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ဟတ္ထာကခိက လီမိတက်
HATTHA KAKSEKAR LIMITED

QUARTERLY REPORT: QUARTER 1

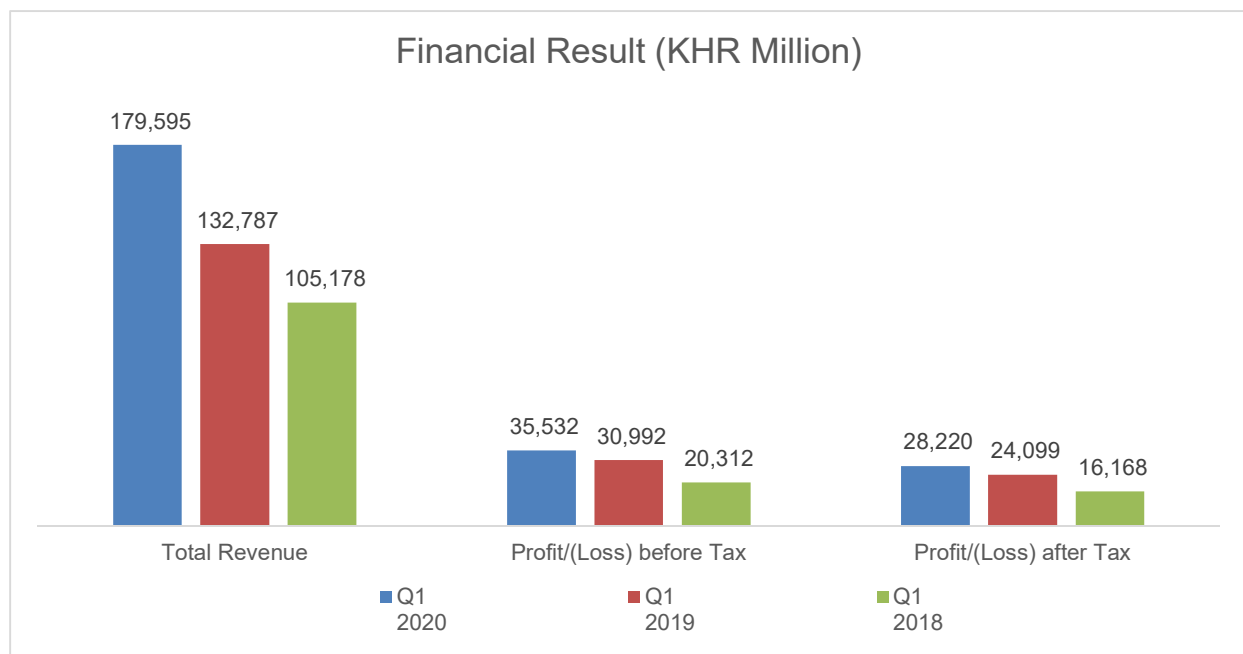
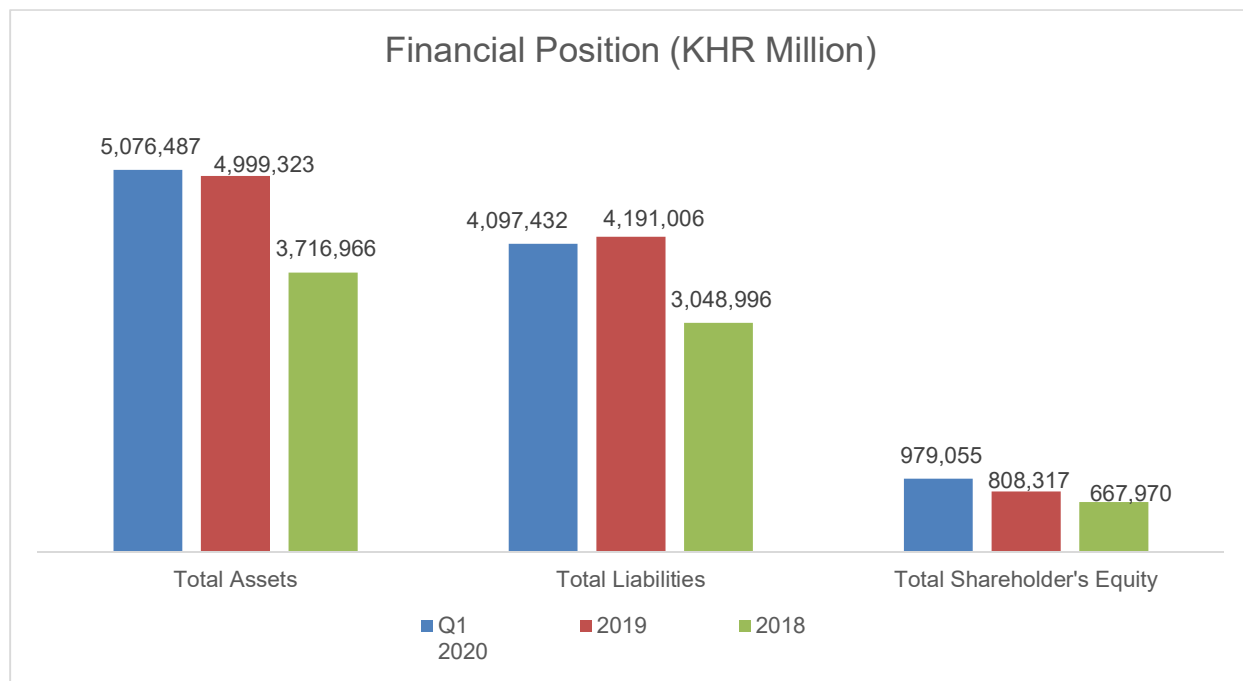
(End 31/03/20)

Subsidiary of krungsri bank
A member of MUFG, a global financial group

Financial Highlight

Financial Position	Q 1 2020	2019	2018
Total Assets (KHR Million)	5,076,487	4,999,323	3,716,966
Total Liabilities (KHR Million)	4,097,432	4,191,006	3,048,996
Total Shareholder's Equity (KHR Million)	979,055	808,317	667,970
Profit/ (Loss)	Q 1 2020	Q 1 2019	Q 1 2018
Total Revenue (KHR Million)	179,595	132,787	105,178
Profit/ (Loss) before Tax (KHR Million)	35,532	30,992	20,312
Profit/ (Loss) after Tax (KHR Million)	28,220	24,099	16,168
Total Comprehensive Income (KHR Million)	12,952	23,941	14,265
Financial Ratios	Q 1 2020	2019	2018
Solvency ratio (%)	20.44	19.4	20.0
Debt to Equity (%)	419	518	456
Liquidity Coverage Ratio (%)	116.6	113.9	177.0
NPL ¹ (%)	0.31	0.30	0.67
Deposit to Loan Ratio (%)	50.6	57.0	63.4
	Q 1 2020	Q 1 2019	Q 1 2018
Return on Assets (%)	0.56	0.61	0.46
Return on Equity (%)	2.88	3.46	3.36
Interest Coverage Ratio (%)	151	157	149

Financial Summary Charts



Board of Directors



Mr. Dan HARSONO
Chairman



Mr. Ieng Tong HOUT
Board of Director



Miss. Duangdao WONGPANITKRIT
Board of Director



Mrs. Voranuch DEJAKAISAYA
Board of Director



Mr. Chandrashekar S.K.
Board of Director



Mr. Wanchairabin JITWATTANATAM
Board of Director



Mr. Hay LONH
Independent Board of Director



Dr. Davuth DY
Independent Board of Director



Mr. Sereivathana PAK
Independent Board of Director

Unofficial Translation

Message from Chairman

In 2019 we have achieved tremendous results in many perspectives of our business. This year, we continued to better serve the financial markets of Cambodia, especially in the implementation of our strategic plan toward the commercial bank standard for the greater impact.

Unfortunately, the Covid-19 global outbreak has affected the economy of Cambodia as well as the rest of the world. It could continue for a certain period of time. This pandemic force everyone including HKL to revisit the business plan and put in place various mitigation actions to ensure our employees and customers are safe and our business continues effectively.

The Management proactively implemented prevention measures to achieve health safety of all employees and customers coming to HKL. Liquidity has been under close monitoring with necessary actions to ensure smooth business operations. Special program to support customers impacted by the Covid-19 has been put in place in alignment with the direction from NBC.

As far as business performance in Q1 hit by the pandemic, we grew well in the first 2 months while slowed down in March as the business condition in the country was interrupted. As of March 31, 2020, our outstanding portfolio was at USD 1,104 million, 5% growth from the previous quarter. We continued serving at our best for both individuals and small businesses with our strong network nationwide for greater impact on their lives and business results. The 30-day Portfolio at Risk was well managed at 0.42%. Deposits stood at USD 559 million, slightly drop from the previous quarter as a result of the current outbreak. Overall business performance indicated stable position. Our staff strength reached 4,657 to ensure we continue to grow the business with sufficient capacity across the organization.

I would like to take this opportunity to thank to all regulators, our clients, and other stakeholders for your support and belief in our business. For the rest of 2020, we commit to enhance HKL in all key areas while supporting at our **good** capacity to fight against the Covid-19 for the well-being of our customers and Cambodia.

Date: 15-Jun-2020

Signature and Stamp



Mr. Dan HARSONO
Chairman

Message from President & CEO

In response to the global spread of the new coronavirus, COVID-19, especially in Cambodia, Hattha Kaksekar Limited has engaged in the prevention of the spread of the new COVID-19 virus as follows:

1. Instruct staffs to wash their hands, clean the office regularly, and maintain proper communication space.
2. Order isolation/quarantine within 14 days after the employees or their family member returns from abroad.
3. Offer free antibacterial hand sanitizer to staff and customers at all times.
4. Recommend that all staffs and customers be checked their temperature at each office.
5. Suspend the training in class instead of online training.
6. Demonstrate how to prevent the spread of COVID-19 to customers and staffs through social networks of HKL.

Despite the negative impact of the new Coronavirus COVID-19, Hattha Kaksekar Limited has remained firmly entrenched in the financial market in Cambodia, maintaining a strong profit at the end March 2020.

The President and Chief Executive Officer said, “Notwithstanding the satisfactory performance delivered in 1Q/20, underlying our balanced portfolio and prudent risk management.

As of 31 March 2020, HKL, Cambodia’s second largest MFI in terms of assets, loans and deposits, and a leading Ayudhya bank shareholder in Thailand and as a member of MUFG, Hattha Kaksekar Limited is ready to invest in both human and capital resources and technology. Pathways to become commercial banks to serve the financial services and products with honest, simplicity, and professional with advanced digital perspective to our clients.

Finally, I would like to express my sincere thanks to the management and staff for their commitment to this extraordinary achievement despite the impact of the COVID-19 disease. I appreciate the trust and support of our clients, business partners and the public, and I look forward to the highest standard financial services in the coming years.

Date: 15-Jun-2020

Signature



Ieng Tong HOUT
President & CEO

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PART 1 : General Information of the Listed Entity

A. Identity of the Listed Entity

Name of the Listed Entity in Khmer	ហត្ថាកសិករ លីមីតធីត
Name in Latin	Hattha Kaksekar Limited
Standard Code	HKL
Address	#606, Street 271, Phum Sansom Kosal 3, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh
Phone number	023 994 304
Website	www.hkl.com.kh
Email	info@hkl.com.kh
Company registration number	00005355 dated on 03 April 2001)
License Number	ម.ហ 02-12/06/11/01 issued by National Bank of Cambodia dated on 22 June 2017
Disclosure Document registration number	No 165/18គ.ម.ក. dated on 01 November 2018
Representative of the listed entity	Mr. Ieng Tong HOUT

B. Nature of Business

Hattha Kaksekar Limited is one of the largest deposits taking institutions licensed by the National Bank of Cambodia and has been operating for over 26 years. Hattha Kaksekar Limited has been providing a wide range of financial services to clients including: Credit, Deposit, Local Money Transfer, ATM, Mobile Banking, Payroll and Insurance Consultation through 177 branches and 137 ATMs nationwide.

As of March 2020, HKL's deposit balance was over US \$ 599 million with more than 263,821 savings clients and the total loan portfolio is US \$ 1,104 million serving 172,464 clients. Hattha Kaksekar Limited is currently a subsidiary of Krungsri Bank, the 5th largest commercial bank in Thailand and a member of Mitsubishi UFJ Financial Group (MUFG), the largest banking group in Japan. It is one of the largest financial services groups in the world.

C. Quarter's Key Event

Even though Cambodia and the world has been heavily impacted by Covid-19, but Hattha Kaksekar Limited still maintains strong operation as well as trust from the public, customer and all its stakeholders. As the result, on March 27, 2020, the Japan International Cooperation Agency (JICA) signed \$50 million loan agreement with Hattha Kaksekar Limited to provide fund to micro, small and medium enterprises (MSMEs) in the rural areas of the country.

PART 2 : Information on Business Operations Performance

A. Business Operation Performance including business segments information

Significant Achievements	Plan	Actual
Loan Product		
Loan Accounts	169,907	172,464
Total Gross Loan Balance (USD 000)	1,072,553	1,103,509
Deposit Product		
Deposit Accounts	260,841	263,821
Total Deposit Balance (USD 000)	641,915	558,632
Other Products		
ATM Card Users	47,243	52,868
Mobile Banking Users	8,204	8,486
Micro Insurance Referral Service (USD)	81,594	94,690
Credit Life Insurance Referral Service (USD)	1,002,514	1,655,239
Other Information		
Number of Branch	177	177
Number of ATM	139	137
Number of Staff	4,977	4,657

B. Revenue Structure

No	Source of Revenue	Q1 2020		Q1 2019		Q1 2018	
		Amount (Million KHR)	Percentage	Amount (Million KHR)	Percentage	Amount (Million KHR)	Percentage
1	Interest Revenue	173,473	96.6	127,201	95.8	101,981	97.0
2	Other Revenues	6,122	3.4	5,586	4.2	3,197	3.0
Total Revenue		179,595		132,787		105,178	

PART 3 : Financial Statements Reviewed by the External Auditor

Please find the detail report in the attached appendix.

PART 4 : Management’s Discussion and Analysis (MD&A)

The below discussion and analysis are the discussions on the operational result and financial position while senior management of Hattha Kaksekar Limited depends on the financial statements ended 31-Mar-2020, which is reviewed by independent auditor as at 31-Mar-2020.

Financial statements of Hattha Kaksekar Limited is prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Senior management has discussed and analyzed some critical items in financial statements and other significant factors, affecting the net profit of Hattha Kaksekar Limited only.

A. Overview of operations

Revenue Analysis

Hattha Kaksekar Limited has two main revenues, which are interest revenue and other revenues.

Interest revenue: the net interest from providing loan to our customers and placement with other banks. This income is monthly recognized.	Other revenues include: insurance referral fee, money transfer fee, other fees, fees from written-off loan, and gain on exchange rate ...etc.
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Interest revenue is the main income for Hattha Kaksekar Limited, standing for 96.6% of the total revenues.

B. Significant Factors affecting profit

For the period ended 31 March 2020, senior management of Hattha Kaksekar Limited found that Covid-19 outbreak has started a negative impact on the business, mainly loan quality.

C. Material changes in sales and revenue

For the period ended 31 March 2020, senior management of Hattha Kaksekar Limited found that there is no significant change in sale or revenue from the normal business operation.

D. Impact of foreign exchange, interest rates and commodity prices

Hattha Kaksekar Limited records its own book by using USD as the functional currency. All business transactions in KHR and THB shall be translated to functional currency by using exchange rate at the transaction date. Gain or loss causing from such transactions, translating from assets and liabilities in foreign currency shall be recorded in the statement of profit or loss and other comprehensive income.

E. Impact of inflation

Hattha Kaksekar Limited has not changed interest rate based on the change in inflation rate, hence the interest rate is changed according to the real situation of the market competition by maintaining the sustainability.

F. Economic/ fiscal/ monetary policy of Royal Government

During the Covid-19 outbreak, the Royal Government of Cambodia has initiated and implemented many measures in order to sustain country economic growth. It has been noticed that a lot of ministries and authorities have issued their actions against this virus and sustain our economic growth which is including National Bank of Cambodia. NBC has issued several measurements as below:

- **Monetary Policy 1:** In responsive to epidemic of COVID-19, NBC released some financial measures as below:
 - Banks and financial institutions are encouraged to actively continue providing loans to priority sectors such as SMEs and business activities relating to hotel/guest house tourism, construction & garment/footwear;
 - Exercise flexibility in dealing with issues about loan repayment of customers affected by the COVID -19; and
 - Continue to observe the COVID-19 outbreak and take necessary actions to protect the employees of banks/financial institutions and their clients to continue the reliability and sustainability of banking services.
- **Monetary Policy 2:** NBC issued another policy, enabling FIs to have stronger liquidity and to contribute lending to the private sector amid the COVID-19 pandemic.
 - Delay the implementation of the Capital Conservation Buffer (CCB) at 50% for FIs
 - Reduce interest rate on Liquidity-Providing Collateralized Operation (LPCO) up to 0.5%;
 - Decrease the interest rate for the Negotiable Certificate of Deposits (NCD);
 - Reduce the interest rate of the reserve requirement to 7% for both local and foreign currencies for six months starting from April 2020 (before the interest rate on reserve requirement was 8% for riel and 12.5% for foreign currencies); and
 - Reduce the liquidity coverage ratio (LCR) to an appropriate level if it is necessary.
- **Monetary Policy 3:** NBC issued a directive to all banks and financial institutions to restructure loans to maintain financial stability, support economic activity, & ease the burden of debtors facing major revenue declines who may find it difficult to repay loans during the ongoing COVID-19 outbreak. This directive requires banks and financial institutions to establish a policy and procedure on loan restructurings amid the COVID-19 outbreak, and have it approved by the board of directors. The banks and financial institutions must also pay close attention to clients, with particular attention given to clients engaged in sectors as follows:
 - Tourism (hotels, guesthouses, restaurants, and support services for these industries)
 - Garments (including employees of garment factories)
 - Construction (only for first home or shop construction loans and first housing loans)
 - Transportation (especially taxi drivers and tuk-tuk drivers) and logistics

Signature of HKL's Board of Director

Date: 15-Jun-2020
Read and Approved



Mr. Hay LONH
Independent Board of Director

Date: 15-Jun-2020
Read and Approved



Dr. Davuth DY
Independent Board of Director



កាត់តែទុកចិត្ត កាត់តែបំរើ

ហត្ថាកសិករ លីមីតធីត
HATTHA KAKSEKAR LIMITED

Subsidiary of krungsri bank
A member of MUFG, a global financial group