



គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ

អិលអូអិលស៊ី (ខេមបូឌា) ភីអិលស៊ី

LOLC (Cambodia) Plc.

# The Third Quarterly Report

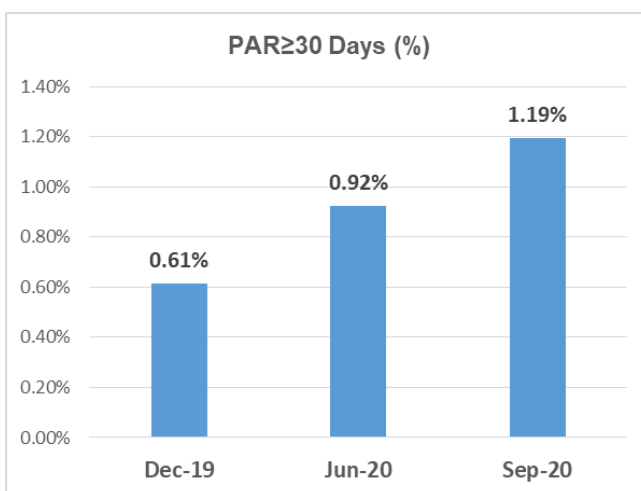
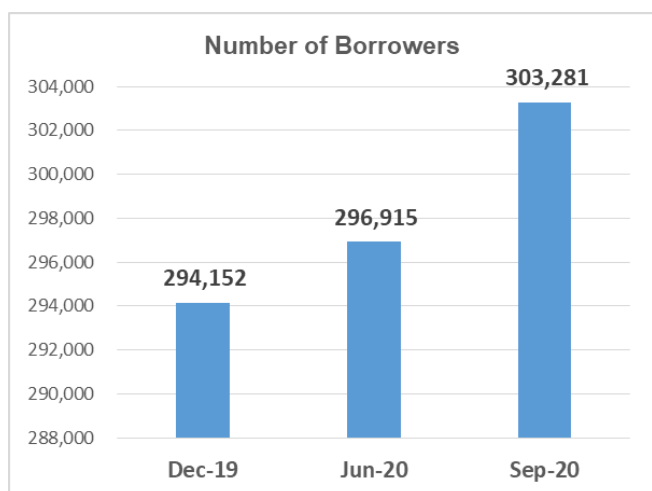
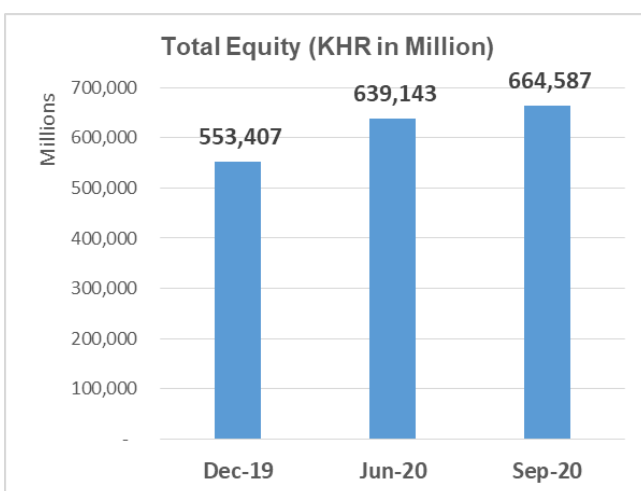
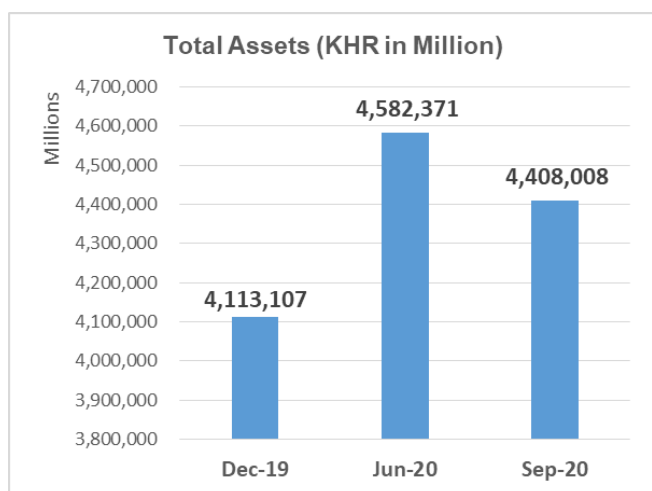
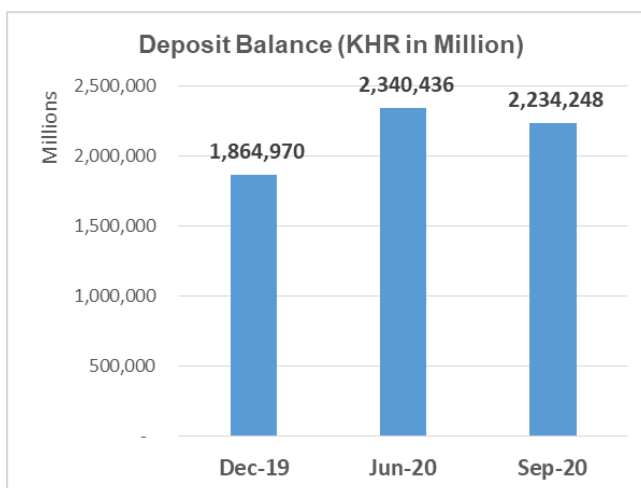
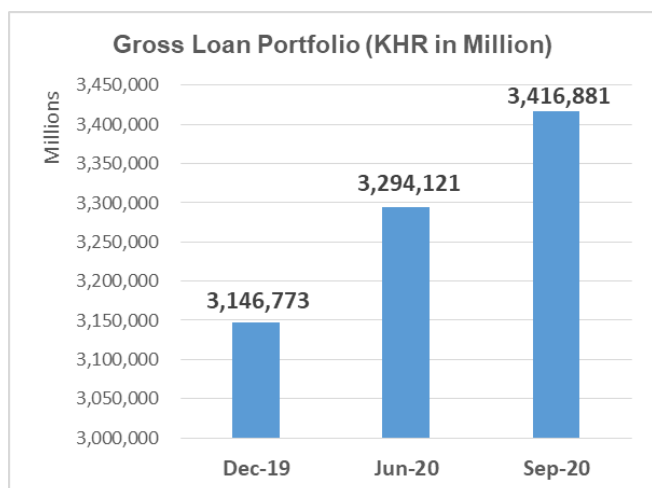
September 30<sup>th</sup>, 2020

## Financial Highlight

<b>Financial Situation</b>	<b>Q3-2020</b>	<b>2019</b>
Total Assets (KHR in Million)	4,408,008	4,113,107
Total Liabilities (KHR in Million)	3,743,421	3,559,700
Total Equities (KHR in Million)	664,587	553,407
<b>Financial Results</b>	<b>Q3-2020</b>	<b>Q3-2019</b>
Interest Income (KHR in Million)	166,518	137,045
Profit/(Loss) before Tax (KHR in Million)	32,080	44,472
Net Profit/(Loss) During the Quarter (KHR in Million)	25,445	39,935

<b>Financial Ratio (For Banking and Financial Institutions)</b>	<b>Q3-2020</b>	<b>2019</b>
Solvency Ratio	17.70%	20.05%
Debt to Equity Ratio	5.63	6.43
Liquidity Ratio	290.72%	281.90%
Non-Performing Loan Ratio	1.19%	0.61%
Deposit to Gross Loan Portfolio Ratio	65.39%	59.27%
	<b>Q3-2020</b>	<b>Q3-2019</b>
Return on Assets	0.57%	1.16%
Return on Equity	3.90%	8.50%
Interest Coverage Ratio	146.59%	179.14%
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 shock triggered by the COVID-19 pandemic has significantly impacted Cambodia's economy in 2020 at a time when Cambodia also faces the partial suspension of preferential access to the EU market under the "Everything but Arms" initiative. The outbreak caused sharp deceleration in most of Cambodia's main engines of growth—tourism, manufacturing exports, and construction—which together account for more than 70% of the country's growth and almost 40% of paid employment. IMF projected Cambodia economy to register negative growth of -2.8%, the sharpest decline in Cambodia's recent history. Because of the COVID-19 pandemic, poverty in 2020 could increase among households involved in key sectors like tourism, construction, trade, manufacturing and the garment industry.

Internally, LOLC Cambodia has made itself ready for the adverse situations. Certain actions both business operations and financial activities were implemented promptly. The Covid-19 pandemic has heightened the need to expand the development of Digital Financial Services (DFS). As of Q3 2020, LOLC Cambodia, with the support from LOLC Group, has been upgrading its digital financial services which will improve customer services and increase efficiency. LOLC Cambodia has upgraded its iPay Mobile Application, which clients are able to do banking transactions via their mobile app. Furthermore, LOLC Cambodia has launched the use of LOLC Cambodia ATM cards that allow clients to do banking transactions via thousands of ATM machines across CSS members. LOLC has also been integrating with third party connectivity in order to contribute more distribution channels and provide superior customer experiences.

Once again, 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. 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, ...<sup>13<sup>th</sup></sup>... November 2020

Signature, Stamp and Name of Chairman

  
LOLC (CAMBODIA) Brindley de Zylva  
Chairman

## CEO Statement

Covid-19 has had profound socioeconomic impacts on every nation in the world. In Cambodia, the outbreak caused sharp deceleration in most of Cambodia's main engines of growth—tourism, manufacturing exports, and construction, which together account for more than 70% of the country's growth and almost 40% of paid employment. Responding to this impact, LOLC has given 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, due to the outbreak of the Covid-19 pandemic, LOLC was able to maintain good loan quality as of Q3 2020 as LOLC has conducted its operations with caution. LOLC's assets reached to more than KHR 4,408 billion. Deposit balance reached to KHR 2,234 billion, an increase of 20% compared to end of 2019. Gross loan portfolio increased to KHR 3,417 billion compared to Q2 2020, while PAR>30days was 1.19%.

LOLC has been focusing 2020 on technology-oriented delivery channels which will improve customer services and increase efficiency.

LOLC has been upgrading its iPay Mobile Application with new interface and enhancement, 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 also been integrating with third party connectivity in order to contribute more distribution channels and provide superior customer experiences.

LOLC will pilot test the use of tablet banking system which will enable 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 launched the use of LOLC ATM cards, which clients are able to do banking transactions via thousands of ATM machines across CSS members.

Also, LOLC will launch the Internet Banking service to its clients in Q4 2020.

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, ... 13<sup>th</sup> November 2020

Signature, Stamp and Name



Mr. Sok Voeun  
Chief Executive Officer

## Content

<b>Financial Highlight</b> .....	i
<b>Graphs of Summary Financial Highlight</b> .....	ii
<b>Composition of the Board of Directors</b> .....	iii
<b>Chairman Statement</b> .....	iv
<b>CEO Statement</b> .....	v
<b>Section 1: General Information of Issuer</b> .....	1
A. Identity of Issuer.....	1
B. Business Operation.....	1
C. Milestones During the Quarter of LOLC Cambodia.....	1
<b>Section 2: Achievement of Business Operations</b> .....	2
A. Result of Business Operations.....	2
B. Income Structure.....	2
<b>Section 3: Financial Statement Reviewed by Independent Auditors</b> .....	3
<b>Section 4: Management's Discussion and Analysis</b> .....	4
A. Operational Overview.....	4
B. Key Factors that Affect Profitability.....	6
C. Significant Changes in Sales and Revenue.....	6
D. Impact of Currency Exchange, Interest Rate and Commodity Price.....	6
E. Impact of Inflation.....	6
F. Economy, Fiscal and Monetary Policies of the Government.....	6
<b>Section 5: Other Necessary Information to Protect Investors (If Any)</b> .....	7
<b>Signature of Directors</b> .....	8

## 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.ជ. 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 26 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 September 2020, LOLC's deposit balance reached to more than KHR 2,234 billion with more than 398 thousand depositors. Total loan portfolio increased to KHR 3,417 billion with a total of around 303 thousand loan customers.

### C. Milestones during the Quarter of LOLC Cambodia

LOLC has been upgrading its iPay Mobile Application with new interface and enhancement, 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 also been integrating with third party connectivity in order to contribute more distribution channels and provide superior customer experiences.

LOLC will pilot test the use of tablet banking system which will enable 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 launched the use of LOLC ATM cards, which clients are able to do banking transactions via thousands of ATM machines across CSS members.

Also, LOLC will launch the Internet Banking service to its clients in Q4 2020.



## Section 2: Achievement of Business Operations

### A. Result of Business Operations

Key Achievement	Plan	Actual Achievement
<b>Loan</b>		
Loan customers	346,180	303,281
Gross loan portfolio (KHR million)	3,730,168	3,416,881
<b>Deposit</b>		
Deposit customers	417,669	398,282
Savings balance (KHR million)	2,464,921	2,234,248
<b>Others</b>		
Number of offices	82	79
Number staff	3,188	3,118

### B. Income Structure

No.	Source of Income	Q3-2020		Q3-2019	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	166,518	96.05%	137,045	96.51%
2	Other Income	6,841	3.95%	4,960	3.49%
<b>Total Income</b>		<b>173,359</b>	<b>100%</b>	<b>142,005</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 is the discussion of LOLC management team on the operational results and financial situation based on Financial Statement as of 30<sup>th</sup> September 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	Q3-2020		Q3-2019	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	166,518	96.05%	137,045	96.51%
2	Other Income	6,841	3.95%	4,960	3.49%
<b>Total Income</b>		<b>173,359</b>	<b>100%</b>	<b>142,005</b>	<b>100%</b>

Interest income is the largest and most significant for LOLC, which is 96.05% 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)	Q2-2020	Q3-2020	Variance (KHR in Million)	Variance (%)
Interest Income	150,794	166,518	15,724	10.43%
Interest Expense	(70,230)	(68,851)	1,379	-1.96%
<b>Net Interest Income</b>	<b>80,564</b>	<b>97,667</b>	<b>17,103</b>	<b>21.23%</b>
Other Income	16,065	6,841	(9,224)	-57.42%
Personnel Expense	(28,107)	(31,284)	(3,177)	11.30%
Depreciation on Tangible and Intangible Assets	(2,690)	(2,467)	223	-8.29%
Administrative Expense and Other Expense	(6,848)	(10,439)	(3,591)	52.44%
<b>Profit from Operations</b>	<b>58,984</b>	<b>60,318</b>	<b>1,334</b>	<b>2.26%</b>
Provision on Financial Instruments	828	(28,238)	(29,066)	-3,510.39%
<b>Profit before Tax</b>	<b>59,812</b>	<b>32,080</b>	<b>(27,732)</b>	<b>- 46.37%</b>

In Q3 2020, LOLC's profit before tax reached KHR 32,080 million while it was KHR 59,812 million in Q2 2020, which decreased KHR 27,732 million, equivalent to -46.37%. This decreased was mainly due to the increased in Provision on Financial Instruments around KHR 29,066 million compared to Q2 2020.

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

Summary Profit (KHR in Million)	Q2-2020	Q3-2020	Variance (KHR in Million)	Variance (%)
Profit before Tax	59,812	32,080	(27,732)	-107.62%
Income Tax Expense	(12,044)	(6,635)	5,409	20.99%
<b>Profit after Tax</b>	<b>47,768</b>	<b>25,445</b>	<b>(22,323)</b>	<b>-86.63%</b>

In Q3 2020, LOLC's net profit was KHR 25,445 million, decreased -86.63%. This decreased was mainly due to the decreased in profit before tax by KHR 27,732 million.

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

As of 30<sup>th</sup> September 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 30<sup>th</sup> September 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 30<sup>th</sup> September 2020, management acknowledged that LOLC did not have any unusual or extraordinary elements.

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

As of 30<sup>th</sup> September 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 30<sup>th</sup> September 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:.....<sup>th</sup>13.....November.....2020

Having seen and approved

  
Mr. Brindley de Zylva  
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](http://www.lolc.com.kh)

PUBLIC

