

25th June 2020

Mr. Renuka Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange,
04-01, West Block, World Trade Centre,
Echelon Square,
Colombo 01.

Dear Sir,

Disclosure regarding the impact of COVID – 19 pandemic on the business and operations of LOLC Finance PLC

With reference to the Circular dated 09th May 2020 and 20th April 2020 issued by the Colombo Stock Exchange (CSE), we hereby disclose the followings on impacts of COVID 19 pandemic on the business and operations.

The Impact of COVID-19 pandemic on the business/ operations of the Company

Overall Impact -Due to COVID 19, the entire country was under lockdown/curfew from mid-March with economic activities coming to a virtual standstill. Therefore, all branches were closed for business during the time of total lock down however, operations commenced with the curfew being lifted for limited time periodically, allowing the company to provide essential services. The lockdown affected the collections thereby increasing the NPL position of the company. With the return of normalcy, the company has seen positive trends in interactions with the clients in both business and collections.

The Government and Central Bank of Sri Lanka has issued several guidelines and directions to support the affected borrowers due to COVID-19 which includes moratorium on loan facilities granted to certain businesses and individuals. The Company is in the process of evaluating the applications received under the said moratorium scheme and the impact of the same.

Funding and Liquidity - Company is in continuously dialogue with our funding partners and with suppliers / service providers to manage the cashflows of the company thereby maintaining desirable service levels with both our deposit customers, our borrowers and our suppliers.

The Company's response to the impact of the COVID-19 pandemic

The Company has strictly adhered to the guidelines and directions issued by both Government and Central Bank of Sri Lanka when conducting its business operations. By responding to the health instructions issued, the Company has taken adequate measures to ensure the safety of its employees, customers and other stakeholders including followings;

- Practicing of social distancing.
- Providing face masks and sanitizers to all branches and departments of the Company.
- Introduced work rosters to all staff to reduce physical contact and introduced work from home options by providing them a remote access to company's business systems.

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LOLC FINANCE PLC

Company Registration No: PB 244 PQ
No.100/1, Sri Jayawardenepura Mawatha,
Rajagiriya, Sri Lanka.

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கம்பனி பதிவிலக்கம்: PB 244 PQ
இல. 100/1, ஸ்ரீ ஜயவர்தனபுர மாவத்தை,
ராஜகிரியா, இலங்கை.

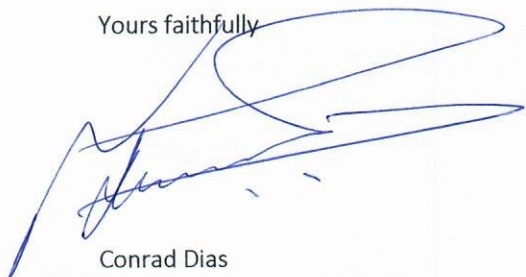
We see a significant drop in operating expenses during the lockdown period due to the low level of operations. Further, the Company is also revisiting all other expenses to reduce costs in line with the current level of operation. The Management is also focusing to improve efficiency using technological aspects to reduce the costs.

The Company's expectation of the future impact of COVID-19 on the company's future operations and financial condition

The Company is of the view that this is a temporary situation and will see recovery in the next few months, we believe it is too early to quantify the future impact of COVID-19 on the Company since uncertainty remains. However, we are continuously evaluating and monitoring the business and financial impact due to the pandemic. Further, we are working closely with our customers in providing the reliefs announced and we will comply with all the regulations and directions given by the government and Central Bank of Sri Lanka.

Thank you

Yours faithfully



Conrad Dias
Director/ Chief Executive Officer
LOLC Finance PLC