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LOLC (Cambodia) Plc.

The Fourth Quarterly Report

December 31st, 2019

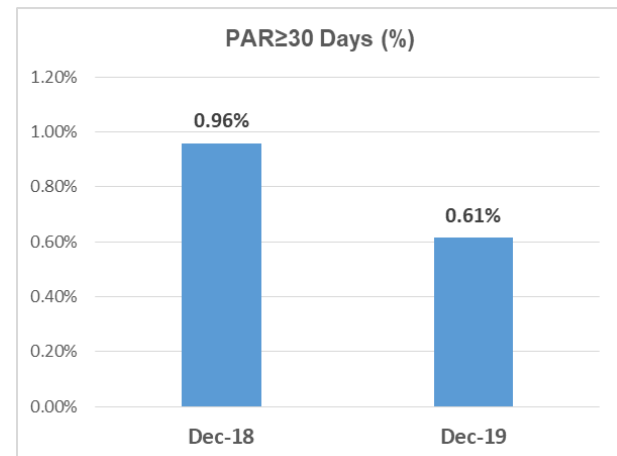
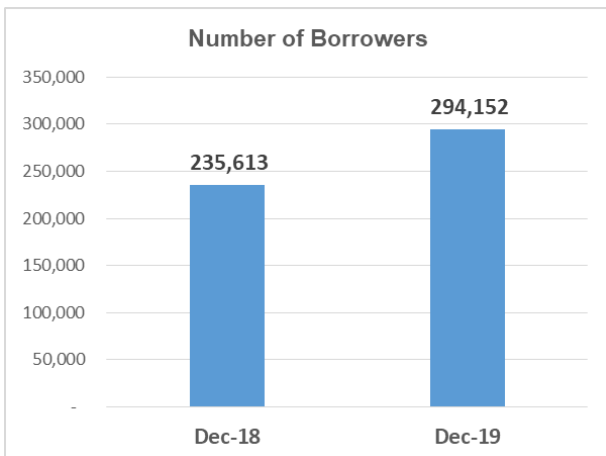
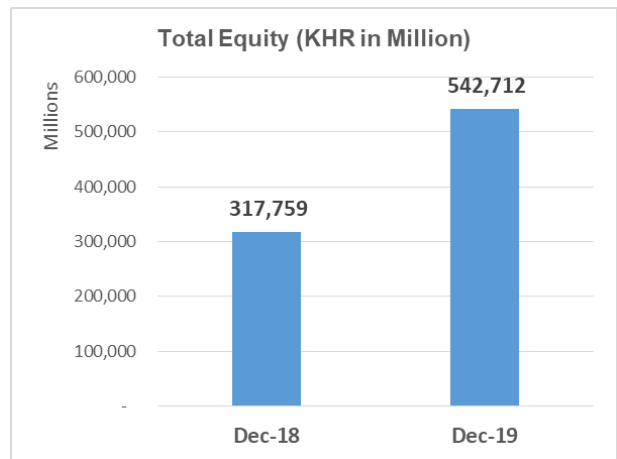
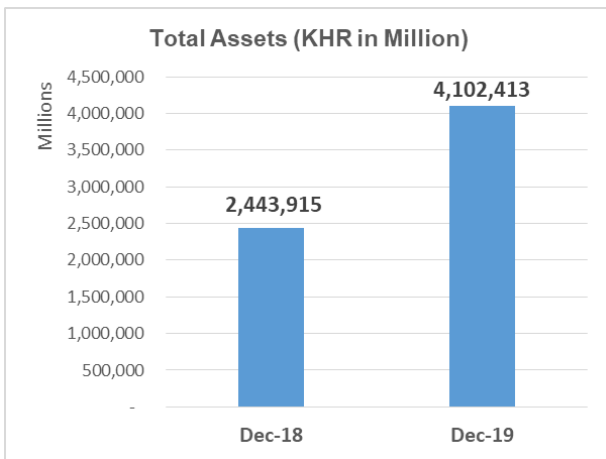
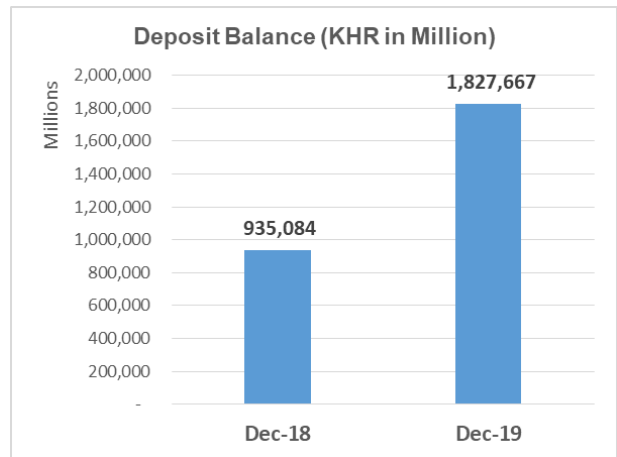
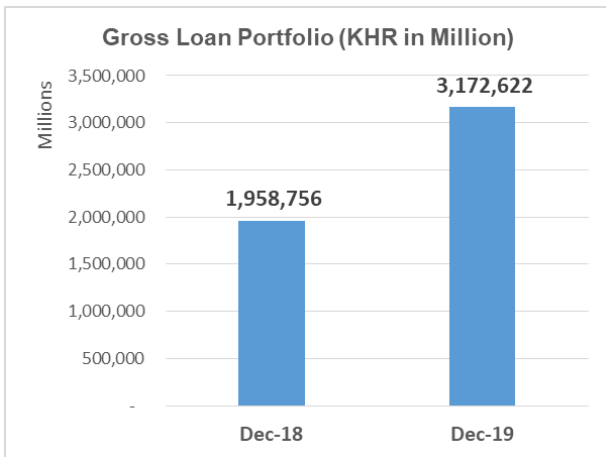


Financial Highlight

Financial Situation	Q4-2019	2018
Total Assets (KHR in Million)	4,102,413	2,443,915
Total Liabilities (KHR in Million)	3,559,700	2,126,156
Total Equities (KHR in Million)	542,712	317,759
Financial Results	Q4-2019	Q4-2018
Interest Income (KHR in Million)	149,596	83,187
Profit/(Loss) before Tax (KHR in Million)	39,786	12,863
Net Profit/(Loss) During the Quarter (KHR in Million)	49,263	8,562

Financial Ratio (For Banking and Financial Institutions)	Q4-2019	2018
Solvency Ratio	16.57%	15.63%
Debt to Equity Ratio	6.56	6.69
Liquidity Ratio	281.90%	234.00%
Non-Performing Loan Ratio	0.61%	0.96%
Deposit to Gross Loan Portfolio Ratio	57.61%	47.74%
	Q4-2019	Q4-2018
Return on Assets	1.51%	0.43%
Return on Equity	11.45%	3.07%
Interest Coverage Ratio	159.08%	132.16%
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

I take pleasure in presenting LOLC Cambodia's performance for Q4 2019. As the second Microfinance Deposit Taking Institution (MDI) in the country to issue a corporate bond (KHR 80 billion - equivalent to USD 20 million), LOLC Cambodia is committed to offer new financial products while promoting the use of Khmer Riel currency.

As of Q4 2019, LOLC Cambodia continued to maintain its outstanding financial performance and social results. With effective strategic policies aimed at catering to the fast growing Small & Medium Enterprise Sector and internal controls, LOLC Cambodia has increased its loan portfolio to USD 779 million, an increase of 62% compared to end of 2018. The PAR \geq 30 days was maintained at 0.61% which was lower than industry average. With fast and quality growth, LOLC Cambodia has consolidated its position as the country's 4th largest MDI in terms of gross loan portfolio (GLP) and deposit balance and the 3rd largest MDI in terms of number of borrowers, while ROA was the highest among the top 7 MDIs and ROE ranked 2nd both in 2017 and 2018.

In October 2019, LOLC Cambodia got approval from the regulator to increase its registered capital to more than USD 56 million. This capital increment showed strong commitment of shareholders for LOLC Cambodia and economy in Cambodia. The registered capital is more than regulation requirement for microfinance deposit taking institutions. In addition, in Q4 2019 LOLC Cambodia rolled out its iPay Mobile Application and issued ATM Card to its staff members, which allows them to use LOLC ATM card across the ATM shared switch members (Cambodia Share Switch - CSS), and plan to issue ATM card to all customers in Q1 2020.

During 2019 we have expanded our business and outreach with products designed to cater for the fast growing middle income sector. The Medium Business Enterprises demand sophisticated products. With Technical Support from the LOLC Group, the Company will keep modifying existing products and services to fit client needs. Further, LOLC Cambodia will keep strengthening its customer service and continue to develop new and diversified products to meet market needs, including planned savings accounts, children savings schemes and Utility Bill payment services.

We will continue looking forward to 2020 as the year for Digital Financial Services (DFS), which will improve customer service and increase efficiency.

I take this opportunity to thank my colleagues on the Board for their leadership and strategic insights that is instrumental in LOLC Cambodia's ability to deliver growth and consistent financial results. I also wish to applaud the CEO, Deputy CEO/CFO, Senior Management and all employees for supporting the company's success with their hard work and commitment.

To the Governor of the National Bank of Cambodia and the Director General of the Securities and Exchange Commission of Cambodia, a big thank you for all the support and advice.

In conclusion, I wish to thank the shareholders, depositors, investors and all other stakeholders of LOLC Cambodia for the trust and confidence placed in the company and look forward to their continued support.

Phnom Penh, 14th February 2020
Signature, Stamp and Name of Chairman



Mr. Brindley de Zylva
Chairman

CEO Statement

LOLC maintained quality growth as of end of Q4 2019, increasing its loan portfolio to USD 779 million, a growth of 62% compared to end of 2018. Portfolio at risk was only 0.61% which was lower than industry average. The number of borrowers increased by 25% to 294,152. LOLC's assets reached to more than USD 1 billion as of end of December 2019. Deposit balance reached an impressive of more than USD 448 million, an increase of 95% compared to 2018, while number of depositors reached to more than 336 thousand with an increase of 86%. The fast growth of portfolio and deposit balance indicates that LOLC is a trustworthy microfinance institution offering excellent customer service, guaranteeing client protection and providing competitive and innovative deposit and loan products.

LOLC has expanded its operating network to 79 branch offices in the nationwide with more than 2,700 personnel to provide our best financial services to our customers.

LOLC has been focusing 2019 on technology-oriented delivery channels which will improve customer services and increase efficiency such as tablet, ATM, mobile banking application and third-party connection.

In Q4 2019, LOLC has rolled out its iPay mobile banking application which allows our customers to view their banking accounts, do transactions (balance enquiry, mini-statement, transfer, payments, phone top up, open FD, standing order, deposit calculator, loan calculator, view office location, news, etc.) from their mobile.

LOLC has issued ATM Card for its staff members in Q4 2019 and will issue for all customers in Q1 2020, which allows clients to use LOLC ATM card across the ATM shared switch members (Cambodia Share Switch - CSS).

LOLC will deploy the tablet banking which will enable our officers to operate their tasks (loan origination, loan late collection, open savings account) from the tablet devices, which improve the productivity, efficiency and effectiveness.

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 all of LOLC's management, staff, clients, investors and business partners for supporting LOLC to be a part of its achievements both for the previous years and in anticipation of happy and prosperous coming years.

Phnom Penh, 14th February 2020.

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.
- 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 25 years. LOLC has been providing diversified financial products and services to customers such as loan, deposit, finance lease and local fund transfer throughout its network of 79 branches in the nationwide. As of December 2019, LOLC's deposit balance reached to more than USD 448 million with more than 336 thousand depositors. Total loan portfolio increased to USD 779 million with a total of more than 294 thousand loan customers.

C. Milestones during the Quarter of LOLC Cambodia

LOLC has rolled out its iPay mobile banking application which allows our customers to view their banking accounts, do transactions (balance enquiry, mini-statement, transfer, payments, phone top up, open FD, standing order, deposit calculator, loan calculator, view office location, news, etc.) from their mobile.

Moreover, LOLC has issued ATM Card for its staff members in Q4 2019 and will issue for all customers in Q1 2020, which allows clients to use LOLC ATM card across the ATM shared switch members (Cambodia Share Switch - CSS).

In addition, LOLC is in the process of developing the tablet banking system which will enable our officers to operate their tasks (loan origination, loan late collection, open savings account) from the tablet devices, which improve the productivity, efficiency and effectiveness.

Section 2: Achievement of Business Operations

A. Result of Business Operations

Key Achievement	Plan	Actual Achievement
Loan		
Loan customers	280,514	294,152
Gross loan portfolio (KHR million)	3,035,787	3,172,622
Deposit		
Deposit customers	233,097	336,002
Savings balance (KHR million)	1,699,740	1,827,667
Others		
Number of offices	79	79
Number staff	2,620	2,757

B. Income Structure

No.	Source of Income	Q4-2019		Q4-2018	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	149,596	96.58%	83,187	86.38%
2	Other Income	5,296	3.42%	13,116	13.62%
Total Income		154,892	100%	96,303	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 December 2019, 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	Q4-2019		Q4-2018	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	149,596	96.58%	83,187	86.38%
2	Other Income	5,296	3.42%	13,116	13.62%
Total Income		154,892	100%	96,303	100%

Interest income is the largest and most significant for LOLC, which is 96.58% 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)	Q3 2019	Q4 2019	Variance (KHR in Million)	Variance (%)
Interest Income	109,988	149,596	39,608	36.01%
Interest Expense	(56,191)	(67,341)	(11,150)	19.84%
Net Interest Income	53,797	82,255	28,458	52.90%
Other Income	32,613	5,296	(27,317)	-83.76%
Personnel Expense	(26,225)	(28,531)	(2,306)	8.79%
Depreciation on Tangible and Intangible Assets	(2,678)	(2,756)	(78)	2.91%
Administrative Expense and Other Expense	(9,974)	(11,092)	(1,118)	11.21%
Profit from Operations	47,533	45,172	(2,361)	-4.97%
Provision on Financial Instruments	(4,634)	(5,386)	(752)	16.23%
Profit before Tax	42,898	39,785	(3,113)	-7.26%

In Q4 2019, LOLC's profit before tax was KHR 39,785 million while it was KHR 42,898 million in Q3 2019, which decreased KHR 3,113 million, equivalent to 7.26%. This decrease was mainly due to the decrease in other income of KHR 27,317 compared to Q3 2019.

5. Analysis on Profit/Loss During the Quarter

Summary Profit (KHR in Million)	Q3-2019	Q4-2019	Variance (KHR in Million)	Variance (%)
Profit before Tax	42,899	39,786	(3,113)	-12.08%
Income Tax Expense	(9,863)	9,477	19,340	75.05%
Profit after Tax	33,036	49,263	16,227	62.97%

In Q4 2019, LOLC's net profit was KHR 49,263 million, increased by 62.97% compared to Q3 2019. This increment was mainly due to LOLC has recognized and adjusted 50% tax incentive in Q4 2019.

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

As of 31st December 2019, 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 December 2019, 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 December 2019, management acknowledged that LOLC did not have any unusual or extraordinary elements.

C. Significant Changes in Sales and Revenue

As of 31st December 2019, 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 December 2019, 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)

Signature of Directors

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

Date: 14th February 2020

Having seen and approved


KINGDOM OF CAMBODIA
LOLC (CAMBODIA)
Chairman

គំនិតដ៏ល្អគឺជាគន្លឹះ *Ideas for Growth*

666B | Street 271 | Phum Kbal Tumnuv Muoy | Sangkat Boeng Tumpun 2 | Khan Mean Chey | Phnom Penh | Cambodia
P (+855) 23 991 991 | info@lolc.com.kh | Facebook: facebook.com/lolccambodia

Website ៖ www.lolc.com.kh

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