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LOLC (Cambodia) Plc.

The Second Quarterly Report

June 30th, 2021

www.lolc.com.kh

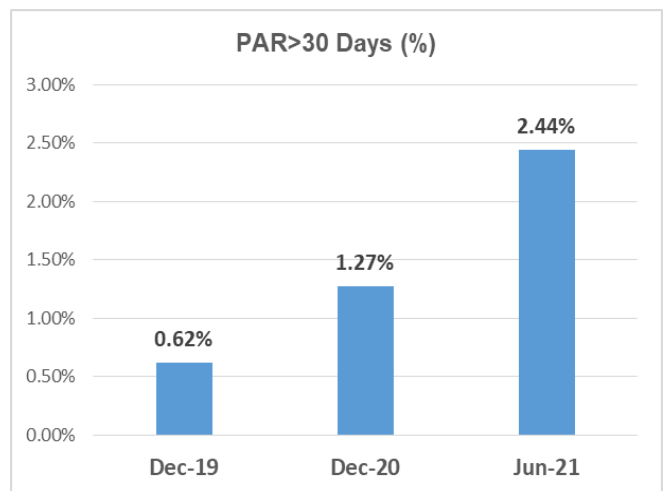
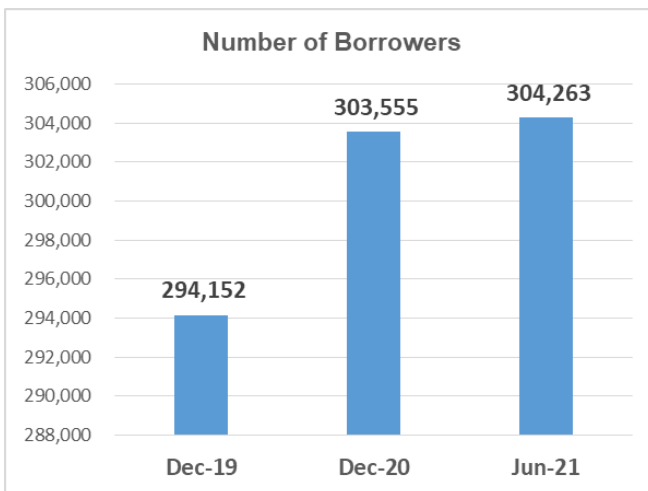
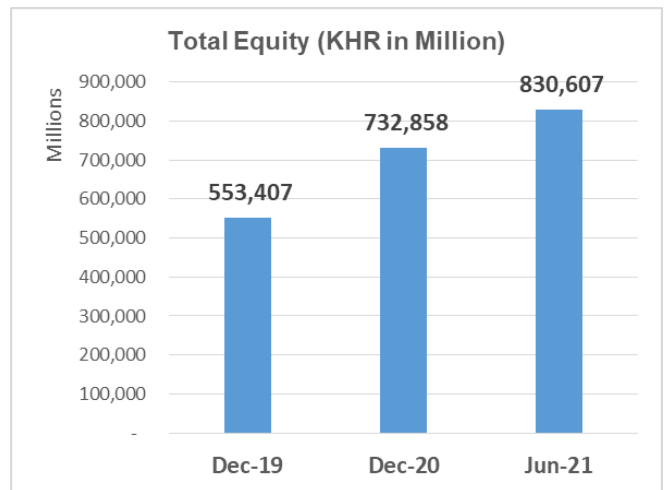
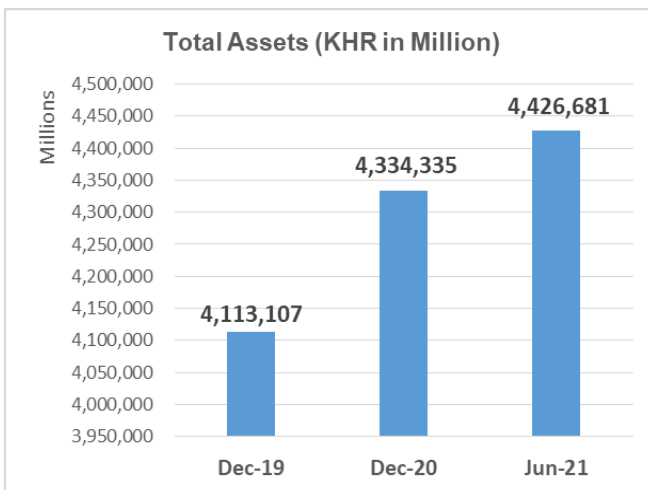
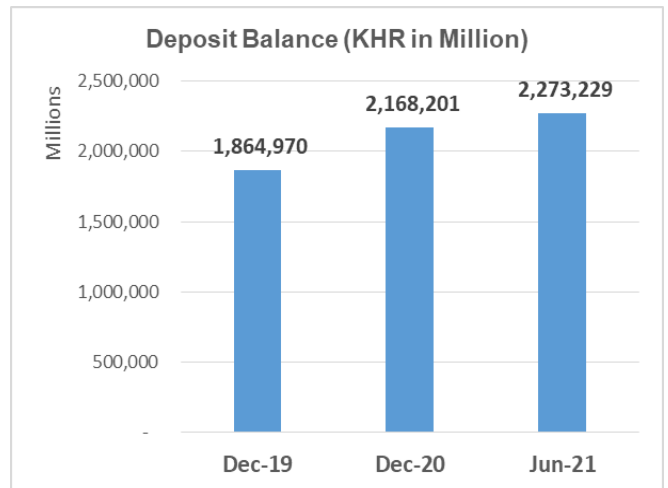
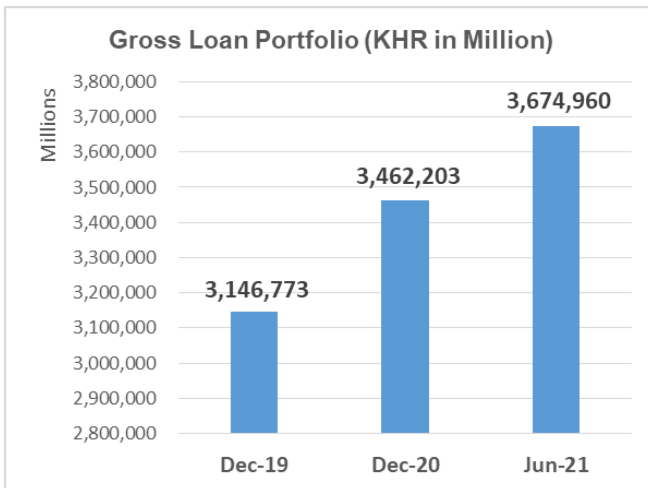


Financial Highlight

Financial Situation	Q2-2021	2020
Total Assets (KHR in Million)	4,426,681	4,334,335
Total Liabilities (KHR in Million)	3,596,074	3,601,477
Total Equities (KHR in Million)	830,607	732,858
Financial Results	Q2-2021	Q2-2020
Interest Income (KHR in Million)	175,708	150,794
Profit/(Loss) before Tax (KHR in Million)	63,388	59,812
Net Profit/(Loss) During the Quarter (KHR in Million)	50,524	47,768

Financial Ratio (For Banking and Financial Institutions)	Q2-2021	2020
Solvency Ratio	23.71%	23.99%
Debt to Equity Ratio	4.33	4.91
Liquidity Ratio	212.97%	235.30%
Non-Performing Loan Ratio	2.44%	1.27%
Deposit to Gross Loan Portfolio Ratio	61.86%	62.62%
	Q2-2021	Q2-2020
Return on Assets	1.15%	1.10%
Return on Equity	6.46%	8.35%
Interest Coverage Ratio	201.40%	185.17%
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 economy is expected to expand 5.6% in 2021, the fastest post-recession pace in 80 years, largely on strong rebounds from a few major economies. Emerging market and developing economies as a group are forecasted to expand 6% this year, supported by higher demand and elevated commodity prices. However, the recovery in many countries is being held back by a resurgence of COVID-19 cases and lagging vaccination progress, as well as the withdrawal of policy support in some instances. Excluding China, the rebound in this group of countries is anticipated to be a more modest 4.4%. The recovery among emerging market and developing economies is forecast to moderate to 4.7% in 2022. Even so, gains in this group of economies are not sufficient to recoup losses experienced during the 2020 recession, and output in 2022 is expected to be 4.1% below pre-pandemic projections, the World Bank says in its June 2021 Global Economic Prospects.

Cambodia's economy is gradually recovering and projected to grow at 4% in 2021, after contracting by 3.1% in 2020, thanks to revitalization of global demand. Agriculture remained resilient due in part to good prospects of the Cambodia-China Free Trade Agreement. Manufacturing has gradually adapted to changing external conditions. The tourism sector continues to be hit hard. Goods exports gradually adjusted, growing at 12.2% during the first four months of 2021, while the share of garment exports in total goods (excluding gold) exports declined to 45.6%. FDI inflows remain resilient and have helped sustain the external sector. Growth outlook remains highly uncertain. The recovery is largely dependent on the course of the virus and the pace at which the vaccine can be rolled out.


During the pandemic, LOLC Cambodia has been implementing careful measures to safeguard its staff and customers. LOLC Cambodia has adjusted itself promptly to both business operations and financial activities, whilst fast forwarding the uptake of digital financial services. With diversified digital banking channels such as iPay mobile banking application, internet banking service, RFT, FAST and Bakong projects with the National Bank of Cambodia, LOLC's customers are able to perform banking transactions conveniently from their mobile phone at any time without having to visit branch offices. The use of tablet devices has been piloting to improve customer service and increase efficiency. On top of these, as of Q2-2021, 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 August 2021

Signature, Stamp and Name of Chairman



Brindley de Zylva
Chairman

CEO Statement

After contracting by 3.1% in 2020, Cambodia's economy has gradually recovered and projected to grow at 4% in 2021, supported by a gradual recovery in domestic demand following the vaccine deployment and improvements in external demand and capital inflows. The recovery is, however, uneven, partial, and volatile in part due to the re-introduction of a domestic lockdown, triggered by recent flare-ups of coronavirus infections. The agriculture sector has been relatively resilient in the face of the coronavirus shock. In addition, it has been boosted by increased investment, thanks to good prospects of the newly signed Cambodia-China Free Trade Agreement and Regional Comprehensive Economic Partnership. The manufacturing sector sharply contracted last year, but appears to have gradually recovered since, as it has adapted to changing external conditions. The easing of the traditional manufacturing industries, namely garment, footwear, and travel goods has been partly offset by the expansion of the newly emerging manufacturing (electrical, electronic and vehicle parts including bicycles) and agroprocessing industries. Parts of the services sector such as accommodation, restaurants and transport continue to be hit hard by slowdown in domestic and international tourism, while wholesale and retail trade has managed to slowly recover, supported by a gradual revival in domestic economic activity, according to the World Bank's Economic Update in June 2021.

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 Q2 2021 as LOLC has conducted its operations with caution. LOLC's assets reached to more than KHR 4,427 billion. Deposit balance reached to KHR 2,273 billion, an increase of 5% compared to end of 2020. Gross loan portfolio reached to KHR 3,675 billion, an increase of 6% 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 August 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. ១ 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 26 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 June 2021, LOLC's deposit balance reached to KHR 2,273 billion with almost 440 thousand depositors. Total loan portfolio increased to KHR 3,675 billion with a total of more than 304 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	326,354	304,263
Gross loan portfolio (KHR million)	4,227,552	3,674,960
Deposit		
Deposit customers	539,533	439,598
Savings balance (KHR million)	2,741,980	2,273,229
Others		
Number of offices	81	80
Number staff	3,326	3,266

B. Income Structure

No.	Source of Income	Q2-2021		Q2-2020	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	175,708	97.05%	150,794	90.37%
2	Other Income	5,347	2.95%	16,065	9.63%
Total Income		181,055	100%	166,859	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 30th June 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	Q2-2021		Q2-2020	
		Amount (KHR million)	%	Amount (KHR million)	%
1	Interest Income	175,708	97.05%	150,794	90.37%
2	Other Income	5,347	2.95%	16,065	9.63%
Total Income		181,055	100%	166,859	100%

Interest income is the largest and most significant for LOLC, which is 97.05% 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)	Q1-2021	Q2-2021	Variance (KHR in Million)	Variance (%)
Interest Income	171,655	175,708	4,053	2.36%
Interest Expense	(62,193)	(62,510)	(317)	0.51%
Net Interest Income	109,462	113,198	3,736	3.41%
Other Income	8,025	5,347	(2,678)	-33.37%
Personnel Expense	(34,114)	(31,648)	2,466	-7.23%
Depreciation on Tangible and Intangible Assets	(2,642)	(2,649)	(7)	0.26%
Administrative Expense and Other Expense	(11,493)	(9,664)	1,829	-15.91%
Profit from Operations	69,238	74,584	5,346	7.72%
Provision on Financial Instruments	(10,074)	(11,196)	(1,122)	11.14%
Profit before Tax	59,164	63,388	4,224	7.14%

In Q2-2021, LOLC's profit before tax reached to KHR 63,388 million while it was KHR 59,164 million in Q1-2021, which increased KHR 4,224 million, equivalent to 7.14%. This increase was mainly due to the increase in interest income KHR 4,053 million compared to Q1-2021.

5. Analysis on Profit/Loss During the Quarter

Summary Profit (KHR in Million)	Q1-2021	Q2-2021	Variance (KHR in Million)	Variance (%)
Profit before Tax	59,164	63,388	4,224	7.14%
Income Tax Expense	(11,938)	(12,864)	(926)	7.76%
Profit after Tax	47,226	50,524	3,298	6.98%

In Q2-2021, LOLC's net profit was KHR 50,524 million, increased 6.98%. This increase was mainly due to the increase in Profit before Tax by KHR 4,224 million.

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

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

C. Significant Changes in Sales and Revenue

As of 30th June 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 June 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 August 2021

Having seen and approved



Mr. Brindley de Zylva
Chairman



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