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LOLC (Cambodia) Plc.

The Third Quarterly Report

September 30th, 2021

www.lolc.com.kh

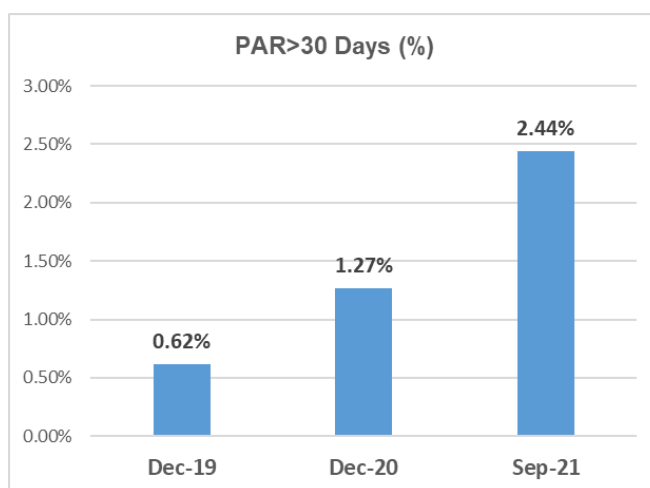
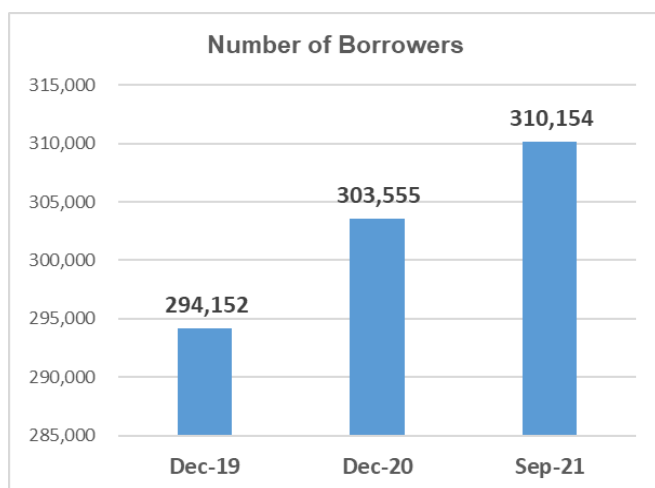
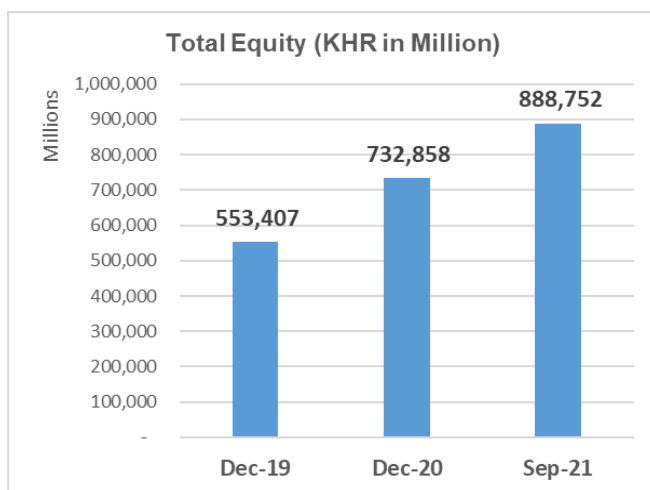
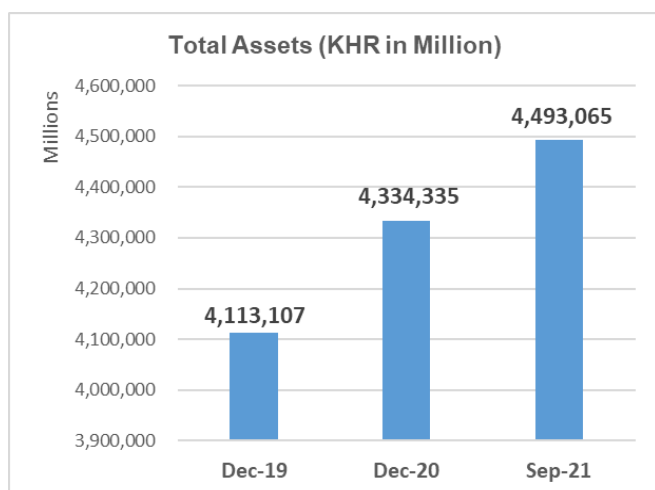
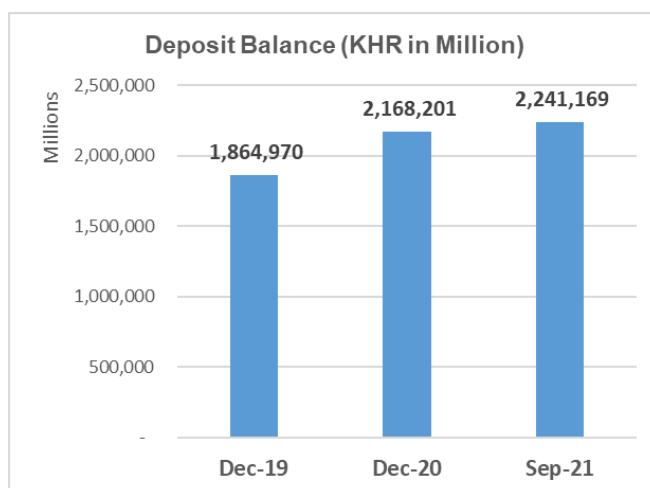
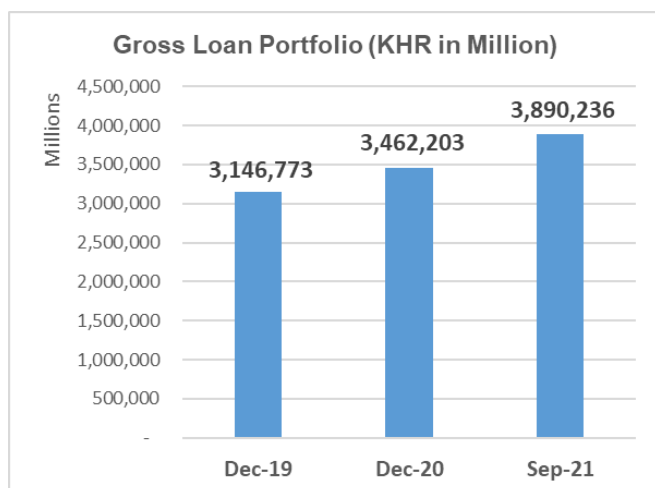


Financial Highlight

Financial Situation	Q3-2021	2020
Total Assets (KHR in Million)	4,493,065	4,334,335
Total Liabilities (KHR in Million)	3,604,313	3,601,477
Total Equities (KHR in Million)	888,752	732,858
Financial Results	Q3-2021	Q3-2020
Interest Income (KHR in Million)	180,567	166,518
Profit/(Loss) before Tax (KHR in Million)	73,465	32,080
Net Profit/(Loss) During the Quarter (KHR in Million)	58,145	25,445

Financial Ratio (For Banking and Financial Institutions)	Q3-2021	2020
Solvency Ratio	22.54%	23.99%
Debt to Equity Ratio	4.06	4.91
Liquidity Ratio	130.15%	235.30%
Non-Performing Loan Ratio	2.44%	1.27%
Deposit to Gross Loan Portfolio Ratio	57.61%	62.62%
	Q3-2021	Q3-2020
Return on Assets	1.32%	0.58%
Return on Equity	7.17%	3.84%
Interest Coverage Ratio	217.26%	146.59%
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

The global economic recovery is continuing, even as the pandemic resurges and it is projected to grow 5.9% in 2021 and 4.9% in 2022, 0.1% lower for 2021 than in the July forecast. The downward revision for 2021 reflects a downgrade for advanced economies—in part due to supply disruptions—and for low-income developing countries, largely due to worsening pandemic dynamics. This is partially offset by stronger near-term prospects among some commodity-exporting emerging market and developing economies. Rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. Policy choices have become more difficult, with limited room to maneuver, the International Monetary Fund says in its October 2021 World Economic Outlook.

The World Bank has revised its economic forecast for Cambodia down to 2.2% this year, from a higher expectation of 4% in April amid a rapid rise in new daily coronavirus infections and deaths, spurred by the more transmissible Delta variant. Despite accelerated vaccination progress, risks of a protracted outbreak and further disruption remain high, given continued high numbers of infections and deaths. The World Bank has observed that the latest outbreak, which has lingered since the second quarter of 2021, has slowed recovery, especially of the service, construction and real estate sectors.

During the pandemic, LOLC Cambodia keeps implementing careful measures to safeguard its staff and customers and adjusts itself promptly to both business operations and financial activities, whilst fast forwarding the uptake of digital financial services. LOLC has digitalized its banking channels to provide convenient services for its customers such as iPay mobile banking application, internet banking service, RFT, FAST and Bakong. With these digital banking channels, LOLC's customers are able to perform banking transactions conveniently from their mobile phone at any time without having to visit branch offices. Also, LOLC has been piloting the use of tablet devices to improve customer service and increase efficiency. As of Q3-2021, LOLC Cambodia has been upgrading its existing digital banking channels and partnering with third parties to integrate 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 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 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, 12th November 2021

Signature, Stamp and Name of Chairman



The stamp is circular with Khmer text at the top: "ព្រះរាជាណាចក្រកម្ពុជា" (Kingdom of Cambodia) and "ក្រុមហ៊ុន" (Company). Below that is "សម្រាប់" (For) and "សេវាប្រតិបត្តិ" (Operations Service). At the bottom of the stamp, it says "LOLC (CAMBODIA) P" and "KINGDOM OF CAMBODIA". A handwritten signature in blue ink is written over the stamp.

Bridley de Zylva
Chairman

CEO Statement

Cambodia is experiencing a resurgence of COVID-19 cases which has slowed the recovery, especially of the service, construction, and real estate sectors. Economic growth is now expected to be 2.2% this year, a downward revision from the April 2021 Macroeconomic Poverty Outlook projection of 4%. While agriculture remains resilient and goods exports have recovered, supported by improved external demand conditions, other major growth drivers, namely tourism, construction and real estate continue to be hit hard by the pandemic. Investment, however, remains resilient. The slower economic recovery and the adoption of food consumption reduction as the main risk coping strategy will undermine the ability to recover from the pandemic which could reverse several years of progress against poverty reduction in Cambodia. To accelerate the economic recovery and boost job creation, it is crucial that Cambodia takes necessary steps to strengthen external competitiveness to spur production and exports, taking advantage of the new investment law and Cambodia-China Free Trade Agreement. Specifically, addressing supply side bottlenecks by reducing costs of doing business, logistic, and energy, while eliminating rigidities in major employment-related regulations that prevent a robust recovery of the job market.

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 Q3 2021 as LOLC has conducted its operations with caution. LOLC's assets reached to more than KHR 4,493 billion. Deposit balance reached to KHR 2,241 billion, an increase of 3.4% compared to end of 2020. Gross loan portfolio reached to KHR 3,890 billion, an increase of 12% compared to end of 2020, while PAR>30days was 2.44%.

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, 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.

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 2021, LOLC will keep enhancing its digital footprints, design new products and services to cater the new norm of living standard and operations. 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, 12th November 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 27 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 September 2021, LOLC's deposit balance reached to KHR 2,241 billion with more than 444 thousand depositors. Total loan portfolio increased to KHR 3,890 billion with a total of more than 310 thousand loan customers.

C. Milestones during the Quarter of LOLC Cambodia

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, 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.

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.

Section 2: Achievement of Business Operations

A. Result of Business Operations

Key Achievement	Plan	Actual Achievement
Loan		
Loan customers	337,744	310,154
Gross loan portfolio (KHR million)	4,558,347	3,890,236
Deposit		
Deposit customers	580,629	444,361
Savings balance (KHR million)	3,029,543	2,241,169
Others		
Number of offices	81	81
Number staff	3,326	3,271

B. Income Structure

No.	Source of Income	Q3-2021		Q3-2020	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	180,567	96.65%	166,518	96.05%
2	Other Income	6,264	3.35%	6,841	3.95%
Total Income		186,831	100%	173,359	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 30th September 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	Q3-2021		Q3-2020	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	180,567	96.65%	166,518	96.05%
2	Other Income	6,264	3.35%	6,841	3.95%
Total Income		186,831	100%	173,359	100%

Interest income is the largest and most significant for LOLC, which is 96.65% 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)	Q2-2021	Q3-2021	Variance (KHR in Million)	Variance (%)
Interest Income	175,708	180,567	4,859	2.77%
Interest Expense	(62,510)	(62,651)	(141)	0.23%
Net Interest Income	113,198	117,916	4,718	4.17%
Other Income	5,347	6,264	917	17.15%
Personnel Expense	(31,648)	(33,078)	(1,430)	4.52%
Depreciation on Tangible and Intangible Assets	(2,649)	(3,523)	(874)	32.99%
Administrative Expense and Other Expense	(9,664)	(10,502)	(838)	8.67%
Profit from Operations	74,584	77,077	2,493	3.34%
Provision on Financial Instruments	(11,196)	(3,612)	7,584	-67.74%
Profit before Tax	63,388	73,465	10,077	15.90%

In Q3-2021, LOLC's profit before tax reached to KHR 73,465 million while it was KHR 63,388 million in Q2-2021, which increased KHR 10,077 million, equivalent to 15.90%. This increase was mainly due to the decrease in Provision on Financial Instruments KHR 7,584 million and also the increase in Interest Income KHR 4,859 million compared to Q2-2021.

5. Analysis on Profit/Loss During the Quarter

Summary Profit (KHR in Million)	Q2-2021	Q3-2021	Variance (KHR in Million)	Variance (%)
Profit before Tax	63,388	73,465	10,077	15.90%
Income Tax Expense	(12,864)	(15,319)	(2,455)	19.08%
Profit after Tax	50,524	58,146	7,622	15.09%

In Q3-2021, LOLC's net profit was KHR 58,146 million, increased 15.09%. This increase was mainly due to the increase in Profit before Tax by KHR 10,077 million.

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

As of 30th September 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 30th September 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 with real regime and large taxpayer enterprise as determined by the General Department of Taxation.

4. Analysis on Unusual and Extraordinary Elements

As of 30th September 2021, management acknowledged that LOLC did not have any unusual or extraordinary elements.

C. Significant Changes in Sales and Revenue

As of 30th September 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 30th September 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: 12th November 2021

Having seen and approved



The image shows an official blue ink stamp of L&L&C (Cambodia) P.L.C. The stamp is oval-shaped and contains the following text: "ព្រះរាជាណាចក្រកម្ពុជា" (Kingdom of Cambodia) at the top, "ក្រុមហ៊ុន" (Company) in the center, "លីមីតធីត (ខេត្តកម្ពុជា) ភី.អិល.អិល" (L&L&C (Cambodia) P.L.C.) in Khmer script, "L&L&C (CAMBODIA) P.L.C." in English, and "KINGDOM OF CAMBODIA" at the bottom. To the right of the stamp is a handwritten signature in blue ink, which appears to be "Mr. Brindley de Zylva". A horizontal line is drawn across the signature and the stamp.

Mr. Brindley de Zylva
Chairman

គំនិតដ៏ល្អគឺជាគន្លឹះ *Ideas for Growth*

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