenses not deductible for tax purposes	64,664	90,203	15,791	22,071	214,949	208,640	52,658	51,542
Unrecognised previous deferred tax	154,272	-	37,674	-	(606,272)	(535,066)	(148,523)	(132,180)
Income tax expense	<u>6,634,898</u>	<u>4,537,417</u>	<u>1,620,244</u>	<u>1,110,207</u>	<u>27,305,910</u>	<u>11,978,797</u>	<u>6,689,346</u>	<u>2,959,189</u>

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**29. INCOME TAX EXPENSE** (continued)

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

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

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

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

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

As at 30 September 2020, the Company's bond issuance was approximately 2% of total assets and the tax reduction incentive was insignificant to the condensed interim financial information. The Company estimated income tax liabilities at 20% tax rate for the nine-month period ended 30 September 2020. For the nine-month period ended 30 September 2019, the Company income tax liabilities was restated at 10% as the Company received full tax reduction for the year ended 31 December 2019 (Note 33).

**30. CASH FLOW FROM OPERATING ACTIVITIES**

	<b>Nine-month period ended</b>			
	<b>30 September 2020 KHR'000</b>	<b>30 September 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>30 September 2019 US\$</b>
		<i>(Restated)</i>		<i>(Restated)</i>
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Profit before income tax	138,486,167	123,052,225	33,926,057	30,398,276
<i>Adjustments for:</i>				
Depreciation and amortisation charges	7,808,587	7,550,923	1,912,932	1,865,347
Credit impairment losses (Note 26)	45,369,255	10,011,740	11,114,467	2,473,256
Gain on disposals of property and equipment	(71,830)	(14,905)	(17,597)	(3,682)
Provision for employee benefits	4,114,896	(583,867)	1,008,059	(144,236)
Unrealised exchange losses/(gains)	2,478,187	(1,484,297)	607,101	(366,674)
Net interest income (Note 24)	(291,321,132)	(224,487,277)	(71,367,255)	(55,456,343)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(33,209,881)	(57,209,375)	(8,135,689)	(14,132,751)
Loans and advances	(267,509,768)	(869,849,658)	(65,533,995)	(214,883,809)
Other assets	3,954,867	(8,066,057)	968,855	(1,992,603)
Deposits from banks and other financial institutions	95,229,539	37,769,166	23,329,138	9,330,327
Deposits from customers	263,869,221	648,025,398	64,642,141	160,085,326
Other liabilities	(6,713,877)	(7,587,677)	(1,644,752)	(1,874,426)
Cash used in operations	<u>(37,515,769)</u>	<u>(342,873,661)</u>	<u>(9,190,538)</u>	<u>(84,701,992)</u>

**LOLC (CAMBODIA) PLC.****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
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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:

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

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

	<b>30 September 2020 KHR'000</b>	<b>31 December 2019 KHR'000</b>	<b>30 September 2020 US\$</b>	<b>31 December 2019 US\$</b>
Loans to key management personnel	<u>2,496,480</u>	<u>255,891</u>	<u>608,898</u>	<u>62,795</u>
Interest receivable	<u>1,382</u>	<u>325</u>	<u>337</u>	<u>80</u>

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31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Reviewed but unaudited)</i>	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Reviewed but unaudited)</i>
Interest income	47,983	8,012	11,718	1,961	118,496	23,210	29,029	5,686

Loans and advances to key management personnel are secured and having interest rate of 9.4% to 12% per annum.

(c) Account receivables from related parties

	30 September 2020 KHR'000	31 December 2019 KHR'000	30 September 2020 US\$	31 December 2019 US\$
Account receivables from related company	1,138,372	4,798,731	277,652	1,177,603

(d) Account payables to related parties

	30 September 2020 KHR'000	31 December 2019 KHR'000	30 September 2020 US\$	31 December 2019 US\$
Account payables to related company	189,092	-	46,120	-

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(e) Deposits from related parties

	30 September 2020 KHR'000	31 December 2019 KHR'000	30 September 2020 US\$	31 December 2019 US\$
Shareholders	44,676	115,308	10,897	28,296
Board of directors	647,650	687,448	157,963	168,699
Key management personnel	4,674,206	2,082,745	1,140,049	511,103
Related company	41,714	1,599,874	10,174	392,607
	<u>5,408,246</u>	<u>4,485,375</u>	<u>1,319,083</u>	<u>1,100,705</u>
Interest payable	<u>54,707</u>	<u>26,425</u>	<u>13,343</u>	<u>6,484</u>

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$	30 September 2020 KHR'000	30 September 2019 KHR'000	30 September 2020 US\$	30 September 2019 US\$
		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>		<i>(Reviewed but unaudited)</i>
Interest expense	<u>19,898</u>	<u>81,510</u>	<u>4,859</u>	<u>19,943</u>	<u>187,763</u>	<u>145,429</u>	<u>45,997</u>	<u>35,926</u>

Annual interest rates during the period are as follows:

	30 September 2020	31 December 2019
Shareholders	3.00%	5.00%
Board of directors	3.00% – 8.75%	5.00% – 8.75%
Key management personnel	3.00% – 9.00%	5.00% – 9.25%
Related company	3.00%	5.00%

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FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(f) Transactions with related parties

	Three-month period ended				Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Reviewed but unaudited)</i>	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Reviewed but unaudited)</i>
1. <i>Incomes from related company:</i>								
Rental income	2,457	2,452	600	600	7,348	7,286	1,800	1,800
Management fee income	14,996	-	3,662	-	44,841	4,943	10,985	1,221
	<u>17,453</u>	<u>2,452</u>	<u>4,262</u>	<u>600</u>	<u>52,189</u>	<u>12,229</u>	<u>12,785</u>	<u>3,021</u>
2. <i>Expenses to related companies:</i>								
Purchase of assets for financial leasing products	180,344	-	44,040	-	2,298,370	-	563,050	-
License fees	142,850	20,672	34,884	5,058	467,483	20,475	114,523	5,058
IT consultancy and support fees	101,392	2,971	24,760	727	307,403	8,825	75,307	2180
	<u>424,586</u>	<u>23,643</u>	<u>103,684</u>	<u>5,785</u>	<u>3,073,256</u>	<u>29,300</u>	<u>752,880</u>	<u>7,238</u>

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**31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**(g) Key management compensation**

	Nine-month period ended			
	30 September 2020 KHR'000	30 September 2019 KHR'000 <i>(Reviewed but unaudited)</i>	30 September 2020 US\$	30 September 2019 US\$ <i>(Reviewed but unaudited)</i>
Directors' fees	488,358	506,360	119,637	125,089
Salaries and other benefits to key management	6,072,921	2,891,459	1,487,732	714,293
	<u>6,561,279</u>	<u>3,397,819</u>	<u>1,607,369</u>	<u>839,382</u>

**32. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

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

**(a) Fair value hierarchy**

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

The following table presents the Company's financial assets measured and recognised at fair value at 30 September 2020 and 31 December 2019 on a recurring basis:

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'000
<b>As at 30 September 2020</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,500	61,500
<b>Total financial assets</b>	-	-	61,500	61,500
<i>In US\$ equivalent</i>	-	-	15,000	15,000
<b>As at 31 December 2019</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	61,125	61,125
<b>Total financial assets</b>	-	-	61,125	61,125
<i>In US\$ equivalent</i>	-	-	15,000	15,000

## **LOLC (CAMBODIA) PLC.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

#### **32. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)**

##### **(a) 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.

##### **(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 30 September 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.

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### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

#### **32. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)**

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

###### **(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.

###### **(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.

#### **33. ADJUSTMENT OF PRIOR PERIOD BALANCES**

Certain comparative figures have been restated to correct accounting treatment. Details of the adjustments and restatements are as follows.

##### **1. Loans and advances**

Banks and financial institutions are required to compute regulatory provisions, according to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserve is subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserve is set aside as a buffer, is non-distributable, is not allowed to be included in the net worth calculation.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
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**33. ADJUSTMENT OF PRIOR PERIOD BALANCES** (continued)

**1. Loans and advances** (continued)

The accumulated regulatory provision was higher than accumulated impairment based on CIFRS 9, the topping up is correctly recorded as regulatory reserves presented under equity as at 30 September 2019. However, the Company recognised loss allowances based on regulatory provision instead of impairment based on CIFRS 9 for the three-month and nine-month periods ended 30 September 2019 which overstated the loans and advances. As a result, the Company restated loans and advances and credit impairment expenses of KHR 1,573,369 thousand and KHR 4,149,176 thousand for the three-month and nine-month periods ended 30 September 2020.

**2. Income tax**

Refer to Note 29, the Company is entitled to 50% reduction on tax on profit (20%) for the year ended 31 December 2019. For the three-month and nine-month periods ended 30 September 2019, the Company's income tax liabilities were reported at 20% tax rate instead of 10% tax rate. Therefore, the reported income tax liabilities and income tax expense for the three-month and nine-month periods ended 30 September 2019 are overstated by the impact of 50% reduction on tax on profit and income tax from prior period adjustment on loans and advances. The Company made an adjustment for restatement of its income tax liabilities and income tax expense of KHR 4,044,395 thousand and KHR 13,482,988 thousand for the three-month and nine-month periods ended 30 September 2019.

	<b>30 September 2019 KHR'000</b>	<b>Adjustment KHR'000</b>	<b>30 September 2019 KHR'000</b>	<b>30 September 2019 US\$</b>
	<i>(Previously reported)</i>		<i>(Restated)</i>	<i>(Restated)</i>
<b>Condensed interim statement of financial position (extract)</b>				
Loans and advances at amortised cost	<u>2,762,130,709</u>	<u>12,533,945</u>	<u>2,774,664,654</u>	<u>677,573,786</u>
<b>Total assets</b>	<u><b>3,630,979,870</b></u>	<u><b>12,533,945</b></u>	<u><b>3,643,513,815</b></u>	<u><b>889,746,963</b></u>
Current income tax liabilities	<u>24,869,201</u>	<u>(14,764,525)</u>	<u>10,104,676</u>	<u>2,467,564</u>
<b>Total liabilities</b>	<u><b>3,137,530,583</b></u>	<u><b>(14,764,525)</b></u>	<u><b>3,122,766,058</b></u>	<u><b>762,580,234</b></u>
Retained earnings	<u>146,122,827</u>	<u>27,298,470</u>	<u>173,421,297</u>	<u>42,931,925</u>
<b>Total equity</b>	<u><b>493,449,287</b></u>	<u><b>27,298,470</b></u>	<u><b>520,747,757</b></u>	<u><b>127,166,729</b></u>
<b>Total equity and liabilities</b>	<u><b>3,630,979,870</b></u>	<u><b>12,533,945</b></u>	<u><b>3,643,513,815</b></u>	<u><b>889,746,963</b></u>

**LOLC (CAMBODIA) PLC.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**33. ADJUSTMENT OF PRIOR PERIOD BALANCES (continued)**

	<b>Three-month period ended</b>			
	<b>30 September 2019 KHR'000</b>	<b>Adjustment KHR'000</b>	<b>30 September 2019 KHR'000</b>	<b>30 September 2019 US\$</b>
	<i>(Previously reported)</i>		<i>(Restated)</i>	<i>(Restated)</i>
<b>Condensed interim statement of profit or loss and other comprehensive income (extract)</b>				
Credit impairment losses	(4,634,157)	1,573,369	(3,060,788)	(748,908)
<b>Net other operating income</b>	<b>(2,942,829)</b>	<b>1,573,369</b>	<b>(1,369,460)</b>	<b>(335,077)</b>
<b>Profit before income tax</b>	<b>42,898,766</b>	<b>1,573,369</b>	<b>44,472,135</b>	<b>10,881,365</b>
Income tax expense	(9,863,349)	5,325,932	(4,537,417)	(1,110,207)
<b>Profit for the period</b>	<b>33,035,417</b>	<b>6,899,301</b>	<b>39,934,718</b>	<b>9,771,158</b>
Other comprehensive income: <i>Items that will not reclassified to profit or loss</i>				
Currency translation differences	-	-	-	(915,981)
Other comprehensive income for the period, net of tax	33,035,417	6,899,301	39,934,718	8,855,177
<b>Total comprehensive income for the period</b>				
<b>Profit attributable to:</b>				
Owners of the Company	33,035,417	6,899,301	39,934,718	9,771,158
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	33,035,417	6,899,301	39,934,718	8,855,177

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

33. ADJUSTMENT OF PRIOR PERIOD BALANCES (continued)

	Nine-month period ended			
	30 September 2019 KHR'000 <i>(Previously reported)</i>	Adjustment KHR'000	30 September 2019 KHR'000 <i>(Restated)</i>	30 September 2019 US\$ <i>(Restated)</i>
<b>Condensed interim statement of profit or loss and other comprehensive income (extract)</b>				
Credit impairment losses	(14,160,916)	4,149,176	(10,011,740)	(2,473,256)
<b>Net other operating income</b>	(9,227,198)	4,149,176	(5,078,022)	(1,254,452)
<b>Profit before income tax</b>	118,903,049	4,149,176	123,052,225	30,398,276
Income tax expense	(26,743,322)	14,764,525	(11,978,797)	(2,959,189)
<b>Profit for the period</b>	92,159,727	18,913,701	111,073,428	27,439,087
Other comprehensive income: <i>Items that will not reclassified to profit or loss</i>				
Currency translation differences	-	-	-	(2,078,052)
Other comprehensive income for the period, net of tax	92,159,727	18,913,701	111,073,428	25,361,035
<b>Total comprehensive income for the period</b>				
<b>Profit attributable to:</b>				
Owners of the Company	92,159,727	18,913,701	111,073,428	27,439,087
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	92,159,727	18,913,701	111,073,428	25,361,035