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LOLC (Cambodia) Plc.

The First Quarterly Report

March 31st, 2021

www.lolc.com.kh

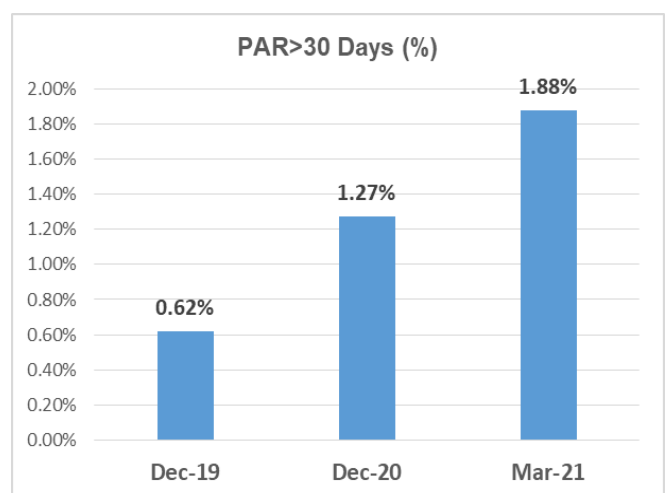
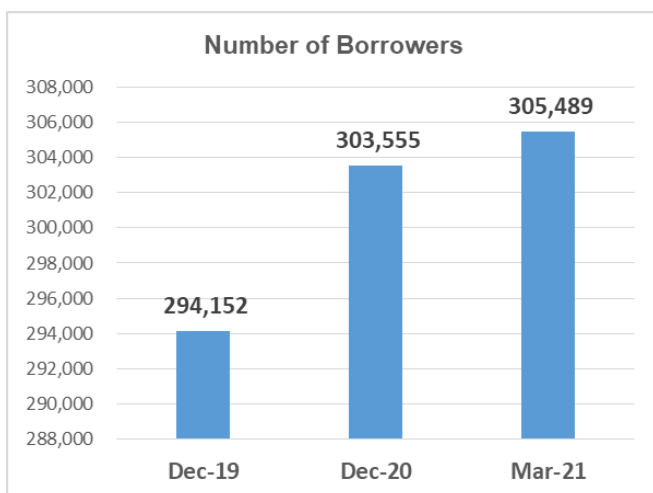
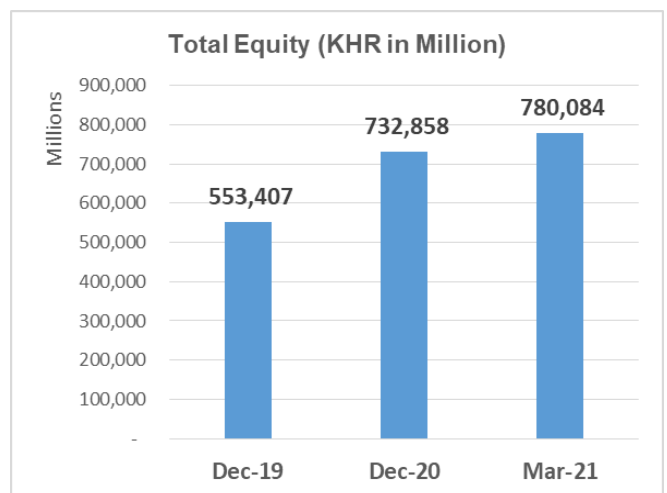
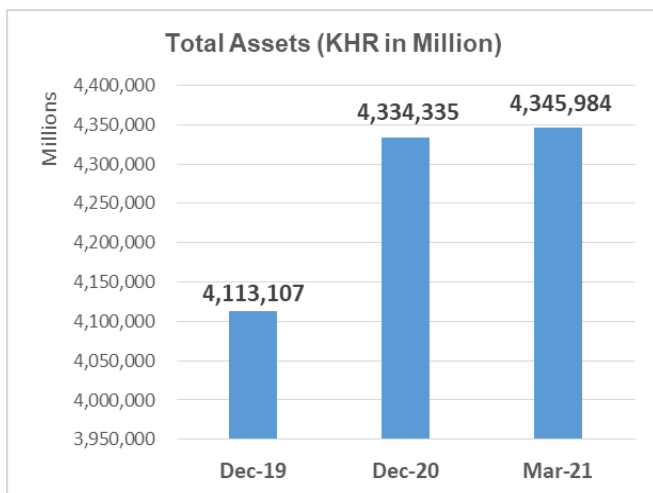
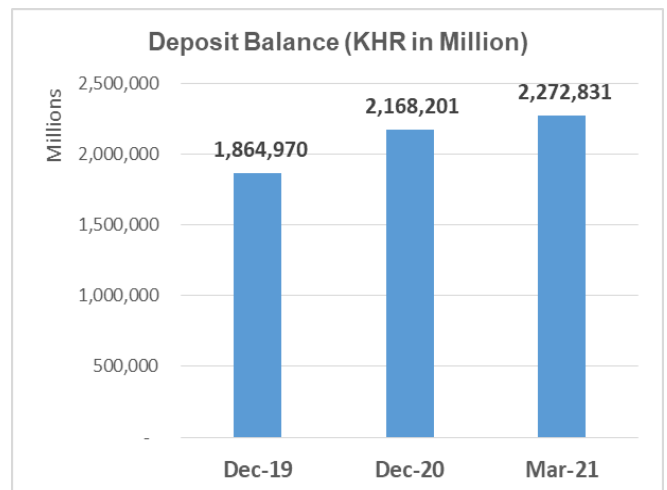
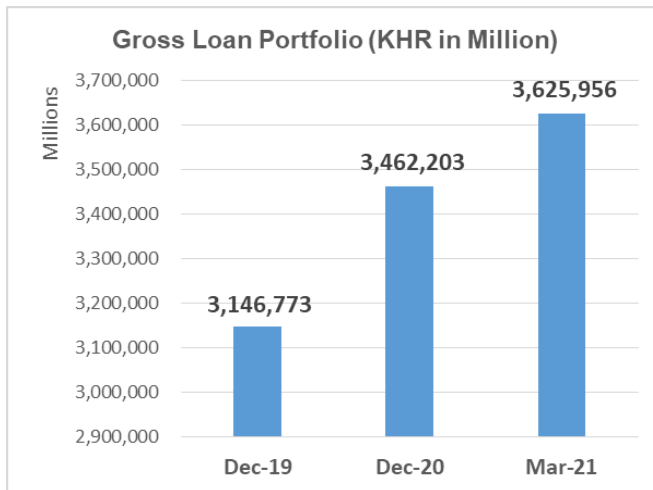


Financial Highlight

Financial Situation	Q1-2021	2020
Total Assets (KHR in Million)	4,345,984	4,334,335
Total Liabilities (KHR in Million)	3,565,900	3,601,477
Total Equities (KHR in Million)	780,084	732,858
Financial Results	Q1-2021	Q1-2020
Interest Income (KHR in Million)	171,655	168,614
Profit/(Loss) before Tax (KHR in Million)	59,164	46,595
Net Profit/(Loss) During the Quarter (KHR in Million)	47,226	37,967

Financial Ratio (For Banking and Financial Institutions)	Q1-2021	2020
Solvency Ratio	22.53%	23.99%
Debt to Equity Ratio	4.57	4.91
Liquidity Ratio	138.40%	235.30%
Non-Performing Loan Ratio	1.88%	1.27%
Deposit to Gross Loan Portfolio Ratio	62.68%	62.62%
	Q1-2021	Q1-2020
Return on Assets	1.09%	0.92%
Return on Equity	6.24%	6.63%
Interest Coverage Ratio	195.13%	168.88%
Profit per Share (in case listed as stock)	N/A	N/A
Dividend per Share (In case listed as stock)	N/A	N/A
Other Key Financial Ratio (If any)	N/A	N/A

Graphs of Summary Financial Highlight



Composition of the Board of Directors



Mr. Brindley de Zylva
Chairman



Mr. Conrad Dias
Director



Dulip Rasika Samaraweera
Director



Mr. Indrajith Wijesiriwardana
Independent Director



Mr. Michael Moormann
Independent Director

Chairman Statement

Global economic growth is projected at 6% in 2021, moderating to 4.4 percent in 2022. The latest projections for 2021 and 2022 are stronger than in the projections made in October 2020 World Economic Outlook. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. A high level of uncertainty surrounds the outlook related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions.

Cambodia's economy is forecast to grow by 4.0% this year and 5.5% in 2022, as the economic recovery in major trading partners boosts demand for Cambodia's exports, says an Asian Development Bank (ADB) report released on 28th April 2021. Industrial production is expected to rise 7.1% in 2021 and 7.0% in 2022 on the back of a rebound in the garments, footwear, and the travel goods sector, as well as growth in manufacturing such as electronics and bicycles. Agriculture is expected to grow by 1.3% in 2021 and 1.2% in 2022, underpinned by higher crop production after last year's flood damage, continued growth in aquaculture, and rising agriculture exports to China. Services will recover more slowly, expanding by 3.3% in 2021 and 6.2% in 2022. Real estate is expected to recover from last year's contraction, in line with a similar trend for the construction industry.

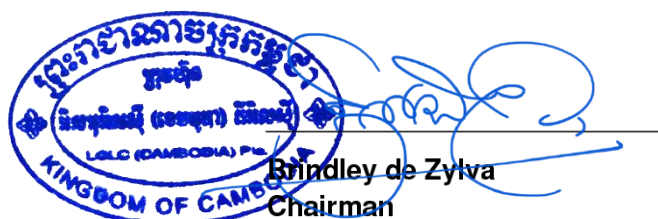
With the onset of the pandemic, LOLC Cambodia implemented measures to safeguard its staff and customers. Adjustment to both business operations and financial activities were implemented promptly, whilst fast forwarding the uptake of digital financial services. As of Q1 2021, LOLC Cambodia has deployed diversified digital banking channels, which allow customers to conduct banking transactions by themselves at any time without having to visit branch offices. iPay, LOLC Cambodia's Mobile Banking Application, allows our customers to view their banking accounts and do transactions conveniently using their mobile phones. Internet banking service allows customers to perform banking transactions by themselves at any time. RFT, FAST and Bakong projects with the National Bank of Cambodia enable customers to transfer their money between banks and MDIs who are members of these projects. LOLC Cambodia is currently piloting the use of tablets to improve customer service and increase efficiency. LOLC Cambodia has also been expanding its partnerships to include more distribution channels to provide superior customer experience.

I take this opportunity to thank my fellow directors for their guidance, our management team and all employees for their commitment and contribution in sustaining the growth trajectory of the Company despite the constraints impacting business through lockdowns and travel restrictions. Most importantly their commitment to maintain a good governance structure and the capacity to conduct business in a socially responsible manner has earned the respect of regulators, development financial institutions and customers alike.

To the National Bank of Cambodia and Securities and Exchange Commission of Cambodia, a big thank you for all the support and advice. A big thank you to our shareholders, customers, investors, and all other stakeholders for their support, trust and confidence placed in the company and look forward to their continued support.

Phnom Penh, 13th May 2021

Signature, Stamp and Name of Chairman



The image shows a circular official stamp in blue ink. The text inside the stamp includes 'ព្រះរាជាណាចក្រកម្ពុជា' (Kingdom of Cambodia) at the top, 'ក្រុមហ៊ុន' (Company) in the center, and 'LOLC (CAMBODIA) Plc' at the bottom. The words 'KINGDOM OF CAMBODIA' are also visible at the very bottom of the stamp. To the right of the stamp is a handwritten signature in blue ink.

Brindley de Zylva
Chairman

CEO Statement

Cambodia's economy is forecast to grow 4.0% this year and 5.5% in 2022, as the economic recovery in major trading partners boosts demand for Cambodia's exports. Though Cambodia is facing a challenge with Covid-19 pandemic, especially a community outbreak of COVID-19 that began in February 2021, the government has responded quickly to the recent spike in cases, and we expect the economy to return to growth in 2021, according to an Asian Development Bank (ADB) report released on 28th April 2021. This will help increase household incomes, but not all sectors and regions will benefit equally, so it will be essential to closely monitor household welfare and the need for additional support.

Responding to the Covid-19 impacts, LOLC has continued providing concessions to its customers whose income was seriously impacted by the Covid-19 outbreak mainly on tourism, construction, garment sectors and other sectors. Despite the challenging operating environment for the global economy, LOLC was able to maintain good loan quality as of Q1 2021 as LOLC has conducted its operations with caution. LOLC's assets reached to more than KHR 4,340 billion. Deposit balance reached to KHR 2,272 billion, an increase of 5% compared to end of 2020. Gross loan portfolio reached to KHR 3,625 billion, an increase of 5% compared to end of 2020, while PAR>30days was 1.88%.

To participate in preventing and controlling the spread of Covid-19 through the use of currency notes, LOLC has been encouraging its customers to use available digital products and electronic payment means via iPay Cambodia mobile application, Bakong, FAST, RFT (real time fund transfer) and internet banking service. Hence, during the travel restriction, LOLC's customers were still able to do banking transactions conveniently from their mobile phone. Furthermore, LOLC's customers were able to withdraw cash at many ATM machines of partnered institutions who are CSS members.

In 2021, LOLC will keep enhancing its digital footprints, design new products to embed into existing digital channels which will improve customer services and increase efficiency. Besides these, LOLC has been piloting the use of tablet banking system which enables our officers to operate their tasks (loan origination, loan collection, open savings account) from the tablet devices, which improve the productivity, efficiency and effectiveness. LOLC has also been integrating with third party connectivity in order to contribute more distribution channels and provide superior customer experiences. In short, we will try to make the most out of the opportunities that our current successes open for us. And, we are confident that LOLC is well positioned to bring further value to its customers, investors and shareholders.

Finally, I would like to express my sincere thanks to our Board of Directors for their guidance, our management team and staff for their commitment during this challenging time, to clients, investors and business partners for supporting LOLC to be a part of its achievements. To the National Bank of Cambodia and Securities and Exchange Commission of Cambodia, a big thank for all the supportive measures and advice to maintain the sustainability of financial institutions.

Phnom Penh, 13th May 2021

Signature, Stamp and Name



Mr. Sok Voeun
Chief Executive Officer

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Section 1: General Information of Issuer

A. Identity of Issuer

- Name of Company in Khmer: អិលអូអិលស៊ី (ខេមបូឌា) ភីអិលស៊ី in English: LOLC (Cambodia) Plc.
- Standard Code: KH2000081953 (FX-Indexed Bond) and KH2000082951 (Plain Bond)
- Address: #666B, Street 271, Sangkat Boeng Tumpun 2, Khan Mean Chey, Phnom Penh
- Telephone: (855) 23 991 991, Fax: (855) 23 220 642
- Website: www.lolc.com.kh, Email: info@lolc.com.kh
- Registration Number: 00012829 dated 28th September 2015
- License Number: M.F 04 issued by the National Bank of Cambodia dated 11th September 2018.
- Authorization and registered documents number: 084/19 គ.ម ក/ស.ស.វ. dated 22nd April 2019.
- Representative: Mr. Sok Voeun

B. Business Operation

LOLC (Cambodia) Plc. is one of the largest microfinance deposit taking institutions in Cambodia, regulated by the National Bank of Cambodia and has been operating for more than 26 years. LOLC offers a wide range of financial services to its customers including credit, deposit, finance lease, money transfer, mobile banking and payment service. With the revolution of modern technology, LOLC has been providing digital financial services to contribute more distribution channels and provide superior customer experiences such as iPay Mobile Application, Internet Banking, Bakong, FAST, ATM card via CSS and Real Time Fund Transfer.

As of March 2021, LOLC's deposit balance reached to KHR 2,272 billion with almost 424 thousand depositors. Total loan portfolio increased to KHR 3,626 billion with a total of more than 305 thousand loan customers.

C. Milestones during the Quarter of LOLC Cambodia

As of Q1 2021, LOLC Cambodia has deployed diversified digital banking channels, which allow customers to conduct banking transactions by themselves at any time without having to visit branch offices. iPay, LOLC Cambodia's Mobile Banking Application, allows our customers to view their banking accounts and do transactions conveniently using their mobile phones. Internet banking service allows customers to perform banking transactions by themselves at any time. RFT, FAST and Bakong projects with the National Bank of Cambodia enable customers to transfer their money between banks and MDIs who are members of these projects. LOLC Cambodia is currently piloting the use of tablets to improve customer service and increase efficiency. LOLC Cambodia has also been expanding its partnerships to include more distribution channels to provide superior customer experience.

Section 2: Achievement of Business Operations

A. Result of Business Operations

Key Achievement	Plan	Actual Achievement
Loan		
Loan customers	314,952	305,489
Gross loan portfolio (KHR million)	3,861,026	3,625,956
Deposit		
Deposit customers	498,417	423,633
Savings balance (KHR million)	2,454,485	2,272,831
Others		
Number of offices	81	79
Number staff	3,305	3,285

B. Income Structure

No.	Source of Income	Q1-2021		Q1-2020	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	171,655	95.53%	168,614	96.19%
2	Other Income	8,025	4.47%	6,673	3.81%
Total Income		179,680	100%	175,287	100%

Section 3: Financial Statement Reviewed by Independent Auditors

Please refer to the Annex for detail information.

Section 4: Management's Discussion and Analysis

The following discussion and analysis is the discussion of LOLC management team on the operational results and financial situation based on Financial Statement as of 31st March 2021, which is reviewed by Independent Auditors. LOLC's Financial Statement is prepared in accordance with Cambodian International Financial Reporting Standard (CIFRS). The management team discussed and analysed only the key components of the Financial Statement and key factors that affect LOLC's profitability.

A. Operational Overview

1. Income Analysis

LOLC has two major types of income, i.e. interest income and other income.

- **Interest Income includes** fees from loan, net interest income from loans to customers and deposits at banks, which are recognized monthly.
- **Other Income includes** income from penalty, income from write-off collection, profit from exchange rate, other fees, etc.

2. Income Analysis by Categories

No.	Source of Income	Q1-2021		Q1-2020	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	171,655	95.53%	168,614	96.19%
2	Other Income	8,025	4.47%	6,673	3.81%
Total Income		179,680	100%	175,287	100%

Interest income is the largest and most significant for LOLC, which is 95.53% of total income.

3. Gross Margin Analysis

LOLC prepares its income statement in the format which do not show gross profit margin. However, this report format allows us to discuss and analyse operating profit, which resulted from total income less operating expense. Operating expense will be discussed and analysed in point 4. Analysis on Profit/Loss before Tax.

4. Analysis on Profit/Loss before Tax

Summary Income Statement (KHR in Million)	Q4-2020	Q1-2021	Variance (KHR in Million)	Variance (%)
Interest Income	167,573	171,655	4,082	2.44%
Interest Expense	(62,966)	(62,193)	773	-1.23%
Net Interest Income	104,607	109,462	4,855	4.64%
Other Income	6,045	8,025	1,980	32.75%
Personnel Expense	(29,240)	(34,114)	(4,874)	16.67%
Depreciation on Tangible and Intangible Assets	(2,435)	(2,642)	(207)	8.50%
Administrative Expense and Other Expense	(9,934)	(11,493)	(1,559)	15.69%
Profit from Operations	69,043	69,238	195	0.28%
Provision on Financial Instruments	3,809	(10,074)	(13,883)	-364.48%
Profit before Tax	72,852	59,164	(13,688)	-18.79%

In Q1 2021, LOLC's profit before tax reached KHR 59,164 million while it was KHR 72,852 million in Q4 2020, which decreased KHR 13,688 million, equivalent to 18.79%. This decreased was mainly due to the increased in Provision on Financial Instruments KHR 13,883 million compared to Q4 2020.

5. Analysis on Profit/Loss During the Quarter

Summary Profit (KHR in Million)	Q4-2020	Q1-2021	Variance (KHR in Million)	Variance (%)
Profit before Tax	72,852	59,164	(13,688)	-18.79%
Income Tax Expense	(4,582)	(11,938)	(7,356)	160.54%
Profit after Tax	68,270	47,226	(21,044)	-30.82%

In Q1 2021, LOLC's net profit was KHR 47,226 million, decreased 30.82%. This decreased was mainly due to the decreased in Profit before Tax by KHR 13,688 million.

6. Analysis of Factors and Trends Affecting Financial Situation and Results

As of 31st March 2021, management acknowledged that LOLC did not have any significant factors and trends that would affect LOLC's financial situation and results.

B. Key Factors that Affect Profitability

1. Analysis on Demand and Supply

LOLC is one of the largest financial institutions in Cambodia which always focuses on quality of service to make it convenient for customers in using LOLC's products and services. LOLC has received strong support from loan customers, finance lease customers and depositors, which make us grow rapidly during the last few years.

2. Analysis on Fluctuation of Raw Material Price

As of 31st March 2021, management acknowledged that LOLC did not have any unusual elements.

3. Tax Analysis

LOLC is under the governance of Commercial Law on Taxation, so LOLC has obligation to pay taxes according to the applicable laws and regulations. LOLC has obligation to pay value added tax in accordance to real regime and large tax payer enterprise as determined by the General Department of Taxation.

4. Analysis on Unusual and Extraordinary Elements

As of 31st March 2021, management acknowledged that LOLC did not have any unusual or extraordinary elements.

C. Significant Changes in Sales and Revenue

As of 31st March 2021, management acknowledged that LOLC did not have any significant changes in sales or revenue.

D. Impact of Currency Exchange, Interest Rate and Commodity Price

LOLC maintains its accounting record using KHR as functional currency. Transactions in USD and THB are translated into KHR at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than KHR at the reporting date are translated into KHR at the rates of exchange ruling at that date. Exchange differences arising on translation are recognized in the income statement.

E. Impact of Inflation

LOLC does not adjust interest rate based on inflation. Instead, LOLC adjusts the interest rate based on real competitive situation in the market, while maintaining excellent financial sustainability.

F. Economy, Fiscal and Monetary Policies of the Government

As of 31st March 2021, management acknowledged that LOLC was not adversely affected by the Economy, fiscal and monetary policies of the government.

Section 5: Other Necessary Information to Protect Investors (If Any)


In this quarter, there is no other necessary information to be reported.

Signature of Directors

(Signed by Chairman of the Board of Directors or at least two Directors)

Date: 13th May 2021

Having seen and approved



Brindley de Zylva
Chairman

The image shows a blue circular stamp from the Kingdom of Cambodia. The text inside the stamp includes 'ព្រះរាជាណាចក្រកម្ពុជា' (Kingdom of Cambodia) at the top, 'ក្រសួងពាណិជ្ជកម្ម' (Ministry of Commerce) in the center, and 'LALC (CAMBODIA) P.S.' at the bottom. The words 'KINGDOM OF CAMBODIA' are written around the bottom edge of the stamp. A blue handwritten signature is written over the stamp and extends to the right.

គំនិតដ៏ល្អគឺជាគន្លឹះ *Ideas for Growth*

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