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LOLC (Cambodia) Plc.

The First Quarterly Report

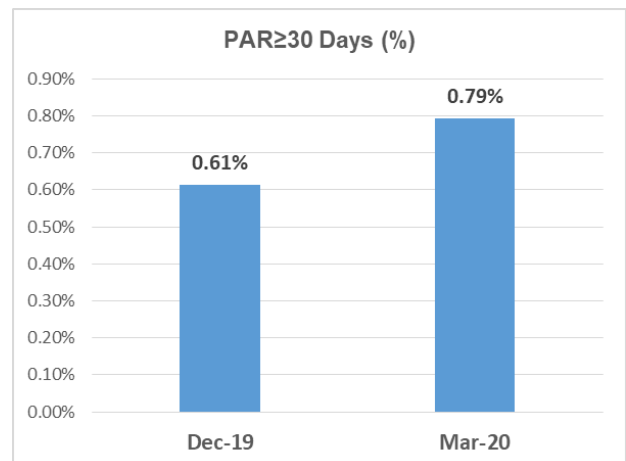
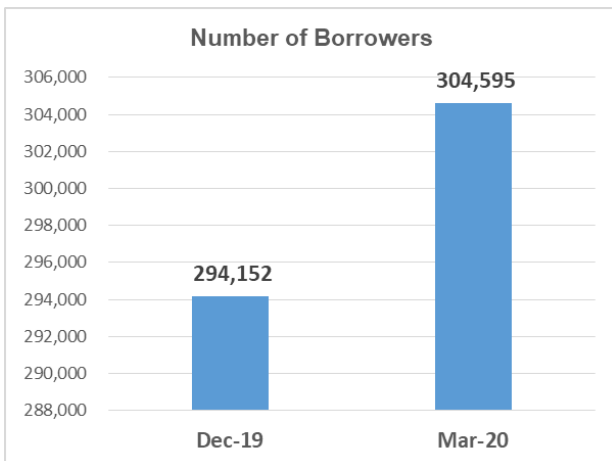
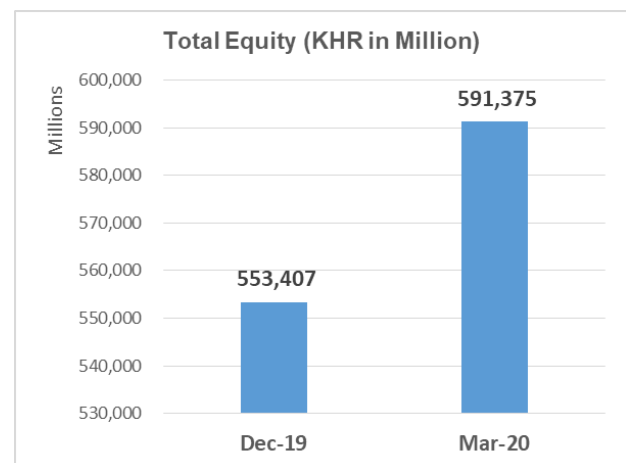
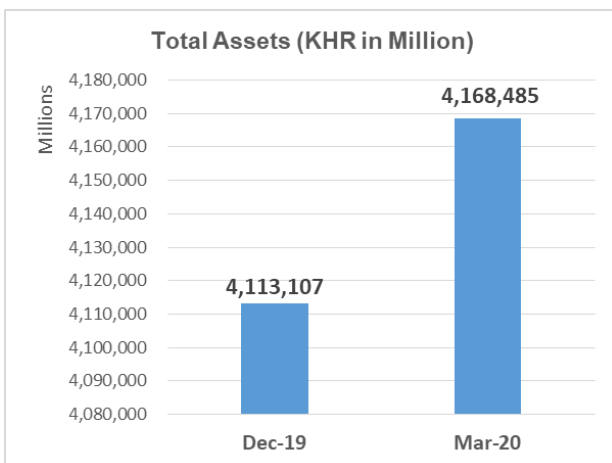
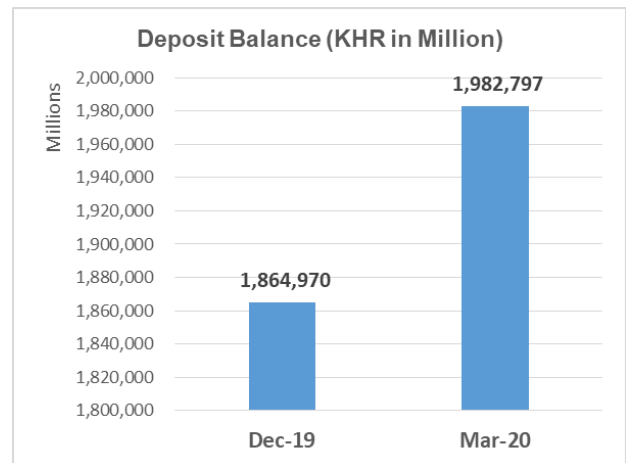
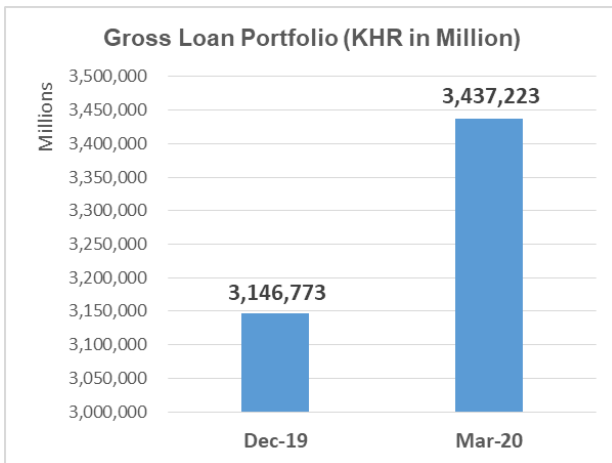
March 31st, 2020

Financial Highlight

Financial Situation	Q1-2020	2019
Total Assets (KHR in Million)	4,168,485	4,113,107
Total Liabilities (KHR in Million)	3,577,110	3,559,700
Total Equities (KHR in Million)	591,375	553,407
Financial Results	Q1-2020	Q1-2019
Interest Income (KHR in Million)	155,163	100,922
Profit/(Loss) before Tax (KHR in Million)	46,594	44,805
Net Profit/(Loss) During the Quarter (KHR in Million)	37,967	40,774

Financial Ratio (For Banking and Financial Institutions)	Q1-2020	2019
Solvency Ratio	18.50%	20.05%
Debt to Equity Ratio	6.05	6.43
Liquidity Ratio	206.06%	281.90%
Non-Performing Loan Ratio	0.79%	0.61%
Deposit to Gross Loan Portfolio Ratio	57.69%	59.27%
	Q1-2020	Q1-2019
Return on Assets	0.92%	1.57%
Return on Equity	6.63%	11.91%
Interest Coverage Ratio	168.88%	226.35%
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

On behalf of the Board of Directors, it is my pleasure to present to you LOLC Cambodia's performance for Q1 2020.

LOLC Cambodia displayed its commitment to offer new financial products and services whilst promoting the use of Khmer Riel (KHR) by being the second Microfinance Deposit Taking Institution (MDI) to issue KHR Corporate Bonds listed in the Cambodia Stock Exchange (CSX). The total of KHR 80 billion raised through these bonds resulted in 23% of the Company's Gross Loan Portfolio being loans granted in KHR.

The fiscal year 2020 posed a challenging operating environment for the global economy, due to the outbreak of the Covid-19 pandemic. The financial stability and economic activities in Cambodia have been affected adversely, with many workers in sectors such as tourism, manufacturing, construction and transportation being laid off. Families have lost their primary source of income and are facing difficulties maintaining a basic standard of living. With supporting regulations, effective strategic policies and internal control, LOLC Cambodia is looking at 2020 with caution.

As of Q1 2020, LOLC Cambodia launched its iPay Mobile Application and piloted the use of LOLC Cambodia ATM Cards, which can be used at ATMs linked to the Cambodia Shared Switch (CSS). The public launch is scheduled after the Covid-19 pandemic blows over.

The Covid-19 pandemic has heightened the need to expand the development of Digital Financial Services (DFS). With technical support from the LOLC Group, the Company will keep modifying existing products and services to be accessible digitally.

I take this opportunity to thank to 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. 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.

Last but not least, I would like to extend my gratitude to our loyal 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, 29th May 2020.....

Signature, Stamp and Name of Chairman


Brindley de Zylva
Chairman

CEO Statement

Despite the challenging operating environment for the global economy, due to the outbreak of the Covid-19 pandemic, LOLC Cambodia was able to maintain quality growth as of Q1 2020.

LOLC's assets reached to more than KHR 4,168 billion. Deposit balance reached an impressive of more than KHR 1,982 billion with an increase of 6%. Gross loan portfolio increased to KHR 3,437 billion, while portfolio at risk was only 0.79%. The growth of deposit balance and loan portfolio indicate that LOLC is a trustworthy microfinance institution, which operate in a socially responsible manner guaranteeing client protection and providing competitive and innovative deposit and loan products.

As of Q1 2020, LOLC has launched its iPay Mobile Application and piloted the use of LOLC Cambodia ATM cards, which can be used across the ATM shared switch members (Cambodia Share Switch - CSS). LOLC Cambodia will launch the ATM cards to publics in Q2 2020. LOLC has expanded its operating network to 79 branch offices in the nationwide with more than 3,000 personnel to provide our best financial services to our customers.

In 2020, LOLC Cambodia will conduct its operation with caution and will focus 2020 on technology-oriented delivery channels which will improve customer services and increase efficiency such as tablet banking, ATM and third-party connection. Furthermore, LOLC Cambodia will enhance its iPay Mobile Application, which allows customers to perform convenient banking transactions from their mobile phone.

Finally, I would like to express my sincere thanks to our Board of Directors for their guidance, our management team, staff, 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, 29th May 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.
- 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 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 March 2020, LOLC's deposit balance reached to more than KHR 1,982 billion with more than 368 thousand depositors. Total loan portfolio increased to KHR 3,437 billion with a total of more than 304 thousand loan customers.

C. Milestones during the Quarter of LOLC Cambodia

LOLC has launched its iPay Mobile 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 piloted the use of LOLC Cambodia ATM cards, which can be used across the ATM shared switch members (Cambodia Share Switch - CSS). LOLC Cambodia will launch the ATM cards to publics in Q2 2020.

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	355,048	304,595
Gross loan portfolio (KHR million)	3,649,317	3,437,223
Deposit		
Deposit customers	372,539	368,572
Savings balance (KHR million)	2,101,646	1,982,797
Others		
Number of offices	82	79
Number staff	3,197	3,091

B. Income Structure

No.	Source of Income	Q1-2020		Q1-2019	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	155,163	88.27%	100,922	86.90%
2	Other Income	20,621	11.73%	15,208	13.10%
Total Income		175,784	100%	116,130	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 2020, 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	Q1-2020		Q1-2019	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	155,163	88.27%	100,922	86.90%
2	Other Income	20,621	11.73%	15,208	13.10%
Total Income		175,784	100%	116,130	100%

Interest income is the largest and most significant for LOLC, which is 88.27% 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)	Q4-2019	Q1-2020	Variance (KHR in Million)	Variance (%)
Interest Income	110,363	155,163	44,800	40.59%
Interest Expense	(67,341)	(67,644)	(303)	0.45%
Net Interest Income	43,022	87,519	44,497	103.43%
Other Income	44,528	20,621	(23,907)	-53.69%
Personnel Expense	(27,418)	(27,078)	340	-1.24%
Depreciation on Tangible and Intangible Assets	(2,756)	(2,651)	105	-3.81%
Administrative Expense and Other Expense	(11,091)	(13,857)	(2,766)	24.94%
Profit from Operations	46,285	64,554	18,269	39.47%
Provision on Financial Instruments	(3,076)	(17,960)	(14,884)	483.88%
Profit before Tax	43,209	46,594	3,385	7.83%

In Q1-2020, LOLC's profit before tax reached KHR 46,594 million while it was KHR 43,209 million in Q4-2019, which increased KHR 3,385 million, equivalent to 7.83%. This increase was mainly due to the increase in interest income KHR 44,800 million compared to Q4-2019.

5. Analysis on Profit/Loss During the Quarter

Summary Profit (KHR in Million)	Q4-2019	Q1-2020	Variance (KHR in Million)	Variance (%)
Profit before Tax	43,209	46,594	3,385	13.14%
Income Tax Expense	(4,006)	(8,627)	(4,621)	-17.93%
Profit after Tax	39,203	37,967	(1,236)	-4.80%

In Q1-2020, LOLC's net profit was KHR 37,967 million, decreased by 4.80%. This decrease was mainly due to the increase in Income Tax Expense by KHR 4,621 million.

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

As of 31st March 2020, 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 2020, 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 2020, management acknowledged that LOLC did not have any unusual or extraordinary elements.

C. Significant Changes in Sales and Revenue

As of 31st March 2020, 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 2020, 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: 29th May 2020.....

Having seen and approved


Mr. Brindley de Zylva
Chairman



គំនិតដ៏ល្អគឺជាគន្លឹះ *Ideas for Growth*

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