

LOLC, Cambodia

SOCIAL RATING ^s BB+

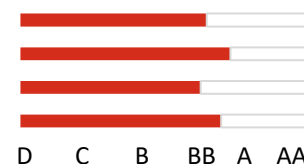
Adequate social performance management and client protection systems. Satisfactory alignment to the social mission.

Social Performance Management

Client protection, responsibility

Outreach

Quality of the services



Social Rating Committee Jan-23

Previous SR: BB+, February 2020

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SOCIAL RATING RATIONALE

SOCIAL PERFORMANCE MANAGEMENT SYSTEM

The social commitment of LOLC's governance continues to guide strategic decisions and no risk of mission drift is present. The social strategy describes LOLC's social objectives and defines some specific and measurable targets. The capacity to monitor the progress toward the achievement of social goals is good.

CLIENT PROTECTION AND SOCIAL RESPONSIBILITY

Social Responsibility towards staff is good. LOLC is certified in client protection by the MFR in 2019 and complies with the CMA Lending Guidelines' limits on high risk refinancing. The transparency of the services offered is good and the pricing is responsible. Collection practices are well formalized and acceptable behaviours are adequately defined.

OUTREACH

The breadth of outreach is very large and LOLC ranks 3rd among Cambodian peers considering number of borrowers. Outreach results are aligned with LOLC's focus on rural women and the intention to reach low-income communities.

QUALITY OF THE SERVICES

LOLC offers an adequate variety of financial services (i.e., credit, deposits, insurance, payments, remittances, leasing, debit card and non-financial services). Convenient and reliable delivery channels. Credit and savings services do not present access barriers and are appropriate to meet client needs.

| Institutional data | | Sep-22 | Social indicators | Sep-22 |
|---------------------------|------|-----------------------------------|--|--------|
| Active borrowers | | 345,264 | Rural coverage, clients | 78% |
| Active savers | | 511,653 | Female clients | 70% |
| Gross portfolio, USD | | 1,236,741,571 | Female staff | 18% |
| Total active savings, USD | | 741,036,088 | Clients below the national poverty line | 25% |
| Branches | | 84 | Average disbursed loan amount, USD | 3,728 |
| Total staff | | 3,534 | Portfolio for income generating activities | 78% |
| Legal form | | NBFI | Productive portfolio to microenterprises | 50% |
| | | Microfinance Deposit Taking Inst. | Average loan balance / GNI pc | 231% |
| Inception | 1994 | Network CMA | Average saving balance, USD | 1,448 |
| Area | | Urban-rural | Client drop-out ratio | 12% |
| Credit methodology | | Individual, Group | PAR30 | 2.9% |
| Financial services | | Credit, saving, insurance, paym. | Staff turn-over ratio | 16% |
| Non fin. services | | Financial Literacy | Average annual percentage rate (APR) | 20% |
| Coverage | | National | Average transparency index | 83 |
| | | | Exclusive borrowers | 71% |
| | | | See annex 2 and 4 for more details. | |

MFR South East Asia

LOLC

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Social Rating Scale

| Grade | Definition |
|-----------------|--|
| ^s AA | Excellent social performance management and client protection systems. High likelihood of achieving the social mission. |
| ^s A | Good social performance management and client protection systems. Social mission likely to be achieved. |
| ^s BB | Adequate social performance management and client protection systems. Satisfactory alignment to the social mission. |
| ^s B | Moderate social performance management and client protection systems. Partial alignment to the social mission |
| ^s C | Weak social performance management and client protection systems. Medium risk of mission drift |
| ^s D | Poor social performance management and client protection systems. Risk of mission drift. |

The modifiers “+” and “-” which can be added to the rating grade indicate small relative differences within each rating category.

More information: www.mf-rating.com

The information used in the social rating has been partly provided by the evaluated institution and partly collected during the meetings with the head executives, the staff and the clients of the institution. The analysis is based on internal MIS data and other official sources. MFR cannot guarantee the reliability and integrity of the information, as it does not conduct auditing exercises, and therefore does not bear responsibility for any mistake or omission coming from the use of such information. The social rating has to be considered as an external and independent opinion and it has not to be considered as a recommendation to realize investments in a specific institution.