

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

LOLC (CAMBODIA) PLC.

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

CONTENTS

	Pages
Statement by board of directors	1
Report on review of condensed interim financial information	2
Condensed interim financial information:	
Condensed interim statement of financial position	3
Condensed interim statement of profit or loss and other comprehensive income	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial information	7 – 25



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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 2021.

BOARD OF DIRECTORS

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

- | | |
|--|----------|
| 1. Mr. Brindley Chrisantha 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 2021 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. Brindley Chrisantha Gajanayake de Zylva
Chairman

13 May 2021



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 2021 and the related condensed statement of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and notes, comprising 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".

For PricewaterhouseCoopers (Cambodia) Ltd.



By Kuy Lim
Partner

Phnom Penh, Kingdom of Cambodia
13 May 2021

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

		31 March 2021	31 December 2020	31 March 2021	31 December 2020
	Notes	KHR'000	KHR'000	US\$	US\$
ASSETS					
Cash on hand		96,158,788	89,631,890	23,772,259	22,158,687
Deposits and placements with the central bank		167,843,011	322,627,715	41,493,946	79,759,633
Deposits and placements with banks		236,569,439	235,909,185	58,484,410	58,321,183
Financial assets at fair value through other comprehensive income		60,675	60,675	15,000	15,000
Loans and advances at amortised cost	6	3,547,474,623	3,394,874,917	877,002,379	839,276,865
Statutory deposits with the central bank		218,505,439	217,819,305	54,018,650	53,849,025
Property and equipment	7	7,293,572	7,540,158	1,803,108	1,864,069
Right-of-use assets	8	22,653,197	20,687,945	5,600,296	5,114,449
Intangible assets	9	6,103,593	6,109,699	1,508,923	1,510,432
Deferred tax assets		27,216,351	25,449,305	6,728,393	6,291,546
Other assets		16,104,980	13,623,985	3,981,454	3,368,105
TOTAL ASSETS		<u>4,345,983,668</u>	<u>4,334,334,779</u>	<u>1,074,408,818</u>	<u>1,071,528,994</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	10	154,097,705	134,232,604	38,095,848	33,184,822
Deposits from customers	11	2,118,733,608	2,033,967,962	523,790,756	502,835,096
Borrowings	12	973,919,903	1,083,286,330	240,771,299	267,808,734
Debt securities		82,994,434	81,350,297	20,517,783	20,111,322
Lease liabilities	8	20,145,585	18,229,165	4,980,367	4,506,592
Current income tax liabilities		13,503,727	47,899,684	3,338,375	11,841,702
Employee benefits		4,393,077	2,650,325	1,086,051	655,210
Other liabilities		23,493,417	34,299,188	5,808,014	8,479,403
Subordinated debts	13	174,618,875	165,561,432	43,169,067	40,929,897
TOTAL LIABILITIES		<u>3,565,900,331</u>	<u>3,601,476,987</u>	<u>881,557,560</u>	<u>890,352,778</u>
EQUITY					
Share capital		224,377,400	224,377,400	55,460,850	55,460,850
Retained earnings		345,290,821	298,065,276	85,013,972	73,379,198
General reserves		210,415,116	210,415,116	51,979,374	51,979,374
Regulatory reserves		-	-	-	-
Other reserves		-	-	397,062	356,794
TOTAL EQUITY		<u>780,083,337</u>	<u>732,857,792</u>	<u>192,851,258</u>	<u>181,176,216</u>
TOTAL LIABILITIES AND EQUITY		<u>4,345,983,668</u>	<u>4,334,334,779</u>	<u>1,074,408,818</u>	<u>1,071,528,994</u>

The accompanying notes on pages 7 to 25 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 2021**

	Notes	Three-month period ended			
		31 March 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
Interest income	14	171,655,039	168,613,850	42,289,983	41,499,840
Interest expense	14	(62,193,037)	(67,643,573)	(15,322,256)	(16,648,677)
Net interest income	14	<u>109,462,002</u>	<u>100,970,277</u>	<u>26,967,727</u>	<u>24,851,163</u>
Fee and commission income		7,226,301	6,265,125	1,780,316	1,541,995
Fee and commission expense		(179,291)	(392,302)	(44,171)	(96,555)
Net fee and commission income		<u>7,047,010</u>	<u>5,872,823</u>	<u>1,736,145</u>	<u>1,445,440</u>
Other operating income		799,129	407,779	196,878	100,364
Other losses – net		(933,736)	(3,321,459)	(230,041)	(817,489)
Total other operating loss		<u>(134,607)</u>	<u>(2,913,680)</u>	<u>(33,163)</u>	<u>(717,125)</u>
Credit impairment losses	15	(10,073,922)	(17,462,408)	(2,481,873)	(4,297,910)
Net other operating loss		<u>(10,208,529)</u>	<u>(20,376,088)</u>	<u>(2,515,036)</u>	<u>(5,015,035)</u>
Personnel expenses	16	(34,114,071)	(27,077,573)	(8,404,551)	(6,664,429)
Depreciation and amortisation charges		(2,642,050)	(2,651,245)	(650,912)	(652,534)
Other operating expenses		(10,380,809)	(10,143,616)	(2,557,479)	(2,496,583)
Profit before income tax		<u>59,163,553</u>	<u>46,594,578</u>	<u>14,575,894</u>	<u>11,468,022</u>
Income tax expense	17	(11,938,008)	(8,627,223)	(2,941,120)	(2,123,363)
Profit for the period		<u>47,225,545</u>	<u>37,967,355</u>	<u>11,634,774</u>	<u>9,344,659</u>
Other comprehensive income: <i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	-	40,268	163,763
Other comprehensive income for the period, net of tax		-	-	40,268	163,763
Total comprehensive income for the period		<u>47,225,545</u>	<u>37,967,355</u>	<u>11,675,042</u>	<u>9,508,422</u>
Profit attributable to:					
Owners of the Company		<u>47,225,545</u>	<u>37,967,355</u>	<u>11,634,774</u>	<u>9,344,659</u>
Total comprehensive income attributable to:					
Owners of the Company		<u>47,225,545</u>	<u>37,967,355</u>	<u>11,675,042</u>	<u>9,508,422</u>

The accompanying notes on pages 7 to 25 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 2021

	Attributable to owners of the Company											
	Share capital KHR'000	Retained earnings KHR'000	General reserves KHR'000	Regulatory reserves KHR'000	Other reserves KHR'000	Total KHR'000	Share capital US\$	Retained earnings US\$	General reserves US\$	Regulatory reserves US\$	Other reserve US\$	Total US\$
Balance at 1 January 2020	224,377,400	107,919,895	210,415,116	10,694,760	-	553,407,171	55,460,850	26,740,647	51,979,374	2,645,229	(1,020,659)	135,805,441
Profit for the period	-	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	-	10,694,760	-	(10,694,760)	-	-	-	2,632,232	-	(2,632,232)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	(12,997)	-	(12,997)
Total transactions with owners	-	10,694,760	-	(10,694,760)	-	-	-	2,632,232	-	(2,645,229)	-	(12,997)
Balance at 31 March 2020	<u>224,377,400</u>	<u>156,582,010</u>	<u>210,415,116</u>	<u>-</u>	<u>-</u>	<u>591,374,526</u>	<u>55,460,850</u>	<u>38,717,538</u>	<u>51,979,374</u>	<u>-</u>	<u>(856,896)</u>	<u>145,300,866</u>
Balance at 1 January 2021	224,377,400	298,065,276	210,415,116	-	-	732,857,792	55,460,850	73,379,198	51,979,374	-	356,794	181,176,216
Profit for the period	-	47,225,545	-	-	-	47,225,545	-	11,634,774	-	-	-	11,634,774
Other comprehensive income – currency translation differences	-	-	-	-	-	-	-	-	-	-	40,268	40,268
Total comprehensive income for the period	-	47,225,545	-	-	-	47,225,545	-	11,634,774	-	-	40,268	11,675,042
Balance at 31 March 2021	<u>224,377,400</u>	<u>345,290,821</u>	<u>210,415,116</u>	<u>-</u>	<u>-</u>	<u>780,083,337</u>	<u>55,460,850</u>	<u>85,013,972</u>	<u>51,979,374</u>	<u>-</u>	<u>397,062</u>	<u>192,851,258</u>

The accompanying notes on pages 7 to 25 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 2021**

	Notes	Three-month period ended			
		31 March 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
Cash flows from operating activities					
Cash used in operations	18	(115,556,990)	(236,528,862)	(28,469,325)	(58,215,325)
Interest received		172,191,535	170,446,498	42,422,157	41,950,898
Interest paid		(56,656,868)	(61,191,931)	(13,958,332)	(15,060,776)
Income tax paid		(48,101,011)	(13,900,274)	(11,850,458)	(3,421,185)
Cash used in operating activities		<u>(48,123,334)</u>	<u>(141,174,569)</u>	<u>(11,855,958)</u>	<u>(34,746,388)</u>
Cash flows from investing activities					
Deposits and placements with the central bank - maturity more than three months		2,838	(404,330)	699	(99,515)
Purchases of property and equipment	7	(794,614)	(890,262)	(195,766)	(219,114)
Purchases of intangible assets	9	(179,645)	(154,923)	(44,258)	(38,130)
Proceeds from disposals of property and equipment		6,644	14,302	1,637	3,520
Cash used in investing activities		<u>(964,777)</u>	<u>(1,435,213)</u>	<u>(237,688)</u>	<u>(353,239)</u>
Cash flows from financing activities					
Proceeds from borrowings		33,872,900	102,001,929	8,345,134	25,105,077
Repayments of borrowings		(138,728,475)	(190,158,126)	(34,177,993)	(46,802,394)
Proceeds from subordinated debts		20,225,000	-	4,982,754	-
Repayments of subordinated debts		(12,177,000)	(4,115,093)	(3,000,000)	(1,012,821)
Payment of transaction costs of borrowings and subordinated debts		(542,504)	(901,567)	(133,655)	(221,897)
Principal element of lease payment		(1,071,237)	(1,166,326)	(263,916)	(287,060)
Cash used in financing activities		<u>(98,421,316)</u>	<u>(94,339,183)</u>	<u>(24,247,676)</u>	<u>(23,219,095)</u>
Net decrease in cash and cash equivalents		<u>(147,509,427)</u>	<u>(236,948,965)</u>	<u>(36,341,322)</u>	<u>(58,318,722)</u>
Cash and cash equivalents at beginning of period		648,240,207	752,231,266	160,257,159	184,596,630
Currency translation differences		-	-	(125,780)	171,736
Cash and cash equivalents at end of period		<u>500,730,780</u>	<u>515,282,301</u>	<u>123,790,057</u>	<u>126,449,644</u>

The accompanying notes on pages 7 to 25 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 2021

1. GENERAL INFORMATION

LOLC (Cambodia) Plc. (formerly known as Thaneakea Phum (Cambodia) Ltd.) (“the Company”), a licensed micro-finance institution, incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (“MoC”) as a public limited 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 the 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 80 office locations (79 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 May 2021.

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

2. BASIS OF PREPARATION

This condensed interim financial information for the three-month period ended 31 March 2021 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 2020, which have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”).

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

LOLC (CAMBODIA) PLC.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

2. BASIS OF PREPARATION (continued)

New and amended standards adopted by the Company

A number of amended standards became applicable for the current reporting period as follows:

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

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

3. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Impact on impairment charge from COVID-19

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

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

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The significant estimates, assumptions and 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 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.

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

6. LOANS AND ADVANCES

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
<i>At amortised cost</i>				
Group loans	471,463,430	441,025,832	116,554,618	109,029,872
Individual loans	3,130,344,326	2,996,973,447	773,879,932	740,908,145
Staff loans	24,147,933	24,203,637	5,969,823	5,983,594
Total gross loans	<u>3,625,955,689</u>	<u>3,462,202,916</u>	<u>896,404,373</u>	<u>855,921,611</u>
Less: Allowance for expected credit loss	<u>(78,481,066)</u>	<u>(67,327,999)</u>	<u>(19,401,994)</u>	<u>(16,644,746)</u>
Total net loans	<u>3,547,474,623</u>	<u>3,394,874,917</u>	<u>877,002,379</u>	<u>839,276,865</u>

(a) Analysis by industry

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Trade and commerce	684,412,321	628,357,223	169,199,585	155,341,711
Services	589,166,870	562,191,223	145,653,120	138,984,233
Manufacturing	51,740,991	44,961,931	12,791,345	11,115,434
Transportation	21,412,168	20,332,995	5,293,490	5,026,698
Agriculture	888,029,285	889,415,893	219,537,524	219,880,320
Construction	145,299,543	139,328,660	35,920,777	34,444,663
Household/family	1,244,400,437	1,177,200,085	307,639,169	291,025,979
Others	1,494,074	414,906	369,363	102,573
Total gross loans	<u>3,625,955,689</u>	<u>3,462,202,916</u>	<u>896,404,373</u>	<u>855,921,611</u>

(b) Analysis by loan classification

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
<i>Performing</i>				
Gross amount	<u>3,483,440,449</u>	<u>3,295,828,183</u>	<u>861,171,928</u>	<u>814,790,651</u>
Exposure at default	<u>3,483,440,449</u>	<u>3,295,828,183</u>	<u>861,171,928</u>	<u>814,790,651</u>
Allowance for expected credit loss	<u>(31,438,952)</u>	<u>(30,823,708)</u>	<u>(7,772,300)</u>	<u>(7,620,200)</u>
<i>Under-performing</i>				
Gross amount	<u>58,466,536</u>	<u>101,152,077</u>	<u>14,454,026</u>	<u>25,006,694</u>
Exposure at default	<u>58,466,536</u>	<u>101,152,077</u>	<u>14,454,026</u>	<u>25,006,694</u>
Allowance for expected credit loss	<u>(5,549,600)</u>	<u>(5,132,755)</u>	<u>(1,371,965)</u>	<u>(1,268,913)</u>
<i>Non-performing</i>				
Gross amount	<u>84,048,704</u>	<u>65,222,656</u>	<u>20,778,419</u>	<u>16,124,266</u>
Exposure at default	<u>84,048,704</u>	<u>65,222,656</u>	<u>20,778,419</u>	<u>16,124,266</u>
Allowance for expected credit loss	<u>(41,492,514)</u>	<u>(31,371,536)</u>	<u>(10,257,729)</u>	<u>(7,755,633)</u>
Total gross loans	<u>3,625,955,689</u>	<u>3,462,202,916</u>	<u>896,404,373</u>	<u>855,921,611</u>
Exposure at default	<u>3,625,955,689</u>	<u>3,462,202,916</u>	<u>896,404,373</u>	<u>855,921,611</u>
Allowance for expected credit loss	<u>(78,481,066)</u>	<u>(67,327,999)</u>	<u>(19,401,994)</u>	<u>(16,644,746)</u>

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

6. LOANS AND ADVANCES (continued)

(c) Analysis by maturity

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Not later than 1 year	259,213,865	233,862,319	64,082,538	57,815,159
Later than 1 year and no later than 3 years	1,228,597,366	1,217,226,898	303,732,353	300,921,359
Later than 3 years and no later than 5 years	1,464,448,742	1,607,082,736	362,039,244	397,301,047
Later than 5 years	673,695,716	404,030,963	166,550,238	99,884,046
Total gross loans	<u>3,625,955,689</u>	<u>3,462,202,916</u>	<u>896,404,373</u>	<u>855,921,611</u>

(d) Analysis by relationship

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Related parties (including staff loans)	24,147,933	24,203,637	5,969,823	5,983,594
Non-related parties	<u>3,601,807,756</u>	<u>3,437,999,279</u>	<u>890,434,550</u>	<u>849,938,017</u>
Total gross loans	<u>3,625,955,689</u>	<u>3,462,202,916</u>	<u>896,404,373</u>	<u>855,921,611</u>

(e) Analysis by residency

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Residents	3,625,955,689	3,462,202,916	896,404,373	855,921,611
Non-residents	-	-	-	-
Total gross loans	<u>3,625,955,689</u>	<u>3,462,202,916</u>	<u>896,404,373</u>	<u>855,921,611</u>

(f) Interest rates

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Short term loans	10.56% – 18.00%	11.00% – 18.00%
Long term loans	9.00% – 18.00%	9.00% – 18.00%

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

6. LOANS AND ADVANCES (continued)

(g) Allowance for expected credit loss

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
12-month ECL (Stage 1)	31,438,952	30,823,708	7,772,300	7,620,200
Lifetime ECL-not credit impaired (Stage 2)	5,549,600	5,132,755	1,371,965	1,268,913
Lifetime ECL-credit impaired (Stage 3)	41,492,514	31,371,536	10,257,729	7,755,633
	<u>78,481,066</u>	<u>67,327,999</u>	<u>19,401,994</u>	<u>16,644,746</u>

(h) Expected credit loss reconciliation – loans and advances

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Expected Credit Losses				
Loss allowance as at 1 January 2021	30,823,708	5,132,755	31,371,536	67,327,999
<i>Changes due to exposure:</i>				
Transfer to stage 1	1,055,319	(935,061)	(120,258)	-
Transfer to stage 2	(494,625)	942,505	(447,880)	-
Transfer to stage 3	(261,900)	(1,882,711)	2,144,611	-
Net remeasurement of loss allowance (*)	(3,589,324)	3,152,601	9,924,328	9,487,605
New financial assets originated or purchased	7,150,994	53,282	-	7,204,276
Financial assets derecognised during the period other than write off	(3,192,780)	(904,514)	(1,945,145)	(6,042,439)
Unwinding of discount (**)	-	-	634,531	634,531
Foreign exchange differences	(52,440)	(9,257)	(69,209)	(130,906)
Loss allowance as at 31 March 2021	<u>31,438,952</u>	<u>5,549,600</u>	<u>41,492,514</u>	<u>78,481,066</u>
<i>In US\$ equivalent</i>	<u>7,772,300</u>	<u>1,371,965</u>	<u>10,257,729</u>	<u>19,401,994</u>

(*) Impact of the measurement of ECL due to changes in exposure at default (“EAD”), loss given default (“LGD”) and probability of default (“PD”) during the period arising from refreshing of inputs to models.

(**) The unwinding of discount on Stage 3 loans is reported within ‘Interest income’ so that interest income is recognised on the amortised cost (after deducting the ECL allowance).

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

6. LOANS AND ADVANCES (continued)

(h) 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 2021	3,295,828,183	101,152,077	65,222,656	3,462,202,916
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	30,473,006	(30,200,644)	(272,362)	-
Transfer to stage 2	(24,010,256)	24,989,004	(978,748)	-
Transfer to stage 3	(8,679,721)	(17,037,003)	25,716,724	-
New financial assets originated or purchased	582,585,215	(3,106,396)	(344,936)	579,133,883
Financial assets derecognised during the period other than write off	(392,755,978)	(17,330,502)	(5,294,630)	(415,381,110)
Gross carrying amount as at 31 March 2021	<u>3,483,440,449</u>	<u>58,466,536</u>	<u>84,048,704</u>	<u>3,625,955,689</u>
<i>In US\$ equivalent</i>	<u>861,171,928</u>	<u>14,454,026</u>	<u>20,778,419</u>	<u>896,404,373</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 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	(113,198)	(4,641)	(26,970)	(144,809)
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>

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

6. LOANS AND ADVANCES (continued)

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

	Stage 1 12-month ECL KHR'000	Stage 2 Lifetime ECL not Credit- Impaired KHR'000	Stage 3 Lifetime ECL Credit- Impaired KHR'000	Total KHR'000
Gross carrying amount				
Gross carrying amount as at 1 January 2020	3,127,350,043	3,646,766	15,776,322	3,146,773,131
<i>Changes due to financial instruments recognised:</i>				
Transfer to stage 1	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	<u>(555,293,350)</u>	<u>(498,634)</u>	<u>1,965,629</u>	<u>(553,826,355)</u>
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>

7. PROPERTY AND EQUIPMENT

	Furniture and equipment KHR'000	Motor vehicles KHR'000	Computer equipment KHR'000	Leasehold improvement KHR'000	Total KHR'000
As at 31 December 2020					
Cost	4,164,831	13,451,294	13,585,069	1,643,846	32,845,040
Accumulated depreciation	<u>(3,110,046)</u>	<u>(12,002,716)</u>	<u>(9,262,957)</u>	<u>(929,163)</u>	<u>(25,304,882)</u>
Net book amount	<u>1,054,785</u>	<u>1,448,578</u>	<u>4,322,112</u>	<u>714,683</u>	<u>7,540,158</u>
<i>In US\$ equivalents</i>	<u>260,763</u>	<u>358,116</u>	<u>1,068,507</u>	<u>176,683</u>	<u>1,864,069</u>
Three-month period ended 31 March 2021					
Opening net book amount	1,054,785	1,448,578	4,322,112	714,683	7,540,158
Additions	55,256	141,264	598,094	-	794,614
Depreciation charge	<u>(150,613)</u>	<u>(162,649)</u>	<u>(669,086)</u>	<u>(58,852)</u>	<u>(1,041,200)</u>
Closing net book amount	<u>959,428</u>	<u>1,427,193</u>	<u>4,251,120</u>	<u>655,831</u>	<u>7,293,572</u>
As at 31 March 2021					
Cost	4,216,580	13,542,866	14,092,880	1,643,846	33,496,172
Accumulated depreciation	<u>(3,257,152)</u>	<u>(12,115,673)</u>	<u>(9,841,760)</u>	<u>(988,015)</u>	<u>(26,202,600)</u>
Net book amount	<u>959,428</u>	<u>1,427,193</u>	<u>4,251,120</u>	<u>655,831</u>	<u>7,293,572</u>
<i>In US\$ equivalents</i>	<u>237,189</u>	<u>352,829</u>	<u>1,050,956</u>	<u>162,134</u>	<u>1,803,108</u>

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

8. 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 one to twelve 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 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
<i>Right-of-use assets (Non-current)</i>				
Buildings	22,653,197	20,687,945	5,600,296	5,114,449
	<u>22,653,197</u>	<u>20,687,945</u>	<u>5,600,296</u>	<u>5,114,449</u>
<i>Lease liabilities</i>				
Current	4,126,479	7,088,062	1,020,143	1,752,302
Non-current	16,019,106	11,141,103	3,960,224	2,754,290
	<u>20,145,585</u>	<u>18,229,165</u>	<u>4,980,367</u>	<u>4,506,592</u>

Right-of-use assets' additions during the period were KHR 3,387,111 thousand (2020: KHR 8,218,494 thousand).

(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 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
<i>Depreciation of right-of-use assets</i>				
Buildings	1,415,099	1,434,730	348,632	353,121
	<u>1,415,099</u>	<u>1,434,730</u>	<u>348,632</u>	<u>353,121</u>
Interest expense (Note 14)	408,539	356,679	100,649	87,788
	<u>408,539</u>	<u>356,679</u>	<u>100,649</u>	<u>87,788</u>
Expense relating to short-term lease and leases of low-value assets (included in operating expenses)	1,448,004	1,135,167	356,739	279,391
	<u>1,448,004</u>	<u>1,135,167</u>	<u>356,739</u>	<u>279,391</u>
Total expenses related to leases	<u>3,271,642</u>	<u>2,926,576</u>	<u>806,020</u>	<u>720,300</u>

Total cash outflow for lease during the period was KHR 2,927,780 thousand (2020: KHR 2,658,172 thousand).

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

9. INTANGIBLE ASSETS

	Software and license KHR'000	Work in progress KHR'000	Total KHR'000
As at 31 December 2020			
Cost	6,156,989	1,395,329	7,552,318
Accumulated amortisation	<u>(1,442,619)</u>	<u>-</u>	<u>(1,442,619)</u>
Net book amount	<u>4,714,370</u>	<u>1,395,329</u>	<u>6,109,699</u>
<i>In US\$ equivalents</i>	<u>1,165,480</u>	<u>344,952</u>	<u>1,510,432</u>
Three-month period ended 31 March 2021			
Opening net book amount	4,714,370	1,395,329	6,109,699
Additions	8,320	171,325	179,645
Amortisation charge	<u>(185,751)</u>	<u>-</u>	<u>(185,751)</u>
Closing net book amount	<u>4,536,939</u>	<u>1,566,654</u>	<u>6,103,593</u>
As at 31 March 2021			
Cost	6,165,309	1,566,654	7,731,963
Accumulated amortisation	<u>(1,628,370)</u>	<u>-</u>	<u>(1,628,370)</u>
Net book amount	<u>4,536,939</u>	<u>1,566,654</u>	<u>6,103,593</u>
<i>In US\$ equivalents</i>	<u>1,121,617</u>	<u>387,306</u>	<u>1,508,923</u>

10. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Savings deposits	3,747,328	1,443,040	926,410	356,747
Fixed deposits	<u>147,348,037</u>	<u>129,991,365</u>	<u>36,427,203</u>	<u>32,136,308</u>
	151,095,365	131,434,405	37,353,613	32,493,055
Accrued interest payables	<u>3,002,340</u>	<u>2,798,199</u>	<u>742,235</u>	<u>691,767</u>
	<u>154,097,705</u>	<u>134,232,604</u>	<u>38,095,848</u>	<u>33,184,822</u>
	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Current	145,412,499	129,363,297	35,948,702	31,981,038
Non-current	<u>8,685,206</u>	<u>4,869,307</u>	<u>2,147,146</u>	<u>1,203,784</u>
	<u>154,097,705</u>	<u>134,232,604</u>	<u>38,095,848</u>	<u>33,184,822</u>

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

11. DEPOSITS FROM CUSTOMERS

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Savings deposits	179,660,672	167,120,992	44,415,494	41,315,449
Fixed deposits	<u>1,891,361,649</u>	<u>1,820,635,830</u>	<u>467,580,135</u>	<u>450,095,384</u>
	<u>2,071,022,321</u>	<u>1,987,756,822</u>	<u>511,995,629</u>	<u>491,410,833</u>
Accrued interest payables	<u>47,711,287</u>	<u>46,211,140</u>	<u>11,795,127</u>	<u>11,424,263</u>
	<u>2,118,733,608</u>	<u>2,033,967,962</u>	<u>523,790,756</u>	<u>502,835,096</u>

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Current	1,600,193,023	1,736,804,660	395,597,781	429,370,744
Non-current	<u>518,540,585</u>	<u>297,163,302</u>	<u>128,192,975</u>	<u>73,464,352</u>
	<u>2,118,733,608</u>	<u>2,033,967,962</u>	<u>523,790,756</u>	<u>502,835,096</u>

12. BORROWINGS

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Current	449,323,239	518,148,136	111,081,147	128,095,954
Non-current	<u>524,596,664</u>	<u>565,138,194</u>	<u>129,690,152</u>	<u>139,712,780</u>
	<u>973,919,903</u>	<u>1,083,286,330</u>	<u>240,771,299</u>	<u>267,808,734</u>

During the period, the Company obtained additional borrowings of KHR 33,872,900 thousand (US\$8,345,134). The annual interest rates are ranging from 4.68% to 8.49% (2020: 4.71% to 8.72%).

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Principal amount	962,312,831	1,072,953,711	237,901,813	265,254,317
Interest payables	<u>11,607,072</u>	<u>10,332,619</u>	<u>2,869,486</u>	<u>2,554,417</u>
	<u>973,919,903</u>	<u>1,083,286,330</u>	<u>240,771,299</u>	<u>267,808,734</u>

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

13. SUBORDINATED DEBTS

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Current	24,477,262	32,694,213	6,051,239	8,082,624
Non-current	150,141,613	132,867,219	37,117,828	32,847,273
	<u>174,618,875</u>	<u>165,561,432</u>	<u>43,169,067</u>	<u>40,929,897</u>

During the period, the Company obtained additional subordinated debts of KHR 20,225,000 thousand (US\$5,000,000). The annual interest rates for all subordinated debts are ranging from 9.30% to 12.21% (2020: 9.77% to 12.21%).

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Principal amount	171,423,879	163,279,726	42,379,204	40,365,816
Interest payables	3,194,996	2,281,706	789,863	564,081
	<u>174,618,875</u>	<u>165,561,432</u>	<u>43,169,067</u>	<u>40,929,897</u>

14. NET INTEREST INCOME

	Three-month period ended			
	31 March 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
<i>Interest income from financial assets at amortised cost</i>				
Loans and advances	170,544,808	168,301,568	42,016,459	41,422,980
Deposits and placements with banks	941,666	145,927	231,995	35,916
Deposits and placements with the central bank	168,565	166,355	41,529	40,944
Total interest income	<u>171,655,039</u>	<u>168,613,850</u>	<u>42,289,983</u>	<u>41,499,840</u>
<i>Interest expense on financial liabilities at amortised cost</i>				
Deposits from customers	(36,372,957)	(34,539,746)	(8,961,064)	(8,501,045)
Borrowings	(19,404,994)	(27,928,690)	(4,780,733)	(6,873,908)
Subordinated debts	(4,360,749)	(3,148,725)	(1,074,341)	(774,975)
Debt securities	(1,645,798)	(1,669,733)	(405,469)	(410,961)
Lease liabilities	(408,539)	(356,679)	(100,649)	(87,788)
	<u>(62,193,037)</u>	<u>(67,643,573)</u>	<u>(15,322,256)</u>	<u>(16,648,677)</u>
Net interest income	<u>109,462,002</u>	<u>100,970,277</u>	<u>26,967,727</u>	<u>24,851,163</u>

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

15. CREDIT IMPAIRMENT LOSSES

	Three-month period ended			
	31 March 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
<i>Expected Credit Loss (ECL):</i>				
Loans and advances	10,649,442	17,181,813	2,623,661	4,228,849
Deposits and placements with banks	84,018	778,018	20,700	191,488
Recovery from loans written off	(659,538)	(497,423)	(162,488)	(122,427)
	<u>10,073,922</u>	<u>17,462,408</u>	<u>2,481,873</u>	<u>4,297,910</u>

16. PERSONNEL EXPENSES

	Three-month period ended			
	31 March 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
Salaries and wage expenses	31,569,742	24,631,154	7,777,714	6,062,307
Other benefits	2,544,329	2,446,419	626,837	602,122
	<u>34,114,071</u>	<u>27,077,573</u>	<u>8,404,551</u>	<u>6,664,429</u>

17. INCOME TAX EXPENSE

(a) Income tax expense

	Three-month period ended			
	31 March 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
Current income tax	13,705,054	16,863,722	3,376,460	4,150,559
Deferred income tax	(1,767,046)	(8,236,499)	(435,340)	(2,027,196)
	<u>11,938,008</u>	<u>8,627,223</u>	<u>2,941,120</u>	<u>2,123,363</u>

(b) Reconciliation between income tax expenses and accounting profit

	Three-month period ended			
	31 March 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
Profit before income tax	59,163,553	46,594,578	14,575,894	11,468,022
Tax expenses at 20%	11,832,711	9,318,916	2,915,179	2,293,605
Tax effect of reconciling items:				
Expenses not deductible for tax purposes	105,297	102,661	25,941	25,267
Unrecognised previous deferred tax	-	(794,354)	-	(195,509)
Income tax expense	<u>11,938,008</u>	<u>8,627,223</u>	<u>2,941,120</u>	<u>2,123,363</u>

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

17. INCOME TAX EXPENSE (continued)

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

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

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

The Company successfully listed its corporate bond on CSX on 26 April 2019. On 25 March 2020, the Company received an approval from the General Department of Taxation (“GDT”) on the tax on profit reduction of 50% for the year ended 2019. In the GDT’s letter also stated that the Company 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 8,000 million.

As at 31 March 2021, the Company’s bond issuance was approximately 1.91% (2020: 1.88%) 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 2021 and 31 March 2020.

18. CASH USED IN OPERATIONS

	Three-month period ended			
	31 March 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
Profit before income tax	59,163,553	46,594,578	14,575,894	11,468,022
<i>Adjustments for:</i>				
Depreciation and amortisation charges	2,642,050	2,651,245	650,912	652,534
Credit impairment losses	10,733,460	17,959,831	2,644,361	4,420,337
Gain on disposals of property and equipment	(6,644)	(13,869)	(1,637)	(3,413)
Provision for employee benefits	1,742,752	1,516,727	429,355	373,302
Unrealised exchange (gains)/losses	(4,794,886)	2,066,337	(1,181,297)	508,574
Net interest income (Note 14)	(109,462,002)	(100,970,277)	(26,967,727)	(24,851,163)
<i>Changes in working capital:</i>				
Reserve requirement deposits	(522,000)	(15,943,574)	(128,603)	(3,924,089)
Loans and advances	(164,692,966)	(292,448,916)	(40,574,764)	(71,978,567)
Other assets	(2,480,995)	678,613	(611,233)	167,023
Deposits from banks and other financial institutions	19,865,101	39,453,619	4,894,087	9,710,465
Deposits from customers	83,061,358	76,227,752	20,463,503	18,761,445
Other liabilities	(10,805,771)	(14,300,928)	(2,662,176)	(3,519,795)
Cash used in operations	<u>(115,556,990)</u>	<u>(236,528,862)</u>	<u>(28,469,325)</u>	<u>(58,215,325)</u>

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Related parties and relationship

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

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

(b) Loans and advances to key management personnel

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Loans to key management personnel	<u>2,620,609</u>	<u>2,602,339</u>	<u>647,864</u>	<u>643,347</u>
	Three-month period ended			
	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Interest income	<u>67,339</u>	<u>98,328</u>	<u>16,590</u>	<u>24,201</u>

Loans and advances to key management personnel are secured and having interest rate of 9.4% to 12% per annum (2020: 9.4% to 12% per annum). Allowances for expected credit losses for loans to related parties was recognised during the year of KHR 2,604,606 (2020: KHR 6,617,692).

(c) Receivables from related parties

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Receivables from related companies	<u>1,196,504</u>	<u>1,187,960</u>	<u>295,798</u>	<u>293,686</u>

The receivables are unsecured and bear no interest. There are no allowances against receivables from related parties (2020: nil).

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(d) Payables to related parties

	31 March 2021 KHR'000	31 December 2020 KHR'000	31 March 2021 US\$	31 December 2020 US\$
Payables to related companies	-	81,567	-	20,165

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

(e) Deposits from related parties

	2021 KHR'000	2020 KHR'000	2021 US\$	2020 US\$
Shareholders	3,651,701	7,345,425	902,769	1,815,927
Board of directors	876,361	772,537	216,653	190,986
Key management personnel	6,728,856	4,871,465	1,663,500	1,204,318
Related companies	19,739	41,304	4,880	10,211
	<u>11,276,657</u>	<u>13,030,731</u>	<u>2,787,802</u>	<u>3,221,442</u>
Interest payable	<u>49,089</u>	<u>126,666</u>	<u>12,136</u>	<u>31,314</u>

Three-month period ended

	31 March 2021 KHR'000	31 March 2020 KHR'000	31 March 2021 US\$	31 March 2020 US\$
Interest expense	<u>64,037</u>	<u>62,113</u>	<u>15,776</u>	<u>15,288</u>

Annual interest rates during the year are as follows:

	<u>2021</u>	<u>2020</u>
Shareholders	3.00%	3.00%
Board of directors	3.00% – 8.75%	3.00% – 8.75%
Key management personnel	3.00% – 9.00%	3.00% – 9.00%
Related companies	3.00%	3.00%

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

19. RELATED-PARTY DISCLOSURES (continued)

(f) Transactions with related parties

	Three-month period ended			
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	KHR'000	KHR'000	US\$	US\$
<i>i) Incomes from related companies:</i>				
Rental income	8,037	8,045	1,980	1,980
Management fee income	14,862	14,877	3,662	3,662
	<u>22,899</u>	<u>22,922</u>	<u>5,642</u>	<u>5,642</u>
<i>ii) Expenses to related companies:</i>				
Purchases of assets for financial leasing products	63,645	2,044,623	15,680	503,230
License fees	148,437	148,584	36,570	36,570
IT consultancy and support fees	112,751	132,242	27,778	32,548
	<u>324,833</u>	<u>2,325,449</u>	<u>80,028</u>	<u>572,348</u>

Transactions with related parties were made on normal commercial terms and conditions and at market rate.

(g) Key management compensation

	Three-month period ended			
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	KHR'000	KHR'000	US\$	US\$
Directors' fees	159,468	168,274	39,288	41,416
Salaries and other benefits to key management	2,635,759	2,496,754	649,362	614,510
	<u>2,795,227</u>	<u>2,665,028</u>	<u>688,650</u>	<u>655,926</u>

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

(a) Fair value hierarchy

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

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

	Level 1 KHR'000	Level 2 KHR'000	Level 3 KHR'000	Total KHR'000
As at 31 March 2021				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	60,675	60,675
Total financial assets	-	-	60,675	60,675
<i>In US\$ equivalent</i>	-	-	15,000	15,000
As at 31 December 2020				
Financial assets				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	-	-	60,675	60,675
Total financial assets	-	-	60,675	60,675
<i>In US\$ equivalent</i>	-	-	15,000	15,000

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

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

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

LOLC (CAMBODIA) PLC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

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

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

There is no gain/loss recognised in other comprehensive income due to fair value approximate the carrying amount. There is no loss allowance for this FVOCI at 31 March 2021.

(c) Financial instruments not measured at fair value

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

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

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

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

(ii) Loans and advances to customers

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

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

(iii) Deposits from banks, other financial institutions and customers

The fair value of deposits from banks, other financial institutions and customers with maturities of less than one year approximate their carrying 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 2021**

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

(vi) Borrowings and subordinated debts

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

(vii) Debt securities

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