



លីនេអ៊ែរស៊ី (ខេមបូឌា) ភីអិលស៊ី  
LOLC (Cambodia) Plc.

# The Fourth Quarterly Report

## December 31<sup>st</sup>, 2021

[www.lolc.com.kh](http://www.lolc.com.kh)

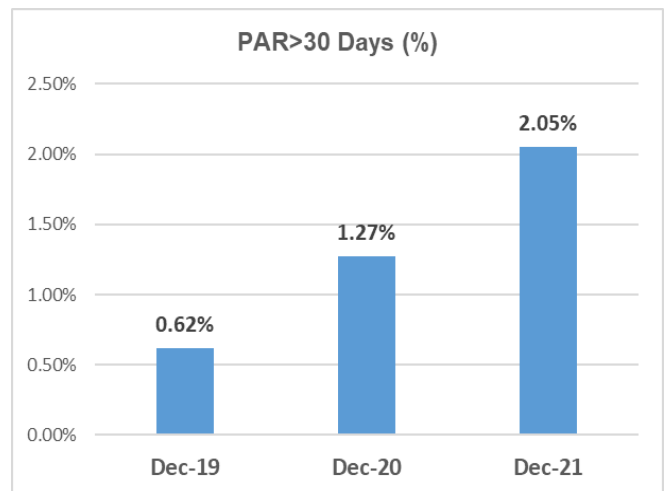
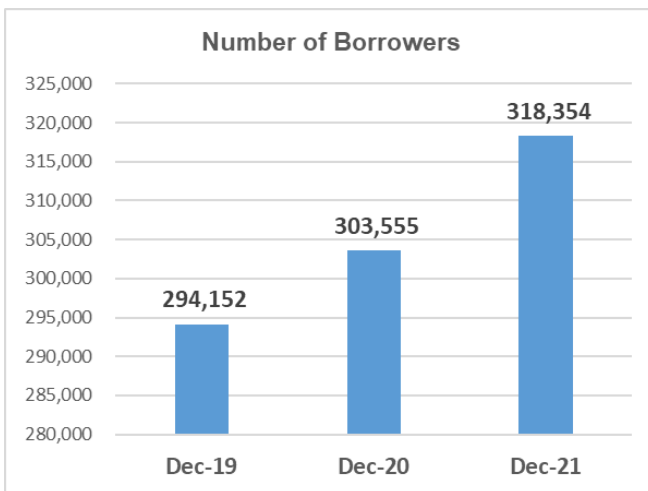
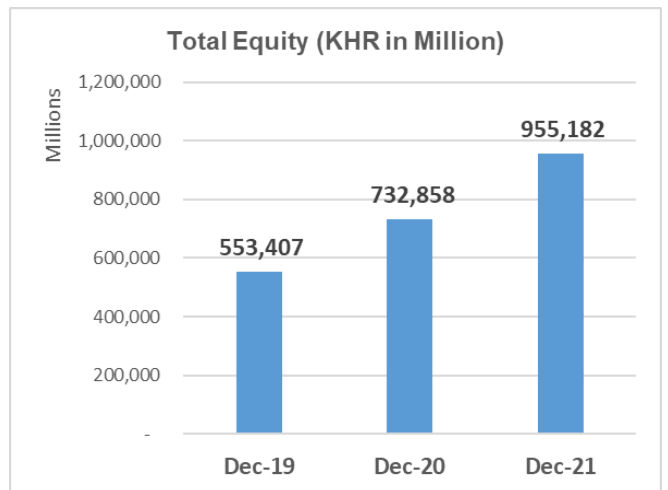
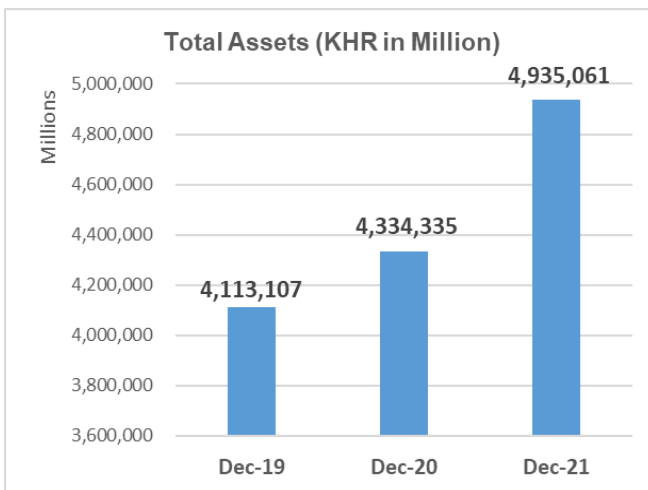
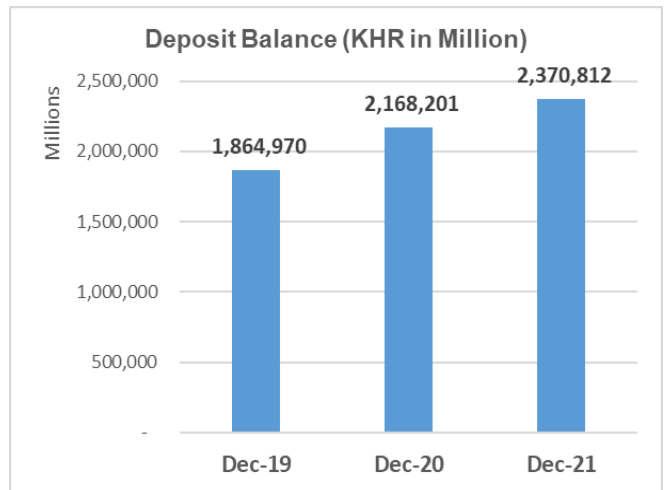
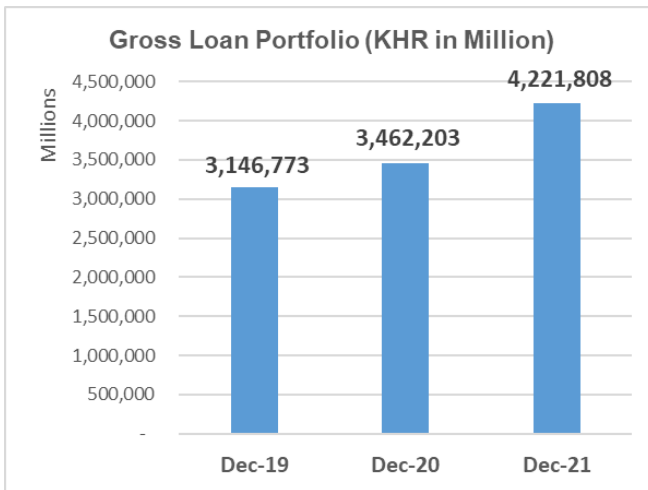


## Financial Highlight

<b>Financial Situation</b>	<b>Q4-2021</b>	<b>2020</b>
Total Assets (KHR in Million)	4,935,061	4,334,335
Total Liabilities (KHR in Million)	3,979,879	3,601,477
Total Equities (KHR in Million)	955,182	732,858
<b>Financial Results</b>	<b>Q4-2021</b>	<b>Q4-2020</b>
Interest Income (KHR in Million)	186,189	167,573
Profit/(Loss) before Tax (KHR in Million)	82,270	72,852
Net Profit/(Loss) During the Quarter (KHR in Million)	68,180	68,270

<b>Financial Ratio (For Banking and Financial Institutions)</b>	<b>Q4-2021</b>	<b>2020</b>
Solvency Ratio	21.63%	23.99%
Debt to Equity Ratio	4.17	4.91
Liquidity Ratio	196.31%	235.30%
Non-Performing Loan Ratio	2.05%	1.27%
Deposit to Gross Loan Portfolio Ratio	56.16%	62.62%
	<b>Q4-2021</b>	<b>Q4-2020</b>
Return on Assets	1.45%	1.56%
Return on Equity	7.40%	9.77%
Interest Coverage Ratio	230.53%	215.70%
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

Cambodia's success in rolling out its vaccination program resulting in almost 90% of the population being vaccinated by end December 2021 has seen infections and mortalities receding in the fourth quarter of 2021. This has spurred authorities to relax travel restrictions and reopening the country for business. The required quarantine period for those who have been fully vaccinated has been lifted as the country commences implementation of its economic recovery measures.

**Global Outlook:** The World Bank in its Global Economic prospects states that global growth is expected to decelerate to 4.1% in 2022, due to continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks. The near-term outlook for global growth is somewhat weak, and for global inflation notably higher, than previously envisioned, owing to pandemic resurgence, higher food and energy prices, and supply disruptions.

**Cambodia Outlook:** The Cambodian economy is expected to continue to recover with the rollback of COVID-19 related restrictions. GDP growth is projected at 4.5% - 5% in 2022. With the relaxation of travel restrictions, reopening the country, key sectors such as tourism, travel, hospitality, and wholesale and retail are starting to recover. In addition, the new Law on Investment and the Free Trade Agreements with China and the Republic of Korea are expected to attract foreign direct investments 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.

We have fast forwarded the uptake of Digital Financial Services to brace up to 'living with COVID-19' under the 'new normal' and have provided digital banking channels such as iPay our mobile banking application, internet banking service, RFT, FAST and Bakong. 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 piloting the use of tablet devices to improve customer service and increase efficiency and expect to go live to all branches in Q1-2022.

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, 14<sup>th</sup> February 2021  
Signature, Stamp and Name of Chairman



ព្រះរាជាណាចក្រកម្ពុជា  
ជាតិ សាសនា ព្រះមហាក្សត្រ  
LOLC (CAMBODIA)  
KINGDOM OF CAMBODIA  
Bridley de Zylva  
Chairman



## CEO Statement

The February-20 community outbreak of Covid-19 severely affected economic activities. The temporary lockdown in affected cities and provinces have decelerated domestic economic activities, given that several small and medium-sized enterprises (SMEs) were specifically forced to suspend their operations partially or completely and further impacted an already-suffered international tourist arrivals. The impact has caused dramatic drop in income of households and businesses, which led to a slowdown in the recovery of the economy. Facing this situation, the Royal Government of Cambodia has introduced social and economic protection measures with the rapid increase in vaccination as well as strong enforcement measures. The implementation of preventive measures and the success of vaccination rollout program which covers about 90% of the total population has allowed a gradual easing of restrictions and a recovery of economic activities until the re-opening of the country at the end of 2021. The recovery in domestic activities, coupled with the favorable effects of global economic growth, has boosted economic growth in 2021 to around 3%. This growth was supported by the rebound of the garment, wholesale and retail trade, telecommunication, transportation, and construction sectors; continued high growth in non-garment manufacturing products for export; and continued growth in agriculture, whereas tourism continued to decline, the National Bank of Cambodia says in its Macroeconomic and Banking Sector Development in 2021 and Outlook for 2022.

Responding to the Covid-19 impacts, LOLC still 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 Q4 2021 as LOLC has conducted its operations with caution. LOLC's assets reached to more than KHR 4,935 billion. Deposit balance reached to KHR 2,371 billion, an increase of 9.34% compared to end of 2020. Gross loan portfolio reached to KHR 4,222 billion, an increase of 22% compared to end of 2020, while PAR>30days was 2.05%.

To participate in preventing and controlling the spread of Covid-19 through the use of currency notes, 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 has been piloting the use of tablet banking system and plan to rollout to all branches in Q1-2022. 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, 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, 14<sup>th</sup> February 2021

Signature, Stamp and Name



**Mr. Sok Vooun**  
**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](http://www.lolc.com.kh), Email: [info@lolc.com.kh](mailto:info@lolc.com.kh)
- Registration Number: 00012829 dated 28th September 2015
- License Number: M.F 04 issued by the National Bank of Cambodia dated 11<sup>th</sup> September 2018.
- Authorization and registered documents number: 084/19 គ.ម ក/ស.ស.រ. dated 22<sup>nd</sup> 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 December 2021, LOLC's deposit balance reached to KHR 2,371 billion with more than 462 thousand depositors. Total loan portfolio increased to KHR 4,222 billion with a total of more than 318 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 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 has been piloting the use of tablet banking system and plan to rollout to all branches in Q1-2022. 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.



## Section 2: Achievement of Business Operations

### A. Result of Business Operations

Key Achievement	Plan	Actual Achievement
<b>Loan</b>		
Loan customers	349,135	318,354
Gross loan portfolio (KHR million)	4,920,265	4,221,808
<b>Deposit</b>		
Deposit customers	621,725	462,125
Savings balance (KHR million)	3,317,532	2,370,812
<b>Others</b>		
Number of offices	81	81
Number staff	3,326	3,297

### B. Income Structure

No.	Source of Income	Q4-2021		Q4-2020	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	186,189	97.29%	167,573	96.52%
2	Other Income	5,192	2.71%	6,045	3.48%
<b>Total Income</b>		<b>191,381</b>	<b>100%</b>	<b>173,618</b>	<b>100%</b>

### **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 31<sup>st</sup> December 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	Q4-2021		Q4-2020	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	186,189	97.29%	167,573	96.52%
2	Other Income	5,192	2.71%	6,045	3.48%
<b>Total Income</b>		<b>191,381</b>	<b>100%</b>	<b>173,618</b>	<b>100%</b>

Interest income is the largest and most significant for LOLC, which is 97.29% 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)	Q3-2021	Q4-2021	Variance (KHR in Million)	Variance (%)
Interest Income	180,567	186,189	5,622	3.11%
Interest Expense	(62,651)	(63,028)	(377)	0.60%
<b>Net Interest Income</b>	<b>117,916</b>	<b>123,161</b>	<b>5,245</b>	<b>4.45%</b>
Other Income	6,264	5,192	(1,072)	-17.11%
Personnel Expense	(33,078)	(33,933)	(855)	2.58%
Depreciation on Tangible and Intangible Assets	(3,523)	(3,364)	159	-4.51%
Administrative Expense and Other Expense	(10,502)	(11,773)	(1,271)	12.10%
<b>Profit from Operations</b>	<b>77,077</b>	<b>79,283</b>	<b>2,206</b>	<b>2.86%</b>
Provision on Financial Instruments	(3,612)	2,987	6,599	-182.70%
<b>Profit before Tax</b>	<b>73,465</b>	<b>82,270</b>	<b>8,805</b>	<b>11.99%</b>

In Q4-2021, LOLC's profit before tax reached to KHR 82,270 million while it was KHR 73,465 million in Q3-2021, which increased KHR 8,805 million, equivalent to 11.99%. This increase was mainly due to the decrease in Provision on Financial Instruments KHR 6,599 million and also the increase in Interest Income KHR 5,622 million compared to Q3-2021.

#### 5. Analysis on Profit/Loss During the Quarter

Summary Profit (KHR in Million)	Q3-2021	Q4-2021	Variance (KHR in Million)	Variance (%)
Profit before Tax	73,465	82,270	8,805	11.99%
Income Tax Expense	(15,319)	(14,090)	1,229	-8.02%
<b>Profit after Tax</b>	<b>58,146</b>	<b>68,180</b>	<b>10,034</b>	<b>17.26%</b>

In Q4-2021, LOLC's net profit was KHR 68,180 million, increased 17.26%. This increase was mainly due to the increase in Profit before Tax by KHR 8,805 million.

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

As of 31<sup>st</sup> December 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 31<sup>st</sup> December 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 31<sup>st</sup> December 2021, management acknowledged that LOLC did not have any unusual or extraordinary elements.

## **C. Significant Changes in Sales and Revenue**

As of 31<sup>st</sup> December 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 31<sup>st</sup> December 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.

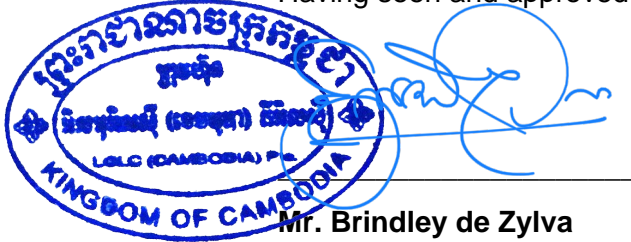


**Signature of Directors**

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

Date: 14<sup>th</sup> February 2021

Having seen and approved



The image shows a blue circular stamp with Khmer text at the top and 'KINGDOM OF CAMBODIA' at the bottom. Inside the stamp, there is Khmer text and 'LLC (CAMBODIA) P.'. A blue handwritten signature is written over the stamp and extends to the right, crossing a horizontal line.

**Mr. Brindley de Zylva  
Chairman**

# គំនិតដ៏ល្អគឺជាគន្លឹះ *Ideas for Growth*

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