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LOLC (Cambodia) Plc.

The First Quarterly Report

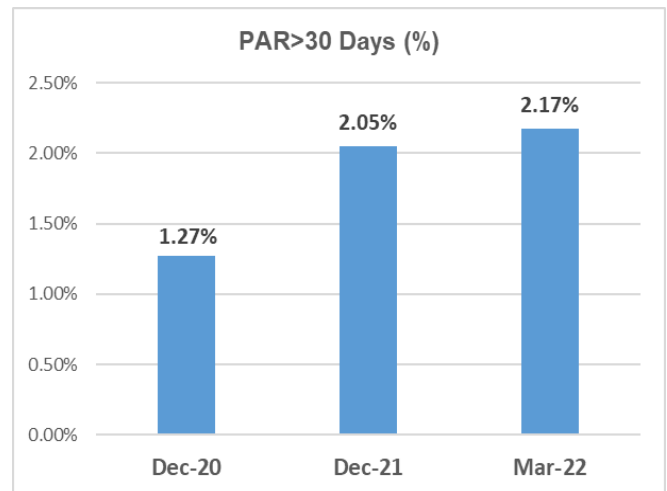
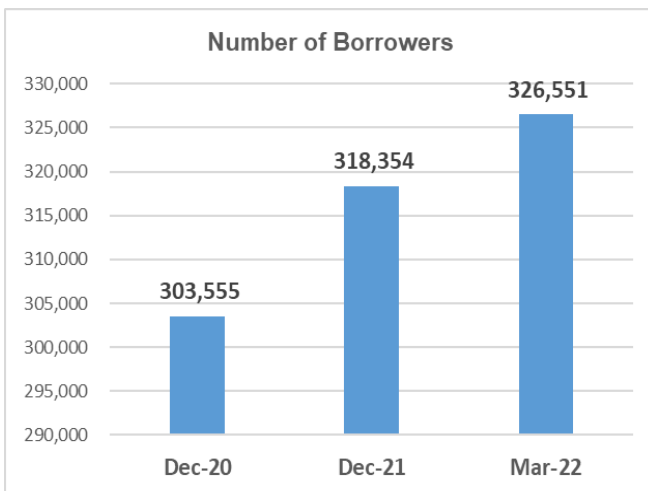
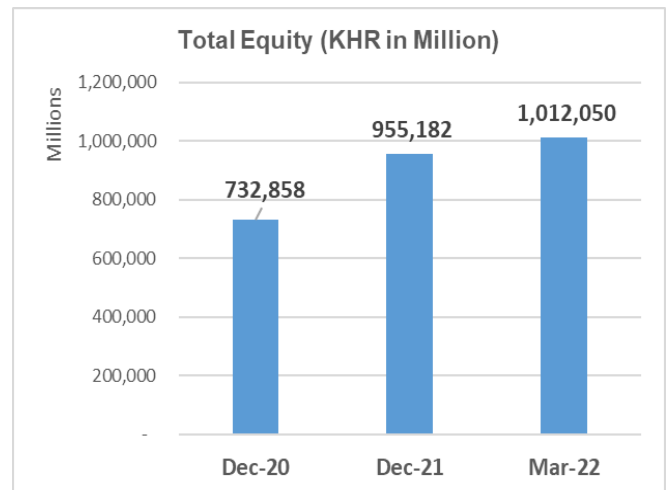
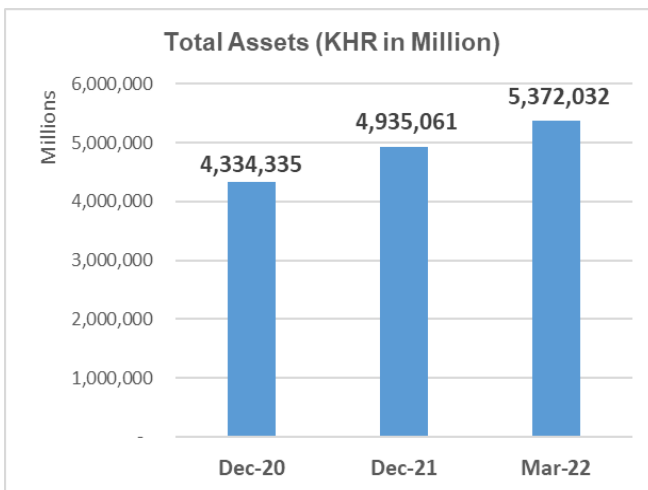
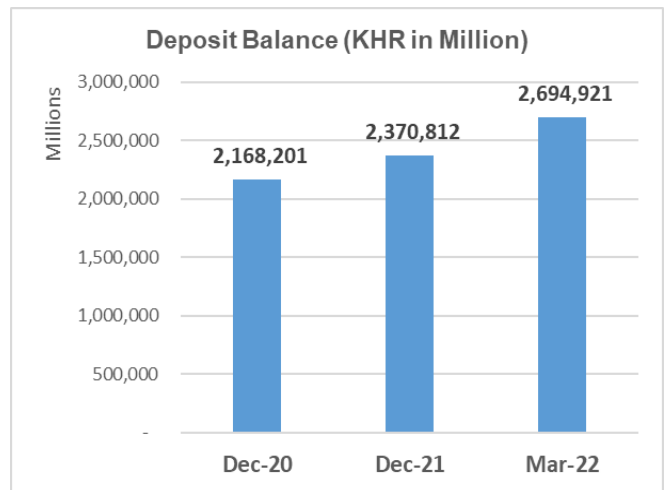
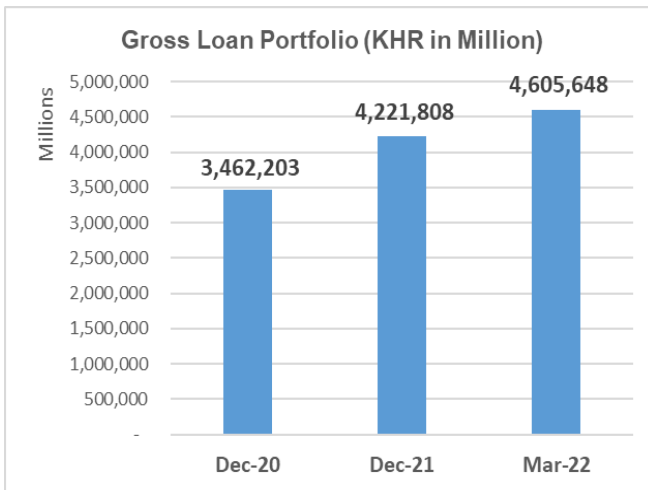
31st March 2022

Financial Highlight

Financial Situation	Q1-2022	2021
Total Assets (KHR in Million)	5,372,032	4,935,061
Total Liabilities (KHR in Million)	4,359,982	3,979,879
Total Equities (KHR in Million)	1,012,050	955,182
Financial Results	Q1-2022	Q1-2021
Interest Income (KHR in Million)	198,497	171,655
Profit/(Loss) before Tax (KHR in Million)	71,321	59,164
Net Profit/(Loss) During the Quarter (KHR in Million)	56,868	47,226

Financial Ratio (For Banking and Financial Institutions)	Q1-2022	2021
Solvency Ratio	23.92%	26.80%
Debt to Equity Ratio	4.31	4.17
Liquidity Ratio	136.04%	227.45%
Non-Performing Loan Ratio	2.17%	2.05%
Deposit to Gross Loan Portfolio Ratio	58.51%	56.16%
	Q1-2022	Q1-2021
Return on Assets	1.10%	1.09%
Return on Equity	5.78%	6.24%
Interest Coverage Ratio	203.94%	195.13%
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

It's been three years since LOLC's Corporate Bond (KHR 80 billion - equivalent to USD 20 million) to promote the use of Khmer Riel Currency was issued. This has resulted in our Khmer Riel Loan Portfolio has risen to 29% of the total loan portfolio.

Global Outlook: The World Bank is slashing its forecast for global economic growth this year, citing the war in Ukraine, inflation and the lingering effects of the pandemic. The World Bank now expects the global economy to grow 3.2% in 2022, down from its previous estimate of 4.1%. These forces were expected to drive up global poverty rates as the world coped with sudden increases in prices of energy, fertilizer and food. Rising interest rates are expected to slow growth and exacerbate inequality.

Cambodia Outlook: The economic recovery has held up but remains uneven. Traditional growth drivers, especially the garment, travel goods, footwear, and bicycle manufacturing industries, as well as agriculture, have fully recovered. In contrast, the important travel and tourism sector – one of Cambodia's main growth drivers, accounting for about 2 million jobs and a quarter of GDP during the pre-pandemic period – remained subdued. Despite a general slowdown in global demand, growth is projected to hold up at 4.5% this year, thanks to the rollback of mobility restrictions made possible by Cambodia's high vaccination rate. The new Law on Investment, the Cambodia-China and Cambodia-Republic of Korea free trade agreements and the Regional Comprehensive Economic Partnership are expected to help boost investment and trade in the coming years.

LOLC Cambodia: The negative impact of the pandemic on businesses that are outside the agriculture value chain remain substantial. With regulatory support from the NBC, LOLC Cambodia was able to continue providing restructuring options to these customers, giving them with the time and space required to recommence business activities. We will continue to monitor these customers closely and are committed to provide them with support needed.

In Q1-2022, LOLC Cambodia was able to maintain its growth well with quality. LOLC Cambodia have fast forwarded the uptake of Digital Financial Services to brace up to 'living with COVID-19' under the 'new normal' and have been providing convenient digital banking channels to its customers such as iPay our mobile banking application, internet banking service, RFT, FAST and Bakong, which LOLC bears all the cost for its customers. With these digital channels, our customers are able to perform banking transactions conveniently from their mobile phone at any time without having to visit branch offices. We are also in the progress of rolling out the use of tablet devices to improve customer service and increase efficiency. LOLC will keep enhancing its digital financial services to give superior customer services to our clients.

I take this opportunity to thank my fellow directors for their guidance, the CEO and Deputy CEO for the leadership provided to our management team and all employees ensuring their commitment and contribution in sustaining the growth trajectory of the Company despite the constrains impacting business through the Covid-19 pandemic. 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 Regulator 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, 12th May 2022

Signature, Stamp and Name of Chairman



The stamp is circular with a blue border. Inside the border, the text 'ព្រះរាជាណាចក្រកម្ពុជា' (Kingdom of Cambodia) is written at the top, 'ក្រុមហ៊ុន លីអិលស៊ី ភីអិលស៊ី ភីអិលស៊ី' (LOLC (Cambodia) PCL) is written in the middle, and 'KINGDOM OF CAMBODIA' is written at the bottom. The signature is a cursive blue ink scribble over the stamp.

Brindley de Zylva
Chairman

CEO Statement

2020 and 2021 were difficult years marked by the unfolding of the Covid-19 pandemic and related socio-economic consequences. For the past two years, the government has responded to this crisis with vigour and flexibility. As a result of these efforts, Cambodia is one of a few countries – both regionally and globally – that has achieved high vaccination rates and induced strong Covid-19 herd immunity. The successes of the national vaccination campaign, and in controlling the spread of Covid-19 in Cambodia has allowed the government to close the ‘February 20, 2021 community event’, reopen the country, and fully resume socio-economic activities.

Responding to the Covid-19 impacts, LOLC has been providing concessions to its customers whose income was seriously impacted by the Covid-19 outbreak mainly on tourism, construction, garment sectors and other sectors.

In Q1-2022, LOLC Cambodia was awarded the Client Protection Certification at the Gold Level of achievement from Cerise and SPTF. The Gold Level is the highest level of achievement and signifies that the certified institution meets the most rigorous standards of client protection found in the Universal Standards for Social Performance Management. The evaluation criteria for maintaining the Client Protection Principles includes adherence to appropriate product design and delivery, prevention of over-indebtedness, repayment capacity verification, transparency, responsible pricing, fair and respectful treatment of clients, non-discrimination, privacy of client data, mechanisms for complaint resolution facilitated through a grievance policy that lists the various channels provided for clients to register their complaints.

LOLC was able to maintain good loan quality as of Q1-2022 as LOLC has conducted its operations with caution. LOLC’s assets reached to more than KHR 5,372 billion. Deposit balance reached to KHR 2,695 billion, an increase of 14% compared to end of 2021. Gross loan portfolio reached to KHR 4,606 billion, an increase of 9% compared to end of 2021, while PAR>30days was 2.17%.

LOLC has been promoting and 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, which LOLC’s customers are able to do banking transactions conveniently from their mobile phone at any time without having to visit LOLC’s branch offices. Furthermore, LOLC’s customers are able to withdraw cash at many ATM machines of partnered institutions who are CSS members in the nationwide. Besides these, LOLC is in the progress of rolling out the use of tablet devices to branches. Throughout tablet banking system, our officers will be able to operate their tasks (loan origination, loan collection, open savings account) from the tablet devices, which improve the productivity, efficiency and effectiveness. In addition, LOLC has also been integrating with third party connectivity in order to contribute more distribution channels and provide superior customer experiences.

In 2022, LOLC will keep enhancing its digital footprints, designing new products and services to cater the new norm of living standard and continue our operations following client protection principles and social responsibility. We will also 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 Regulator of Cambodia, a big thank for all the supportive measures and advice to maintain the sustainability of financial institutions.

Phnom Penh, 12th May 2022

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 28 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, RFT, ATM card via CSS, and the use of tablet devices for loan origination and deposit onboarding. As of Q1-2022, LOLC's deposit balance reached to KHR 2,695 billion with more than 481 thousand depositors. Total loan portfolio increased to KHR 4,606 billion with a total of more than 326 thousand loan customers.

C. Milestones during the Quarter of LOLC Cambodia

In Q1-2022, LOLC Cambodia was awarded the Client Protection Certification at the Gold Level of achievement from Cerise and SPTF. The Gold Level is the highest level of achievement and signifies that the certified institution meets the most rigorous standards of client protection found in the Universal Standards for Social Performance Management.

LOLC has been promoting and encouraging its customers to use available digital products and electronic payment means via iPay Cambodia mobile application, internet banking service, Bakong, FAST, RFT (real time fund transfer), and ATM via CSS. Besides these, LOLC is in the progress of rolling out the use of tablet devices to branches which will improve the productivity, efficiency and effectiveness. In addition, LOLC has also been integrating with third party connectivity in order to contribute more distribution channels and provide superior customer experiences.

Section 2: Achievement of Business Operations

A. Result of Business Operations

Key Achievement	Plan	Actual Achievement
Loan		
Loan customers	349,646	326,551
Gross loan portfolio (KHR million)	4,593,349	4,605,648
Deposit		
Deposit customers	518,190	481,349
Savings balance (KHR million)	2,653,724	2,694,921
Others		
Number of offices	83	81
Number staff	3,518	3,474

B. Income Structure

No.	Source of Income	Q1-2022		Q1-2021	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	198,497	96.67%	171,655	95.53%
2	Other Income	6,848	3.33%	8,025	4.47%
Total Income		205,345	100%	179,680	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 are the discussion of LOLC management team on the operational results and financial situation based on Financial Statement as of 31st March 2022, 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	Q1-2022		Q1-2021	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	198,497	96.67%	171,655	95.53%
2	Other Income	6,848	3.33%	8,025	4.47%
Total Income		205,345	100%	179,680	100%

Interest income is the largest and most significant for LOLC, which is 96.67% 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)	Q4-2021	Q1-2022	Variance (KHR in Million)	Variance (%)
Interest Income	186,189	198,497	12,308	6.61%
Interest Expense	(63,028)	(68,617)	(5,589)	8.87%
Net Interest Income	123,161	129,880	6,719	5.46%
Other Income	5,192	6,848	1,656	31.90%
Personnel Expense	(33,933)	(35,866)	(1,933)	5.70%
Depreciation on Tangible and Intangible Assets	(3,364)	(3,195)	169	-5.02%
Administrative Expense and Other Expense	(11,773)	(12,511)	(738)	6.27%
Profit from Operations	79,283	85,156	5,873	7.41%
Provision on Financial Instruments	2,987	(13,835)	(16,822)	-563.17%
Profit before Tax	82,270	71,321	(10,949)	-13.31%

In Q1-2022, LOLC's profit before tax reached to KHR71,321 million while it was KHR 82,270 million in Q4-2021, which decreased KHR10,949 million, equivalent to 13.31%. This decrease was mainly due to the increase in Provision on Financial Instruments KHR 16,822 million and also the increase in Net Interest Income KHR 6,719 million compared to Q4-2021.

5. Analysis on Profit/Loss During the Quarter

Summary Profit (KHR in Million)	Q4-2021	Q1-2022	Variance (KHR in Million)	Variance (%)
Profit before Tax	82,270	71,321	(10,949)	-13.31%
Income Tax Expense	(14,090)	(14,453)	(363)	2.58%
Profit after Tax	68,180	56,868	(11,312)	-16.59%

In Q1-2022, LOLC's net profit was KHR 56,868 million, decreased 16.59%. This decrease was mainly due to the decrease in Profit before Tax by KHR 10,949 million.

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

As of 31st March 2022, 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 2022, 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 with real regime and large taxpayer enterprise as determined by the General Department of Taxation.

4. Analysis on Unusual and Extraordinary Elements

As of 31st March 2022, management acknowledged that LOLC did not have any unusual or extraordinary elements.

C. Significant Changes in Sales and Revenue

As of 31st March 2022, 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 2022, 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: 12th May 2022

Having seen and approved




Mr. Brindley de Zylva
Chairman

គំនិតដ៏ល្អគឺជាគន្លឹះ *Ideas for Growth*

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