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ហត្ថាកសិករ លីមីតធីត
HATTHA KAKSEKAR LIMITED

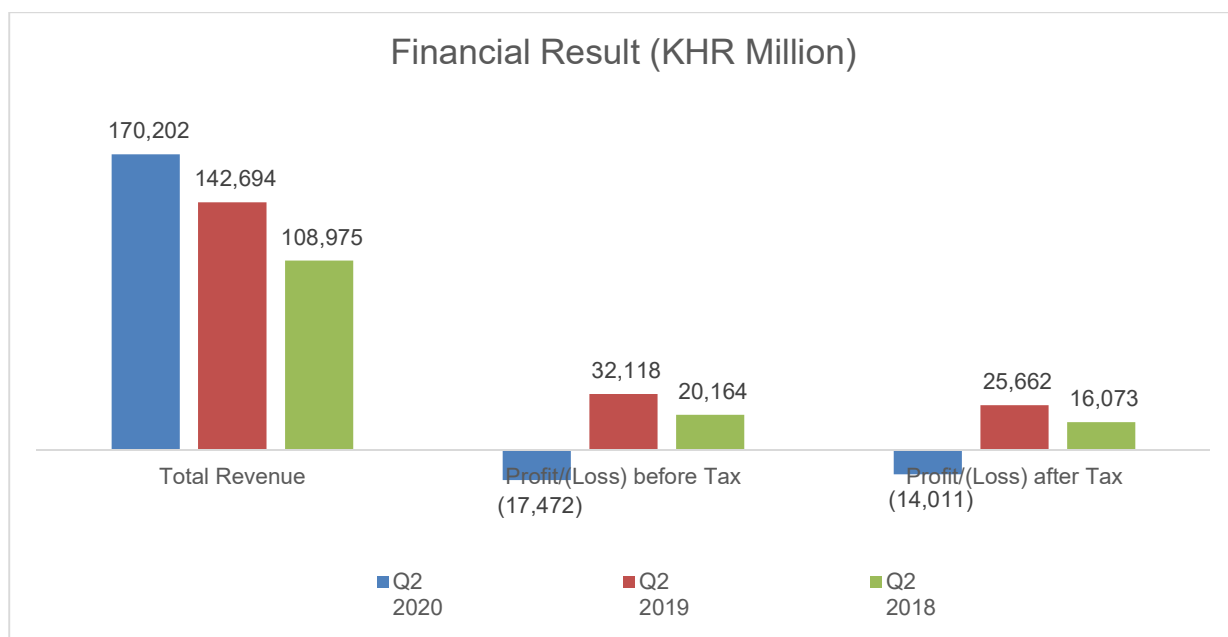
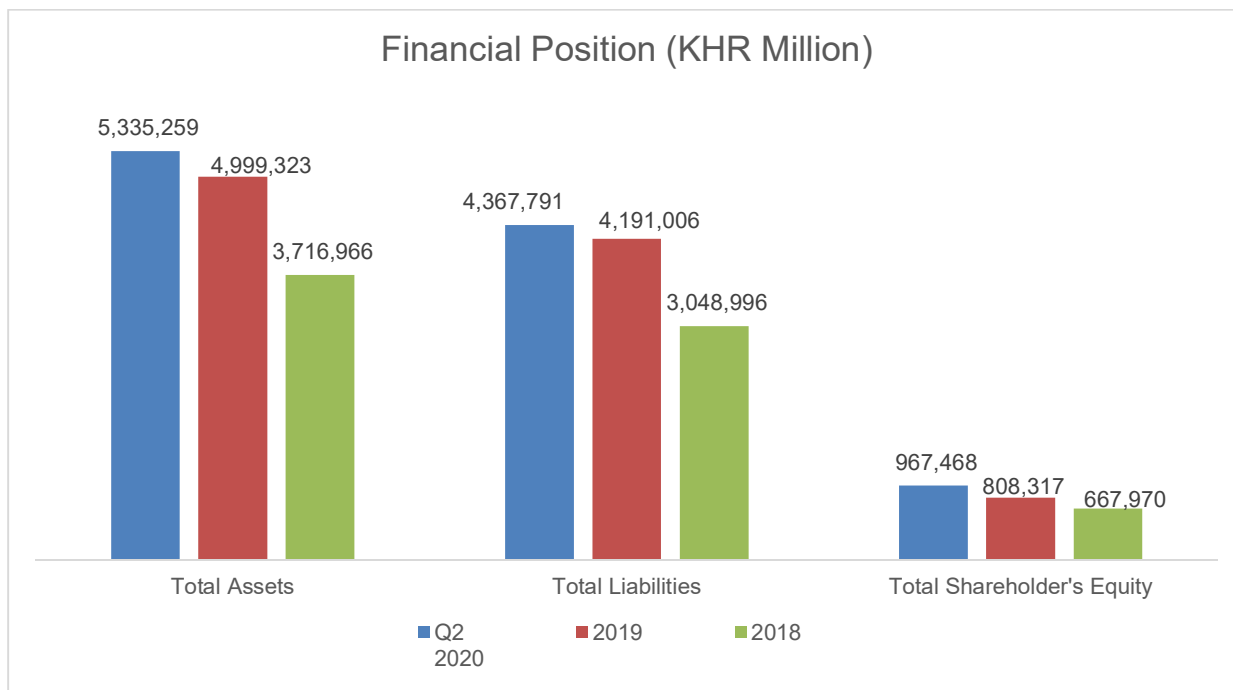
QUARTERLY REPORT: QUARTER 2

(End 30/06/20)

Financial Highlight

Financial Position	Q 2 2020	2019	2018
Total Assets (KHR Million)	5,335,259	4,999,323	3,716,966
Total Liabilities (KHR Million)	4,367,791	4,191,006	3,048,996
Total Shareholder's Equity (KHR Million)	967,468	808,317	667,970
Profit/ (Loss)	Q 2 2020	Q 2 2019	Q 2 2018
Total Revenue (KHR Million)	170,202	142,694	108,975
Profit/ (Loss) before Tax (KHR Million)	(17,472)	32,118	20,164
Profit/ (Loss) after Tax (KHR Million)	(14,011)	25,662	16,073
Total Comprehensive Income (KHR Million)	(15,285)	29,457	19,517
Financial Ratios	Q 2 2020	2019	2018
Solvency ratio (%)	18.64	19.4	20.0
Debt to Equity (%)	451	518	456
Liquidity Coverage Ratio (%)	235.8	113.9	177.0
NPL ¹ (%)	0.61	0.30	0.67
Deposit to Loan Ratio (%)	53.9	57.0	63.4
	Q 2 2020	Q 2 2019	Q 2 2018
Return on Assets (%)	(0.26)	0.61	0.46
Return on Equity (%)	(1.45)	3.46	3.36
Interest Coverage Ratio (%)	75	154	143

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

The Covid-19 has created one of the most challenging economic crisis in our lifetime. The impact has hit all economies globally and we cannot accurately predict when it will end. This is the time we need to react fast and bold to make sure HKL stands strong to support our customers, employees, and stakeholders.

For Cambodia, World Bank estimated a negative GDP growth at -1.0%, reflecting on vulnerability of the economy as a result of weaker outlook in export, tourism, and investment. Although total Covid patients in Cambodia reach 141 and only 11 active cases by end of June which indicated much less figures than most countries, the economic impact prevailed to the whole country including HKL customers. We have taken our best effort to manage the situation and make sure HKL stakeholders are well treated.

Our customers are handled with greatest care. In April, HKL implemented restructure loan program to help customers impacted by the Covid-19 and economy downturn. This restructure program allowed customers to minimize their debt burden for the period up to 12 months, depending on their actual situation. By end of June 2020, HKL support 11,305 customers with these debt relief program in alignment with the guidelines from NBC and will continue to do so through out this year. The portfolio quality in terms of 30-day Portfolio at Risk went downward to 2.56% by end of June, reflecting the hardship of customer repayment. However, with a proper and timely implementation of our debt relief program, we should be able to control the portfolio quality at the optimum level.

Internally, HKL made ourselves ready for the adverse situations. Certain actions both business operations and financial activities were implemented promptly. Proactive measures for employees were employed including frequent Covid prevention communication, social distancing, temperature check point, and workplace hand sanitizer. Business Contingency Plan (BCP) was properly in place should the pandemic grew in larger scale and work in office was to minimize. Contingent fund was well-prepared for sufficient liquidity if necessary, harnessing the strong support from Bank of Ayudhya (Krungsri), HKL's parent company.

For the end of June 2020, our deposit grew 4% to reach \$581million. Our loan portfolio mildly dropped from \$1,104m in the first quarter to stand at \$1,078m as a result of slow down loan booking during the uncertain month in April and May. With the adoption of Cambodian IFRS (CIFRS) as a new accounting standard, our financials in this quarter resulted in higher loan loss provision to ensure conservativeness of the financial statement. However, the overall situation has been much improved in June as business and daily life activities largely resumed. Our lending and deposit grew strongly during June and would continue in the next quarter.

As usual, I would like to take this opportunity to thank to all regulators, our customers, and other stakeholders for your support and believe in our business. Despite the Covid-19 situation we will continue to enhance HKL in all key areas and put the best efforts to take care our customers as well as strengthen the portfolio quality over time.

Date: 14-Aug-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, in circumstance of March until June 2020 Hattha Kaksekar Limited has remained vigilant and careful and 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 social gaps as directed by the Ministry of Health.
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. Check the temperature of all staffs and customers regularly before entering the office of Hattha Kaksekar Limited.
5. Change the trainings and meetings by the room instead of by online.
6. Disseminate how to prevent the transmission of COVID-19 to customers and staffs through the media of Hattha Kaksekar Limited.

Despite the negative impact of the new COVID-19 disease and has offered favors of the restructured loan for clients in repayment of their loans as directed by the National Bank of Cambodia in total amount \$ 88 million with 11,305 customers. Hattha Kaksekar Limited has remained firmly entrenched in the financial market in Cambodia.

We are committed to providing the best service with new products and the highest level of support as desired by customers. However, in the meantime, please continue to maintain good hygiene and implement COVID-19 prevention methods as directed by the Ministry of Health.

As of June 30, 2020, Hattha Kaksekar Limited is the second largest microfinance institution in Cambodia for its assets, loans and deposits. Hattha Kaksekar Limited shareholder names Ayudhya Bank which is known as the fifth largest bank in Thailand and a member of MUFG, the largest banking group in Japan and one of the largest financial alliances in the world. 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 OP-2020 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 hope and believe that we will provide the highest standard financial services in the coming years.

Date: 14-Aug-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 Jun 2020, HKL's deposit balance was over US \$ 580 million with more than 261,883 savings clients and the total loan portfolio is US \$ 1,078 million serving 171,990 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 still been heavily impacted by Covid-19, but Hattha Kaksekar Limited still maintains strong operation as well as trust from the public, customers and all its stakeholders. As the result, within this report period Hattha Kaksekar Limited offered special interest rate of 7% annually to support SMEs in Cambodia as a part of joining the SME Co-Financing Scheme which was initiated by the Government of Cambodia so as to support SME growth in Cambodia. Furthermore, Hattha Kaksekar Limited, recognized as one of the leading microfinance institutions in Cambodia, obtained the company's credit rating at "BBB+" for two consecutive years, which is another achievement to reflect that HKL has grown stronger in the current financial market as well as in the future.

PART 2 : Information on Business Operations Performance

A. Business Operation Performance including business segments information

Significant Achievements	Plan	Actual
Loan Product		
Loan Accounts	171,251	171,990
Total Gross Loan Balance (USD 000)	1,079,873	1,077,737
Deposit Product		
Deposit Accounts	261,963	261,883
Total Deposit Balance (USD 000)	580,066	580,955
Other Products		
ATM Card Users	52,012	51,406
Mobile Banking Users	8,760	8,777
Micro Insurance Referral Service (USD)	125,495	135,746
Credit Life Insurance Referral Service (USD)	1,835,247	2,146,537
Other Information		
Number of Branch	177	177
Number of ATM	137	137
Number of Staff	5,209	4,735

B. Revenue Structure

No	Source of Revenue	Q2 2020		Q2 2019		Q2 2018	
		Amount (Million KHR)	Percentage	Amount (Million KHR)	Percentage	Amount (Million KHR)	Percentage
1	Interest Revenue	167,043	98.1	138,063	96.8	108,307	99.4
2	Other Revenues	3,159	1.9	4,631	3.2	668	0.6
Total Revenue		170,202		142,694		108,975	

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 30 Jun 2020, which is reviewed by independent auditor as at 30 Jun 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 98.1% of the total revenues.

B. Significant Factors affecting profit

For the period ended 30 Jun 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 30 Jun 2020, senior management of Hattha Kaksekar Limited found that Covid-19 outbreak has started a negative impact on 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

The Royal Government of Cambodia has still kept implementing various measures so as to sustain national economic growth. In addition to several monetary policies introduced by the National Bank of Cambodia in the 1st quarter, related authorities have issued other measures in this 2nd quarter as follows:

- **Monetary Policy 1:** The Cambodia's Ministry of Economy and Finance introduced SME co-financing scheme of \$100 million, aiming to facilitate the provision of financing to formally registered SMEs in Cambodia. Under this scheme, certain eligible sectors are included: food manufacturing & processing; manufacturing of goods for the tourism sector; manufacturing of finished products, spare parts or assembling parts to supply other manufacturers; R&D associated with IT or the supply of IT-based services; enterprises located in SME cluster zones; and enterprises developing the cluster zone.
- **Monetary Policy 2:** NBC issued another policy in response to the request of ABC and CMA to help deal with liquidity amid the COVID-19 pandemic including:
 - Decrease Capital Conservation Buffer (CCB) at 1.25%, and all concerned financial institutions have to have a concrete plan to complete the missing ratio upon the normal recovery of the economy, and
 - Acknowledge quarterly audited income be included into the calculation of direct net worth temporarily, and the financial institutions do not have to pay dividend to its shareholders.
- **Monetary Policy 3:** Released on 24th June 2020 during the 51st Monetary Policy Meeting, NBC announced its continuous monetary policy implementation to promote price stability and sustainable economic growth as follows:
 - Keep strengthening and maintaining the existing implementation of exchange rate policy;
 - Keep supplying liquidity in Riel through Liquidity-Providing Collateralized Operation (LPCO); and
 - Strengthen and widely promote the use of Riel through existing actions and mechanisms.

Signature of HKL's Board of Director

Date: 14-Aug-2020
Read and Approved



Mr. Hay LONH
Independent Board of Director

Date: 14-Aug-2020
Read and Approved



Dr. Davuth DY
Independent Board of Director



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HATTHA KAKSEKAR LIMITED

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