

HATTHA BANK PLC. AND ITS SUBSIDIARY
(Registration No. 00005355)

**REPORT OF THE BOARD OF DIRECTORS AND
AUDITED CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2024

HATTHA BANK PLC. AND ITS SUBSIDIARY

**REPORT OF THE BOARD OF DIRECTORS AND AUDITED CONSOLIDATED AND SEPARATE
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FOR THE YEAR ENDED 31 DECEMBER 2024

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

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the "Directors") is pleased to present its report together with the audited consolidated financial statements of HATTHA Bank Plc. (the "Bank") and its subsidiary, HATTHA SERVICES CO., LTD. (together referred to as the "Group") and the separate financial statements of the Bank (collectively referred to as the "financial statements") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of the banking business and the provision of related financial services in the Kingdom of Cambodia.

The subsidiary's principal activities are buying, selling, renting and operating of self-owned or leased real estate.

There were no significant changes in nature of the principal activities during the year.

FINANCIAL RESULTS

The financial results of the Group and the Bank for the year ended 31 December 2024 were as follows:

The Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loss before income tax	(163,121,853)	(664,069,065)	(53,998,916)	(221,935,546)
Income tax benefit	1,476,852	6,012,264	10,446,265	42,934,150
Loss for the year	(161,645,001)	(658,056,801)	(43,552,651)	(179,001,396)
The Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loss before income tax	(163,282,541)	(664,723,225)	(52,739,944)	(216,761,171)
Income tax benefit	1,507,904	6,138,677	10,198,273	41,914,902
Loss for the year	(161,774,637)	(658,584,548)	(42,541,671)	(174,846,269)

DIVIDENDS

No dividend was declared or paid during the year (2023: nil).

SHARE CAPITAL

On 13 April 2021, the National Bank of Cambodia ("NBC") approved the Bank's request for increasing share capital by US\$25 million from US\$115 million to US\$140 million. The amendment of the Memorandum and Articles of Association was endorsed by the Ministry of Commerce ("MOC") on 9 June 2021.



RESERVES AND PROVISIONS

There were no other movements to or from reserves and provisions during the year other than those disclosed in the note to financial statements.

WRITTEN OFF OF AND ALLOWANCE FOR FINANCIAL ASSETS

Before the financial statements were prepared, the Directors took reasonable steps to ascertain that actions had been taken in relation to the writing off of financial assets that have no reasonable expectations of recovering the contractual cash flows in their entirety or a portion thereof and making of allowance for expected credit losses on financial assets, and satisfied themselves that all known financial assets had been written off and adequate allowance for expected credit losses on financial assets have been made.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off, or the amount of allowance for expected credit losses on financial assets in the financial statements of the Group and the Bank, inadequate to any material extent.

ASSETS

Before the financial statements of the Group and the Bank were prepared, the Directors took reasonable steps to ensure that any assets, other than financial assets, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Group and the Bank had been written down to amounts which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributable to the assets in the financial statements of the Group and the Bank misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Group and the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person except as disclosed in the financial statements; and
- (b) any contingent liability in respect of the Group and the Bank that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Bank to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Bank for the year were not, in the opinion of the Directors, materially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and the Bank for the current financial year in which this report is made.

GOING CONCERN

The Group and the Bank incurred losses of US\$161,645,001 and 161,774,637, respectively during the year (2023: the Group and the Bank incurred losses of US\$43,552,651 and US\$42,541,671, respectively) and had accumulated losses of US\$132,945,669 and US\$132,731,239, respectively as at 31 December 2024 (2023: the Group and the Bank had retained earnings of US\$103,781,667 and US\$104,125,733, respectively).

The Bank is reliant on the support of its shareholder, Bank of Ayudhya PCL. ("Krungsri"), in the form of credit and equity financing. Krungsri has confirmed that it will continue to provide financial support for a period of at least twelve months from the date of the financial statements, and this support will extend to enable the Group and the Bank to meet its liabilities as they become due.

As of the reporting date, the Bank has the standby line of credit facility with Krungsri Bank amount of US\$485 million to support its business operation and smoothen continuation of daily operations and available when needed.

The Directors, having assessed the responses of the management of the Bank together with the financial support from Krungsri, believe that events or conditions identified may not cast significant doubt on the ability of the Group and the Bank to continue as a going concern.

EVENTS AFTER THE REPORTING PERIOD

At the date of this report, to the best knowledge of the Directors, there have been no significant events occurring after reporting date which would require adjustments or disclosure other than those disclosed in Note 41 to the financial statements.

THE BOARD OF DIRECTORS

The members of the Board of Directors holding office during the year and at the date of this report are:

- Ms. Pathatai Kulachan, Chairperson, effective 1 June 2024
- Mr. Phonganant Thanattrai, Chairperson, Vice President and Head of Retail and Consumer Banking of Krungsri, retired on 1 June 2024
- Mr. Chandrashekar Subramanian Krishoolndmangalam, Director, Chief Risk Officer of Krungsri
- Mr. Pairote Cheunkrut, Director, Chief Strategy Officer of Krungsri
- Ms. Duangdao Wongpanitkrit, Director, Chief Financial Officer of Krungsri
- Mr. Hout Ieng Tong, Director, President and Chief Executive Officer of HATTHA Bank Plc., retired on 1 April 2024
- Mr. Min Sopha, Director, President and Chief Executive Officer of HATTHA Bank Plc., effective 01 September 2024
- Mr. Wanchairabin Jitwattanatam, Director, Executive Vice President of Krungsri

THE BOARD OF DIRECTORS (continued)

- Mr. Dy Davuth, Independent Director, Vice President of Build Bright University, retired on 1 December 2024
- Mr. Pak Sereivathana, Independent Director
- Mr. Wee Mun Seng, Director, effective 1 April 2024
- Mr. Shinya Takahashi, Director, effective 21 June 2024
- Mr. Chheang Vannarith, Independent Director, effective 21 June 2024

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement existed to which the Group and the Bank are parties with the objective of enabling the Directors of the Group and the Bank to acquire benefits by means of the share purchase option.

Since the end of the previous financial year, no Director of the Group and the Bank has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Group and the Bank or a related corporation with a firm of which the Director is a member, or with a bank in which the Director has a substantial financial interest other than as disclosed in the financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2024, and their financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"). In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the requirements of CIFRSs, or, if there have been any departures in the interests of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Group and the Bank will continue operations in the foreseeable future; and
- effectively control and direct the Group and the Bank and are involved in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirm that the Group and the Bank have complied with the above requirements in preparing the financial statements.

APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In the opinion of the Board of Directors, the accompanying consolidated and separate financial statements, together with the notes thereto, present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2024, and their financial performance and their cash flows for the year then ended in accordance with CIFRSs and are approved by the Board of Directors, and at the date of this approval, there are reasonable grounds to believe that the Group and the Bank will be able to pay their debts as and when they fall due.

Signed in accordance with a resolution of the Board of Directors 



Mr. Min Sopha
President and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
28 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of HATTHA Bank Plc.

Opinion

We have audited the consolidated financial statements of HATTHA Bank Plc. (the "Bank") and its subsidiary, HATTHA SERVICES CO., LTD. (together referred to as the "Group") and the separate financial statements of the Bank (collectively referred to as the "financial statements"), which comprise the consolidated and separate statements of financial position of the Group and the Bank as at 31 December 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information as set out on pages 11 to 148.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2024, and their financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="225 248 810 309">Impairment loss allowance on loans to customers</p> <p data-bbox="225 349 810 551">Refer to Note 3.6 for the Group’s and the Bank’s material accounting policy information on impairment of loans to customers, Note 4 on critical accounting judgements and key sources of estimation uncertainty and Note 39.1 for the Group’s and the Bank’s credit risk disclosures.</p> <p data-bbox="225 591 810 824">The impairment allowance for expected credit loss (“ECL”) on loans to customers and provisions for loan commitments are considered to be matters of most significance as they require the application of judgment, estimation, and the use of subjective assumptions by management of the Bank.</p> <p data-bbox="225 864 810 1169">The Group and the Bank adopted CIFRS 9 – “Financial Instruments” in 2019. CIFRS 9 introduces an ECL impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. This complex accounting standard requires considerable judgement and interpretation in its implementation.</p> <p data-bbox="225 1209 810 1308">The significant judgements in applying the accounting requirements for measuring the ECL include the following:</p> <ul data-bbox="225 1348 810 1926" style="list-style-type: none"> <li data-bbox="225 1348 810 1514">• Building the appropriate collective assessment models used to calculate the ECL. The models are inherently complex, and judgement is applied in determining the appropriate construct of the models; <li data-bbox="225 1554 810 1653">• Timely identification of loans to customers and financing that have experienced a significant increase in credit risk; <li data-bbox="225 1693 810 1792">• Assumptions used in the ECL models, such as expected future cash flows, forward-looking macroeconomic factors, and data sets; <li data-bbox="225 1832 810 1926">• Determination of management overlay as additional ECL for restructured loans and vulnerable sectors or customers; and 	<p data-bbox="815 248 1402 414">Based on our risk assessment, we established an audit approach including controls and substantive testing as the basis for our opinion. Accordingly, we have performed the following procedures amongst others.</p> <ul data-bbox="815 454 1402 1926" style="list-style-type: none"> <li data-bbox="815 454 1402 620">• We obtained an understanding, evaluated the design and implementation, and tested the operating effectiveness of the key controls over the allowance for impairment losses. These controls, among others, included: <ul data-bbox="860 660 1402 862" style="list-style-type: none"> <li data-bbox="860 660 1402 692">- Loan applications and credit reviews <li data-bbox="860 696 1402 757">- Identification of significant increase in credit risk <li data-bbox="860 761 1402 822">- Subsequent annual review of the credit worthiness of the borrowers <li data-bbox="860 826 1402 857">- Accuracy of data inputs <li data-bbox="815 902 1402 1104">• We assessed whether the methodology and assumptions, including the triggers of significant increase in credit risk, used in expected credit loss model are consistent with the requirements of CIFRSs, calculation and post model adjustment of the ECL. <li data-bbox="815 1144 1402 1341">• We tested a sample of loan reviews for the appropriateness of the loan grading and staging, and challenged management’s evaluations and conclusions on the credit worthiness and classifications of the selected loans. <li data-bbox="815 1382 1402 1583">• We evaluated the process used by management to develop forward-looking information. For a sample of significant forward-looking information variables, we compared them to independently derived forecasts and publicly available information. <li data-bbox="815 1624 1402 1722">• We tested the accuracy of key inputs into the ECL model by comparing them against source systems and documents. <li data-bbox="815 1762 1402 1823">• We re-computed the ECL to test the mathematical accuracy of the ECL model. <li data-bbox="815 1863 1402 1926">• We assessed the adequacy of disclosures to ensure compliance with CIFRS 9.

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> The post-model adjustment may also be recorded by the Group and the Bank using credit expert assumptions and judgment where the inputs, assumptions and/or modelling techniques do not capture all relevant risk factors with respect to the current economic conditions and market circumstances. 	<ul style="list-style-type: none"> We involved our internal specialists in the performance of the above procedures, when necessary, where their specific expertise was required. In respect of post-model adjustment, based on current economic conditions, restructured loans and vulnerable situations, our audit procedures included the evaluation of the design and implementation of internal control in this process. We assessed the completeness and appropriateness of the assumptions, input data and performed the calculation of the post-model adjustment with support from our internal specialist.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the Report of the Board of Directors set out on pages 1 to 5, but does not include the financial statements and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group’s and Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group’s and the Bank’s financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Deloitte (Cambodia) Co., Ltd.



Ung Kimsopheaktra
Partner

Phnom Penh, Kingdom of Cambodia
Date: 28 March 2025

HATTHA BANK PLC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	31 December 2024		31 December 2023	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand		39,558,663	159,223,619	88,657,814	362,167,170
Balances with the NBC	5	404,705,944	1,628,941,425	398,520,903	1,627,957,889
Balances with other banks	6	81,538,925	328,194,173	39,719,596	162,254,550
Loans to customers	7	918,968,083	3,698,846,534	1,461,889,166	5,971,817,243
Investment securities	8	15,705,208	63,213,462	15,705,208	64,155,775
Derivatives held for risk management	18	14,174,929	57,054,089	17,343,186	70,846,915
Property and equipment	9	86,023,127	346,243,086	63,349,149	258,781,274
Right-of-use assets	10	9,627,436	38,750,430	11,144,958	45,527,153
Intangible assets	11	2,548,802	10,258,928	3,550,287	14,502,922
Deferred tax assets	12(a)	16,714,572	67,276,152	14,736,345	60,197,969
Other assets	13	12,720,470	51,199,892	15,582,792	63,655,705
TOTAL ASSETS		1,602,286,159	6,449,201,790	2,130,199,404	8,701,864,565
LIABILITIES					
Deposits from customers and financial institutions	14	1,047,928,153	4,217,910,816	1,175,576,697	4,802,230,807
Debt securities issued	15	83,504,856	336,107,045	83,478,131	341,008,165
Borrowings	16	174,124,864	700,852,578	395,693,625	1,616,408,458
Subordinated debts	17	62,438,169	251,313,630	72,747,327	297,172,831
Derivatives held for risk management	18	2,645,204	10,646,946	2,087,480	8,527,356
Current tax liabilities	12(b)	177,866	715,911	225,400	920,759
Lease liabilities	19	10,346,717	41,645,536	12,046,418	49,209,618
Provisions	20	842	3,389	11,193	45,723
Other liabilities	22	12,333,353	49,641,746	16,083,936	65,702,878
TOTAL LIABILITIES		1,393,500,024	5,608,837,597	1,757,950,207	7,181,226,595
EQUITY					
Share capital	23	140,000,000	563,500,000	140,000,000	571,900,000
Share premium		19,082,502	76,807,071	19,082,502	77,952,021
Reserves	24	72,649,302	303,763,340	29,385,028	126,725,180
Non-distributable reserve	25	110,000,000	442,750,000	80,000,000	326,800,000
(Accumulated losses)/retained earnings		(132,945,669)	(546,456,218)	103,781,667	417,260,769
TOTAL EQUITY		208,786,135	840,364,193	372,249,197	1,520,637,970
TOTAL LIABILITIES AND EQUITY		1,602,286,159	6,449,201,790	2,130,199,404	8,701,864,565

The accompanying notes form an integral part of these financial statements.

HATTHA BANK PLC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December 2024		Year ended 31 December 2023	
		US\$	KHR'000	US\$	KHR'000
Interest income	26	172,665,383	702,920,774	252,455,985	1,037,594,098
Interest expense	26	(102,892,474)	(418,875,262)	(119,930,519)	(492,914,433)
Net interest income		69,772,909	284,045,512	132,525,466	544,679,665
Fee and commission income	27	2,953,612	12,024,154	5,634,511	23,157,840
Fee and commission expense	27	(6,754,448)	(27,497,358)	(2,721,761)	(11,186,438)
Net fee and commission (expense)/income		(3,800,836)	(15,473,204)	2,912,750	11,971,402
Net (losses)/gains from other financial instruments at FVTPL	28	(287,655)	(1,171,044)	2,817,831	11,581,285
Other losses – net	29	(7,333,192)	(29,853,425)	(939,010)	(3,859,331)
Net impairment losses on financial instruments	30	(161,359,314)	(656,893,767)	(124,638,605)	(512,264,667)
Personnel expenses	31	(38,758,855)	(157,787,299)	(43,916,383)	(180,496,334)
Depreciation, amortisation and impairment	32	(6,948,542)	(28,287,514)	(8,666,221)	(35,618,168)
Other expenses	33	(14,406,368)	(58,648,324)	(14,094,744)	(57,929,398)
Loss before income tax		(163,121,853)	(664,069,065)	(53,998,916)	(221,935,546)
Income tax benefit	12(c)	1,476,852	6,012,264	10,446,265	42,934,150
Loss for the year		(161,645,001)	(658,056,801)	(43,552,651)	(179,001,396)
Other comprehensive income					
Cash flow hedge reserve		(2,272,576)	(9,251,657)	(7,142,265)	(29,354,709)
Income tax relating to components of other comprehensive income		454,515	1,850,331	1,428,453	5,870,942
Currency translation differences		-	3,613,840	-	(3,923,550)
		(1,818,061)	(3,787,486)	(5,713,812)	(27,407,317)
Total comprehensive loss for the year		(163,463,062)	(661,844,287)	(49,266,463)	(206,408,713)
Loss attributable to the owner of the Bank		(161,645,001)	(658,056,801)	(43,552,651)	(179,001,396)
Total comprehensive loss attributable to the owner of the Bank		(163,463,062)	(661,844,287)	(49,266,463)	(206,408,713)

The accompanying notes form an integral part of these financial statements.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Attributable to the owner of the Bank					Total US\$
	Share capital	Share premium	Reserves	Non-distributable reserve	(Accumulated losses)/retained earnings	
	US\$	US\$	US\$	US\$	US\$	
Year ended 31 December 2023						
At 1 January 2023	140,000,000	19,082,502	44,817,549	70,000,000	147,615,609	421,515,660
Loss for the year	-	-	-	-	(43,552,651)	(43,552,651)
Other comprehensive loss	-	-	(5,713,812)	-	-	(5,713,812)
Total comprehensive loss for the year	-	-	(5,713,812)	-	(43,552,651)	(49,266,463)
Transfers	-	-	(9,718,709)	10,000,000	(281,291)	-
At 31 December 2023	140,000,000	19,082,502	29,385,028	80,000,000	103,781,667	372,249,197
In KHR'000 equivalents	571,900,000	77,952,021	126,725,180	326,800,000	417,260,769	1,520,637,970
Year ended 31 December 2024						
At 1 January 2024	140,000,000	19,082,502	29,385,028	80,000,000	103,781,667	372,249,197
Loss for the year	-	-	-	-	(161,645,001)	(161,645,001)
Other comprehensive loss	-	-	(1,818,061)	-	-	(1,818,061)
Total comprehensive loss for the year	-	-	(1,818,061)	-	(161,645,001)	(163,463,062)
Transfers	-	-	45,082,335	30,000,000	(75,082,335)	-
At 31 December 2024	140,000,000	19,082,502	72,649,302	110,000,000	(132,945,669)	208,786,135
In KHR'000 equivalents	563,500,000	76,807,071	303,763,340	442,750,000	(546,456,218)	840,364,193

The accompanying notes form an integral part of these financial statements.

HATTHA BANK PLC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

Note	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities				
Loss before income tax	(163,121,853)	(664,069,065)	(53,998,916)	(221,935,546)
<i>Adjustments for:</i>				
Net interest income	26 (69,772,909)	(284,045,512)	(132,525,466)	(544,679,665)
Net losses/(gains) from other financial instruments at FVTPL	28 287,655	1,171,044	(2,817,831)	(11,581,285)
Dividends on equity securities at FVOCI	(38,543)	(156,909)	(53,928)	(221,644)
Net impairment losses on financial instruments	30 161,359,314	656,893,767	124,638,605	512,264,667
Depreciation, amortisation and impairment	32 6,948,542	28,287,514	8,666,221	35,618,168
Provision for employee benefits (Gains)/losses on disposals of property and equipment	1,164,953	4,742,524	1,563,921	6,427,715
Written-off of property and equipment and intangible assets	(26,742)	(108,867)	6,109	25,108
Effect of currency translation of monetary items	740	3,013	169,470	696,522
	<u>3,142,618</u>	<u>12,793,598</u>	<u>2,416,472</u>	<u>9,931,700</u>
	(60,056,225)	(244,488,893)	(51,935,343)	(213,454,260)
<i>Changes in:</i>				
Balances with the NBC	6,302,080	25,655,768	12,754,063	52,419,199
Balances with other banks	(3,335,018)	(13,576,858)	(310,843)	(1,277,565)
Loans to customers	396,363,585	1,613,596,155	330,546,008	1,358,544,093
Other assets	1,623,328	6,608,568	7,910,788	32,513,339
Deposits from customers and financial institutions	(125,480,054)	(510,829,300)	(21,433,934)	(88,093,469)
Other liabilities	(3,750,584)	(15,268,627)	(3,662,922)	(15,054,609)
Cash generated from operations	<u>211,667,112</u>	<u>861,696,813</u>	<u>273,867,817</u>	<u>1,125,596,728</u>
Interest received	159,369,476	648,793,137	238,346,737	979,605,089
Interest paid	(107,834,661)	(438,994,905)	(113,554,513)	(466,709,049)
Income tax paid	12(b) (1,769,748)	(7,204,644)	(16,188,054)	(66,532,902)
Net cash from operating activities	<u>261,432,179</u>	<u>1,064,290,401</u>	<u>382,471,987</u>	<u>1,571,959,866</u>
Cash flows from investing activities				
Purchases of property and equipment	9 (24,953,982)	(101,587,661)	(20,549,401)	(84,458,038)
Purchases of intangible assets	11 (23,250)	(94,651)	(272,132)	(1,118,463)
Proceeds from disposals of property and equipment	142,155	578,713	9,259	38,054
Dividend received	38,543	156,909	53,928	221,644
Net cash used in investing activities	<u>(24,796,534)</u>	<u>(100,946,690)</u>	<u>(20,758,346)</u>	<u>(85,316,803)</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December 2024		Year ended 30 December 2023	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Proceeds from borrowings		2,981,366	12,137,141	34,338,651	141,131,856
Proceeds from debt securities issuance		-	-	38,347,613	157,608,689
Proceeds from subordinated debts		-	-	-	-
Repayments of borrowings		(224,421,419)	(913,619,597)	(249,237,973)	(1,024,368,069)
Repayments of subordinated debts		(10,000,000)	(40,710,000)	(2,000,000)	(8,220,000)
Principal elements of lease payments	10	(3,994,959)	(16,263,478)	(4,178,812)	(17,174,917)
Net cash used in financing activities		(235,435,012)	(958,455,934)	(182,730,521)	(751,022,441)
Net increase in cash and cash equivalents		1,200,633	4,887,777	178,983,120	735,620,622
Cash and cash equivalents at the beginning of the year		377,507,397	1,542,117,717	198,524,277	817,324,448
Currency translation differences		-	(22,705,673)	-	(10,827,353)
Cash and cash equivalents at the end of year	34	<u>378,708,030</u>	<u>1,524,299,821</u>	<u>377,507,397</u>	<u>1,542,117,717</u>

The accompanying notes form an integral part of these financial statements.

HATTHA BANK PLC.

**SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	Note	31 December 2024		31 December 2023	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand		39,558,663	159,223,619	88,657,814	362,167,170
Balances with the NBC	5	404,705,944	1,628,941,425	398,520,903	1,627,957,889
Balances with other banks	6	81,487,663	327,987,844	39,668,324	162,045,104
Loans to customers	7	918,968,083	3,698,846,534	1,461,889,166	5,971,817,243
Investment securities	8	15,705,208	63,213,462	15,705,208	64,155,775
Investment in subsidiary		3,508,844	14,123,097	3,508,844	14,333,628
Derivatives held for risk management	18	14,174,929	57,054,089	17,343,186	70,846,915
Property and equipment	9	58,051,127	233,655,786	35,377,149	144,515,654
Right-of-use assets	10	19,343,664	77,858,248	21,134,266	86,333,477
Intangible assets	11	2,548,802	10,258,928	3,550,287	14,502,922
Deferred tax assets	12(a)	16,082,954	64,733,890	14,136,124	57,746,067
Other assets	13	12,766,197	51,383,941	15,625,566	63,830,436
TOTAL ASSETS		1,586,902,078	6,387,280,863	2,115,116,837	8,640,252,280
LIABILITIES					
Deposits from customers and financial institutions	14	1,048,572,936	4,220,506,067	1,176,206,092	4,804,801,886
Debt securities issued	15	83,504,856	336,107,045	83,478,131	341,008,165
Borrowings	16	144,624,145	582,112,184	366,192,906	1,495,898,021
Subordinated debts	17	62,438,169	251,313,630	72,747,327	297,172,831
Derivatives held for risk management	18	2,645,204	10,646,946	2,087,480	8,527,356
Current tax liabilities	12(b)	123,130	495,598	171,399	700,165
Lease liabilities	19	21,380,651	86,057,120	22,955,498	93,773,209
Provisions	20	842	3,389	11,193	45,723
Financial guarantee liabilities issued	21	2,287,835	9,208,536	2,599,868	10,620,461
Other liabilities	22	12,323,745	49,603,074	16,073,680	65,660,984
TOTAL LIABILITIES		1,377,901,513	5,546,053,589	1,742,523,574	7,118,208,801
EQUITY					
Share capital	23	140,000,000	563,500,000	140,000,000	571,900,000
Share premium		19,082,502	76,807,071	19,082,502	77,952,021
Reserves	24	72,649,302	303,713,955	29,385,028	126,690,476
Non-distributable reserve	25	110,000,000	442,750,000	80,000,000	326,800,000
(Accumulated losses)/ retained earnings		(132,731,239)	(545,543,752)	104,125,733	418,700,982
TOTAL EQUITY		209,000,565	841,227,274	372,593,263	1,522,043,479
TOTAL LIABILITIES AND EQUITY		1,586,902,078	6,387,280,863	2,115,116,837	8,640,252,280

The accompanying notes form an integral part of these financial statements.

HATTHA BANK PLC.

**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December 2024		Year ended 31 December 2023	
		US\$	KHR'000	US\$	KHR'000
Interest income	26	172,668,339	702,932,808	252,464,677	1,037,629,822
Interest expense	26	(103,157,454)	(419,953,995)	(120,189,328)	(493,978,138)
Net interest income		69,510,885	282,978,813	132,275,349	543,651,684
Fee and commission income	27	3,265,646	13,294,445	5,927,076	24,360,282
Fee and commission expense	27	(6,754,448)	(27,497,358)	(2,721,761)	(11,186,438)
Net fee and commission (expense)/income		(3,488,802)	(14,202,913)	3,205,315	13,173,844
Net (losses)/gains from other financial instruments at FVTPL	28	(287,655)	(1,171,044)	2,817,831	11,581,285
Other losses – net	29	(7,277,726)	(29,627,623)	(889,112)	(3,654,250)
Net impairment losses on financial instruments	30	(161,359,314)	(656,893,767)	(124,638,605)	(512,264,667)
Personnel expenses	31	(38,758,656)	(157,786,489)	(43,911,606)	(180,476,701)
Depreciation and amortisation	32	(7,221,622)	(29,399,223)	(7,509,886)	(30,865,631)
Other expenses	33	(14,399,651)	(58,620,979)	(14,089,230)	(57,906,735)
Loss before income tax		(163,282,541)	(664,723,225)	(52,739,944)	(216,761,171)
Income tax benefit	12(c)	1,507,904	6,138,677	10,198,273	41,914,902
Loss for the year		(161,774,637)	(658,584,548)	(42,541,671)	(174,846,269)
Other comprehensive income					
Cash flow hedge reserve		(2,272,576)	(9,251,657)	(7,142,265)	(29,354,709)
Income tax relating to components of other comprehensive income		454,515	1,850,331	1,428,453	5,870,942
Currency translation differences			4,647,877	-	(4,070,328)
		(1,818,061)	(2,753,449)	(5,713,812)	(27,554,095)
Total comprehensive loss for the year		(163,592,698)	(661,337,997)	(48,255,483)	(202,400,364)

The accompanying notes form an integral part of these financial statements.

HATTHA BANK PLC.

**SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Non-distributable reserve</u>	<u>(Accumulated losses)/ retained earnings</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Year ended 31 December 2023						
At 1 January 2023	140,000,000	19,082,502	44,817,549	70,000,000	146,948,695	420,848,746
Loss for the year	-	-	-	-	(42,541,671)	(42,541,671)
Other comprehensive loss	-	-	(5,713,812)	-	-	(5,713,812)
Total comprehensive loss for the year	-	-	(5,713,812)	-	(42,541,671)	(48,255,483)
Transfers	-	-	(9,718,709)	10,000,000	(281,291)	-
At 31 December 2023	<u>140,000,000</u>	<u>19,082,502</u>	<u>29,385,028</u>	<u>80,000,000</u>	<u>104,125,733</u>	<u>372,593,263</u>
In KHR'000 equivalents	<u>571,900,000</u>	<u>77,952,021</u>	<u>126,690,476</u>	<u>326,800,000</u>	<u>418,700,982</u>	<u>1,522,043,479</u>
Year ended 31 December 2024						
At 1 January 2024	140,000,000	19,082,502	29,385,028	80,000,000	104,125,733	372,593,263
Loss for the year	-	-	-	-	(161,774,637)	(161,774,637)
Other comprehensive loss	-	-	(1,818,061)	-	-	(1,818,061)
Total comprehensive loss for the year	-	-	(1,818,061)	-	(161,774,637)	(163,592,699)
Transfers	-	-	45,082,335	30,000,000	(75,082,335)	-
At 31 December 2024	<u>140,000,000</u>	<u>19,082,502</u>	<u>72,649,302</u>	<u>110,000,000</u>	<u>(132,731,239)</u>	<u>209,000,565</u>
In KHR'000 equivalents	<u>563,500,000</u>	<u>76,807,071</u>	<u>303,713,955</u>	<u>442,750,000</u>	<u>(545,543,752)</u>	<u>841,227,274</u>

The accompanying notes form an integral part of these financial statements.

HATTHA BANK PLC.

**SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December 2024		Year ended 31 December 2023	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Loss before income tax		(163,282,541)	(664,723,225)	(52,739,944)	(216,761,171)
<i>Adjustments for:</i>					
Net interest income	26	(69,510,885)	(282,978,813)	(132,275,349)	(543,651,684)
Net losses/(gains) from other financial instruments at FVTPL	28	287,655	1,171,044	(2,817,831)	(11,581,285)
Dividends on equity securities at FVOCI		(38,543)	(156,909)	(53,928)	(221,644)
Net impairment losses on financial instruments	30	161,359,314	656,893,767	124,638,605	512,264,667
Depreciation and amortisation	32	7,221,622	29,399,223	7,509,886	30,865,631
Provision for employee benefits		1,164,953	4,742,524	1,563,921	6,427,715
Other guarantee fee income		(312,034)	(1,270,290)	(292,565)	(1,202,442)
(Gains)/losses on disposals of property and equipment		(26,742)	(108,867)	6,109	25,108
Written-off of property and equipment and intangible assets		740	3,013	169,470	696,522
Effect of currency translation of monetary items		3,142,618	12,793,598	2,416,472	9,931,700
		(59,993,843)	(244,234,935)	(51,875,154)	(213,206,883)
<i>Changes in:</i>					
Balances with the NBC		6,302,080	25,655,768	12,754,063	52,419,199
Balances with other banks		(3,335,018)	(13,576,858)	(310,843)	(1,277,565)
Loans to customers		396,363,585	1,613,596,155	330,546,008	1,358,544,093
Other assets		1,623,328	6,608,568	7,910,788	32,513,339
Deposits from customers and financial institutions		(125,464,666)	(510,766,655)	(21,430,282)	(88,078,459)
Other liabilities		(3,749,935)	(15,265,985)	(3,663,635)	(15,057,540)
Cash generated from operations		211,745,531	862,016,058	273,930,945	1,125,856,184
Interest received		159,328,097	648,624,683	238,303,692	979,428,174
Interest paid		(107,235,844)	(436,557,121)	(112,957,332)	(464,254,635)
Income tax paid	12(b)	(1,708,033)	(6,953,402)	(16,127,108)	(66,282,414)
Net cash from operating activities		262,129,751	1,067,130,218	383,150,197	1,574,747,309
Cash flows from investing activities					
Purchases of property and equipment	9	(24,953,982)	(101,587,661)	(20,549,401)	(84,458,038)
Purchases of intangible assets	11	(23,250)	(94,651)	(272,132)	(1,118,463)
Proceeds from disposals of property and equipment		142,155	578,713	9,259	38,054
Dividend received		38,543	156,909	53,928	221,644
Net cash used in investing activities		(24,796,534)	(100,946,690)	(20,758,346)	(85,316,803)

HATTHA BANK PLC.

**SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

Note	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities				
Proceeds from borrowings	2,981,366	12,137,141	34,338,651	141,131,856
Proceeds from debt securities issuance	-	-	38,347,613	157,608,689
Proceeds from subordinated debts	-	-	-	-
Repayments of borrowings	(224,421,419)	(913,619,597)	(249,237,973)	(1,024,368,069)
Repayments of subordinated debts	(10,000,000)	(40,710,000)	(2,000,000)	(8,220,000)
Principal elements of lease payments	10 (4,692,520)	(19,103,249)	(4,856,997)	(19,962,258)
Net cash used in financing activities	(236,132,573)	(961,295,705)	(183,408,706)	(753,809,782)
Net increase in cash and cash equivalents	1,200,644	4,887,823	178,983,145	735,620,724
Cash and cash equivalents at the beginning of the year	377,456,125	1,541,908,271	198,472,980	817,113,259
Currency translation differences	-	(22,702,599)	-	(10,825,712)
Cash and cash equivalents at the end of year	34 378,656,769	1,524,093,495	377,456,125	1,541,908,271

The accompanying notes form an integral part of these financial statements.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. REPORTING ENTITY

HATTHA Bank Plc. (the "Bank") transforming from Hattha Kaksekar Limited (HKL) micro-finance deposit-taking institution, obtained license to carry out banking operations from the National Bank of Cambodia ("NBC") on 5 August 2020 and endorsed this change in the amended Memorandum and Articles of Associations dated 26 August 2020 with the certificate of incorporation No. 00005355 dated 3 April 2001 issued by the Ministry of Commerce.

The Bank is wholly owned by Bank of Ayudhya PCL. ("Krungsri"), a bank incorporated in Thailand with effective control from 12 September 2016. The Bank's ultimate parent company is MUFG, a company incorporated in Japan.

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia. There were no significant changes to these principal activities during the year.

The Bank operates in 161 offices (including the Head Office) located in Phnom Penh and all provinces of Cambodia with the primary source of income being interest income earned on providing loans to customers.

The Bank's registered office is located at Lot No Phor 72137, Samdech Hun Sen Blvd, Phum Preaek Ta Nu, Chak Angrae Leu, Mean Chey, Phnom Penh, Kingdom of Cambodia.

The Bank's subsidiary, HATTHA SERVICES CO., Ltd. was incorporated on 8 October 2019 by the Bank and Saray Holding Limited, a private limited company incorporated in Cambodia. The principal activities of the subsidiary are buying, selling, renting and operating of self-owned or leased real estate.

The financial statements of the Group and the Bank were authorised for issue by the Board of Directors on 28 March 2025.

2. BASIS OF ACCOUNTING

2.1 Basis of preparation

These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

The financial statements have been prepared on a historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the material accounting policy information below.

Going concern

The Group and the Bank incurred losses of US\$161,645,001 and 161,774,637, respectively during the year (2023: the Group and the Bank incurred losses of US\$43,552,651 and US\$42,541,671, respectively) and had accumulated losses of US\$132,945,669 and US\$132,731,239, respectively as at 31 December 2024 (2023: the Group and the Bank had retained earnings of US\$103,781,667 and US\$104,125,733, respectively).

The Bank is reliant on the support of its shareholder, Bank of Ayudhya PCL. ("Krungsri"), in the form of credit and equity financing. Krungsri has confirmed that it will continue to provide financial support for a period of at least twelve months from the date of the financial statements, and this support will extend to enable the Group and the Bank to meet its liabilities as they become due.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. BASIS OF ACCOUNTING (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

As of the reporting date, the Bank has a standby line of credit facility of US\$485 million with Krungsri to support its business operations, ensuring the smooth continuation of daily operations and providing liquidity as needed.

The Directors, having assessed the responses of the management of the Bank together with the financial support from Krungsri, believe that events or conditions identified may not cast significant doubt on the ability of the Group and the Bank to continue as a going concern.

2.2 ADOPTION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

2.2.1 Change in accounting policy

On 20 December 2024, the Group and the Bank elected to change its accounting policy for land from a cost model to that of a revaluation model. The Group and the Bank believe that the revaluation model provides more relevant information in respect of the recoverable amount of land and that a reliable fair value is obtainable. All other property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The initial application of the policy to revalue assets in accordance with CIAS 16 Property, Plant and Equipment is a change in an accounting policy to be dealt with as a revaluation in accordance with CIAS 16 rather than in accordance with CIAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Therefore, this change in accounting policy was applied prospectively from 20 December 2024.

For the change in accounting policy of property and equipment, see Note 3.11.

2.2.2 New and amended CIFRS that are effective for the current year

In the current year, the Group and the Bank have applied a number of amendments to CIFRS that are mandatorily effective for an accounting period that begins on or after 1 January 2024.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. BASIS OF ACCOUNTING (continued)

2.2 ADOPTION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS (continued)

2.2.2 New and amended CIFRS that are effective for the current year (continued)

<p>Amendments to CIAS 1 — Classification of Liabilities as Current or Non-current</p>	<p>The amendments did not have an impact on the Group’s and the Bank’s statement of financial position, which is presented in order of liquidity.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p>
<p>Amendments to CIAS 1 — Non-current Liabilities with Covenants</p>	<p>The amendments did not have an impact on the Group’s and the Bank’s statement of financial position, which is presented in order of liquidity.</p> <p>The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity’s financial position at the reporting date that is assessed for compliance only after the reporting date).</p>
<p>Amendments to CIFRS 16 Leases — Lease Liability in a Sale and Leaseback</p>	<p>The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.</p> <p>However, the Group and the Bank are not qualified as the seller-lessee as all of the lease liabilities did not arise from sales and leaseback transactions.</p>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. BASIS OF ACCOUNTING (continued)

2.2 ADOPTION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS (continued)

2.2.3 New and revised CIFRS in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Bank have not applied the following new and revised CIFRS that have been issued but are not yet effective:

Amendments to CIAS 21	<p>Lack of Exchangeability (effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted)</p> <p>The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.</p>
CIFRS 18	<p>Presentation and Disclosures in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted)</p>
CIFRS 19	<p>Subsidiaries without Public Accountability: Disclosures (effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted)</p> <p>A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.</p> <p>However, the Group and the Bank do not anticipate that CIFRS 19 will be applied for purposes of the consolidated and separate financial statements.</p>

Management does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group and the Bank in future periods, except if indicated below.

CIFRS 18 Presentation and Disclosures in Financial Statements

CIFRS 18 replaces CIAS 1, carrying forward many of the requirements in CIAS 1 unchanged and complementing them with new requirements. In addition, some CIAS 1 paragraphs have been moved to CIAS 8 and CIFRS 7. Furthermore, the International Accounting Standards Board ("IASB") has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. BASIS OF ACCOUNTING (continued)

2.2 ADOPTION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS (continued)

2.2.3 New and revised CIFRS in issue but not yet effective (continued)

CIFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

2.3 Functional and presentation currency

The Group and the Bank transact its business and maintains its accounting records in four currencies, Khmer Riel ("KHR"), United States Dollars ("US\$"), Japanese Yen ("JPY") and Thai Baht ("THB"). Management has determined the US\$ to be the functional and presentation currency of the Group and the Bank as it reflects the economic substance of the underlying events and circumstances of the Group and the Bank.

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on translation are recognised in profit or loss.

2.4 Presentation in Khmer Riel

The translation of the US\$ amounts into KHR is presented in the financial statements to comply with the Law on Accounting and Auditing dated 11 April 2016 using the closing and average rates for the year, as announced by the National Bank of Cambodia.

Assets and liabilities for each statement of financial position presented are translated at the closing rate ruling at each reporting date whereas income and expense items for each statement of profit or loss and other comprehensive income and cash flow items presented are translated at the average rate for the year then ended. All resulting exchange differences are recognised in other comprehensive income ("OCI").

The financial statements presented in KHR are based on the following applicable exchange rates per US\$1:

	Closing rate	Average rate
31 December 2024	4,025	4,071
31 December 2023	4,085	4,110

These convenience translations should not be construed as representations that the United States dollar amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

Amounts in the financial statements have been rounded off to the nearest dollar and thousand Khmer Riel ("KHR'000") for US\$ and KHR amounts, respectively.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. BASIS OF ACCOUNTING (continued)

2.5 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary made up to the end of each financial year. A subsidiary is a company in which the Group has power to exercise control over the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Control is achieved when the Bank:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, the results of subsidiary acquired or disposed of during the year are included in profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

In the Bank's separate financial statements, investment in subsidiary is carried at cost less any accumulated impairment.

The Bank owns 49% of ordinary shares of HATTHA SERVICES CO., Ltd., and other 51% is owned by Saray Holding Limited. Even though the Bank holds 49% of the shareholding in HATTHA SERVICES Co., Ltd., the Directors believe that the Bank has full control over this subsidiary, as all financial and operating decisions are governed and directed by the Bank.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Interest

Effective interest rate (EIR)

Interest income and expense are recognised in profit or loss using the effective interest method. The "effective interest rate or EIR" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments, the Group and the Bank estimate future cash flows considering all contractual terms of the financial instrument, but not the expected credit losses (ECL).

The calculation of the EIR includes all fees paid or received between parties to the contract that are an integral part of the EIR, and transactions costs. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The "gross carrying amount of a financial asset" is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The EIR of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the EIR is applied to the gross carrying amount of the asset before adjusting for any expected credit loss allowance or to the amortised cost of the liability. The EIR is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted EIR to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Fee and commission

Fee and commission income and expense include fees other than those that are an integral to the EIR on a financial asset or financial liability (see Note 3.1).

Fee and commission income, including referral fees, remittance fees, service charges and fees on deposit accounts, other fees and commissions on loans and other fee income are recognised when the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Group's and the Bank's financial statements may be partially in the scope of CIFRS 9 and partially in the scope of CIFRS 15. If this is the case, then the Group and the Bank first apply CIFRS 9 to separate and measure the part of the contract that is in the scope of CIFRS 9 and then apply CIFRS 15 to the residual.

Fee and commission expense relates mainly to transaction and service fees, and are accounted when the services are received.

3.3 Net gains/losses from other financial instruments at fair value through profit or loss (FVTPL)

Net gains/losses from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, and foreign exchange differences.

3.4 Employee benefits

Retention Bonus

The Group and the Bank provide its employees upon completion of probationary period with retention bonus, being a defined contribution plan. The Group and the Bank contribute fund to each individual employee on a monthly basis at a percentage of the employees' monthly salaries based on their years of service, as follows:

Number of working year	Monthly rate
Up to 5 years	6%
More than 5 years to 10 years	8%
More than 10 years	10%

The retention bonus is maintained in savings accounts under the name of each employee with the Bank, and the withdrawal can only be made upon resignation, death or retirement. Upon resignation or retirement, employees who have worked for the Bank for three years or more are entitled to the retention bonus accumulated and interest earned in their savings accounts.

Obligations for contributions to the defined contribution plan are expensed as the related services is provided and recognised as personnel expenses in profit or loss.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group and the Bank have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The Group and the Bank have determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under CIAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and has recognised the related expenses in "other expense".

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group and the Bank expect, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.6 Financial assets and financial liabilities

Recognition and initial measurement

The Group and the Bank initially recognise balances with the NBC, balances with other banks, loans to customers, investment securities, deposits from customers and financial institutions, debt securities issued, derivatives held for risk management, borrowings, subordinated debts, and lease liabilities on the date on which they are originated.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial assets and financial liabilities (continued)

Recognition and initial measurement (continued)

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group and the Bank change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group and the Bank may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group and the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment: The Group and the Bank assess the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets recognising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's and the Bank's management;

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial assets and financial liabilities (continued)

Classification and subsequent measurement (continued)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows that are SPPI, the Group and the Bank consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group and the Bank change its business model for managing financial assets.

Financial liabilities

The Group and the Bank classify its financial liabilities as measured at amortised cost, except for derivatives held for risk management that are not hedge accounting which are measured at FVTPL.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial assets and financial liabilities (continued)

Reclassifications (continued)

Financial guarantee contract liabilities (continued)

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with CIFRS 9; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of CIFRS 15.

Modification and derecognition

Financial assets

The Group and the Bank derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss.

If the terms of a financial asset are modified, then the Group and the Bank evaluate whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group and the Bank plan to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset; then the Group and the Bank first recalculate the gross carrying amount of the financial asset using the original EIR of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial assets and financial liabilities (continued)

Modification and derecognition (continued)

Financial assets (continued)

To determine if the modified terms are substantially different from the original contractual terms the Group and the Bank consider as follows:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI (or vice versa), change in currency of the asset or expiry of rights to cash flows between the original counterparties because a new debtor replaces the original debtor (unless both debtors are under common control). If these do not clearly indicate a substantial modification, then
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If the difference in present value is greater than 20%, the Group and the Bank deem the arrangement is substantially different leading to derecognition. When performing a quantitative assessment of a modification or renegotiation of a credit-impaired financial asset or a purchased or originated credit-impaired financial asset that was subject to a write-off, the Group and the Bank consider the expected (rather than the contractual) cash flows before modification or renegotiation and compares those with the contractual cash flows after modification or renegotiation.

Financial liabilities

The Group and the Bank derecognise a financial liability when, and only when, the Group's obligations are discharged or cancelled, or have expired.

The Group and the Bank derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original EIR used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the EIR on the instrument.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial assets and financial liabilities (continued)

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group and the Bank currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under CIFRS, or for gains and losses arising from a group of similar transactions.

Fair value measurement

“Fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group and the Bank measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as “active” if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group and the Bank use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group and the Bank determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial assets and financial liabilities (continued)

Fair value measurement (continued)

Fair value of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. The information presented herein represents the estimates of fair values as at the financial position date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of CIFRS 7 *Financial Instruments: Disclosures* which requires the fair value information to be disclosed. These include investment in subsidiary and property and equipment.

The fair value of the Group's and the Bank's financial instruments such as cash and short-term funds, balances with the NBC, deposits and placements with banks and other financial institutions, deposits from customers and other financial institutions, other assets, other liabilities and short-term borrowings are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

Fair value hierarchy

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's and the Bank's market assumptions. The fair value hierarchy is as follows:

Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Financial assets and financial liabilities (continued)

Impairment

The Group and the Bank recognise loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- balances with other banks;
- financial assets that are debt instruments; and
- loan commitments.

No impairment loss is recognised on equity investments.

The Group and the Bank measure loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- balances with the NBC that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group and the Bank do not apply the low credit risk exemption to any other financial instruments.

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- loan commitments: generally, as a provision.

More information about inputs, assumptions and techniques used for estimating impairment is provided in Note 39.1.4.

Write-off

Loans are written off in full when there is no reasonable expectation of recovering a financial asset in its entirety thereof. This is generally the case when the Group and the Bank determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in the profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Bank's procedures for recovery of amounts due.

3.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, unrestricted balances held with the NBC and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group and the Bank in the management of their short-term commitment.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Derivatives held for risk management

Derivative held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are measured at fair value in the statement of financial position.

The Group and the Bank designate certain derivative held for risk management as hedging instruments in qualifying hedging relationships.

Policy applicable generally to hedging relationships

On initial designation of the hedge, the Group and the Bank formally document the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group and the Bank make an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument is expected to highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the Group and the Bank make an assessment of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The Group and the Bank normally designate a portion of the cash flows of a financial instrument for cash flows or fair value changes attributable to a benchmark interest rate risk, if the portion is separately identifiable and reliably measurable.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the cash flow hedges reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from OCI to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and OCI.

The Bank discontinue hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

However, if the derivative is novated to a central counter party ("CCP") by both parties as a consequence of laws or regulations without changes in its terms except for those that are necessary for the novation, then the derivative is not considered expired or terminated. If the hedged cash flows are no longer expected to occur, then the Group and the Bank immediately reclassifies the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Group and the Bank reclassifies the amount in the hedging reserve from OCI to profit or loss on a straight-line basis.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.9 Loans to customers

Loans to customers caption in the statement of financial position represent loans measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest rate method.

3.10 Investment securities

Investment securities caption in the statement of financial position include equity investment securities designated as at FVOCI and debt securities measured at amortised cost.

3.11 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

On 20 December 2024, the Group and the Bank changed its accounting policy for the freehold land from the cost model to a revaluation model. Under the new policy, the freehold land is being revaluated at fair value at the date of revaluation less subsequent impairment losses if any. This change in accounting policy was applied prospectively as disclosed in Note 2.2.1.

When the land's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of "Revaluation surplus". However, the increase is recognised as profit or loss to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised in profit or loss.

When the land's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the Bank. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.11 Property and equipment (continued)

Depreciation (continued)

The estimated useful lives of significant items of property and equipment are as follows:

	Useful lives
Building	10 – 50 Years
Leasehold improvement	3 – 10 years
Motor vehicles	3 – 5 years
Computer equipment	3 – 5 years
Equipment	3 – 5 years
Furniture and fixtures	3 – 5 years

Freehold land has an indefinite useful life and therefore is not depreciated.

Work in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Fully depreciated items of property and equipment are retained in the statement of financial position until disposed of or written off.

3.12 Intangible assets

Intangible assets consist of software and licenses and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure on software and licenses is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software and licenses are amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use.

The estimated useful life of software for the current and comparative periods is as follows:

Software and license	3 – 7 years
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Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Work in progress, if any, is not amortised until such time as the relevant intangible assets are completed and put into operational use.

3.13 Leases

The Group and the Bank assess whether a contract is or contains a lease, at inception of a contract.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.13 Leases (continued)

Leases as lessee

The Group and the Bank recognise right-of-use assets and corresponding lease liabilities with respect to all lease agreements in which it is the lessee, except for leases of low-value assets and short-term leases. For these leases, the Group and the Bank recognise the lease payments as an operating expense on a straight-line basis over the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using its incremental borrowing rate which is the rate of interest that the Group and the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

The Group and the Bank determine their incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liabilities are presented as a separate line in the statement of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Bank remeasure the lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever

- the lease term has changed in which case the lease liabilities are remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liabilities are remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and initial direct costs if any. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use assets are presented as a separate line in the statement of financial position.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.13 Leases (continued)

Leases as lessor

Leases for which the Group and the Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.14 Impairment of non-financial assets

The carrying amounts of the Group's and the Bank's non-financial assets (other than deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset (or its cash-generating) unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit and loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.15 Deposits, debt securities issued, borrowings and subordinated debts

Deposits from customers and financial institutions, debt securities issued, borrowings and subordinated debts are the Group's and the Bank's sources of debt funding.

Deposits from customers and financial institutions, debt securities issued, borrowings and subordinated debts are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method.

Subordinated debts are long-term debts that are junior in terms of principal repayment to other Group's and the Bank's debts. The subordinated debts which are approved by the NBC are included as a Tier II line item in the calculation of the Group's and the Bank's net worth in accordance with the guidelines of the NBC.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Provisions

Provisions are recognised if, as a result of a past event, the Group and the Bank have a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.17 Contingent liabilities

Contingent liabilities shall be not recognised initially but it may be disclosed for its significant information, except for possibility of an outflow of resources embodying economic in the future. Contingent liabilities may change from initially expected. Therefore, they are assessed continuously to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements.

3.18 Contingent assets

Contingent assets shall be not recognised initially but it may be disclosed for its significant information normally when unplanned or other unexpected events give rise to the possibility of an inflow of economic benefits to the Group and the Bank. Contingent assets are assessed continuously to ensure that contingent assets are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements.

3.19 Reserves

Legal reserves

Before acquisition by Bank of Ayudhya PCL. ("Krungsri"), a new Bank's shareholder, the Bank's Articles of Incorporation required a transfer from retained earnings at the rate of 5% of its prior year net profit to these legal reserves. The transfer to this reserve fund shall cease when the fund is equal to 10% of the Bank's registered capital. According to the new Memorandum and Articles of Association approved by the MoC on 12 September 2016, legal reserves are no longer required after the Bank becomes solely owned by Krungsri.

Regulatory provision and regulatory reserves

On 1 December 2017, the NBC issued a Prakas No. B7-017-344 on Credit Risk Grading and Impairment Provisioning for ensuring appropriate recognition, measurement, provisioning and reporting of impaired facilities of the institutions.

Facilities under this Prakas is defined as all loans and other financial products, whether reported on balance sheet or off-balance sheet, provided by an Institution to a counterparty, which give rise to credit risk exposure on the Institution.

According to the Prakas, the Bank is required to calculate the allowance for impaired facilities in accordance with the regulatory provision simultaneously with the calculation in accordance with CIFRSs. Excess amount of provision calculated in accordance with regulatory provision compared to the provision calculated under CIFRSs has to be transferred from retained earnings to the regulatory reserves of the equity.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.19 Reserves (continued)

Regulatory provision and regulatory reserves (continued)

Reversal of regulatory reserves

When the impairment loss allowance calculated in accordance with regulatory provision is subsequently less than that calculated under CIFRSs, the regulatory reserve is reversed to the amount that does not exceed the amount that would have been determined had no regulatory reserve been recognised in prior years.

On 16 February 2018, the NBC issued Circular No. B7-018-001 clarifying on Implementation of Prakas on Credit Risk Grading and Impairment Provisioning. According to the Circular, the Bank is required to calculate the allowance for impaired facilities in accordance with regulatory provision of which facilities are classified into five classes with provision rates as follows:

Classifications	Number of days past due	Provision
<u>General allowance</u>		
<u>Short-term facilities (one year or less)</u>		
Normal	0-14 days	1%
<u>Long-term facilities (more than one year)</u>		
Normal	0-29 days	1%
<u>Specific allowance</u>		
<u>Short-term facilities (one year or less)</u>		
Special mention	15-30 days	3%
Sub-standard	31-60 days	20%
Doubtful	61-90 days	50%
Loss	91 days and above	100%
<u>Long-term facilities (more than one year)</u>		
Special mention	30-89 days	3%
Sub-standard	90-179 days	20%
Doubtful	180-359 days	50%
Loss	360 days and above	100%

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.19 Reserves (continued)

Non-distributable reserve

Non-distributable reserve is set up to strengthen Tier 1 capital and manage solvency ratio to be in compliance with NBC's requirements. The transfer from retained earnings to non-distributable reserves is subject to the approval of the NBC. The reserve cannot be distributed without prior approval from the NBC.

3.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of the ordinary share are recognised as a deduction from equity, net of any tax effects. Other shares are classified as equity and/or liability accordingly to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

4.1 Critical judgments in applying the accounting policies

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements included the followings:

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (see Note 3.6). The Group and the Bank determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group and the Bank monitor financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.1 Critical judgments in applying the accounting policies (continued)

Business model assessment (continued)

Monitoring is part of the Group's and the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

Expected Credit Loss ("ECL") are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 and stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. In assessing whether the credit risk of an asset has significantly increased, the Group and the Bank take into account qualitative and quantitative reasonable and supportable forward-looking information.

To monitor and identify the significant increase in credit risk for impairment, the Group and the Bank apply the approaches and criteria below:

- Quantitative criteria: compare the change in PD at the reporting date from the origination date (change in cumulative residual unbiased PD, or change in unbiased PD comparing the origination unbiased PD expected at the reporting date with the current PD at reporting). However, these quantitative criteria will be incorporated Behaviour Credit Scoring when the Group and the Bank have enough data.
- Qualitative criteria: the Group and the Bank have established the procedure for credit review. The independent credit review shall be conducted to review the facility quality and signal of significant increase in credit risk by applying the prudential criteria from the NBC.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group and the Bank monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.1 Critical judgments in applying the accounting policies (continued)

Models and assumptions used

The Group and the Bank use various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Determining whether a financial asset modification is substantial change

The assessment of whether a financial asset modification is substantial change requires management judgment. The Group and the Bank consider the following factors:

- The qualitative impact, including changes in collateral, guarantees, currency, or loan covenants.
- The quantitative impact of the modification, including the change in present value of future cash flows of more than 20%.
- The economic rationale and commercial substance of the modification.

The use of a 20% quantitative threshold is based on management's judgment, industry practice, and the Bank's and parent bank's risk management approach. This threshold is applied consistently to all similar transactions.

4.2 Key sources of estimation uncertainty

Information about key assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in financial statements includes the followings:

Probability of default (PD)

The Probability of Default ("PD") is defined as an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon, usually in the course of one year. The estimation of ECL under the CIFRS 9 requires a 12-month PD and lifetime PD estimation. 12-month ECLs represent a portion of lifetime ECLs and the probability of a default occurring in the 12 months after the reporting date. On the other hand, for lifetime ECLs, the Group and the Bank would need to estimate the risk of a default occurring throughout the expected lifetime of a financial instrument. Hence, a lifetime PD table is required to be computed based on the Bank's past historical data. In addition, the lifetime PD model is required to incorporate the seasonal changes and rating migration of the portfolio as well.

CIFRS 9 requires the application of forward-looking adjustments to the PD estimation to reflect the future macroeconomic scenarios. A term structure will be constructed using a statistical approach depending on data availability for the lifetime PD computation purpose.

Loss Given Default (LGD)

The Loss Given Default ("LGD") is defined as the percentage of exposure the financial institution might lose in case the borrower defaults. These losses are usually shown as a percentage of Exposure at Default ("EAD"), and depend, amongst others, on the type and amount of collateral as well as the type of borrower and the expected proceeds from the workout of the assets.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.2 Key sources of estimation uncertainty (continued)

Forward Looking

With the change of standard from CIAS 39 to CIFRS 9 from an incurred loss model to an expected loss model, the analysis of the relationship between the historical default experience and the macroeconomic conditions is required. From thereon, using the related Macro Economic Variables ("MEVs"), the Group and the Bank can assign an appropriate amount of ECL according to the changes in the relevant economic condition.

In the event that there is a new product or insufficient data for a portfolio, the Group and the Bank shall leverage on other portfolios with similar characteristics until sufficient default data is available for forward-looking analysis.

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (Covid-19) outbreak has spread globally, causing disruption to business and economic activity. The impact on Gross Domestic Product ("GDP") and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL.

The calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of Covid-19 on the Group and the Bank, however, this estimate may move materially as events unfold. Consequently, this number should not be seen as firm guidance or a forecast as to the final financial impacts expected. In the event the impacts are more severe or prolonged than anticipated in the scenarios, this will have a corresponding impact on the ECL, the financial position and performance of the Group and the Bank.

Management overlay

The Group and the Bank provide management overlay as an additional ECL for restructured loans and vulnerable sectors, or customers based on the assumptions that they have a higher risk of turning default and following the requirements outlined in the Circular on Classification and Provisioning Requirement on Restructured Loans issued by the NBC dated 28 December 2021; therefore, the ECL overlay is being assessed by classifying these restructured loans and vulnerable customers to a higher staging than they originally are.

Moreover, the Bank sets aside an additional ECL overlay on the portfolio deterioration due to significant increase in credit risk and the higher flow rate of loan portfolio in light of the current situation and forecast.

Taxes

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory and subject to interpretation. Often, different interpretations exist among the numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, which are empowered by law to impose fines, penalties and interest charges.

These factors may create potential tax exposures for the Group and the Bank. Management believes that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of the current tax legislation. However, the relevant authorities may have different interpretations and the effects could be significant.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.2 Key sources of estimation uncertainty (continued)

Useful lives of property and equipment

Accounting for property and equipment involves the use of estimates for determining the expected useful lives and residual values of these assets. The determination of useful lives and residual values of the assets is based on management's estimate. In making this estimate, the management evaluates among other factors, the expected usage of the asset, expected physical wear and tear which depends on operational and environmental factors and technical or commercial obsolescence arising from changes or improvements in technology and their disposal values.

Fair value of freehold land

The fair value of freehold land is derived from the current market prices of comparable real estate. The fair value is based on valuation made by independent external valuer who holds a recognised and relevant licences from the Real Estate Business & Pawnshop Regulator and has experience in the local real estate market. In determining the fair value, the valuer referred to current market conditions and recent sales transactions of similar properties in the vicinity.

5. BALANCES WITH THE NBC

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Statutory deposits				
Capital guarantee deposit	14,000,000	56,350,000	14,093,865	57,573,439
Reserve requirement	87,325,831	351,486,470	101,021,586	412,673,179
	<u>101,325,831</u>	<u>407,836,470</u>	<u>115,115,451</u>	<u>470,246,618</u>
Current accounts	292,019,804	1,175,379,711	279,560,427	1,142,004,344
Negotiable Certificate of Deposit ("NCD")	11,360,309	45,725,244	3,845,025	15,706,927
	<u>404,705,944</u>	<u>1,628,941,425</u>	<u>398,520,903</u>	<u>1,627,957,889</u>

6. BALANCES WITH OTHER BANKS

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Balance with other banks at amortised cost	81,916,228	329,712,818	39,831,934	162,713,451
Impairment loss allowance	(377,303)	(1,518,645)	(112,338)	(458,901)
	<u>81,538,925</u>	<u>328,194,173</u>	<u>39,719,596</u>	<u>162,254,550</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

6. BALANCES WITH OTHER BANKS (continued)

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Balance with other banks at amortised cost	81,864,966	329,506,489	39,780,662	162,504,005
Impairment loss allowance	(377,303)	(1,518,645)	(112,338)	(458,901)
	<u>81,487,663</u>	<u>327,987,844</u>	<u>39,668,324</u>	<u>162,045,104</u>

The movement of impairment loss allowance is presented in Note 39.1.4.

The above amounts are analysed as follows:

As at 31 December 2024

Group	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
Current accounts	11,347,359	(49,960)	11,297,399	45,472,031
Savings accounts	702,625	(8,931)	693,694	2,792,118
Term deposits	69,866,244	(318,412)	69,547,832	279,930,024
	<u>81,916,228</u>	<u>(377,303)</u>	<u>81,538,925</u>	<u>328,194,173</u>

Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
Current accounts	11,347,359	(49,960)	11,297,399	45,472,031
Savings accounts	651,364	(8,931)	642,433	2,585,793
Term deposits	69,866,243	(318,412)	69,547,831	279,930,020
	<u>81,864,966</u>	<u>(377,303)</u>	<u>81,487,663</u>	<u>327,987,844</u>

As at 31 December 2023

Group	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
Current accounts	7,668,950	(74,648)	7,594,302	31,022,724
Savings accounts	682,320	(9,337)	672,983	2,749,135
Term deposits	31,480,664	(28,353)	31,452,311	128,482,691
	<u>39,831,934</u>	<u>(112,338)</u>	<u>39,719,596</u>	<u>162,254,550</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

6. BALANCES WITH OTHER BANKS (continued)

As at 31 December 2023

Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
Current accounts	7,668,950	(74,648)	7,594,302	31,022,724
Savings accounts	631,048	(9,337)	621,711	2,539,689
Term deposits	31,480,664	(28,353)	31,452,311	128,482,691
	<u>39,780,662</u>	<u>(112,338)</u>	<u>39,668,324</u>	<u>162,045,104</u>

7. LOANS TO CUSTOMERS

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loans to customers at amortised cost	1,100,927,038	4,431,231,328	1,553,172,427	6,344,709,364
Impairment loss allowance	<u>(181,958,955)</u>	<u>(732,384,794)</u>	<u>(91,283,261)</u>	<u>(372,892,121)</u>
	<u>918,968,083</u>	<u>3,698,846,534</u>	<u>1,461,889,166</u>	<u>5,971,817,243</u>

The movement of impairment loss allowance is presented in Note 39.1.4.

The above amounts are analysed as follows:

As at 31 December 2024

Group and Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
External customers				
Personal lending	950,258,150	(160,978,331)	789,279,819	3,176,851,271
Mortgage lending	146,429,862	(20,933,672)	125,496,190	505,122,165
Motor vehicle loans	195,366	(19,018)	176,348	709,801
Staff loans	3,888,605	(12,398)	3,876,207	15,601,733
Overdrafts	<u>155,055</u>	<u>(15,536)</u>	<u>139,519</u>	<u>561,564</u>
	<u>1,100,927,038</u>	<u>(181,958,955)</u>	<u>918,968,083</u>	<u>3,698,846,534</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

7. LOANS TO CUSTOMERS (continued)

As at 31 December 2023

Group and Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
External customers				
Personal lending	1,351,356,772	(77,291,923)	1,274,064,849	5,204,554,908
Mortgage lending	195,227,154	(13,953,217)	181,273,937	740,504,033
Motor vehicle loans	355,879	(5,973)	349,906	1,429,366
Staff loans	5,488,741	(14,930)	5,473,811	22,360,518
Overdrafts	743,881	(17,218)	726,663	2,968,418
	<u>1,553,172,427</u>	<u>(91,283,261)</u>	<u>1,461,889,166</u>	<u>5,971,817,243</u>

8. INVESTMENT SECURITIES

On 4 March 2022, the Group and the Bank invested US\$15 million in corporate bonds issued by Cambodia Airport Investment Co., Ltd. for the construction and development of Techo International Airport of the Cambodian government with a term of 3 years and an interest rate of 5.50% per annum.

The Group and the Bank have designated an investment in Cambodia Microfinance Association ("CMA") as an equity instrument at fair value through other comprehensive income ("FVOCI") as the Group and the Bank intend to hold this investment for the long term.

The table below shows this investment as well as dividend income recognised from the investment.

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Investment security measured at amortised cost	15,685,208	63,132,962	15,685,208	64,074,075
Investment security designated at FVOCI	20,000	80,500	20,000	81,700
	<u>15,705,208</u>	<u>63,213,462</u>	<u>15,705,208</u>	<u>64,155,775</u>
Dividend income				
Investment security designated at FVOCI (Note 29)	38,543	156,909	53,928	221,644

HATTHA BANK PLC. AND ITS SUBSIDIARY

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9. PROPERTY AND EQUIPMENT

Group	Freehold	Building	Leasehold	Motor	Computer	Equipment	Furniture	Work in	Total	
	Land*		improvement	Vehicles	equipment		and fixtures	progress	US\$	KHR'000
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Cost or valuation										
At 1 January 2024	29,429,380	-	3,612,862	4,641,940	9,188,440	7,568,640	1,033,023	30,344,284	85,818,569	350,568,855
Additions	-	1,226,492	89,868	236,100	168,810	188,599	4,437	23,470,771	25,385,077	103,342,648
Disposals	-	-	(111,584)	(212,350)	(30,394)	(112,181)	(6,351)	-	(472,860)	(1,925,013)
Revaluation decreases	(1,457,380)	-	-	-	-	-	-	-	(1,457,380)	(5,932,994)
Written off	-	-	(28,548)	-	(131,641)	(526,301)	(4,364)	-	(690,854)	(2,812,467)
Transfers	-	51,578,973	87,039	-	953,777	688,897	2,920	(53,311,606)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	(6,196,257)
At 31 December 2024	<u>27,972,000</u>	<u>52,805,465</u>	<u>3,649,637</u>	<u>4,665,690</u>	<u>10,148,992</u>	<u>7,807,654</u>	<u>1,029,665</u>	<u>503,449</u>	<u>108,582,552</u>	<u>437,044,772</u>
<i>Comprising:</i>										
At cost	-	52,805,465	3,649,637	4,665,690	10,148,992	7,807,654	1,029,665	503,449	80,610,552	324,457,472
At valuation	<u>27,972,000</u>	-	-	-	-	-	-	-	<u>27,972,000</u>	<u>112,587,300</u>
	<u>27,972,000</u>	<u>52,805,465</u>	<u>3,649,637</u>	<u>4,665,690</u>	<u>10,148,992</u>	<u>7,807,654</u>	<u>1,029,665</u>	<u>503,449</u>	<u>108,582,552</u>	<u>437,044,772</u>
Less: Accumulated depreciation and impairment										
At 1 January 2024	1,457,380	-	2,457,268	3,489,060	7,604,865	6,517,738	943,109	-	22,469,420	91,787,581
Depreciation	-	278,471	412,049	434,322	943,684	468,989	57,440	-	2,594,955	10,564,062
Disposals	-	-	(101,834)	(106,722)	(30,394)	(112,158)	(6,348)	-	(357,456)	(1,455,203)
Reversal of impairment	(1,457,380)	-	-	-	-	-	-	-	(1,457,380)	(5,932,994)
Written off	-	-	(27,808)	-	(131,641)	(526,301)	(4,364)	-	(690,114)	(2,809,454)
Currency translation differences	-	-	-	-	-	-	-	-	-	(1,352,306)
At 31 December 2024	<u>-</u>	<u>278,471</u>	<u>2,739,675</u>	<u>3,816,660</u>	<u>8,386,514</u>	<u>6,348,268</u>	<u>989,837</u>	<u>-</u>	<u>22,559,425</u>	<u>90,801,686</u>
Carrying amounts										
At 31 December 2024	<u>27,972,000</u>	<u>52,526,994</u>	<u>909,962</u>	<u>849,030</u>	<u>1,762,478</u>	<u>1,459,386</u>	<u>39,828</u>	<u>503,449</u>	<u>86,023,127</u>	<u>346,243,086</u>

(*) See more information related to the change in accounting policy as discussed in Note 2.2.1.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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9. PROPERTY AND EQUIPMENT (continued)

Bank	Building US\$	Leasehold improvement US\$	Motor Vehicles US\$	Computer equipment US\$	Equipment US\$	Furniture and fixtures US\$	Work in progress US\$	Total US\$	KHR'000
Cost									
At 1 January 2024	-	3,612,862	4,641,940	9,187,362	7,568,640	1,033,023	30,344,284	56,388,111	230,345,434
Additions	1,226,492	89,868	236,100	168,810	188,599	4,437	23,470,771	25,385,077	103,342,648
Disposals	-	(111,584)	(212,350)	(30,394)	(112,181)	(6,351)	-	(472,860)	(1,925,013)
Written off	-	(28,548)	-	(131,641)	(526,301)	(4,364)	-	(690,854)	(2,812,467)
Transfers	51,578,973	87,039	-	953,777	688,897	2,920	(53,311,606)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	(4,497,469)
At 31 December 2024	<u>52,805,465</u>	<u>3,649,637</u>	<u>4,665,690</u>	<u>10,147,914</u>	<u>7,807,654</u>	<u>1,029,665</u>	<u>503,449</u>	<u>80,609,474</u>	<u>324,453,133</u>
Less: Accumulated depreciation									
At 1 January 2024	-	2,457,268	3,489,060	7,603,787	6,517,738	943,109	-	21,010,962	85,829,780
Depreciation	278,471	412,049	434,322	943,684	468,989	57,440	-	2,594,955	10,564,062
Disposals	-	(101,834)	(106,722)	(30,394)	(112,158)	(6,348)	-	(357,456)	(1,455,203)
Written off	-	(27,808)	-	(131,641)	(526,301)	(4,364)	-	(690,114)	(2,809,454)
Currency translation differences	-	-	-	-	-	-	-	-	(1,331,838)
At 31 December 2024	<u>278,471</u>	<u>2,739,675</u>	<u>3,816,660</u>	<u>8,385,436</u>	<u>6,348,268</u>	<u>989,837</u>	<u>-</u>	<u>22,558,347</u>	<u>90,797,347</u>
Carrying amounts									
At 31 December 2024	<u>52,526,994</u>	<u>909,962</u>	<u>849,030</u>	<u>1,762,478</u>	<u>1,459,386</u>	<u>39,828</u>	<u>503,449</u>	<u>58,051,127</u>	<u>233,655,786</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

9. PROPERTY AND EQUIPMENT (continued)

Group	Freehold	Leasehold	Motor	Computer	Equipment	Furniture and	Work in	Total	
	Land	improvement	Vehicles	equipment		fixtures	progress	US\$	KHR'000
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Cost									
At 1 January 2023	29,429,380	3,525,313	4,645,310	9,105,606	7,387,707	1,033,962	10,602,917	65,730,195	270,611,212
Additions	-	179,106	-	108,765	81,500	5,965	20,174,065	20,549,401	84,458,038
Disposals	-	(203,015)	(3,370)	(96,804)	(27,978)	(2,724)	-	(333,891)	(1,372,292)
Written off	-	(73,719)	-	(9,755)	(39,482)	(4,180)	-	(127,136)	(522,529)
Transfers	-	185,177	-	80,628	166,893	-	(432,698)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	(2,605,574)
At 31 December 2023	29,429,380	3,612,862	4,641,940	9,188,440	7,568,640	1,033,023	30,344,284	85,818,569	350,568,855
Less: Accumulated depreciation and impairment									
At 1 January 2023	-	2,308,152	3,074,408	6,579,896	6,035,180	873,592	-	18,871,228	77,692,845
Depreciation	-	404,009	418,022	1,130,972	549,934	76,421	-	2,579,358	10,601,161
Disposals	-	(187,646)	(3,370)	(96,804)	(27,978)	(2,724)	-	(318,522)	(1,309,125)
Written off	-	(67,247)	-	(9,199)	(39,398)	(4,180)	-	(120,024)	(493,299)
Impairment loss	1,457,380	-	-	-	-	-	-	1,457,380	5,989,831
Currency translation differences	-	-	-	-	-	-	-	-	(693,832)
At 31 December 2023	1,457,380	2,457,268	3,489,060	7,604,865	6,517,738	943,109	-	22,469,420	91,787,581
Carrying amounts									
At 31 December 2023	27,972,000	1,155,594	1,152,880	1,583,575	1,050,902	89,914	30,344,284	63,349,149	258,781,274

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

9. PROPERTY AND EQUIPMENT (continued)

Bank	Leasehold improvement	Motor Vehicles	Computer equipment	Equipment	Furniture and fixtures	Work in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
Cost								
At 1 January 2023	3,525,313	4,645,310	9,104,528	7,387,707	1,033,962	10,602,917	36,299,737	149,446,017
Additions	179,106	-	108,765	81,500	5,965	20,174,065	20,549,401	84,458,038
Disposals	(203,015)	(3,370)	(96,804)	(27,978)	(2,724)	-	(333,891)	(1,372,292)
Written off	(73,719)	-	(9,755)	(39,482)	(4,180)	-	(127,136)	(522,529)
Transfers	185,177	-	80,628	166,893	-	(432,698)	-	-
Currency translation differences	-	-	-	-	-	-	-	(1,663,800)
At 31 December 2023	<u>3,612,862</u>	<u>4,641,940</u>	<u>9,187,362</u>	<u>7,568,640</u>	<u>1,033,023</u>	<u>30,344,284</u>	<u>56,388,111</u>	<u>230,345,434</u>
Less: Accumulated depreciation								
At 1 January 2023	2,308,152	3,074,408	6,578,876	6,035,180	873,592	-	18,870,208	77,688,646
Depreciation	404,009	418,022	1,130,914	549,934	76,421	-	2,579,300	10,600,923
Disposals	(187,646)	(3,370)	(96,804)	(27,978)	(2,724)	-	(318,522)	(1,309,125)
Written off	(67,247)	-	(9,199)	(39,398)	(4,180)	-	(120,024)	(493,299)
Currency translation differences	-	-	-	-	-	-	-	(657,365)
At 31 December 2023	<u>2,457,268</u>	<u>3,489,060</u>	<u>7,603,787</u>	<u>6,517,738</u>	<u>943,109</u>	<u>-</u>	<u>21,010,962</u>	<u>85,829,780</u>
Carrying amounts								
At 31 December 2023	<u>1,155,594</u>	<u>1,152,880</u>	<u>1,583,575</u>	<u>1,050,902</u>	<u>89,914</u>	<u>30,344,284</u>	<u>35,377,149</u>	<u>144,515,654</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

10. RIGHT-OF-USE ASSETS

The Group and the Bank lease their branch offices and premises for public Automated Teller Machine ("ATM").

Group

31 December 2024	Buildings	ATM premises	Total	
	US\$	US\$	US\$	KHR'000
Cost				
At 1 January 2024	27,941,488	1,140,506	29,081,994	118,799,945
Additions	1,216,591	46,045	1,262,636	5,140,191
Reversals	(2,967,139)	(263,768)	(3,230,907)	(13,153,022)
Lease modification	1,787,746	15,709	1,803,455	7,341,865
Currency translation differences	-	-	-	(1,737,338)
At 31 December 2024	<u>27,978,686</u>	<u>938,492</u>	<u>28,917,178</u>	<u>116,391,641</u>
Less: Accumulated amortisation				
At 1 January 2024	17,034,129	902,907	17,937,036	73,272,792
Amortisation	2,669,481	100,714	2,770,195	11,277,464
Reversals	(1,837,354)	(138,792)	(1,976,146)	(8,044,890)
Lease modification	542,727	15,930	558,657	2,274,292
Currency translation differences	-	-	-	(1,138,447)
At 31 December 2024	<u>18,408,983</u>	<u>880,759</u>	<u>19,289,742</u>	<u>77,641,211</u>
Carrying amounts				
At 31 December 2024	<u>9,569,703</u>	<u>57,733</u>	<u>9,627,436</u>	<u>38,750,430</u>

Bank

31 December 2024	Land (*)	Buildings	ATM premises	Total	
	US\$	US\$	US\$	US\$	KHR'000
Note 35 (g)(ii)					
Cost					
At 1 January 2024	10,922,220	27,941,488	1,140,506	40,004,214	163,417,214
Additions	-	1,216,591	46,045	1,262,636	5,140,191
Reversals	-	(2,967,139)	(263,768)	(3,230,907)	(13,153,022)
Lease modification	-	1,787,746	15,709	1,803,455	7,341,865
Currency translation differences	-	-	-	-	(2,392,671)
At 31 December 2024	<u>10,922,220</u>	<u>27,978,686</u>	<u>938,492</u>	<u>39,839,398</u>	<u>160,353,577</u>
At 1 January 2024	932,912	17,034,129	902,907	18,869,948	77,083,737
Amortisation	273,080	2,669,481	100,714	3,043,275	12,389,173
Reversals	-	(1,837,354)	(138,792)	(1,976,146)	(8,044,890)
Lease modification	-	542,727	15,930	558,657	2,274,292
Currency translation differences	-	-	-	-	(1,206,983)
At 31 December 2024	<u>1,205,992</u>	<u>18,408,983</u>	<u>880,759</u>	<u>20,495,734</u>	<u>82,495,329</u>
Carrying amounts					
At 31 December 2024	<u>9,716,228</u>	<u>9,569,703</u>	<u>57,733</u>	<u>19,343,664</u>	<u>77,858,248</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

10. RIGHT-OF-USE ASSETS (continued)

Group

31 December 2023	Buildings	ATM	Total	
	US\$	premises	US\$	KHR'000
Cost				
At 1 January 2023	24,887,925	1,013,114	25,901,039	106,634,578
Additions	2,276,337	88,803	2,365,140	9,720,725
Reversals	(706,752)	-	(706,752)	(2,904,751)
Lease modification	1,483,978	38,589	1,522,567	6,257,750
Currency translation differences	-	-	-	(908,357)
At 31 December 2023	<u>27,941,488</u>	<u>1,140,506</u>	<u>29,081,994</u>	<u>118,799,945</u>
Less: Accumulated amortisation				
At 1 January 2023	14,053,388	748,804	14,802,192	60,940,624
Amortisation	3,167,666	151,170	3,318,836	13,640,417
Reversals	(574,745)	-	(574,745)	(2,362,202)
Lease modification	387,820	2,933	390,753	1,605,995
Currency translation differences	-	-	-	(552,042)
At 31 December 2023	<u>17,034,129</u>	<u>902,907</u>	<u>17,937,036</u>	<u>73,272,792</u>
Carrying amounts				
At 31 December 2023	<u>10,907,359</u>	<u>237,599</u>	<u>11,144,958</u>	<u>45,527,153</u>

Bank

31 December 2023	Land (*)	Buildings	ATM	Total	
	US\$	US\$	premises	US\$	KHR'000
	Note 35 (g)(ii)				
Cost					
At 1 January 2023	10,457,534	24,887,925	1,013,114	36,358,573	149,688,245
Additions	-	2,276,337	88,803	2,365,140	9,720,725
Reversals	-	(706,752)	-	(706,752)	(2,904,751)
Lease modification	464,686	1,483,978	38,589	1,987,253	8,167,610
Currency translation differences	-	-	-	-	(1,254,615)
At 31 December 2023	<u>10,922,220</u>	<u>27,941,488</u>	<u>1,140,506</u>	<u>40,004,214</u>	<u>163,417,214</u>
Less: Accumulated amortisation					
At 1 January 2023	631,809	14,053,388	748,804	15,434,001	63,541,782
Amortisation	261,438	3,167,666	151,170	3,580,274	14,714,926
Reversals	-	(574,745)	-	(574,745)	(2,362,202)
Lease modification	39,665	387,820	2,933	430,418	1,769,018
Currency translation differences	-	-	-	-	(579,787)
At 31 December 2023	<u>932,912</u>	<u>17,034,129</u>	<u>902,907</u>	<u>18,869,948</u>	<u>77,083,737</u>
Carrying amounts					
At 31 December 2023	<u>9,989,308</u>	<u>10,907,359</u>	<u>237,599</u>	<u>21,134,266</u>	<u>86,333,477</u>

(*) The Bank leases the land from its subsidiary for a period of 20 years, with an option to renew the lease for another 20 years after the expiration date.

Approximately 7% of leases expired in the current financial year. The expired contracts were replaced by new lease for identical underlying assets. This resulted in lease modification to the right-of-use assets of US\$1,803,455 in 2024 (2023: US\$1,987,253).

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

10. RIGHT-OF-USE ASSETS (continued)

Group

Amount recognised in profit or loss

	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Depreciation expense on right-of-use assets (Note 32)	3,328,852	13,551,756	3,709,589	15,246,412
Interest expense on lease liabilities (Note 26)	568,410	2,313,997	831,969	3,419,393
Expenses relating to leases of low-value assets and short-term leases (Note 33)	735,443	2,993,988	606,971	2,494,651
	<u>4,632,705</u>	<u>18,859,741</u>	<u>5,148,529</u>	<u>21,160,456</u>

At 31 December 2024, the Group is committed to US\$735,443 (2023: US\$606,971) for short-term leases.

The total cash outflow for leases amounted to US\$3,994,959 (2023: US\$4,178,812).

Bank

Amount recognised in profit or loss

	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Depreciation expense on right-of-use assets (Note 32)	3,601,932	14,663,465	4,010,692	16,483,944
Interest expense on lease liabilities (Note 26)	1,390,825	5,662,049	1,644,914	6,760,596
Expenses relating to leases of low-value assets and short-term leases (Note 33)	735,443	2,993,988	606,971	2,494,651
	<u>5,728,200</u>	<u>23,319,502</u>	<u>6,262,577</u>	<u>25,739,191</u>

At 31 December 2024, the Bank is committed to US\$735,443 (2023: US\$606,971) for short-term leases.

The total cash outflow for leases amounted to US\$4,692,520 (2023: US\$4,856,997)

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

11. INTANGIBLE ASSETS

Group and Bank	Software and licenses	Work in progress	Total	
31 December 2024	US\$	US\$	US\$	KHR'000
Cost				
At 1 January 2024	9,010,594	35,991	9,046,585	36,955,299
Additions	4,944	18,306	23,250	94,651
Written off	(21,123)	-	(21,123)	(85,992)
Transfers	22,176	(22,176)	-	-
Currency translation differences	-	-	-	(542,893)
At 31 December 2024	<u>9,016,591</u>	<u>32,121</u>	<u>9,048,712</u>	<u>36,421,065</u>
Less: Accumulated amortisation				
At 1 January 2024	5,496,298	-	5,496,298	22,452,377
Amortisation	1,024,735	-	1,024,735	4,171,696
Written off	(21,123)	-	(21,123)	(85,992)
Currency translation differences	-	-	-	(375,944)
At 31 December 2024	<u>6,499,910</u>	<u>-</u>	<u>6,499,910</u>	<u>26,162,137</u>
Carrying amounts				
At 31 December 2024	<u>2,516,681</u>	<u>32,121</u>	<u>2,548,802</u>	<u>10,258,928</u>
Group and Bank	Software and licenses	Work in progress	Total	
31 December 2023	US\$	US\$	US\$	KHR'000
Cost				
At 1 January 2023	8,111,140	831,401	8,942,541	36,816,442
Additions	159,051	113,081	272,132	1,118,463
Written off	(9,423)	(158,665)	(168,088)	(690,842)
Transfers	749,826	(749,826)	-	-
Currency translation differences	-	-	-	(288,764)
At 31 December 2023	<u>9,010,594</u>	<u>35,991</u>	<u>9,046,585</u>	<u>36,955,299</u>
Less: Accumulated amortisation				
At 1 January 2023	4,582,134	-	4,582,134	18,864,646
Amortisation	919,894	-	919,894	3,780,764
Written off	(5,730)	-	(5,730)	(23,550)
Currency translation differences	-	-	-	(169,483)
At 31 December 2023	<u>5,496,298</u>	<u>-</u>	<u>5,496,298</u>	<u>22,452,377</u>
Carrying amounts				
At 31 December 2023	<u>3,514,296</u>	<u>35,991</u>	<u>3,550,287</u>	<u>14,502,922</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

12. INCOME TAX

(a) Deferred tax assets

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority. The offset amounts were as follows:

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Deferred tax assets	34,768,345	139,942,589	22,315,806	91,160,068
Deferred tax liabilities	(18,053,773)	(72,666,437)	(7,579,461)	(30,962,099)
Net deferred tax assets	<u>16,714,572</u>	<u>67,276,152</u>	<u>14,736,345</u>	<u>60,197,969</u>
Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Deferred tax assets	34,146,431	137,439,385	21,579,024	88,150,313
Deferred tax liabilities	(18,063,477)	(72,705,495)	(7,442,900)	(30,404,246)
Net deferred tax assets	<u>16,082,954</u>	<u>64,733,890</u>	<u>14,136,124</u>	<u>57,746,067</u>

The movement of net deferred tax assets was as follows:

Group	2024		2023	
	US\$	KHR'000	US\$	KHR'000
At 1 January	14,736,345	60,197,969	2,758,323	11,356,016
Credited to profit or loss	1,523,712	6,203,032	10,549,569	43,358,729
Credited to other comprehensive income	454,515	1,850,331	1,428,453	5,870,942
Currency translation differences	-	(975,180)	-	(387,718)
At 31 December	<u>16,714,572</u>	<u>67,276,152</u>	<u>14,736,345</u>	<u>60,197,969</u>
Bank	2024		2023	
	US\$	KHR'000	US\$	KHR'000
At 1 January	14,136,124	57,746,067	2,468,967	10,164,737
Credited to profit or loss	1,492,315	6,075,214	10,238,704	42,081,073
Credited to other comprehensive income	454,515	1,850,331	1,428,453	5,870,942
Currency translation differences	-	(937,722)	-	(370,685)
At 31 December	<u>16,082,954</u>	<u>64,733,890</u>	<u>14,136,124</u>	<u>57,746,067</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

12. INCOME TAX (continued)

(b) Current tax liabilities

The movement of current tax liabilities was as follow:

Group	2024		2023	
	US\$	KHR'000	US\$	KHR'000
At 1 January	225,400	920,759	13,762,201	56,658,982
Current income tax expense	63,530	258,631	62,862	258,363
Adjustments in respect of prior years	(1,080)	(4,397)	40,442	166,216
Current income tax paid	(1,769,748)	(7,204,644)	(16,188,054)	(66,532,902)
Income tax credit	1,659,764	6,756,899	2,547,949	10,472,070
Currency translation differences	-	(11,337)	-	(101,970)
At 31 December	177,866	715,911	225,400	920,759

Bank	2024		2023	
	US\$	KHR'000	US\$	KHR'000
At 1 January	171,399	700,165	13,710,127	56,444,593
Current income tax expense	-	-	-	-
Adjustments in respect of prior years	-	-	40,431	166,171
Current income tax paid	(1,708,033)	(6,953,402)	(16,127,108)	(66,282,414)
Income tax credit	1,659,764	6,756,899	2,547,949	10,472,070
Currency translation differences	-	(8,064)	-	(100,255)
At 31 December	123,130	495,598	171,399	700,165

(c) Income tax benefit

Group	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Current income tax	63,530	258,631	62,862	258,363
Adjustments in respect of prior years	(16,669)	(67,859)	40,442	166,216
Deferred tax	(1,523,713)	(6,203,036)	(10,549,569)	(43,358,729)
Income tax benefit	(1,476,852)	(6,012,264)	(10,446,265)	(42,934,150)

Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Current income tax	-	-	-	-
Adjustments in respect of prior years	(15,589)	(63,463)	40,431	166,171
Deferred tax	(1,492,315)	(6,075,214)	(10,238,704)	(42,081,073)
Income tax benefit	(1,507,904)	(6,138,677)	(10,198,273)	(41,914,902)

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

12. INCOME TAX (continued)

(c) Income tax benefit

The reconciliation of income tax expense computed at the corporate income tax rate of 20% to the income tax expense shown in the statement of profit or loss and other comprehensive income is as follows:

Group	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loss before income tax	(163,121,853)	(664,069,065)	(53,998,916)	(221,935,546)
Income tax at the rate of 20%	(32,624,371)	(132,813,814)	(10,799,784)	(44,387,112)
Tax effect of:				
Non-deductible expenses	363,647	1,480,407	310,042	1,274,273
Unrecognised deferred tax assets arising from tax losses carried forward	30,784,957	125,325,560	-	-
Under provision in prior year	(1,085)	(4,417)	40,442	166,216
Adjustment in respect of prior year	-	-	3,035	12,473
	(1,476,852)	(6,012,264)	(10,446,265)	(42,934,150)
Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loss before income tax	(163,282,541)	(664,723,225)	(52,739,944)	(216,761,171)
Income tax at the rate of 20%	(32,656,508)	(132,944,644)	(10,547,989)	(43,352,235)
Tax effect of:				
Non-deductible expenses	363,647	1,480,407	310,042	1,274,273
Unrecognised deferred tax assets arising from tax losses carried forward	30,784,957	125,325,560	-	-
Under provision in prior year	-	-	40,431	166,171
Adjustment in respect of prior year DTA	-	-	(757)	(3,111)
	(1,507,904)	(6,138,677)	(10,198,273)	(41,914,902)

In accordance with Cambodian law on taxation, the Bank has an obligation to pay corporate income tax of either the income tax at the rate of 20% of taxable income or the minimum tax at 1% of gross revenue, whichever is higher.

Minimum tax is calculated at the rate of 1% of the annual turnover inclusive of all taxes except VAT. It represents the minimum amount of tax that the Group and the Bank is obliged to pay. Should the annual tax on income exceed the minimum tax liability, no minimum tax will be payable. The minimum tax is payable even if the Company is in a tax loss situation.

The Bank has been awarded the Gold Certificate of Tax Compliance and the Certificate of Maintaining Proper Accounting Records for 2023 and 2024. As a result, Management determines that the Bank is exempt from the minimum tax for these fiscal years and is eligible to recognise prepayments of tax on income made during the year as tax credit carried forward.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

12. INCOME TAX (continued)

(c) Income tax benefit (continued)

The Bank incurred tax losses during the year. Tax losses incurred in any tax year can be carried forward to offset future taxable profits for a maximum period of five years, on a first-in-first-out basis, subject to the following conditions:

- The loss must be recorded in the Tax on Income return and submitted to General Department of Taxation ("GDT") on time;
- The business objective of the Bank must not be changed; and
- The Bank is not subject to a unilateral tax re-assessment.

As at 31 December 2024, the Bank had estimated unutilised tax losses with expiration as follows:

<u>Year of loss</u>	<u>Year of expiry</u>	<u>Tax loss amount</u>	<u>Utilised</u>	<u>Forfeited</u>	<u>Unutilised</u>
		<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
2023	2028	(61,770,559)	-	-	(61,770,559)
2024	2029	(231,882,769)	-	-	(231,882,769)
Total					<u>(293,653,328)</u>

A deferred tax asset has been recognised in respect of US\$139,728,545 (2023: US\$61,770,559) of such losses. No deferred tax asset has been recognised in respect of the remaining US\$153,924,783(2023: nil) as it is not considered probable that there will be future taxable profits available.

On 24 June 2024, the Bank voluntary amended on its annual tax on income for the tax year 2023 and resulted in reduction of unutilised tax loss for 2023 from US\$61,770,550 to US\$61,690,694 and impacts have been accounted together as unrecognised deferred tax assets arising from tax losses carried forward in 2024.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

13. OTHER ASSETS

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Deferred employee expenses	4,792,995	19,291,805	6,866,401	28,049,248
Deposits for leases	1,056,911	4,254,067	1,827,784	7,466,498
Prepaid maintenance services	780,033	3,139,633	910,615	3,719,862
Deposits to Visa Company	554,386	2,231,404	523,798	2,139,715
Receivables from Visa Company	117,292	472,100	111,021	453,521
Amounts due from related parties	183,954	740,415	-	-
Other receivables	5,234,899	21,070,468	5,343,173	21,826,861
	<u>12,720,470</u>	<u>51,199,892</u>	<u>15,582,792</u>	<u>63,655,705</u>
Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Deferred employee expense	4,792,995	19,291,805	6,866,401	28,049,248
Deposits for leases	1,102,130	4,436,073	1,870,048	7,639,146
Prepaid maintenance services	780,033	3,139,633	910,615	3,719,862
Deposits to Visa Company	554,386	2,231,404	523,798	2,139,715
Receivables from Visa Company	117,292	472,100	111,021	453,521
Amounts due from related parties	183,952	740,407	-	-
Other receivables	5,235,409	21,072,519	5,343,683	21,828,944
	<u>12,766,197</u>	<u>51,383,941</u>	<u>15,625,566</u>	<u>63,830,436</u>

14. DEPOSITS FROM CUSTOMERS AND FINANCIAL INSTITUTIONS

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
At amortised cost				
Current deposits	5,995,437	24,131,634	4,430,073	18,096,848
Savings deposits	251,378,123	1,011,796,945	189,367,603	773,566,658
Term deposits	790,554,593	3,181,982,237	981,779,021	4,010,567,301
	<u>1,047,928,153</u>	<u>4,217,910,816</u>	<u>1,175,576,697</u>	<u>4,802,230,807</u>
Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
At amortised cost				
Current deposits	5,995,437	24,131,633	4,430,073	18,096,848
Savings deposits	251,435,868	1,012,029,369	189,402,664	773,709,883
Term deposits	791,141,631	3,184,345,065	982,373,355	4,012,995,155
	<u>1,048,572,936</u>	<u>4,220,506,067</u>	<u>1,176,206,092</u>	<u>4,804,801,886</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

15. DEBT SECURITIES ISSUED

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Debt securities issued at amortised cost	83,504,856	336,107,045	83,478,131	341,008,165

On 12 October 2022, the Bank issued corporate bonds in Thailand in an aggregate principal amount of THB 1,500,000,000. The bonds have a tenor of 3 years with a coupon rate of 4.70% per annum. The bonds will mature on 12 October 2025.

On 24 January 2023, the Bank issued additional corporate bonds in Thailand in an aggregated principle amount of THB 1,300,000,000. The bonds have a tenor of 3 years with a coupon rate of 4.70% per annum. The bonds will mature on 24 January 2026.

16. BORROWINGS

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
At amortised cost				
Floating rate	-	-	36,497,954	149,094,142
Fixed rate	174,124,864	700,852,578	359,195,671	1,467,314,316
	174,124,864	700,852,578	395,693,625	1,616,408,458

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
At amortised cost				
Floating rate	-	-	36,497,954	149,094,142
Fixed rate	144,624,145	582,112,184	329,694,952	1,346,803,879
	144,624,145	582,112,184	366,192,906	1,495,898,021

The borrowings from a related party and other lenders bear interest rates ranging from 0% to 12.43% (2023: 0% to 12.62%) per annum.

Some of the Bank's borrowing agreements are subject to covenant clauses, whereby the Bank is required to meet certain key financial ratios. As at 31 December 2024, the Bank did not fulfil certain financial ratios as required in the contract for the drawn-down amount of US\$128,731,343. The Bank has successfully obtained waiver letters from some of the lenders and are currently in the process of securing approval from the remaining lenders.

Due to the breach of the covenant clauses, lenders are contractually entitled to request for immediate repayment of the outstanding borrowings. The outstanding balances for those breaches are presented as current liabilities as at 31 December 2024.

The lenders had not requested early repayment of the borrowings as of the report date.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

17. SUBORDINATED DEBTS

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
At amortised cost				
Floating rate	42,077,446	169,361,720	41,932,659	171,294,912
Fixed rate	20,360,723	81,951,910	30,814,668	125,877,919
	<u>62,438,169</u>	<u>251,313,630</u>	<u>72,747,327</u>	<u>297,172,831</u>

During the year, subordinated debts amounting to US\$9,000,000 and US\$1,000,000 were repaid to the lender with approval from the NBC on 03 June 2024 and 25 November 2024, respectively.

Two of the Bank's subordinated debt agreements are subject to covenant clauses, whereby the Bank is required to meet certain key financial ratios. As at 31 December 2024, the Bank did not fulfil certain financial ratios as required in the contract for the drawn-down amount of US\$38,000,000. The Bank has successfully obtained waiver letters from some of the lenders and are currently in the process of securing approval from the remaining lenders.

Due to the breach of the covenant clauses, lenders are contractually entitled to request for immediate repayment of the outstanding debts. The outstanding balances for those breaches are presented as current liabilities as at 31 December 2024.

The lenders had not requested early repayment of the borrowings as of the report date.

18. DERIVATIVES HELD FOR RISK MANAGEMENT

Group and Bank		31 December 2024		31 December 2023	
		US\$	KHR'000	US\$	KHR'000
Derivative assets					
Interest rate swap designated in cash flow hedges – Note 38	A	9,705,563	39,064,891	12,771,870	52,173,089
Cross currency swap designated in cash flow hedges – Note 38	B	4,469,366	17,989,198	4,571,316	18,673,826
		<u>14,174,929</u>	<u>57,054,089</u>	<u>17,343,186</u>	<u>70,846,915</u>
Derivative liabilities					
Foreign currency contracts	C	1,086,540	4,373,323	436,450	1,782,898
Cross currency swap designated in cash flow hedges – Note 38	B	1,558,664	6,273,623	1,651,030	6,744,458
		<u>2,645,204</u>	<u>10,646,946</u>	<u>2,087,480</u>	<u>8,527,356</u>

The Group and the Bank use the above derivatives to manage its exposure to foreign currency and interest rate risk. The instruments used principally include interest rate swaps, cross currency swap, foreign currency forward and foreign exchange swaps.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

18. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

A. Cash flow hedges of interest rate risk

Interest rate designated in cash flow hedges was applied since 1 January 2020. The designated hedged exposure is the Bank's US\$ deposits portfolio and the Bank's borrowing with floating interest rate. The amount is exactly matched notional amount of the hedging instrument and this results in a hedge ratio of 1:1 or 100%. The hedge ratio is consistent with the strategy to hedge the total exposure arising from refinancing of deposits and floating rate borrowing. Cash flows hedge reserves amounting to US\$2,272,576 (2023: US\$7,142,265) and its related deferred tax assets amounting US\$454,515 (2023: US\$1,428,453) were recognised in OCI.

The Group and the Bank use a pay fixed, receive floating interest rate swap to hedge against interest rate risk exposure arising from group of existing and forecasted US\$ deposits and from borrowing with floating interest rate from lender. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

The Group's and the Bank's approach to managing market risk, including interest rate risk and foreign exchange risk is discussed in Note 39.3.

The Group and the Bank determine whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. The Group and the Bank consider the hedged item creates exposure to changes in the USDSOFR market rate. The value of hedged item apparently moves in the opposite direction to the hedging instrument which the Group and the Bank receive USDSOFR3M and USDSOFR6M and pay fixed rate. As a result, an economic relationship exists.

The Group and the Bank assess hedge effectiveness using cumulative dollar offset method, which compares changes in the fair value of the hedging instrument to changes in the fair value of a hypothetical derivative.

In the hedging relationship, the main sources of ineffectiveness are:

- Insufficient exposure of hedged item in terms of balanced matured and balance of new accounts. The Group and the Bank will monitor on a quarterly basis for fixed deposit and a monthly basis for CASA to ensure that exposure will cover the designated notional amount of hedging instrument. In case of insufficiency, The Group and the Bank will recognise ineffectiveness to P&L and consider re-balancing.
- A significant change in the credit risk or either party of the hedging relationship.
- Different conventions, i.e. holiday or payment date.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

18. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

A. Cash flow hedges of interest rate risk (continued)

The amounts relating to items designated as hedged items at 31 December 2024 were as follows:

Group and Bank	Carrying amounts		Line item in the statement of financial position where the hedging instrument is included	Change in fair value of hedged item for ineffectiveness assessment	Cash flow hedge reserve	
	Assets	Liabilities			Continued hedges	Discontinued hedges
Interest rate risk						
Group and Bank of USD time-deposits (in US\$)	-	150,000,000	Deposits from customers and financial institutions	(507,231)	(7,448,318)	-
Group and Bank of borrowing (in US\$)	-	32,000,000	Borrowing	2,103,185	(1,553,203)	-
Total as of 31 December 2024	<u>-</u>	<u>182,000,000</u>		<u>1,595,954</u>	<u>(9,001,521)</u>	<u>-</u>
In KHR'000 equivalents	<u>-</u>	<u>732,550,000</u>		<u>6,423,715</u>	<u>(36,231,122)</u>	<u>-</u>

The following table sets out the maturity profile and average price of the hedging instruments used in hedging activities:

Group and Bank	Maturity		
	Less than 1 year	1 – 5 years	More than 5 years
	US\$	US\$	US\$
Interest rate risk - Interest rate swap			
Notional amount	-	-	182,000,000
In KHR'000 equivalents	<u>-</u>	<u>-</u>	<u>732,550,000</u>
Average fixed interest rate	<u>-</u>	<u>-</u>	<u>1.51%</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

18. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

A. Cash flow hedges of interest rate risk (continued)

The amounts relating to items designated as hedged items at 31 December 2023 were as follows:

Group and Bank	Carrying amounts		Line item in the statement of financial position where the hedging instrument is included	Change in fair value of hedged item for ineffectiveness assessment	Cash flow hedge reserve	
	Assets	Liabilities			Continued hedges	Discontinued hedges
Interest rate risk						
Group and Bank of USD time-deposits (in US\$)	-	150,000,000	Deposits from customers and financial institutions	(1,190,222)	(8,799,374)	-
Group and Bank of borrowing (in US\$)	-	75,000,000	Borrowing	3,985,986	(2,360,138)	-
Total as of 31 December 2023	-	225,000,000		2,795,764	(11,159,512)	-
In KHR'000 equivalents	-	919,125,000		11,420,696	(45,586,607)	-

The following table sets out the maturity profile and average price of the hedging instruments used in hedging activities:

Group and Bank	Maturity		
	Less than 1 year US\$	1 – 5 years US\$	More than 5 years US\$
Interest rate risk - Interest rate swap			
Notional amount	-	35,000,000	190,000,000
In KHR'000 equivalents	-	142,975,000	776,150,000
Average fixed interest rate	-	1.94%/0.895%	1.51%

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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18. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

A. Cash flow hedges of interest rate risk (continued)

The following table contains detail of the hedging instruments used in the hedging activities:

Group and Bank	Notional	Carrying Amount		Line item in the statement of financial position where the hedging instrument is included	Hedge ratio	Change in fair value used for calculating hedge ineffectiveness
	Amount	Assets	Liabilities			US\$
	US\$	US\$	US\$			US\$
Interest rate risk						
Interest rate swap	80,000,000	3,611,868	-	Derivatives held for risk management	1:1	4,708,530
Interest rate swap	20,000,000	1,445,379	-			1,446,050
Interest rate swap	12,000,000	667,999	-			668,269
Interest rate swap	10,000,000	1,219,892	-			1,222,438
Interest rate swap	60,000,000	2,760,425	-			2,761,116
Cross-currency swap	82,594,859	4,469,366	(1,558,664)			4,471,345
Total as of 31 December 2024	264,594,859	14,174,929	(1,558,664)			15,277,747
In KHR'000 equivalents	1,064,994,307	57,054,089	(6,273,623)			61,492,932

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

18. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

A. Cash flow hedges of interest rate risk (continued)

The following table contains detail of the hedging instruments used in the hedging activities:

Group and Bank	Notional	Carrying Amount		Line item in the statement of financial position where the hedging instrument is included	Hedge ratio	Change in fair value used for calculating hedge ineffectiveness
	Amount	Assets	Liabilities			US\$
	US\$	US\$	US\$			US\$
Interest rate risk						
Interest rate swap	80,000,000	4,520,582	-	Derivatives held for risk management	1:1	5,617,854
Interest rate swap	35,000,000	1,214,305	-			1,214,359
Interest rate swap	25,000,000	1,952,920	-			1,953,884
Interest rate swap	15,000,000	876,795	-			877,159
Interest rate swap	10,000,000	932,342	-			934,652
Interest rate swap	60,000,000	3,274,926	-			3,276,578
Cross-currency swap	82,594,859	4,571,316	(1,651,030)			4,574,890
Total as of 31 December 2023	307,594,859	17,343,186	(1,651,030)			18,449,376
In KHR'000 equivalents	1,256,524,999	70,846,915	(6,744,458)			75,365,701

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

18. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

A. Cash flow hedges of interest rate risk (continued)

The following table contains information regarding the effectiveness of the hedging relationships as well as impacts on profit or loss and other comprehensive income.

Group and Bank	Gain/(loss) recognised in OCI	Hedge ineffectiveness recognised in PL	PL line item that includes hedge ineffectiveness	Amounts reclassified from reserves to PL as		PL line item that includes reclassified amount
				Hedge cash flows will no longer occur	Hedged item affected PL	
				US\$	US\$	
Interest rate risk						
Interest rate swap	(3,153,561)	85,477		-	995,570	
Cross-currency swap	(277,097)	264,261	Net gains/(losses) from other financial instruments at FVTPL	-	162,512	
Total as of 31 December 2024	(3,430,658)	349,738		-	1,158,082	Interest expense
In KHR'000 equivalents	(13,966,209)	1,423,784		-	4,714,552	
Interest rate risk						
Interest rate swap	(5,363,584)	1,100,194		-	1,721,335	
Cross-currency swap	(716,300)	437,698	Net gains/(losses) from other financial instruments at FVTPL	-	(658,954)	
Total as of 31 December 2023	(6,079,884)	1,537,892		-	1,062,381	Interest expense
In KHR'000 equivalents	(24,988,323)	6,320,734		-	4,366,386	

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

18. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

B. Cross currency swap

The following table sets out the maturity profile and average price of the hedging instruments used in hedging activities:

Group and Bank	Maturity 2024		
	Less than 1 year	1 – 5 years	More than 5 years
	US\$	US\$	US\$
Interest rate and foreign exchange			
<i>Cross-currency swaps</i>			
Notional amount	-	82,434,783	-
In KHR'000 equivalents	-	331,800,002	-
Average USD/THB exchange rate	-	33.15-37.95	-
Average fixed interest rate	-	7.22%-7.30%	-
Group and Bank	Maturity 2023		
	Less than 1 year	1 – 5 years	More than 5 years
	US\$	US\$	US\$
Interest rate and foreign exchange			
<i>Cross-currency swaps</i>			
Notional amount	-	82,594,859	-
In KHR'000 equivalents	-	337,399,999	-
Average USD/THB exchange rate	-	33.15-37.95	-
Average fixed interest rate	-	7.22%-7.30%	-

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

18. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

C. Foreign currency contracts

Foreign exchange forward

As at 31 December 2024, the Group and the Bank have an outstanding foreign exchange forward contract with Maybank (Cambodia) Plc for a notional amount of US\$13.5 million with THB, effective from 29 May 2024 to 28 February 2025 (As at 31 December 2023: an outstanding foreign exchange forward contract for a notional amount of US\$10 million with THB).

See further information in Note 38 (a) and Note 39.3.2.

19. LEASE LIABILITIES

Maturity analysis:

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Not later than 1 year	3,228,667	12,995,385	3,949,490	16,133,667
Later than 1 year and not later than 5 years	7,044,745	28,355,099	8,343,490	34,083,157
Later than 5 years	1,848,277	7,439,315	1,822,548	7,445,108
	12,121,689	48,789,799	14,115,528	57,661,932
Less: unearned interest	(1,774,972)	(7,144,263)	(2,069,110)	(8,452,314)
	<u>10,346,717</u>	<u>41,645,536</u>	<u>12,046,418</u>	<u>49,209,618</u>
Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Not later than 1 year	3,926,227	15,803,063	4,647,051	18,983,203
Later than 1 year and not later than 5 years	9,978,572	40,163,752	11,218,024	45,825,628
Later than 5 years	35,184,741	141,618,582	35,915,865	146,716,309
	49,089,540	197,585,397	51,780,940	211,525,140
Less: unearned interest	(27,708,889)	(111,528,277)	(28,825,442)	(117,751,931)
	<u>21,380,651</u>	<u>86,057,120</u>	<u>22,955,498</u>	<u>93,773,209</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

19. LEASE LIABILITIES (continued)

Analysed as:

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Current	2,657,530	10,696,558	3,241,069	13,239,767
Non-current	7,689,187	30,948,978	8,805,349	35,969,851
	<u>10,346,717</u>	<u>41,645,536</u>	<u>12,046,418</u>	<u>49,209,618</u>
Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Current	2,522,983	10,155,007	3,116,215	12,729,738
Non-current	18,857,668	75,902,113	19,839,283	81,043,471
	<u>21,380,651</u>	<u>86,057,120</u>	<u>22,955,498</u>	<u>93,773,209</u>

20. PROVISIONS

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Impairment loss allowance on loan commitments	842	3,389	11,193	45,723

21. FINANCIAL GUARANTEE LIABILITIES ISSUED

On 4 September 2020, the Bank's subsidiary, HATTHA SERVICES CO., LTD., borrowed US\$29,450,000 from CIMB Bank. This bank loan has a maturity of 10 years. The Bank guaranteed this bank loan, and in the event of default by its subsidiary, the Bank will have to pay CIMB Bank. The maximum Bank exposure is US\$29,450,000 and the given guarantee covers the time until maturity of underlying bank loan.

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Financial guarantee liabilities issued	2,287,835	9,208,536	2,599,868	10,620,461

22. OTHER LIABILITIES

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Retention bonus	7,404,483	29,803,044	7,121,202	29,090,110
Creditors and accruals	932,210	3,752,145	4,393,125	17,945,916
Amounts due to related party	291,386	1,172,829	193,127	788,924
Short-term employee benefits	966,498	3,890,154	170,472	696,378
Others	2,738,776	11,023,574	4,206,010	17,181,550
	<u>12,333,353</u>	<u>49,641,746</u>	<u>16,083,936</u>	<u>65,702,878</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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22. OTHER LIABILITIES (continued)

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Retention bonus	7,404,483	29,803,044	7,121,157	29,089,926
Creditors and accruals	927,910	3,734,838	4,388,803	17,928,260
Amounts due to related party	291,386	1,172,829	193,127	788,924
Short-term employee benefits	966,498	3,890,154	169,968	694,319
Others	2,733,468	11,002,209	4,200,625	17,159,555
	<u>12,323,745</u>	<u>49,603,074</u>	<u>16,073,680</u>	<u>65,660,984</u>

Others include deferred income, other tax payable, and other retention to constructors.

23. SHARE CAPITAL

Group and Bank	Number of share capital	
	2024	2023
At 1 January	140,000,000	140,000,000
Additional share capital issued during the year	-	-
At 31 December	<u>140,000,000</u>	<u>140,000,000</u>

	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Registered, issued and fully paid ordinary share of US\$1 each	<u>140,000,000</u>	<u>563,500,000</u>	<u>140,000,000</u>	<u>571,900,000</u>

24. RESERVES

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Legal reserves	682,459	2,746,898	682,459	2,787,845
Regulatory reserves	65,872,609	265,137,251	1,685,705	6,886,105
Other reserves*	-	-	19,104,569	78,042,164
Cash flow hedge reserves	6,094,234	24,529,292	7,912,295	32,321,725
Currency translation differences	-	11,349,899	-	6,687,341
	<u>72,649,302</u>	<u>303,763,340</u>	<u>29,385,028</u>	<u>126,725,180</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****24. RESERVES (continued)**

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Legal reserves	682,459	2,746,898	682,459	2,787,845
Regulatory reserves	65,872,609	265,137,251	1,685,705	6,886,105
Other reserves*	-	-	19,104,569	78,042,164
Cash flow hedge reserve	6,094,234	24,529,292	7,912,295	32,321,725
Currency translation differences	-	11,300,514	-	6,652,637
	<u>72,649,302</u>	<u>303,713,955</u>	<u>29,385,028</u>	<u>126,690,476</u>

* As of 31 December 2023, the Bank recognised additional allowance for impairment loss on credit facilities on top of the regulatory provision set out in Prakas No. B7-017-344, hence the additional impairment loss was transferred from retained earnings to other reverses. On 20 December 2024, this amount was reversed following the approval by the Bank's Board of Directors.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

24. RESERVES (continued)

The movements of reserves are as follows:

Group	Legal reserves		Regulatory reserves		Other reserves		Cash flow hedge reserve		Currency translation differences	Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	KHR'000	US\$	KHR'000
1 January 2024	682,459	2,787,845	1,685,705	6,886,105	19,104,569	78,042,164	7,912,295	32,321,725	6,687,341	29,385,028	126,725,180
Other comprehensive income	-	-	-	-	-	-	(1,818,061)	(7,401,326)	3,613,840	(1,818,061)	(3,787,486)
Transfers from/(to) retained earnings	-	-	64,186,904	261,304,886	(19,104,569)	(77,774,700)	-	-	-	45,082,335	183,530,186
Currency translation differences	-	(40,947)	-	(3,053,740)	-	(267,464)	-	(391,107)	1,048,718	-	(2,704,540)
	-	(40,947)	64,186,904	258,251,146	(19,104,569)	(78,042,164)	-	(391,107)	1,048,718	45,082,335	180,825,646
31 December 2024	682,459	2,746,898	65,872,609	265,137,251	-	-	6,094,234	24,529,292	11,349,899	72,649,302	303,763,340

Bank	Legal reserves		Regulatory reserves		Other reserves		Cash flow hedge reserve		Currency translation differences	Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	KHR'000	US\$	KHR'000
1 January 2024	682,459	2,787,845	1,685,705	6,886,105	19,104,569	78,042,164	7,912,295	32,321,725	6,652,637	29,385,028	126,690,476
Other comprehensive income	-	-	-	-	-	-	(1,818,061)	(7,401,326)	4,647,877	(1,818,061)	(2,753,449)
Transfers from/(to) retained earnings	-	-	64,186,904	261,304,886	(19,104,569)	(77,774,700)	-	-	-	45,082,335	183,530,186
Transfers from retained earnings	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	(40,947)	-	(3,053,740)	-	(267,464)	-	(391,107)	-	-	(3,753,258)
	-	(40,947)	64,186,904	258,251,146	(19,104,569)	(78,042,164)	-	(391,107)	-	45,082,335	179,776,928
31 December 2024	682,459	2,746,898	65,872,609	265,137,251	-	-	6,094,234	24,529,292	11,300,514	72,649,302	303,713,955

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

24. RESERVES (continued)

Group	Legal reserves		Regulatory reserves		Other reserves		Cash flow hedge reserve		Currency translation differences	Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	KHR'000	US\$	KHR'000
1 January 2023	682,459	2,809,684	28,911,520	119,028,728	1,597,463	6,576,755	13,626,107	55,660,137	10,753,736	44,817,549	194,829,040
Other comprehensive income	-	-	-	-	-	-	(5,713,812)	(23,483,767)	(3,923,550)	(5,713,812)	(27,407,317)
Transfers to retained earnings	-	-	(27,225,815)	(111,898,100)	(1,597,463)	(6,565,573)	-	-	-	(28,823,278)	(118,463,673)
Transfers from retained earnings	-	-	-	-	19,104,569	78,519,779	-	-	-	19,104,569	78,519,779
Currency translation differences	-	(21,839)	-	(244,523)	-	(488,797)	-	145,355	(142,845)	-	(752,649)
	-	(21,839)	(27,225,815)	(112,142,623)	17,507,106	71,465,409	-	145,355	(142,845)	(9,718,709)	(40,696,543)
31 December 2023	682,459	2,787,845	1,685,705	6,886,105	19,104,569	78,042,164	7,912,295	32,321,725	6,687,341	29,385,028	126,725,180

Bank	Legal reserves		Regulatory reserves		Other reserves		Cash flow hedge reserve		Currency translation differences	Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	KHR'000	US\$	KHR'000
1 January 2023	682,459	2,809,684	28,911,520	119,028,728	1,597,463	6,576,755	13,626,107	55,660,137	10,722,965	44,817,549	194,798,269
Other comprehensive income	-	-	-	-	-	-	(5,713,812)	(23,483,767)	(4,070,328)	(5,713,812)	(27,554,095)
Transfers to retained earnings	-	-	(27,225,815)	(111,898,100)	(1,597,463)	(6,565,573)	-	-	-	(28,823,278)	(118,463,673)
Transfers from retained earnings	-	-	-	-	19,104,569	78,519,779	-	-	-	19,104,569	78,519,779
Currency translation differences	-	(21,839)	-	(244,523)	-	(488,797)	-	145,355	-	-	(609,804)
	-	(21,839)	(27,225,815)	(112,142,623)	17,507,106	71,465,409	-	145,355	-	(9,718,709)	(40,553,698)
31 December 2023	682,459	2,787,845	1,685,705	6,886,105	19,104,569	78,042,164	7,912,295	32,321,725	6,652,637	29,385,028	126,690,476

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

25. NON-DISTRIBUTABLE RESERVE

Non-distributable reserve is set up to strengthen Tier 1 capital and manage solvency ratio to be in compliance with NBC's requirements. The transfer from retained earnings to non-distributable reserves is subject to the approval of NBC. The reserve cannot be distributed without prior approval from the NBC.

On 2 May 2024, the NBC approved the Group and the Bank to transfer retained earnings to non-distributable reserve amounting to US\$30,000,000 (2023: US\$10,000,000, approved by the NBC on 23 February 2023).

Group and Bank	2024		2023	
	US\$	KHR'000	US\$	KHR'000
1 January	80,000,000	326,800,000	70,000,000	288,190,000
Transfers from retained earnings	30,000,000	122,130,000	10,000,000	41,100,000
Currency translation differences	-	(6,180,000)	-	(2,490,000)
31 December	110,000,000	442,750,000	80,000,000	326,800,000

26. NET INTEREST INCOME

Group	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Interest income				
Loans to customers	162,968,456	663,444,584	249,467,726	1,025,312,354
Balances with other banks	8,505,989	34,627,881	1,534,876	6,308,340
Investment securities at amortised cost	825,000	3,358,575	827,292	3,400,170
Refundable deposit	129,296	526,364	344,201	1,414,666
Balances with the NBC	236,642	963,370	281,890	1,158,568
	172,665,383	702,920,774	252,455,985	1,037,594,098
Interest expense				
Deposits from customers and financial institutions	73,757,918	300,268,484	75,050,564	308,457,818
Borrowings	15,987,591	65,085,484	31,983,613	131,452,649
Subordinated debts	6,022,619	24,518,082	6,287,978	25,843,590
Debt securities issued	6,555,936	26,689,215	5,776,395	23,740,983
Lease liabilities (Note 10)	568,410	2,313,997	831,969	3,419,393
	102,892,474	418,875,262	119,930,519	492,914,433
Net interest income	69,772,909	284,045,512	132,525,466	544,679,665

HATTHA BANK PLC. AND ITS SUBSIDIARY

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26. NET INTEREST INCOME (continued)

Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Interest income				
Loans to customers	162,968,456	663,444,584	249,467,726	1,025,312,354
Balances with other banks	8,505,989	34,627,881	1,534,876	6,308,340
Investment securities at amortised cost	825,000	3,358,575	827,292	3,400,170
Refundable deposit	132,252	538,398	352,893	1,450,390
Balances with the NBC	236,642	963,370	281,890	1,158,568
	<u>172,668,339</u>	<u>702,932,808</u>	<u>252,464,677</u>	<u>1,037,629,822</u>
Interest expense				
Deposits from customers and financial institutions	73,799,299	300,436,946	75,093,609	308,634,733
Borrowings	15,388,775	62,647,703	31,386,432	128,998,236
Subordinated debts	6,022,619	24,518,082	6,287,978	25,843,590
Debt securities issued	6,555,936	26,689,215	5,776,395	23,740,983
Lease liabilities (Note10)	1,390,825	5,662,049	1,644,914	6,760,596
	<u>103,157,454</u>	<u>419,953,995</u>	<u>120,189,328</u>	<u>493,978,138</u>
Net interest income	<u>69,510,885</u>	<u>282,978,813</u>	<u>132,275,349</u>	<u>543,651,684</u>

27. NET FEE AND COMMISSION INCOME

Group	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Fee and commission income				
Other fees and commissions on loans	2,089,808	8,507,608	3,453,316	14,193,129
Referral fees	254,674	1,036,778	1,492,298	6,133,345
Service charges on deposit accounts	309,830	1,261,318	470,169	1,932,395
Remittance fees	7,246	29,498	29,553	121,463
Visa card	36,667	149,271	5,376	22,095
Other fee income	255,387	1,039,681	183,799	755,413
	<u>2,953,612</u>	<u>12,024,154</u>	<u>5,634,511</u>	<u>23,157,840</u>
Fee and commission expense				
Borrowing fees	6,002,897	24,437,794	1,884,153	7,743,869
Bank charges	475,863	1,937,238	513,773	2,111,607
Visa card	174,604	710,813	244,266	1,003,933
Subordinated debts fees	40,836	166,243	46,010	189,101
Debt securities fees	60,248	245,270	28,269	116,186
Referral fees	-	-	5,290	21,742
	<u>6,754,448</u>	<u>27,497,358</u>	<u>2,721,761</u>	<u>11,186,438</u>
Net fee and commission (expense)/ income	<u>(3,800,836)</u>	<u>(15,473,204)</u>	<u>2,912,750</u>	<u>11,971,402</u>

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27. NET FEE AND COMMISSION INCOME (continued)

Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Fee and commission income				
Other fees and commissions on loans	2,089,808	8,507,608	3,453,316	14,193,129
Referral fees	254,674	1,036,778	1,492,298	6,133,345
Service charges on deposit accounts	309,830	1,261,318	470,169	1,932,395
Remittance fees	7,246	29,498	29,553	121,463
Visa card	36,667	149,271	5,376	22,095
Other fee income	567,421	2,309,972	476,364	1,957,855
	<u>3,265,646</u>	<u>13,294,445</u>	<u>5,927,076</u>	<u>24,360,282</u>
Fee and commission expense				
Borrowing fees	6,002,897	24,437,794	1,884,153	7,743,869
Bank charges	475,863	1,937,238	513,773	2,111,607
Visa card	174,604	710,813	244,266	1,003,933
Subordinated debts fees	40,836	166,243	46,010	189,101
Debt securities fees	60,248	245,270	28,269	116,186
Referral fees	-	-	5,290	21,742
	<u>6,754,448</u>	<u>27,497,358</u>	<u>2,721,761</u>	<u>11,186,438</u>
Net fee and commission (expense)/ income	<u>(3,488,802)</u>	<u>(14,202,913)</u>	<u>3,205,315</u>	<u>13,173,844</u>

28. NET (LOSSES)/GAINS FROM OTHER FINANCIAL INSTRUMENTS AT FVTPL

Group and Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Interest rate	87,255	355,214	1,094,062	4,496,594
Foreign exchange	(650,090)	(2,646,516)	1,293,633	5,316,832
Currency swap	275,180	1,120,258	430,136	1,767,859
	<u>(287,655)</u>	<u>(1,171,044)</u>	<u>2,817,831</u>	<u>11,581,285</u>

29. OTHER LOSSES – NET

Group	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loss on modification of financial assets	(6,357,355)	(25,880,793)	-	-
Foreign exchange	(1,226,349)	(4,992,467)	(1,499,238)	(6,161,868)
Dividend on investment securities measured at FVOCI (Note 8)	38,543	156,909	53,928	221,644
Other income	211,969	862,926	506,300	2,080,893
	<u>(7,333,192)</u>	<u>(29,853,425)</u>	<u>(939,010)</u>	<u>(3,859,331)</u>

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29. OTHER LOSSES – NET (continued)

Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loss on modification of financial assets	(6,357,355)	(25,880,793)	-	-
Foreign exchange	(1,225,535)	(4,989,153)	(1,498,134)	(6,157,331)
Dividend on investment securities measured at FVOCI (Note 8)	38,543	156,909	53,928	221,644
Other income	266,621	1,085,414	555,094	2,281,437
	<u>(7,277,726)</u>	<u>(29,627,623)</u>	<u>(889,112)</u>	<u>(3,654,250)</u>

30. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

Group and Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loans to customers	161,105,064	655,858,716	124,638,725	512,265,160
Balances with other banks	264,609	1,077,222	(7,230)	(29,715)
Loan commitments	(10,359)	(42,171)	7,110	29,222
	<u>161,359,314</u>	<u>656,893,767</u>	<u>124,638,605</u>	<u>512,264,667</u>

31. PERSONNEL EXPENSES

Group	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Salaries and bonuses	31,813,284	129,511,879	35,916,438	147,616,560
Other personnel expenses	4,194,480	17,075,728	4,624,201	19,005,466
Seniority payments	1,448,036	5,894,955	2,071,656	8,514,507
Retention bonus	1,303,055	5,304,737	1,304,088	5,359,801
	<u>38,758,855</u>	<u>157,787,299</u>	<u>43,916,383</u>	<u>180,496,334</u>

Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Salaries and bonuses	31,813,109	129,511,167	35,912,280	147,599,471
Seniority payments	1,448,036	5,894,955	2,071,451	8,513,664
Retention bonus	1,303,101	5,304,924	1,304,066	5,359,711
Other personnel expenses	4,194,410	17,075,443	4,623,809	19,003,855
	<u>38,758,656</u>	<u>157,786,489</u>	<u>43,911,606</u>	<u>180,476,701</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

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32. DEPRECIATION, AMORTISATION AND IMPAIRMENT

Group	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Right-of-use assets	3,328,852	13,551,756	3,709,589	15,246,412
Property and equipment	2,594,955	10,564,062	2,579,358	10,601,161
Intangible assets	1,024,735	4,171,696	919,894	3,780,764
Impairment loss on freehold land	-	-	1,457,380	5,989,831
	<u>6,948,542</u>	<u>28,287,514</u>	<u>8,666,221</u>	<u>35,618,168</u>

Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Right-of-use assets	3,601,932	14,663,465	4,010,692	16,483,944
Property and equipment	2,594,955	10,564,062	2,579,300	10,600,923
Intangible assets	1,024,735	4,171,696	919,894	3,780,764
	<u>7,221,622</u>	<u>29,399,223</u>	<u>7,509,886</u>	<u>30,865,631</u>

33. OTHER EXPENSES

Group	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Travelling and transportation	2,616,346	10,651,145	2,764,852	11,363,542
Repairs and maintenance	2,589,299	10,541,036	2,360,274	9,700,726
License fee, patent and other taxes	1,989,110	8,097,667	2,318,205	9,527,823
Professional services	1,316,895	5,361,080	650,319	2,672,811
Utilities	1,152,938	4,693,611	1,012,113	4,159,784
Communication	1,087,811	4,428,479	1,202,362	4,941,708
Security	894,954	3,643,358	917,744	3,771,928
Leases of low-value assets and short-term leases	735,443	2,993,988	606,971	2,494,651
Marketing and advertising	714,326	2,908,021	867,625	3,565,939
Office supplies and non-capitalised purchases	436,899	1,778,616	515,386	2,118,236
Board fees and meetings	101,918	414,908	117,393	482,485
Others	770,429	3,136,415	761,500	3,129,765
	<u>14,406,368</u>	<u>58,648,324</u>	<u>14,094,744</u>	<u>57,929,398</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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33. OTHER EXPENSES (continued)

Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Travelling and transportation	2,616,346	10,651,145	2,764,852	11,363,542
Repairs and maintenance	2,589,299	10,541,036	2,360,274	9,700,726
License fee, patent and other taxes	1,988,812	8,096,454	2,317,911	9,526,614
Professional services	1,311,275	5,338,201	645,319	2,652,261
Utilities	1,152,938	4,693,611	1,012,113	4,159,784
Communication	1,087,811	4,428,479	1,202,362	4,941,708
Security	894,954	3,643,358	917,744	3,771,928
Leases of low-value assets and short-term leases	735,443	2,993,988	606,971	2,494,651
Marketing and advertising	714,326	2,908,021	867,625	3,565,939
Office supplies and non-capitalised purchases	436,899	1,778,616	515,386	2,118,236
Board fees and meetings	101,918	414,908	117,393	482,485
Others	769,630	3,133,162	761,280	3,128,861
	<u>14,399,651</u>	<u>58,620,979</u>	<u>14,089,230</u>	<u>57,906,735</u>

34. ADDITIONAL INFORMATION FOR STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise:

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	39,558,663	159,223,619	88,657,814	362,167,170
Balances with the NBC	292,119,804	1,175,782,211	279,560,427	1,142,004,344
Balances with other banks	47,029,563	189,293,991	9,289,156	37,946,203
	<u>378,708,030</u>	<u>1,524,299,821</u>	<u>377,507,397</u>	<u>1,542,117,717</u>

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	39,558,663	159,223,619	88,657,814	362,167,170
Balances with the NBC	292,119,804	1,175,782,211	279,560,427	1,142,004,344
Balances with other banks	46,978,302	189,087,665	9,237,884	37,736,757
	<u>378,656,769</u>	<u>1,524,093,495</u>	<u>377,456,125</u>	<u>1,541,908,271</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

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34. ADDITIONAL INFORMATION FOR STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

Group	At the beginning of the year	Proceeds from issuance	Repayments	Other changes (*)	Currency translation differences	At the end of the year
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2024						
Debt securities issued	83,478,131	-	-	26,725	-	83,504,856
Borrowings	395,693,625	2,981,366	(224,421,419)	(128,708)	-	174,124,864
Subordinated debts	72,747,327	-	(10,000,000)	(309,158)	-	62,438,169
Lease liabilities	12,046,418	-	(3,994,959)	2,295,258	-	10,346,717
Total	<u>563,965,501</u>	<u>2,981,366</u>	<u>(238,416,378)</u>	<u>1,884,117</u>	<u>-</u>	<u>330,414,606</u>
In KHR'000 equivalents	<u>2,303,799,072</u>	<u>12,137,141</u>	<u>(970,593,075)</u>	<u>7,670,240</u>	<u>23,094,589</u>	<u>1,329,918,789</u>
Bank						
Bank	At the beginning of the year	Proceeds from issuance	Repayments	Other Changes (*)	Currency translation differences	At the end of the year
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2024						
Debt securities issued	83,478,131	-	-	26,725	-	83,504,856
Borrowings	366,192,906	2,981,366	(224,421,419)	(128,708)	-	144,624,145
Subordinated debts	72,747,327	-	(10,000,000)	(309,158)	-	62,438,169
Lease liabilities	22,955,498	-	(4,692,520)	3,117,673	-	21,380,651
Total	<u>545,373,862</u>	<u>2,981,366</u>	<u>(239,113,939)</u>	<u>2,706,532</u>	<u>-</u>	<u>311,947,821</u>
In KHR'000 equivalents	<u>2,227,852,226</u>	<u>12,137,141</u>	<u>(973,432,846)</u>	<u>11,018,291</u>	<u>(21,984,833)</u>	<u>1,255,589,979</u>

(*) other changes include non-cash movements such as interest accruals.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

34. ADDITIONAL INFORMATION FOR STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

Group	At the beginning of the year	Proceeds from issuance	Repayments	Other changes (*)	Currency translation differences	At the end of the year
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2023						
Debt securities issued	43,726,699	38,347,613	-	1,403,819	-	83,478,131
Borrowings	609,270,408	34,338,651	(249,237,973)	1,322,539	-	395,693,625
Subordinated debts	74,012,302	-	(2,000,000)	735,025	-	72,747,327
Lease liabilities	12,286,830	-	(4,178,812)	3,938,400	-	12,046,418
Total	739,296,239	72,686,264	(255,416,785)	7,399,783	-	563,965,501
In KHR'000 equivalents	3,043,682,616	298,740,545	(1,049,762,986)	30,413,108	(19,274,211)	2,303,799,072
Bank						
	At the beginning of the year	Proceeds from issuance	Repayments	Other changes (*)	Currency translation differences	At the end of the year
	US\$	US\$	US\$	US\$	US\$	US\$
At 31 December 2023						
Debt securities issued	43,726,699	38,347,613	-	1,403,819	-	83,478,131
Borrowings	579,769,689	34,338,651	(249,237,973)	1,322,539	-	366,192,906
Subordinated debts	74,012,302	-	(2,000,000)	735,025	-	72,747,327
Lease liabilities	23,061,149	-	(4,856,997)	4,751,346	-	22,955,498
Total	720,569,839	72,686,264	(256,094,970)	8,212,729	-	545,373,862
In KHR'000 equivalents	2,966,586,027	298,740,545	(1,052,550,327)	33,754,316	(18,678,335)	2,227,852,226

(*) other changes include non-cash movements such as interest accruals.

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35. RELATED PARTIES (continued)

(c) Loans to key management and interest income

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loans outstanding to key management	316,797	1,275,108	314,619	1,285,219

Loans are provided to key management of the Group and the Bank with interest rates ranging from 7% to 8% per annum (2023: 7% to 8% per annum).

Group and Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Interest income from key management	27,596	112,343	27,627	113,547

(d) Deposits from and interest expense to key management

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Deposits from key management	1,645,685	6,623,882	4,400,627	17,976,561

Deposits from key management of the Group and the Bank bear interest rates ranging from 0% to 9% per annum (2023: 0% to 9.25% per annum) depending on the terms and currency of the deposits.

Group and Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Interest expense to key management	113,008	460,056	270,709	1,112,614

(e) Deposits from and interest expense to Directors

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Deposits from of Directors	221,521	891,622	158,533	647,607

Deposits from the Board of Directors of the Group and the Bank bear interest rates ranging from 0% to 9% per annum (2023: from 0% to 8.3% per annum) depending on the terms and currency of deposits.

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**NOTES TO THE FINANCIAL STATEMENTS
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35. RELATED PARTIES (continued)

(e) Deposits from and interest expense to Directors (continued)

Group and Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Interest expense to the Directors	13,840	56,343	15,519	63,783

(f) Office rental from key management

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Right-of-use assets	-	-	178,529	729,291
Lease liabilities	-	-	216,554	884,623

	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Interest expense	1,983	8,073	18,946	77,868
Depreciation	14,218	57,881	74,326	305,480
Lease payment	12,667	51,567	92,133	378,667

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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35. RELATED PARTIES (continued)

(g) Transactions and balances with related parties

(i) Transactions with related parties

Group and Bank	Year ended 31 December 2024		Year ended 31 December 2023	
	US\$	KHR'000	US\$	KHR'000
<i>Shareholder</i>				
Repayment of borrowings from Krungsri	-	-	55,000,000	226,050,000
Net gain from other financial instruments at FVTPL	362,435	1,475,472	1,524,198	6,264,453
Interest and fee expenses on borrowings and subordinated debts	6,981,553	28,421,902	3,479,917	14,302,459
Other comprehensive income of cash flow hedge	(2,272,576)	(9,251,657)	(7,142,265)	(29,354,709)
Realised exchange losses	(160,077)	(651,673)	(585,819)	(2,407,716)
Bond fees	4,122	16,781	195,868	805,017
Other expenses	27,549	112,152	79,453	326,552
Money transfer fee income	-	-	-	-
<i>Subsidiary</i>				
Interest expense on land lease	41,381	168,462	43,045	176,915
Depreciation on right-of-use of land	261,438	1,064,314	261,438	1,074,510
Lease payment	697,561	2,839,771	678,184	2,787,336
Management fees	54,652	222,488	48,793	200,539
Other non interest expense	1,658	6,750	1,144	4,702
<i>Other related parties</i>				
Interest expense on borrowings	616,383	2,509,295	614,699	2,526,413
Secundee expense with MUFG	188,374	766,871	179,651	738,366
Interest expense on deposits	711,768	2,897,608	6,071,645	24,954,461

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

35. RELATED PARTIES (continued)

(g) Transactions and balances with related parties (continued)

(ii) Balances with related parties

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
<i>Shareholder</i>				
Derivative liabilities on interest rate SWAP	1,558,664	6,273,623	1,651,030	6,744,458
Amount payable on payment on behalf of the Bank's expense	125,948	506,941	29,041	118,632
Commitment given on interest rate SWAP (Note 18)	182,000,000	732,550,000	225,000,000	919,125,000
Commitment received on interest rate SWAP (Note 18)	182,000,000	732,550,000	225,000,000	919,125,000
Commitment given on currency SWAP	78,741,378	316,934,046	78,741,378	321,658,529
Commitment received on currency SWAP (Note 18)	82,434,783	331,800,002	82,594,859	337,399,999
Subordinated debts	15,000,000	60,375,000	15,000,000	61,275,000
Interest and fee payable on borrowing	136,158	548,036	116,886	477,479
Placements with shareholder	766,955	3,086,994	265,922	1,086,291
Derivative assets on interest rate SWAP	14,174,929	57,054,089	17,343,186	70,846,915
Amount receivable from shareholder	183,952	740,407	-	-
<i>Subsidiary</i>				
Right-of-use asset (Note 10)	9,716,228	39,107,818	9,989,308	40,806,323
Lease liability	11,033,934	44,411,584	10,909,081	44,563,596
Deposit from HATTHA SERVICES CO., LTD	644,783	2,595,252	629,395	2,571,079
Refundable deposit to HATTHA SERVICES CO., LTD	498,258	2,005,488	498,258	2,035,384
<i>Other related parties</i>				
Amount payable on MUFG Bank's payment on behalf of the Bank	162,434	653,797	154,500	631,133
Borrowings	7,729,319	31,110,509	7,729,319	31,574,268
Deposit from MITSUBISHI UFJ TRUST AND BANKING CORPORATION	-	-	67,628,017	276,260,449
Accrued interest payable for deposit	-	-	4,192,280	17,125,464
Placements with MUFG	8,601	34,619	996	4,069

On 15 January 2024, the Group and the Bank entered into an agreement with Krungsri for a credit facility of US\$400,000,000 making the total credit line amount of US\$485,000,000.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

36. COMMITMENTS

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loan commitment and unused portion of overdrafts	224,964	905,480	377,781	1,543,235
Capital expenditure	-	-	22,150,403	90,484,396
Financial guarantee contract	1,100,000	4,427,500	-	-
	<u>1,324,964</u>	<u>5,332,980</u>	<u>22,528,184</u>	<u>92,027,631</u>

37. TAX CONTINGENCIES

The Bank had been under the comprehensive tax audit from the GDT for fiscal years 2017-2018, 2019 and 2020-2021. On 24 December 2024, the GDT issued a Notice of Tax Reassessment to the Bank, requiring it to pay reassessed taxes of KHR 986,166,448 (approximately US\$244,828) for fiscal years 2017-2018, 2019 and 2020-2021.

As a result, the Bank has made a provision of US\$244,828 in the financial statements for the year ended 31 December 2024.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

38. FINANCIAL INSTRUMENTS

a. Financial instruments measured at fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**Group and Bank
31 December 2024**

	Carrying amounts				Fair value			
	FVOCI – equity instruments	Fair value - hedging instrument	FVTPL	Total	Level 1	Level 2	Level 3	Total
	US\$	\$US	US\$	US\$	US\$	US\$	US\$	US\$
<i>Financial assets measured at fair value</i>								
Interest rate swaps – Note 18	-	9,705,563	-	9,705,563	-	9,705,563	-	9,705,563
Cross currency swap – Note 18	-	4,469,366	-	4,469,366	-	4,469,366	-	4,469,366
Investment securities – Note 8	20,000	-	-	20,000	-	-	20,000	20,000
Total	20,000	14,174,929	-	14,194,929	-	14,174,929	20,000	14,194,929
In KHR'000 equivalents	80,500	57,054,089	-	57,134,589	-	57,054,089	80,500	57,134,589
<i>Financial liabilities measured at fair value</i>								
Foreign currency contracts – Note 18	-	1,558,664	1,086,540	2,645,204	-	2,645,204	-	2,645,204
In KHR'000 equivalents	-	6,273,623	4,373,323	10,646,946	-	10,646,946	-	10,646,946

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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38. FINANCIAL INSTRUMENTS (continued)

a. Financial instruments measured at fair value (continued)

**Group and Bank
31 December 2023**

	Carrying amounts				Fair value			
	FVOCI – equity instruments	Fair value - hedging instrument	FVTPL	Total	Level 1	Level 2	Level 3	Total
	US\$	\$US	US\$	US\$	US\$	US\$	US\$	US\$
<i>Financial assets measured at fair value</i>								
Interest rate swaps – Note 18	-	12,771,870	-	12,771,870	-	12,771,870	-	12,771,870
Cross currency swap – Note 18	-	4,571,316	-	4,571,316	-	4,571,316	-	4,571,316
Investment securities – Note 8	20,000	-	-	20,000	-	-	20,000	20,000
Total	20,000	17,343,186	-	17,363,186	-	17,343,186	20,000	17,363,186
In KHR'000 equivalents	81,700	70,846,915	-	70,928,615	-	70,846,915	81,700	70,928,615
<i>Financial liabilities measured at fair value</i>								
Interest rate swaps – Note 18	-	1,651,030	436,450	2,087,480	-	2,087,480	-	2,087,480
In KHR'000 equivalents	-	6,744,458	1,782,898	8,527,356	-	8,527,356	-	8,527,356

b. Financial instruments not measured at fair value

As at the reporting date, the fair values of financial instruments of the Group and the Bank approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

38. FINANCIAL INSTRUMENTS (continued)

b. Financial instruments not measured at fair value (continued)

i. *Balances with the NBC and other banks*

Balances with the NBC and other banks include current accounts which are non-interest bearing, savings deposits and term deposits. The fair value of deposits and placements with other banks approximate their carrying values at the reporting date due to the relatively short maturity of these instruments.

ii. *Loans to customers*

The fair value of loans is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. Input into the models may include data from third party and information obtained from other market participants, which includes observed primary and secondary transactions. Its carrying value approximates to fair value at the reporting date.

iii. *Deposits from customers and financial institutions and debt securities issued*

The fair value of deposits from customers and financial institutions with maturities of less than one year approximates their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits from customers and financial institutions and debt securities issued with remaining maturities of more than one year are expected to approximate their carrying amount due to the Group and the Bank offered similar interest rate of the instrument with similar maturities and terms.

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.

iv. *Investment securities, other assets, lease liabilities and other liabilities*

The carrying amounts of investment securities, other financial assets, lease liabilities and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

v. *Borrowings and subordinated debts*

The fair value of borrowings and subordinated debts are estimated by discounting the expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles. However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Group and the Bank believed that the contractual interest rates were not significantly different to the prevailing market interest rates on the ground that there was no change to interest rates following the lenders' consideration on the Group's and the Bank's credit risk profile as at reporting date. On this basis, the fair value of borrowings and subordinated debts approximates their carrying values at the reporting date.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT

The Group's and the Bank's Board of Directors have overall responsibility for the establishment and oversight of the Group's and the Bank's risk management framework. The Board of Directors has established the Asset and Liability & Risk Board Committee ("ARBC"), which is responsible for approving and monitoring Group and Bank risk management policies.

The Group's and the Bank's risk management policies are established to identify and analyse the risks faced by the Group and the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's and the Bank's activities.

The policies and procedures adopted by the Group and the Bank to manage the risks that arise in the conduct of their business activities are as follows:

39.1 Credit risk

Credit risk refers to risk of financial loss to the Group and the Bank if a counterparty to a financial instrument fail to meet its obligations in accordance with the agreed terms and arises from deposits with other banks and loans to customers (including commitment to lend such loans). The Group and the Bank consider all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk, product risk and business type risk for risk management purposes.

39.1.1 Credit risk management

Credit Risk Management Department is responsible for managing the Group's and the Bank's credit risk by:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, in accordance with CIFRSs and relevant NBC's guidance.
- Establishing the authorisation structure for the approval and renewal of credit facilities. The holders of credit approval discretion, i.e. Board Credit Committee, Management Credit Committee.
- Reviewing and assessing credit risk by setting the limit and monitoring all credit exposures in excess of designated thresholds.
- Limiting concentrations of exposure to counterparties, geographies, industries, purposes, sectors (for loans to customers and similar exposures).
- Developing and maintaining the Group's and the Bank's process for measuring ECL that includes the processes for:
 - initial approval, regular validation and back-testing of the models used;
 - determining and monitoring significant increase in credit risk; and
 - incorporation of forward-looking information.
- Reviewing compliance of branches with agreed exposure limits, including those for selected industries and product types. Regular reports on the credit quality of portfolios may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- Providing advice, guidance and specialist skills to branches to promote best practice throughout the Group and the Bank in the management of credit risk.
- The portfolio of restructured loan is properly managed and communicated to management, the Board of Directors and the NBC.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.2 Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

Group	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
Balances with other banks					
Normal	81,916,228	-	-	81,916,228	329,712,818
Loss allowance	(377,303)	-	-	(377,303)	(1,518,645)
Carrying amounts	<u>81,538,925</u>	<u>-</u>	<u>-</u>	<u>81,538,925</u>	<u>328,194,173</u>
Loans to customers					
Normal	627,479,042	-	-	627,479,042	2,525,603,144
Special mention	-	81,614,801	-	81,614,801	328,499,574
Substandard	-	-	88,045,333	88,045,333	354,382,465
Doubtful	-	-	165,484,708	165,484,708	666,075,950
Loss	-	-	138,303,154	138,303,154	556,670,195
	<u>627,479,042</u>	<u>81,614,801</u>	<u>391,833,195</u>	<u>1,100,927,038</u>	<u>4,431,231,328</u>
Loss allowance	<u>(69,474,211)</u>	<u>(15,115,834)</u>	<u>(97,368,910)</u>	<u>(181,958,955)</u>	<u>(732,384,794)</u>
Carrying amounts	<u>558,004,831</u>	<u>66,498,967</u>	<u>294,464,285</u>	<u>918,968,083</u>	<u>3,698,846,534</u>
Loan commitments					
Normal	1,324,964	-	-	1,324,964	5,332,980
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,324,964</u>	<u>-</u>	<u>-</u>	<u>1,324,964</u>	<u>5,332,980</u>
Loss allowance	<u>(842)</u>	<u>-</u>	<u>-</u>	<u>(842)</u>	<u>(3,389)</u>
Carrying amounts	<u>1,324,122</u>	<u>-</u>	<u>-</u>	<u>1,324,122</u>	<u>5,329,591</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.2 Credit quality analysis (continued)

Bank	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
Balances with other banks					
Normal	81,864,966	-	-	81,864,966	329,506,489
Loss allowance	(377,303)	-	-	(377,303)	(1,518,645)
Carrying amounts	<u>81,487,663</u>	<u>-</u>	<u>-</u>	<u>81,487,663</u>	<u>327,987,844</u>
Loans to customers					
Normal	627,479,042	-	-	627,479,042	2,525,603,144
Special mention	-	81,614,801	-	81,614,801	328,499,574
Substandard	-	-	88,045,333	88,045,333	354,382,465
Doubtful	-	-	165,484,708	165,484,708	666,075,950
Loss	-	-	138,303,154	138,303,154	556,670,195
	<u>627,479,042</u>	<u>81,614,801</u>	<u>391,833,195</u>	<u>1,100,927,038</u>	<u>4,431,231,328</u>
Loss allowance	<u>(69,474,211)</u>	<u>(15,115,834)</u>	<u>(97,368,910)</u>	<u>(181,958,955)</u>	<u>(732,384,794)</u>
Carrying amounts	<u>558,004,831</u>	<u>66,498,967</u>	<u>294,464,285</u>	<u>918,968,083</u>	<u>3,698,846,534</u>
Loan commitments					
Normal	1,324,964	-	-	1,324,964	5,332,980
Special mention	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,324,964</u>	<u>-</u>	<u>-</u>	<u>1,324,964</u>	<u>5,332,980</u>
Loss allowance	<u>(842)</u>	<u>-</u>	<u>-</u>	<u>(842)</u>	<u>(3,389)</u>
Carrying amounts	<u>1,324,122</u>	<u>-</u>	<u>-</u>	<u>1,324,122</u>	<u>5,329,591</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.2 Credit quality analysis (continued)

Group	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
Balances with other banks					
Normal	39,831,934	-	-	39,831,934	162,713,451
Loss allowance	(112,338)	-	-	(112,338)	(458,901)
Carrying amounts	<u>39,719,596</u>	<u>-</u>	<u>-</u>	<u>39,719,596</u>	<u>162,254,550</u>
Loans to customers					
Normal	1,224,385,651	-	-	1,224,385,651	5,001,615,384
Special mention	-	102,623,677	-	102,623,677	419,217,721
Substandard	-	-	115,825,248	115,825,248	473,146,138
Doubtful	-	-	101,821,299	101,821,299	415,940,006
Loss	-	-	8,516,552	8,516,552	34,790,115
	<u>1,224,385,651</u>	<u>102,623,677</u>	<u>226,163,099</u>	<u>1,553,172,427</u>	<u>6,344,709,364</u>
Loss allowance	<u>(39,520,855)</u>	<u>(11,727,114)</u>	<u>(40,035,292)</u>	<u>(91,283,261)</u>	<u>(372,892,121)</u>
Carrying amounts	<u>1,184,864,796</u>	<u>90,896,563</u>	<u>186,127,807</u>	<u>1,461,889,166</u>	<u>5,971,817,243</u>
Loan commitments					
Normal	285,028	-	-	285,028	1,164,339
Special mention	-	20,000	-	20,000	81,700
Substandard	-	-	5,000	5,000	20,425
Doubtful	-	-	67,753	67,753	276,771
Loss	-	-	-	-	-
	<u>285,028</u>	<u>20,000</u>	<u>72,753</u>	<u>377,781</u>	<u>1,543,235</u>
Loss allowance	<u>(605)</u>	<u>(427)</u>	<u>(10,161)</u>	<u>(11,193)</u>	<u>(45,723)</u>
Carrying amounts	<u>284,423</u>	<u>19,573</u>	<u>62,592</u>	<u>366,588</u>	<u>1,497,512</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.2 Credit quality analysis (continued)

Bank	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
Balances with other banks					
Normal	39,780,662	-	-	39,780,662	162,504,005
Loss allowance	(112,338)	-	-	(112,338)	(458,901)
Carrying amounts	<u>39,668,324</u>	-	-	<u>39,668,324</u>	<u>162,045,104</u>
Loans to customers					
Normal	1,224,385,651	-	-	1,224,385,651	5,001,615,384
Special mention	-	102,623,677	-	102,623,677	419,217,721
Substandard	-	-	115,825,248	115,825,248	473,146,138
Doubtful	-	-	101,821,299	101,821,299	415,940,006
Loss	-	-	8,516,552	8,516,552	34,790,115
	<u>1,224,385,651</u>	<u>102,623,677</u>	<u>226,163,099</u>	<u>1,553,172,427</u>	<u>6,344,709,364</u>
Loss allowance	(39,520,855)	(11,727,114)	(40,035,292)	(91,283,261)	(372,892,121)
Carrying amounts	<u>1,184,864,796</u>	<u>90,896,563</u>	<u>186,127,807</u>	<u>1,461,889,166</u>	<u>5,971,817,243</u>
Loan commitments					
Normal	285,028	-	-	285,028	1,164,339
Special mention	-	20,000	-	20,000	81,700
Substandard	-	-	5,000	5,000	20,425
Doubtful	-	-	67,753	67,753	276,771
Loss	-	-	-	-	-
	<u>285,028</u>	<u>20,000</u>	<u>72,753</u>	<u>377,781</u>	<u>1,543,235</u>
Loss allowance	(605)	(427)	(10,161)	(11,193)	(45,723)
Carrying amounts	<u>284,423</u>	<u>19,573</u>	<u>62,592</u>	<u>366,588</u>	<u>1,497,512</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.2 Credit quality analysis (continued)

The below table sets out information about the overdue status of loans to customers in Stage 1, 2 and 3.

Group and Bank	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
Loans to customers					
Current	610,894,831	50,327,028	56,177,337	717,399,196	2,887,531,764
Overdue ≤ 30 days	16,584,211	6,405,206	7,795,701	30,785,118	123,910,100
Overdue > 30 days	-	24,882,567	327,860,157	352,742,724	1,419,789,464
Total	<u>627,479,042</u>	<u>81,614,801</u>	<u>391,833,195</u>	<u>1,100,927,038</u>	<u>4,431,231,328</u>
Group and Bank	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
Loans to customers					
Current	1,170,284,237	19,261,712	7,006,135	1,196,552,084	4,887,915,263
Overdue ≤ 30 days	54,101,414	4,324,268	2,125,323	60,551,005	247,350,855
Overdue > 30 days	-	79,037,697	217,031,641	296,069,338	1,209,443,246
Total	<u>1,224,385,651</u>	<u>102,623,677</u>	<u>226,163,099</u>	<u>1,553,172,427</u>	<u>6,344,709,364</u>

39.1.3 Collateral held

Small and Medium Entity (SME) Retail Loans and Mortgage Loans (secured loans)

The Group and the Bank hold residential properties as collaterals for majority of loans, and the collaterals include land, house, building and other movable assets. The Group and the Bank set Loan to Collateral Value ("LTV") ≤ 67% as the minimum eligible ratio for loan disbursement to customers.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

Low credit risk exemption

The Group and the Bank may assign, in accordance with requirement in CIFRS 9, the low credit risk criteria for financial instruments that allow the exposure, at reporting date, to be measured at 12-month ECL. In order for the practical expedient to be applied the financial instrument has to meet the following requirements:

- It has a low risk of default;
- The borrower is considered in the short term, to have a strong capacity to meet its obligations; and
- The Group and the Bank expect, in the longer term that adverse changes in economic and business conditions might, but will not necessarily; reduce the ability of the borrower to fulfil its obligations.

Significant Increase in Credit Risk (Stage 2)

The Group and the Bank assessed the change in levels of credit risk over the expected life of the financial instrument through comparing credit risk at each reporting date with the associated instrument's credit risk at initial recognition. The qualitative and quantitative measures to determine whether a significant increase in credit risk has occurred are outlined below. To monitor and identify the Significant Increase in Credit Risk for impairment, the Group and the Bank apply the approaches and criteria below:

- Quantitative criteria: compare the change in PD at the reporting date from the origination date (change in cumulative residual unbiased PD, or change in unbiased PD comparing the origination unbiased PD expected at the reporting date with the current PD at reporting). However, these quantitative criteria will be incorporated Behaviour Credit Scoring when the Group and the Bank have enough data.
- Qualitative criteria: the Group and the Bank have established the procedure for credit review. The independent credit review shall be conducted to review the facility quality and signal of significant increase in credit risk by applying the prudential criteria from the NBC.

Credit impaired financial instruments (Stage 3)

At each reporting date, the Group and the Bank assess whether financial assets carried at amortised cost are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Credit impaired financial instruments (Stage 3) (continued)

- The disappearance of an active market for the financial asset because of financial difficulties for example debtor's business status, debtor during litigation process, frequency of entering debt restructuring etc.;
- Fraudulent debtors;
- Partially write off.

Credit-impaired loans to customers are graded as substandard, doubtful and loss in the Group' and the Bank's internal credit risk grading system.

Credit risk grades

The Group and the Bank allocate each exposure to a credit risk grade based on the prudential definition of the NBC which applies the number of days past due as the grading criteria. The grades are:

1. Normal
2. Special mention
3. Substandard
4. Doubtful
5. Loss

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves the use of following data.

- Past repayment history;
- Financial conditions of counterparty;
- Business prospective and cash projection;
- Ability and willingness to pay;
- Economic environment; and
- Quality of documentation.

(a) Definition of default

For the purpose of the Group's and the Bank's CIFRS 9 Impairment Model Development, the default definition stated in Article 17 and Article 19 of the NBC Prakas on Credit Risk Grading and Impairment Provisioning has been utilised. The Group and the Bank have different classifications of graduation of risks depending on the tenure of facilities into long-term facilities (i.e. original term of more than one year) and short-term facilities (i.e. original term of one year or less).

(b) Staging or classification

In order to assess the application of either 12 month or lifetime ECL, each financial instrument, both individually or collectively, is assessed for impairment in accordance with this policy on a monthly basis and classified into one of the three following stages of credit deterioration since initial recognition. Under CIFRS 9, financial instruments are segregated into three stages depending on the changes in credit quality since initial recognition. The following table shows the corresponding stage of measuring the ECL:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

(b) Staging or classification (continued)

Stage	Definition
Stage 1	Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL are recognised and interest revenue is calculated on the gross carrying amounts of the asset (that is, without deduction for credit allowance).
Stage 2	Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amounts of the asset.
Stage 3	Stage 3 includes financial assets where there is more than significant deterioration in credit quality since initial recognition and assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amounts (that is, net of credit allowance).

The stage assessment has to be classified by individual account level according to the credit risk profile of the asset and commitment. For business loan exposure, it is required to take into consideration the relationship of cash flow of each account for stage assessment.

For all the three staging, the back stop indicator is used. Back stop indicator: the number of days past due is used as the back stop indicator for staging. Based on the NBC prudential guideline, 30 Days Past Due (DPD) is set as back stop for long-term loans and 15 DPD for short-term loans. Moreover, for the facility that is subject to reclassification, the classification is mapped to the stage as per the below table as well.

Stage	Classification	Facility	DPD
1	Normal (Performing)	Long Term	$0 \leq DPD < 30$
		Short Term	$0 \leq DPD \leq 14$
2	Special Mention (Underperforming)	Long Term	$30 \leq DPD < 90$
		Short Term	$15 \leq DPD \leq 30$
3	Substandard, Doubtful, Loss (Non-Performing)	Long Term	$DPD \geq 90$ * or Account Status = "WRITE OFF"
		Short Term	$DPD > 30$ * or Account Status = "WRITE OFF"

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**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

(b) Staging or classification (continued)

Balances with other banks

Bank Name	ECL Calculation
A	<i>Loss Rate × EAD</i>
B	<i>Loss Rate × EAD</i>
C	<i>Loss Rate × EAD</i>

The tables below analyse the movement of the loss allowance during the year per class of assets.

(i) Loss allowance – Balances with other banks at amortised cost

Group and Bank	31 December 2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
	US\$	US\$	US\$	US\$	KHR'000
Expected credit loss At 1 January 2024	112,338	-	-	112,338	458,901
<i>Change in the expected credit loss</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Net remeasurement of loss allowance and other movements	250,517	-	-	250,517	1,019,855
New financial assets originated	14,092	-	-	14,092	57,369
Foreign exchange	356	-	-	356	1,449
Currency translation difference	-	-	-	-	(18,929)
Expected credit loss At 31 December 2024	377,303	-	-	377,303	1,518,645

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**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

(i) Loss allowance – Balances with other banks at amortised cost (continued)

Group and Bank	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL	US\$	KHR'000
	US\$	US\$	US\$	US\$	KHR'000
Expected credit loss					
At 1 January 2023	119,406	-	-	119,406	491,595
<i>Change in the expected credit loss</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Net remeasurement of loss allowance and other movements	(31,115)	-	-	(31,115)	(127,883)
New financial assets originated	23,885	-	-	23,885	98,167
Foreign exchange	162	-	-	162	666
Currency translation difference	-	-	-	-	(3,644)
Expected credit loss					
At 31 December 2023	112,338	-	-	112,338	458,901

(ii) Loss allowance - Loans to customers at amortised cost

Group and Bank	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL	US\$	KHR'000
	US\$	US\$	US\$	US\$	KHR'000
Expected credit loss					
At 1 January 2024	39,520,854	11,727,114	40,035,293	91,283,261	372,892,121
<i>Change in the expected credit loss</i>					
Transfer to stage 1	1,263,763	(945,764)	(317,999)	-	-
Transfer to stage 2	(2,377,262)	2,659,055	(281,793)	-	-
Transfer to stage 3	(9,156,773)	(8,797,158)	17,953,931	-	-
Net remeasurement of loss allowance and other movements	39,753,333	11,340,370	54,826,271	105,919,974	431,200,214
New financial assets originated	5,822,753	31,501	127,095	5,981,349	24,350,072
Financial assets that have been derecognised	(5,955,965)	3,064,220	59,776,757	56,885,012	231,578,884
Unwinds	-	-	3,644,737	3,644,737	14,837,724
Write-offs	(205,392)	(4,048,512)	(78,865,796)	(83,119,700)	(338,380,299)
Foreign exchange	808,900	85,008	470,414	1,364,322	5,554,155
Currency translation difference	-	-	-	-	(9,648,077)
Expected credit loss					
At 31 December 2024	69,474,211	15,115,834	97,368,910	181,958,955	732,384,794

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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

(ii) Loss allowance - Loans to customers at amortised cost (continued)

Group and Bank	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL	US\$	KHR'000
	US\$	US\$	US\$	US\$	KHR'000
Expected credit loss					
At 1 January 2023	13,345,779	5,756,561	5,056,667	24,159,007	99,462,632
<i>Change in the expected credit loss</i>					
Transfer to stage 1	1,988,494	(1,899,476)	(89,018)	-	-
Transfer to stage 2	(1,191,126)	1,366,378	(175,252)	-	-
Transfer to stage 3	(3,221,005)	(1,533,261)	4,754,266	-	-
Net remeasurement of loss allowance and other movements	17,140,589	5,824,544	27,636,729	50,601,862	207,973,653
New financial assets originated	14,118,743	3,784,287	4,207,382	22,110,412	90,873,793
Financial assets that have been derecognised	27,265,738	5,109,813	21,470,840	53,846,391	221,308,667
Unwinds	-	-	2,091,405	2,091,405	8,595,675
Write-offs	(30,117,357)	(6,703,105)	(24,969,673)	(61,790,135)	(253,957,455)
Foreign exchange	191,000	21,373	51,946	264,319	1,086,351
Currency translation differences	-	-	-	-	(2,451,195)
Expected credit loss					
At 31 December 2023	<u>39,520,855</u>	<u>11,727,114</u>	<u>40,035,292</u>	<u>91,283,261</u>	<u>372,892,121</u>

(iii) Loss allowance – Loan commitments

Group and Bank	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL	US\$	KHR'000
	US\$	US\$	US\$	US\$	KHR'000
Expected credit loss					
At 1 January 2024	605	427	10,161	11,193	45,723
<i>Change in the expected credit loss</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Net remeasurement of loss allowance and other movements	-	-	-	-	-
Loan commitments transferred to loans to customers	(605)	(427)	(10,168)	(11,200)	(45,595)
New loan commitments issued	841	-	-	841	3,424
Foreign exchange	1	-	7	8	33
Currency translation differences	-	-	-	-	(196)
Expected credit loss					
At 31 December 2024	<u>842</u>	<u>-</u>	<u>-</u>	<u>842</u>	<u>3,389</u>

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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

(iii) Loss allowance – Loan commitments (continued)

Group and Bank	31 December 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
	US\$	US\$	US\$	US\$	KHR'000
Expected credit loss At 1 January 2023	2,577	20	1,471	4,068	16,748
<i>Change in the expected credit loss</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(427)	427	-	-	-
Transfer to stage 3	(10,105)	(40)	10,145	-	-
Net remeasurement of loss allowance and other movements	9,836	20	-	9,856	40,508
Loan commitments transferred to loans to customers	(1,476)	-	(1,473)	(2,949)	(12,120)
New loan commitments issued	203	-	-	203	834
Foreign exchange	(3)	-	18	15	62
Currency translation differences	-	-	-	-	(309)
Expected credit loss At 31 December 2023	605	427	10,161	11,193	45,723

The tables below analyse the movement of the gross carrying amount of financial assets during the year that contributed to changes in the loss allowance.

(iv) Balances with other banks at amortised cost

Group	31 December 2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
	US\$	US\$	US\$	US\$	KHR'000
Gross carrying amount At 1 January 2024	39,831,934	-	-	39,831,934	162,713,451
<i>Change in the gross carrying amount</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Net movements	40,836,939	-	-	40,836,939	166,247,179
New financial assets originated	1,224,393	-	-	1,224,393	4,984,504
Foreign exchange	22,962	-	-	22,962	93,478
Currency translation differences	-	-	-	-	(4,325,794)
Gross carrying amount At 31 December 2024	81,916,228	-	-	81,916,228	329,712,818

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**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

(iv) Balances with other banks at amortised cost (continued)

Bank	31 December 2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
	US\$	US\$	US\$	US\$	KHR'000
Gross carrying amount At 1 January 2024	39,780,662	-	-	39,780,662	162,504,005
<i>Change in the gross carrying amount</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Net movements	40,836,949	-	-	40,836,949	166,247,219
New financial assets originated	1,224,393	-	-	1,224,393	4,984,504
Foreign exchange	22,962	-	-	22,962	93,478
Currency translation differences					(4,322,717)
Gross carrying amount At 31 December 2024	81,864,966	-	-	81,864,966	329,506,489
Group	31 December 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
	US\$	US\$	US\$	US\$	KHR'000
Gross carrying amount At 1 January 2023	39,442,256	-	-	39,442,256	162,383,768
<i>Change in the gross carrying amount</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Net movements	(3,493,930)	-	-	(3,493,930)	(14,360,052)
New financial assets originated	3,869,736	-	-	3,869,736	15,904,615
Foreign exchange	13,872	-	-	13,872	57,014
Currency translation differences	-	-	-	-	(1,271,894)
Gross carrying amount At 31 December 2023	39,831,934	-	-	39,831,934	162,713,451

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

(iv) Balances with other banks at amortised cost (continued)

Bank	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL	US\$	KHR'000
	US\$	US\$	US\$	US\$	KHR'000
Gross carrying amount					
At 1 January 2023	39,390,959	-	-	39,390,959	162,172,579
<i>Change in the gross carrying amount</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Net movements	(3,493,905)	-	-	(3,493,905)	(14,359,950)
New financial assets originated	3,869,736	-	-	3,869,736	15,904,615
Foreign exchange	13,872	-	-	13,872	57,014
Currency translation differences	-	-	-	-	(1,270,253)
Gross carrying amount					
At 31 December 2023	39,780,662	-	-	39,780,662	162,504,005

(v) Loans to customers at amortised cost

Group and Bank	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL	US\$	KHR'000
	US\$	US\$	US\$	US\$	KHR'000
Gross carrying amount					
At 1 January 2024	1,224,385,651	102,623,677	226,163,099	1,553,172,427	6,344,709,364
<i>Change in the gross carrying amount</i>					
Transfer to stage 1	11,310,747	(8,972,228)	(2,338,519)	-	-
Transfer to stage 2	(81,220,607)	83,181,617	(1,961,010)	-	-
Transfer to stage 3	(180,951,765)	(76,472,785)	257,424,550	-	-
Net movements	(398,052,052)	(14,918,558)	(9,806,936)	(422,777,546)	(1,721,127,390)
New financial assets originated	51,536,149	116,167	598,354	52,250,670	212,712,478
Write-offs	(205,392)	(4,048,512)	(78,865,796)	(83,119,700)	(338,380,299)
Foreign exchange	676,311	105,423	619,453	1,401,187	5,704,232
Currency translation differences	-	-	-	-	(72,387,057)
Gross carrying amount					
At 31 December 2024	627,479,042	81,614,801	391,833,195	1,100,927,038	4,431,231,328

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**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

(v) Loans to customers at amortised cost (continued)

Group and Bank	31 December 2023				
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL		
	US\$	US\$	US\$	US\$	KHR'000
Gross carrying amount					
At 1 January 2023	1,802,621,590	80,601,659	43,440,453	1,926,663,702	7,932,074,461
<i>Change in the gross carrying amount</i>					
Transfer to stage 1	34,122,864	(33,232,689)	(890,175)	-	-
Transfer to stage 2	(77,703,952)	79,431,561	(1,727,609)	-	-
Transfer to stage 3	(176,201,936)	(17,408,972)	193,610,908	-	-
Net movements	(584,501,666)	(24,758,261)	(6,122,074)	(615,382,001)	(2,529,220,024)
New financial assets originated	254,455,564	24,597,386	22,620,375	301,673,325	1,239,877,366
Write-offs	(30,117,357)	(6,703,105)	(24,969,674)	(61,790,136)	(253,957,459)
Foreign exchange	1,710,544	96,098	200,895	2,007,537	8,250,977
Currency translation differences	-	-	-	-	(52,315,957)
Gross carrying amount					
At 31 December 2023	<u>1,224,385,651</u>	<u>102,623,677</u>	<u>226,163,099</u>	<u>1,553,172,427</u>	<u>6,344,709,364</u>

(vi) Loan commitments

Group and Bank	31 December 2024				
	Stage 1	Stage 2	Stage 3	Total	
	12-month ECL	Lifetime ECL	Lifetime ECL		
	US\$	US\$	US\$	US\$	KHR'000
Gross carrying amount					
At 1 January 2024	285,028	20,000	72,753	377,781	1,543,235
<i>Change in the gross carrying amount</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Loan commitments transferred to loans to customers	(285,096)	(20,000)	(72,770)	(377,866)	(1,538,292)
New loan commitments issued	224,907	-	-	224,907	915,596
New financial guarantee contract	1,100,000	-	-	1,100,000	4,427,500
Foreign exchange	125	-	17	142	578
Currency translation difference	-	-	-	-	(15,637)
Gross carrying amount					
At 31 December 2024	<u>1,324,964</u>	<u>-</u>	<u>-</u>	<u>1,324,964</u>	<u>5,332,980</u>

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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

(vi) Loan commitments (continued)

Group and Bank	31 December 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	
	US\$	US\$	US\$	US\$	KHR'000
Gross carrying amount At 1 January 2023	571,085	1,000	6,616	578,701	2,382,512
<i>Change in the gross carrying amount</i>					
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(86,612)	19,000	67,612	-	-
Transfer to stage 3	(5,101)	-	5,101	-	-
Loan commitments transferred to loans to customers	(185,638)	-	(6,623)	(192,261)	(790,193)
New loan commitments issued	(8,850)	-	-	(8,850)	(36,374)
Foreign exchange	144	-	47	191	785
Currency translation differences	-	-	-	-	(13,495)
Gross carrying amount At 31 December 2023	<u>285,028</u>	<u>20,000</u>	<u>72,753</u>	<u>377,781</u>	<u>1,543,235</u>

During the year, the allowance for impairment loss recognised in the profit or loss was as follows:

31 December 2024

Group and Bank	Balances with other banks at amortised cost	Loans to customers at amortised cost	Loan commitments	Total	
	US\$	US\$	US\$	US\$	KHR'000
Net remeasurement of loss allowance	250,517	105,919,974	-	106,170,491	432,220,069
New financial assets originated	14,092	5,981,349	(11,200)	5,984,241	24,361,845
Financial assets that have been derecognised	-	56,885,012	841	56,885,853	231,582,307
Recoveries of amounts previously written off	-	(7,681,271)	-	(7,681,271)	(31,270,454)
Impairment losses on financial instrument recognised in profit or loss (Note 30)	<u>264,609</u>	<u>161,105,064</u>	<u>(10,359)</u>	<u>161,359,314</u>	<u>656,893,767</u>

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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.4 Amounts arising from ECL (continued)

31 December 2023

Group and Bank	Balances with other banks at amortised cost	Loans to customers at amortised cost	Loan commitments	Total	
	US\$	US\$	US\$	US\$	KHR'000
Net remeasurement of loss allowance	(31,115)	50,601,862	9,856	50,580,603	207,886,278
New financial assets originated	23,885	22,110,412	(2,949)	22,131,348	90,959,840
Financial assets that have been derecognised	-	53,846,391	203	53,846,594	221,309,502
Recoveries of amounts previously written off	-	(1,919,940)	-	(1,919,940)	(7,890,953)
Impairment losses on financial instrument recognised in profit or loss (Note 30)	(7,230)	124,638,725	7,110	124,638,605	512,264,667

This table summarises the loss allowance as of the year-end by class of exposure/assets.

Group and Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Loss allowance by classes				
Balances with other banks	377,303	1,518,645	112,338	458,901
Loans to customers	181,958,955	732,384,794	91,283,261	372,892,121
Loan commitments	842	3,389	11,193	45,723
Total	182,337,100	733,906,828	91,406,792	373,396,745

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2024 and that are still subject to enforcement activity is US\$83,119,700 (2023: US\$61,790,136).

Under the Group's and the Bank's monitoring procedures, a significant increase in credit risk is identified before the exposure has defaulted, and at the latest when the exposure becomes 30 days past due. This is the case mainly for loans to customers. The table below provides an analysis of the gross carrying amount of loans to customers by past due status.

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39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.5 Concentration of credit risk

Group and Bank	31 December 2024		31 December 2023	
	Gross carrying amounts	Loss allowance	Gross carrying amounts	Loss allowance
	US\$	US\$	US\$	US\$
Loans to customers				
0-29 days	746,655,565	93,064,115	1,257,103,089	44,317,290
30-59 days	19,575,442	3,872,865	43,710,419	4,603,956
60-89 days	17,688,714	3,554,047	41,205,408	4,699,599
90-180 days	47,469,022	11,064,214	108,176,202	16,667,701
More than 180 days	269,538,295	70,403,714	102,977,309	20,994,715
Total	<u>1,100,927,038</u>	<u>181,958,955</u>	<u>1,553,172,427</u>	<u>91,283,261</u>
In KHR'000 equivalents	<u>4,431,231,328</u>	<u>732,384,794</u>	<u>6,344,709,364</u>	<u>372,892,121</u>

The Group and the Bank monitor concentrations of credit risk by sector. An analysis of concentrations of credit risk from balances with other banks, loans to customers and loan commitments is shown below.

Group	31 December 2024				
	Balances with other banks	Loans to customers	Loan commitments	Total	
	US\$	US\$	US\$	US\$	KHR'000
Carrying amounts	81,538,925	918,968,083	1,324,122	1,001,831,130	4,032,370,298
Amount committed	-	-	1,324,964	1,324,964	5,332,980
Concentration by sector					
External customers					
Mortgages loans	-	146,429,862	70,750	146,500,612	589,664,963
Personal loans	-	950,258,150	154,214	950,412,364	3,825,409,765
Motor vehicle loans	-	195,366	-	195,366	786,348
Overdraft	-	155,055	-	155,055	624,096
Financial guarantee contract	-	-	1,100,000	1,100,000	4,427,500
Staff loans	-	3,888,605	-	3,888,605	15,651,635
	<u>-</u>	<u>1,100,927,038</u>	<u>1,324,964</u>	<u>1,102,252,002</u>	<u>4,436,564,307</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.5 Concentration of credit risk (continued)

Bank	31 December 2024				
	Balances with other banks	Loans to customers	Loan commitments	Total	
	US\$	US\$	US\$	US\$	KHR'000
Carrying amounts	81,487,663	918,968,083	1,324,122	1,001,779,868	4,032,163,969
Amount committed	-	-	1,324,964	1,324,964	5,332,980
Concentration by sector					
External customers					
Mortgages loans	-	146,429,862	70,750	146,500,612	589,664,963
Personal loans	-	950,258,150	154,214	950,412,364	3,825,409,765
Motor vehicle loans	-	195,366	-	195,366	786,348
Overdraft	-	155,055	-	155,055	624,096
Financial guarantee contract	-	-	1,100,000	1,100,000	4,427,500
Staff loans	-	3,888,605	-	3,888,605	15,651,635
	-	1,100,927,038	1,324,964	1,102,252,002	4,436,564,307
31 December 2023					
Group	Balances with other banks	Loans to customers	Loan commitments	Total	
	US\$	US\$	US\$	US\$	KHR'000
Carrying amounts	39,719,596	1,461,889,166	366,588	1,501,975,350	6,135,569,304
Amount committed	-	-	377,781	377,781	1,543,235
Concentration by sector					
External customers					
Mortgages loans	-	195,227,154	111,570	195,338,724	797,958,688
Personal loans	-	1,351,356,772	205,036	1,351,561,808	5,521,129,986
Motor vehicle loans	-	355,879	-	355,879	1,453,766
Overdraft	-	743,881	61,175	805,056	3,288,654
Staff loans	-	5,488,741	-	5,488,741	22,421,507
	-	1,553,172,427	377,781	1,553,550,208	6,346,252,601

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.1 Credit risk (continued)

39.1.5 Concentration of credit risk (continued)

Bank	31 December 2023				
	Balances with other banks	Loans to customers	Loan commitments	Total	
	US\$	US\$	US\$	US\$	KHR'000
Carrying amounts	39,668,324	1,461,889,166	366,588	1,501,924,078	6,135,359,858
Amount committed	-	-	377,781	377,781	1,543,235
Concentration by sector					
External customers					
Mortgages loans	-	195,227,154	111,570	195,338,724	797,958,688
Personal loans	-	1,351,356,772	205,036	1,351,561,808	5,521,129,986
Motor vehicle loans	-	355,879	-	355,879	1,453,766
Overdraft	-	743,881	61,175	805,056	3,288,654
Staff loans	-	5,488,741	-	5,488,741	22,421,507
	-	1,553,172,427	377,781	1,553,550,208	6,346,252,601

39.2 Liquidity risk

Liquidity risk refer to risk which the institution cannot meet the obligation or cannot settle debt obligation or settle position in the specific economic and financial situation and market situation. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Group's and the Bank's operations and investments.

39.2.1 Liquidity risk management

The Group's and the Bank's Board of Directors set the Group's and the Bank's strategy for managing liquidity risk and oversight of the implementation is administered by ARBC. ARBC approves the Group and the Bank's liquidity policies created by the Risk division and acknowledged by Risk and Compliance Management Committee ("RCC"). Treasury Department manages the Group's and the Bank's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of Head office and branches. A summary report, including any exceptions and remedial action taken, is submitted regularly to ARBC.

The Group's and the Bank's approaches to managing liquidity are to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Bank's reputation. The key elements of the Group's and the Bank's liquidity strategy are as follows.

- Maintaining a diversified funding, consisting of customer deposits (both individual and corporate) and maintaining contingency facilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring maturity mismatches, behavioral characteristics of the Group's and the Bank's financial assets and financial liabilities, and the extent to which the Group and the Bank's assets are encumbered and so not available as potential collateral for obtaining the funding.
- Performing a stress testing of the Group's and the Bank's liquidity position against various exposures and country-specific events.
- Minimizing cost of foregone earnings on idle liquidity.
- Responding to possible future liquidity constraints arising from the COVID-19 pandemic

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.1 Liquidity risk management (continued)

Treasury Department receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. Treasury Department then maintains a portfolio of short-term liquid assets, largely made up of inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group and the Bank as a whole. The liquidity requirements of branches are met through funds from Treasury Department to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements.

Treasury Department monitors compliance with local regulatory limits on a monthly basis.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both Bank-specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, reduced fungibility of currencies, natural disasters or other catastrophes). Moreover, stress scenarios may be based on past events (historical scenario) observed within the own institution, or more commonly, on crisis situations witnessed by other institutions of similar size, business model and regional footprint. Often, the Group and the Bank also combines crisis elements from various historical situations to develop a hypothetical but plausible crisis scenario that might be more relevant to their current business model and exposure profile.

The key measure used by the Group and the Bank for managing liquidity risk is Liquidity Coverage Ratio ("LCR"). This ratio reflects the available cash inflows (including loans to be collected and balances with other banks); cash outflows matured within 30days (including amount to be paid to lenders, deposits from financial institutions and corporates); and adjusted retail saving deposit as well as stock of eligible liquid assets (cash on hand, all current accounts and reserve requirements with the NBC).

39.2.2 Exposure to liquidity risk

Group and Bank	<u>31 December 2024</u>	<u>31 December 2023</u>
At end of year	251.35%	245.33%
Average for the year	321.59%	213.35%
Maximum for the year	455.25%	297.87%
Minimum for the year	241.20%	148.69%

39.2.3 Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Group's and the Bank's financial liabilities and financial assets.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Group	Carrying amounts	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2024								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers and financial institutions	1,047,928,153	(1,095,368,198)	(367,132,221)	(165,746,348)	(396,279,835)	(155,251,964)	(10,957,830)	-
Debt securities issued	83,504,856	(87,216,032)	(906,815)	-	(47,129,111)	(39,180,106)	-	-
Borrowings	174,124,864	(179,004,653)	(130,499,278)	(4,666,680)	(6,896,022)	(36,942,673)	-	-
Subordinated debts	62,438,169	(81,070,995)	(8,105,909)	(99,362)	(11,697,527)	(43,516,321)	(17,651,876)	-
Lease liabilities	10,346,717	(12,121,689)	(292,418)	(580,736)	(2,355,513)	(7,044,745)	(1,848,277)	-
Other liabilities	4,114,970	(5,084,466)	(391,486)	(256,809)	(2,365,030)	(1,101,645)	(969,496)	-
	<u>1,382,457,729</u>	<u>(1,459,866,033)</u>	<u>(507,328,127)</u>	<u>(171,349,935)</u>	<u>(466,723,038)</u>	<u>(283,037,454)</u>	<u>(31,427,479)</u>	-
Derivative liabilities risk management								
Outflow	-	(19,508,880)	(1,649,746)	(14,586,540)	(1,622,848)	(1,649,746)	-	-
Inflow	-	16,584,452	1,033,769	13,500,000	1,016,914	1,033,769	-	-
	<u>2,645,204</u>	<u>(2,924,428)</u>	<u>(615,977)</u>	<u>(1,086,540)</u>	<u>(605,934)</u>	<u>(615,977)</u>	-	-
Loan and other commitments	-	(1,324,964)	-	(1,100,000)	-	-	(224,964)	-
In US\$ equivalents	<u>1,385,102,933</u>	<u>(1,464,115,425)</u>	<u>(507,944,104)</u>	<u>(173,536,475)</u>	<u>(467,328,972)</u>	<u>(283,653,431)</u>	<u>(31,652,443)</u>	-
In KHR'000 equivalents	<u>5,575,039,305</u>	<u>(5,893,064,585)</u>	<u>(2,044,475,018)</u>	<u>(698,484,312)</u>	<u>(1,880,999,112)</u>	<u>(1,141,705,060)</u>	<u>(127,401,083)</u>	-

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Group	Carrying amounts	Gross nominal inflow/ (outflow)	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
31 December 2024								
Financial assets by type								
Non-derivative assets								
Cash on hand	39,558,663	39,558,663	39,558,663	-	-	-	-	
Balances with the NBC	404,705,944	404,705,944	303,380,113	-	-	-	101,325,831	
Balances with other banks	81,538,925	83,129,132	14,086,527	7,261,781	31,072,788	-	30,708,036	
Loans to customers	918,968,083	1,485,696,812	112,428,451	67,414,529	265,863,913	828,481,307	211,508,612	
Investment securities	15,705,208	15,845,000	-	15,825,000	-	-	-	
Other assets	1,596,017	2,189,425	117,119	415,789	-	1,056,911	599,606	
	<u>1,462,072,840</u>	<u>2,031,124,976</u>	<u>469,570,873</u>	<u>90,917,099</u>	<u>296,936,701</u>	<u>829,538,218</u>	<u>344,142,085</u>	<u>20,000</u>
Derivative assets								
Risk management	14,174,929	-	-	-	-	-	-	
Outflow	-	(12,624,993)	(399,953)	(5,869,871)	(5,810,933)	(544,236)	-	
Inflow	-	31,099,247	1,026,838	12,990,302	15,715,330	1,366,777	-	
	<u>14,174,929</u>	<u>18,474,254</u>	<u>626,885</u>	<u>7,120,431</u>	<u>9,904,397</u>	<u>822,541</u>	<u>-</u>	
Borrowing commitments	-	496,236,025	496,236,025	-	-	-	-	
In US\$ equivalents	<u>1,476,247,769</u>	<u>2,545,835,255</u>	<u>966,433,783</u>	<u>98,037,530</u>	<u>306,841,098</u>	<u>830,360,759</u>	<u>344,142,085</u>	<u>20,000</u>
In KHR'000 equivalents	<u>5,941,897,270</u>	<u>10,246,986,901</u>	<u>3,889,895,977</u>	<u>394,601,058</u>	<u>1,235,035,419</u>	<u>3,342,202,055</u>	<u>1,385,171,892</u>	<u>80,500</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Group	Carrying amounts	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2023								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	1,175,576,697	(1,233,457,449)	(278,133,639)	(233,809,161)	(579,239,879)	(135,119,775)	(7,154,995)	-
Debt securities issued	83,478,131	(91,277,987)	(908,576)	-	(2,984,018)	(87,385,393)	-	-
Borrowings	395,693,625	(403,358,639)	(338,260,918)	(4,933,023)	(11,103,124)	(18,467,146)	(29,959,781)	(634,647)
Subordinated debts	72,747,327	(85,184,472)	(50,436,698)	(101,046)	(1,691,987)	(10,885,351)	(22,069,390)	-
Lease liabilities	12,046,418	(14,115,528)	(332,131)	(662,006)	(2,955,353)	(8,343,490)	(1,822,548)	-
Other liabilities	6,210,002	(7,192,322)	(3,962,163)	(386,221)	(387,730)	(1,473,888)	(982,320)	-
	<u>1,745,752,200</u>	<u>(1,834,586,397)</u>	<u>(672,034,125)</u>	<u>(239,891,457)</u>	<u>(598,362,091)</u>	<u>(261,675,043)</u>	<u>(61,989,034)</u>	<u>(634,647)</u>
Derivative liabilities								
Risk management	2,087,480	-	-	-	-	-	-	-
Outflow	-	(18,640,351)	(1,649,746)	-	(12,068,264)	(4,922,341)	-	-
Inflow	-	15,150,736	1,035,776	-	11,024,518	3,090,442	-	-
	<u>2,087,480</u>	<u>(3,489,615)</u>	<u>(613,970)</u>	<u>-</u>	<u>(1,043,746)</u>	<u>(1,831,899)</u>	<u>-</u>	<u>-</u>
Loan and other commitments	-	(22,528,184)	-	(22,151,885)	(59,693)	(83,985)	(232,621)	-
In US\$ equivalents	<u>1,747,839,680</u>	<u>(1,860,604,196)</u>	<u>(672,648,095)</u>	<u>(262,043,342)</u>	<u>(599,465,530)</u>	<u>(263,590,927)</u>	<u>(62,221,655)</u>	<u>(634,647)</u>
In KHR'000 equivalents	<u>7,139,925,093</u>	<u>(7,600,568,141)</u>	<u>(2,747,767,468)</u>	<u>(1,070,447,052)</u>	<u>(2,448,816,690)</u>	<u>(1,076,768,937)</u>	<u>(254,175,461)</u>	<u>(2,592,533)</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Group	Carrying amounts	Gross nominal inflow/ (outflow)	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
31 December 2023								
Financial assets by type								
Non-derivative assets								
Cash on hand	88,657,814	88,657,814	88,657,814	-	-	-	-	
Balances with the NBC	398,520,903	398,523,512	279,654,292	3,847,634	-	115,021,586	-	
Balances with other banks	39,719,596	40,079,316	8,351,270	594,334	760,695	30,373,017	-	
Loans to customers	1,461,889,166	2,108,375,605	83,697,566	98,449,081	393,219,516	1,304,101,952	228,907,490	
Investment securities	15,705,208	16,670,000	-	-	825,000	15,825,000	20,000	
Other assets	3,124,335	3,613,348	106,332	401,803	-	1,634,592	1,470,621	
	<u>2,007,617,022</u>	<u>2,655,919,595</u>	<u>460,467,274</u>	<u>103,292,852</u>	<u>394,805,211</u>	<u>1,321,561,544</u>	<u>375,772,714</u>	<u>20,000</u>
Derivative assets								
Risk management	17,343,186	-	-	-	-	-	-	
Outflow	-	(20,232,976)	(708,589)	(404,801)	(6,093,481)	(12,231,053)	(795,052)	
Inflow	-	49,633,436	2,583,507	1,035,399	13,861,773	30,154,931	1,997,826	
	<u>17,343,186</u>	<u>29,400,460</u>	<u>1,874,918</u>	<u>630,598</u>	<u>7,768,292</u>	<u>17,923,878</u>	<u>1,202,774</u>	<u>-</u>
Borrowing commitments	-	88,842,350	88,842,350	-	-	-	-	
In US\$ equivalents	<u>2,024,960,208</u>	<u>2,774,162,405</u>	<u>551,184,542</u>	<u>103,923,450</u>	<u>402,573,503</u>	<u>1,339,485,422</u>	<u>376,975,488</u>	<u>20,000</u>
In KHR'000 equivalents	<u>8,271,962,450</u>	<u>11,332,453,424</u>	<u>2,251,588,854</u>	<u>424,527,293</u>	<u>1,644,512,760</u>	<u>5,471,797,949</u>	<u>1,539,944,868</u>	<u>81,700</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Bank	Carrying amounts	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2024								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	1,048,572,936	(1,096,012,981)	(367,189,966)	(165,746,348)	(396,866,873)	(155,251,964)	(10,957,830)	-
Debt securities issued	83,504,856	(87,216,032)	(906,815)	-	(47,129,111)	(39,180,106)	-	-
Borrowings	144,624,145	(146,069,736)	(130,448,559)	(4,570,149)	(6,446,091)	(4,604,937)	-	-
Subordinated debts	62,438,169	(81,070,995)	(8,105,909)	(99,362)	(11,697,527)	(43,516,321)	(17,651,876)	-
Lease liabilities	21,380,651	(49,089,540)	(350,548)	(696,996)	(2,878,683)	(9,978,572)	(35,184,741)	-
Financial guarantee liabilities issued	2,287,835	(2,287,835)	(184,381)	(62,104)	(279,465)	(1,250,562)	(511,323)	-
Other liabilities	4,110,670	(4,110,670)	(391,486)	(256,809)	(2,360,730)	(1,101,645)	-	-
	<u>1,366,919,262</u>	<u>(1,465,857,789)</u>	<u>(507,577,664)</u>	<u>(171,431,768)</u>	<u>(467,658,480)</u>	<u>(254,884,107)</u>	<u>(64,305,770)</u>	<u>-</u>
Derivative liabilities								
Risk management	2,645,204							
Outflow	-	(19,508,880)	(1,649,746)	(14,586,540)	(1,622,848)	(1,649,746)	-	-
Inflow	-	16,584,452	1,033,769	13,500,000	1,016,914	1,033,769	-	-
	<u>2,645,204</u>	<u>(2,924,428)</u>	<u>(615,977)</u>	<u>(1,086,540)</u>	<u>(605,934)</u>	<u>(615,977)</u>	<u>-</u>	<u>-</u>
Loan and other commitments	-	(1,324,964)	-	(1,100,000)	-	-	(224,964)	-
In US\$ equivalents	<u>1,369,564,466</u>	<u>(1,470,107,181)</u>	<u>(508,193,641)</u>	<u>(173,618,308)</u>	<u>(468,264,414)</u>	<u>(255,500,084)</u>	<u>(64,530,734)</u>	<u>-</u>
In KHR'000 equivalents	<u>5,512,496,976</u>	<u>(5,917,181,403)</u>	<u>(2,045,479,405)</u>	<u>(698,813,690)</u>	<u>(1,884,764,266)</u>	<u>(1,028,387,838)</u>	<u>(259,736,204)</u>	<u>-</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Bank	Carrying amounts	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2024								
Financial assets by type								
Non-derivative assets								
Cash on hand	39,558,663	39,558,663	39,558,663	-	-	-	-	-
Balances with the NBC	404,705,944	404,705,944	303,380,113	-	-	-	101,325,831	-
Balances with other banks	81,487,663	83,077,871	14,035,266	7,261,781	31,072,788	-	30,708,036	-
Loans to customers	918,968,083	1,485,696,812	112,428,451	67,414,529	265,863,913	828,481,307	211,508,612	-
Investment securities	15,705,208	15,845,000	-	15,825,000	-	-	-	20,000
Investment in subsidiary	3,508,844	3,508,844	-	-	-	-	-	3,508,844
Other assets	2,189,425	2,189,425	117,119	415,789	-	1,056,911	599,606	-
	<u>1,466,123,830</u>	<u>2,034,582,559</u>	<u>469,519,612</u>	<u>90,917,099</u>	<u>296,936,701</u>	<u>829,538,218</u>	<u>344,142,085</u>	<u>3,528,844</u>
Derivative assets								
Risk management	14,174,929	-	-	-	-	-	-	-
Outflow	-	(12,624,993)	(399,953)	(5,869,871)	(5,810,933)	(544,236)	-	-
Inflow	-	31,099,247	1,026,838	12,990,302	15,715,330	1,366,777	-	-
	<u>14,174,929</u>	<u>18,474,254</u>	<u>626,885</u>	<u>7,120,431</u>	<u>9,904,397</u>	<u>822,541</u>	-	-
Borrowing commitments	-	496,236,025	496,236,025	-	-	-	-	-
In US\$ equivalents	<u>1,480,298,759</u>	<u>2,549,292,838</u>	<u>966,382,522</u>	<u>98,037,530</u>	<u>306,841,098</u>	<u>830,360,759</u>	<u>344,142,085</u>	<u>3,528,844</u>
In KHR'000 equivalents	<u>5,958,202,505</u>	<u>10,260,903,673</u>	<u>3,889,689,651</u>	<u>394,601,058</u>	<u>1,235,035,419</u>	<u>3,342,202,055</u>	<u>1,385,171,892</u>	<u>14,203,598</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Bank	Carrying amounts	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2023								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	1,176,206,092	(1,234,086,844)	(278,168,700)	(233,809,161)	(579,834,213)	(135,119,775)	(7,154,995)	-
Debt securities issued	83,478,131	(91,277,987)	(908,576)	-	(2,984,018)	(87,385,393)	-	-
Borrowings	366,192,906	(369,824,905)	(338,210,199)	(4,834,856)	(10,653,193)	(15,479,607)	(12,403)	(634,647)
Subordinated debts	72,747,327	(85,184,472)	(50,436,698)	(101,046)	(1,691,987)	(10,885,351)	(22,069,390)	-
Lease liabilities	22,955,498	(51,780,940)	(390,261)	(778,266)	(3,478,524)	(11,218,024)	(35,915,865)	-
Financial guarantee liabilities issued	2,599,868	(2,599,868)	(102,916)	(65,899)	(296,547)	-	(803,247)	-
Other liabilities	6,205,198	(6,205,198)	(3,962,163)	(385,796)	(383,351)	(1,331,259)	-	-
	<u>1,730,385,020</u>	<u>(1,840,960,214)</u>	<u>(672,179,513)</u>	<u>(239,975,024)</u>	<u>(599,321,833)</u>	<u>(1,473,888)</u>	<u>(65,955,900)</u>	<u>(634,647)</u>
Derivative liabilities								
Risk management	2,087,480	-	-	-	-	(262,893,297)	-	-
Outflow	-	(18,640,351)	(1,649,746)	-	(12,068,264)	(4,922,341)	-	-
Inflow	-	15,150,736	1,035,776	-	11,024,518	3,090,442	-	-
	<u>2,087,480</u>	<u>(3,489,615)</u>	<u>(613,970)</u>	<u>-</u>	<u>(1,043,746)</u>	<u>(1,831,899)</u>	<u>-</u>	<u>-</u>
Loan and other commitments	-	(22,528,184)	-	(22,151,885)	(59,693)	(83,985)	(232,621)	-
In US\$ equivalents	<u>1,732,472,500</u>	<u>(1,866,978,013)</u>	<u>(672,793,483)</u>	<u>(262,126,909)</u>	<u>(600,425,272)</u>	<u>(264,809,181)</u>	<u>(66,188,521)</u>	<u>(634,647)</u>
In KHR'000 equivalents	<u>7,077,150,163</u>	<u>(7,626,605,182)</u>	<u>(2,748,361,378)</u>	<u>(1,070,788,423)</u>	<u>(2,451,281,996)</u>	<u>(1,030,138,605)</u>	<u>(266,148,588)</u>	<u>(13,212,994)</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

Bank	Carrying amounts	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2023								
Financial assets by type								
Non-derivative assets								
Cash on hand	88,657,814	88,657,814	88,657,814	-	-	-	-	-
Balances with the NBC	398,520,903	398,523,512	279,654,292	3,847,634	-	-	115,021,586	-
Balances with other banks	39,668,324	40,028,044	8,299,998	-	1,355,029	-	30,373,017	-
Loans to customers	1,461,889,166	2,108,375,605	83,697,566	98,449,081	393,219,516	1,304,101,952	228,907,490	-
Investment securities	15,705,208	16,670,000	-	-	825,000	15,825,000	-	20,000
Investment in subsidiary	3,508,844	3,508,844	-	-	-	-	-	3,508,844
Other assets	3,167,109	3,167,109	106,332	401,803	-	1,634,592	1,024,382	-
	<u>2,011,117,368</u>	<u>2,658,930,928</u>	<u>460,416,002</u>	<u>102,698,518</u>	<u>395,399,545</u>	<u>1,321,561,544</u>	<u>375,326,475</u>	<u>3,528,844</u>
Derivative assets								
Risk management	17,343,186	-	-	-	-	-	-	-
Outflow	-	(20,232,976)	(708,589)	(404,801)	(6,093,481)	(12,231,053)	(795,052)	-
Inflow	-	49,633,436	2,583,507	1,035,399	13,861,773	30,154,931	1,997,826	-
	<u>17,343,186</u>	<u>29,400,460</u>	<u>1,874,918</u>	<u>630,598</u>	<u>7,768,292</u>	<u>17,923,878</u>	<u>1,202,774</u>	<u>-</u>
Borrowing commitments	-	88,842,350	88,842,350	-	-	-	-	-
In US\$ equivalents	<u>2,028,460,554</u>	<u>2,777,173,738</u>	<u>551,133,270</u>	<u>103,329,116</u>	<u>403,167,837</u>	<u>1,339,485,422</u>	<u>376,529,249</u>	<u>3,528,844</u>
In KHR'000 equivalents	<u>8,286,261,363</u>	<u>11,344,754,720</u>	<u>2,251,379,408</u>	<u>422,099,439</u>	<u>1,646,940,614</u>	<u>5,471,797,949</u>	<u>1,538,121,982</u>	<u>14,415,328</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Loan commitments	Earliest possible contractual maturity.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. interest rate swap and currency swaps) and the net amounts for derivatives that are net settled.

As part of the management of liquidity risk arising from financial liabilities, the Group and the Bank hold liquid assets comprising cash and cash equivalents, which can be readily to meet liquidity requirements. In addition, the Group and the Bank maintain agreed lines of credit with other banks.

The following table sets out the contractual amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled less than 12 months after the reporting date.

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Financial assets				
Cash on hand	39,558,663	159,223,619	88,657,814	362,167,170
Balances with the NBC	303,380,113	1,221,104,955	283,501,926	1,158,105,368
Balances with other banks	52,421,096	210,994,911	9,706,299	39,650,231
Loans to customers	445,706,893	1,793,970,244	575,366,163	2,350,370,776
Investment securities	15,825,000	63,695,625	825,000	3,370,125
Other assets	532,908	2,144,955	508,135	2,075,731
	<u>857,424,673</u>	<u>3,451,134,309</u>	<u>958,565,337</u>	<u>3,915,739,401</u>
Borrowing commitments	<u>496,236,025</u>	<u>1,997,350,001</u>	<u>88,842,350</u>	<u>362,921,000</u>
	<u>1,353,660,698</u>	<u>5,448,484,310</u>	<u>1,047,407,687</u>	<u>4,278,660,401</u>
Financial liabilities				
Deposits from customers	929,158,404	3,739,862,576	1,091,182,679	4,457,481,244
Debt securities issued	48,035,926	193,344,602	3,892,594	15,901,246
Borrowings	142,061,980	571,799,470	354,297,065	1,447,303,511
Subordinated debts	19,902,798	80,108,762	52,229,731	213,358,451
Lease liabilities	3,228,667	12,995,385	3,949,490	16,133,667
Other liabilities	3,013,325	12,128,633	4,736,114	19,347,026
	<u>1,145,401,100</u>	<u>4,610,239,428</u>	<u>1,510,287,673</u>	<u>6,169,525,145</u>
Loan and other commitments	<u>1,100,000</u>	<u>4,427,500</u>	<u>22,211,578</u>	<u>90,734,296</u>
	<u>1,146,501,100</u>	<u>4,614,666,928</u>	<u>1,532,499,251</u>	<u>6,260,259,441</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

The following table sets out the contractual amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled less than 12 months after the reporting date.

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Financial assets				
Cash on hand	39,558,663	159,223,619	88,657,814	362,167,170
Balances with the NBC	303,380,113	1,221,104,955	283,501,926	1,158,105,368
Balances with other banks	52,369,835	210,788,586	9,655,027	39,440,785
Loans to customers	445,706,893	1,793,970,244	575,366,163	2,350,370,776
Investment securities	15,825,000	63,695,625	825,000	3,370,125
Other assets	532,908	2,144,955	508,135	2,075,731
	<u>857,373,412</u>	<u>3,450,927,984</u>	<u>958,514,065</u>	<u>3,915,529,955</u>
Borrowing commitments	496,236,025	1,997,350,001	88,842,350	362,921,000
	<u>1,353,609,437</u>	<u>5,448,277,985</u>	<u>1,047,356,415</u>	<u>4,278,450,955</u>
Financial liabilities				
Deposits from customers	929,803,187	3,742,457,828	1,091,812,074	4,460,052,322
Debt securities issued	48,035,926	193,344,602	3,892,594	15,901,246
Borrowings	141,464,799	569,395,816	353,698,248	1,444,857,343
Subordinated debts	19,902,798	80,108,762	52,229,731	213,358,451
Lease liabilities	3,926,227	15,803,063	4,647,051	18,983,203
Financial guarantee liabilities issued	525,950	2,116,949	465,362	1,901,004
Other liabilities	3,009,025	12,111,326	4,731,310	19,327,401
	<u>1,146,667,912</u>	<u>4,615,338,346</u>	<u>1,511,476,370</u>	<u>6,174,380,970</u>
Loan and other commitments	1,100,000	4,427,500	22,211,578	90,734,296
	<u>1,147,767,912</u>	<u>4,619,765,846</u>	<u>1,533,687,948</u>	<u>6,265,115,266</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

The following table sets out the contractual amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled more than 12 months after the reporting date

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Financial assets				
Balances with the NBC	101,325,831	407,836,470	115,021,586	469,863,179
Balances with other banks	30,708,036	123,599,845	30,373,017	124,073,774
Loans to customers	1,039,989,919	4,185,959,424	1,533,009,442	6,262,343,571
Investment securities	20,000	80,500	15,845,000	64,726,825
Other assets	1,656,517	6,667,481	3,105,213	12,684,795
	<u>1,173,700,303</u>	<u>4,724,143,720</u>	<u>1,697,354,258</u>	<u>6,933,692,144</u>
Borrowing commitments	-	-	-	-
	<u>1,173,700,303</u>	<u>4,724,143,720</u>	<u>1,697,354,258</u>	<u>6,933,692,144</u>
Financial liabilities				
Deposits from customers	166,209,794	668,994,421	142,274,770	581,192,435
Debt securities issued	39,180,106	157,699,927	87,385,393	356,969,330
Borrowings	36,942,673	148,694,259	49,061,574	200,416,530
Subordinated debts	61,168,197	246,201,993	32,954,741	134,620,117
Lease liabilities	8,893,022	35,794,414	10,166,038	41,528,265
Other liabilities	2,071,141	8,336,343	2,456,208	10,033,610
	<u>314,464,933</u>	<u>1,265,721,357</u>	<u>324,298,724</u>	<u>1,324,760,287</u>
Loan and other commitments	224,964	905,480	316,606	1,293,336
	<u>314,689,897</u>	<u>1,266,626,837</u>	<u>324,615,330</u>	<u>1,326,053,623</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.3 Maturity analysis for financial liabilities and financial assets (continued)

The following table sets out the contractual amounts of non-derivative financial assets and financial liabilities expected to be recovered or settled more than 12 months after the reporting date. (continued)

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Financial assets				
Balances with the NBC	101,325,831	407,836,470	115,021,586	469,863,179
Balances with other banks	30,708,036	123,599,845	30,373,017	124,073,774
Loans to customers	1,039,989,919	4,185,959,424	1,533,009,442	6,262,343,571
Investment securities	20,000	80,500	15,845,000	64,726,825
Investment in subsidiary	3,508,844	14,123,097	3,508,844	14,333,628
Other assets	1,656,517	6,667,481	2,658,974	10,861,909
	<u>1,177,209,147</u>	<u>4,738,266,817</u>	<u>1,700,416,863</u>	<u>6,946,202,886</u>
Borrowing commitments	-	-	-	-
	<u>1,177,209,147</u>	<u>4,738,266,817</u>	<u>1,700,416,863</u>	<u>6,946,202,886</u>
Financial liabilities				
Deposits from customers	166,209,794	668,994,421	142,274,770	581,192,435
Debt securities issued	39,180,106	157,699,927	87,385,393	356,969,330
Borrowings	4,604,937	18,534,871	16,126,657	65,877,394
Subordinated debts	61,168,197	246,201,993	32,954,741	134,620,117
Lease liabilities	45,163,313	181,782,334	47,133,889	192,541,937
Financial guarantee liabilities issued	1,761,885	7,091,587	2,134,506	8,719,457
Other liabilities	1,101,645	4,434,121	1,473,888	6,020,832
	<u>319,189,877</u>	<u>1,284,739,254</u>	<u>329,483,844</u>	<u>1,345,941,502</u>
Loan and other commitments	224,964	905,480	316,606	1,293,336
	<u>319,414,841</u>	<u>1,285,644,734</u>	<u>329,800,450</u>	<u>1,347,234,838</u>

39.2.4 Liquidity reserves

The following table sets out the components of the Group's and the Bank's liquidity reserves.

Group	31 December 2024		31 December 2023	
	Carrying amounts	Fair value	Carrying amounts	Fair value
	US\$	US\$	US\$	US\$
Cash on hand	39,558,663	39,558,663	88,657,814	88,657,814
Balances with the NBC	404,705,944	404,705,944	398,520,903	398,520,903
Balances with other banks	81,538,925	81,538,925	39,719,596	39,719,596
Undrawn credit lines	496,236,025	496,236,025	88,842,350	88,842,350
Total liquidity reserves	<u>1,022,039,557</u>	<u>1,022,039,557</u>	<u>615,740,663</u>	<u>615,740,663</u>
In KHR'000 equivalents	<u>4,113,709,217</u>	<u>4,113,709,217</u>	<u>2,515,300,608</u>	<u>2,515,300,608</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.4 Liquidity reserves (continued)

The following table sets out the components of the Group's and the Bank's liquidity reserves.

Bank	31 December 2024		31 December 2023	
	Carrying amounts	Fair value	Carrying amounts	Fair value
	US\$	US\$	US\$	US\$
Cash on hand	39,558,663	39,558,663	88,657,814	88,657,814
Balances with the NBC	404,705,944	404,705,944	398,520,903	398,520,903
Balances with other banks	81,487,663	81,487,663	39,668,324	39,668,324
Undrawn credit lines	496,236,025	496,236,025	88,842,350	88,842,350
Total liquidity reserves	<u>1,021,988,295</u>	<u>1,021,988,295</u>	<u>615,689,391</u>	<u>615,689,391</u>
In KHR'000 equivalents	<u>4,113,502,887</u>	<u>4,113,502,887</u>	<u>2,515,091,162</u>	<u>2,515,091,162</u>

39.2.5 Financial assets available to support future funding

The following table sets out the availability of the Group's and the Bank's financial assets to support future funding.

Group	Encumbered		Unencumbered		Total	KHR'000
	Pledged as collateral	Other	Available as collateral	Other		
	US\$	US\$	US\$	US\$		
31 December 2024						
Cash on hand	-	-	-	39,558,663	39,558,663	159,223,619
Balances with the NBC	11,360,309	14,000,000	-	379,345,635	404,705,944	1,628,941,425
Balances with other banks	33,708,036	-	-	49,421,096	83,129,132	334,594,756
Loans to customers	-	-	-	1,485,696,812	1,485,696,812	5,979,929,668
Investment securities	-	-	-	15,845,000	15,845,000	63,776,125
Other assets	-	-	-	1,596,017	1,596,017	6,423,968
	<u>45,068,345</u>	<u>14,000,000</u>	<u>-</u>	<u>1,971,463,223</u>	<u>2,030,531,568</u>	<u>8,172,889,561</u>
31 December 2023						
Cash on hand	-	-	-	88,657,814	88,657,814	362,167,170
Balances with the NBC	3,847,634	14,093,865	-	380,582,013	398,523,512	1,627,968,547
Balances with other banks	31,374,013	-	-	8,705,303	40,079,316	163,724,006
Loans to customers	-	-	-	2,108,375,605	2,108,375,605	8,612,714,346
Investment securities	-	-	-	16,670,000	16,670,000	68,096,950
Other assets	-	-	-	3,124,335	3,124,335	12,762,908
	<u>35,221,647</u>	<u>14,093,865</u>	<u>-</u>	<u>2,606,115,070</u>	<u>2,655,430,582</u>	<u>10,847,433,927</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Liquidity risk (continued)

39.2.5 Financial assets available to support future funding (continued)

Bank	Encumbered		Unencumbered		Total	
	Pledged as collateral	Other	Available as collateral	Other	US\$	KHR'000
	US\$	US\$	US\$	US\$		
31 December 2024						
Cash on hand	-	-	-	39,558,663	39,558,663	159,223,619
Balances with the NBC	11,360,309	14,000,000	-	379,345,635	404,705,944	1,628,941,425
Balances with other banks	33,708,036	-	-	49,369,835	83,077,871	334,388,431
Loans to customers	-	-	-	1,485,696,812	1,485,696,812	5,979,929,668
Investment securities	-	-	-	15,845,000	15,845,000	63,776,125
Investment in subsidiary	-	-	-	3,508,844	3,508,844	14,123,097
Other assets	-	-	-	2,189,425	2,189,425	8,812,436
	<u>45,068,345</u>	<u>14,000,000</u>	<u>-</u>	<u>1,975,514,214</u>	<u>2,034,582,559</u>	<u>8,189,194,801</u>
31 December 2023						
Cash on hand	-	-	-	88,657,814	88,657,814	362,167,170
Balances with the NBC	3,847,634	14,093,865	-	380,582,013	398,523,512	1,627,968,547
Balances with other banks	31,374,013	-	-	8,654,031	40,028,044	163,514,560
Loans to customers	-	-	-	2,108,375,605	2,108,375,605	8,612,714,346
Investment securities	-	-	-	16,670,000	16,670,000	68,096,950
Investment in subsidiary	-	-	-	3,508,844	3,508,844	14,333,628
Other assets	-	-	-	3,167,109	3,167,109	12,937,640
	<u>35,221,647</u>	<u>14,093,865</u>	<u>-</u>	<u>2,609,615,416</u>	<u>2,658,930,928</u>	<u>10,861,732,841</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk

39.3.1. Market risk management

Overall authority for market risk is vested in ARBC at Board level and RCC at management level. ARBC sets up limits for each type of risk in aggregate and for portfolios (all portfolios are non-trading). The Market Risk Management Department at Risk Division is responsible for the development of detailed risk management policies (subject to be reviewed by ARBC and approved by the Board of Directors). Treasury function implements and manages the day-to-day market risk in the daily operation.

The Group and the Bank employ a range of tools to monitor and limit market risk exposures.

The following table sets out the allocation of assets and liabilities subject to market risk.

Group	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Assets subject to market risk				
Cash on hand	39,558,663	159,223,619	88,657,814	362,167,170
Balances with the NBC	404,705,944	1,628,941,425	398,520,903	1,627,957,889
Balances with other banks	81,538,925	328,194,173	39,719,596	162,254,550
Loans to customers	918,968,083	3,698,846,534	1,461,889,166	5,971,817,243
Investment securities	15,705,208	63,213,462	15,705,208	64,155,775
Derivative assets held for risk management	14,174,929	57,054,089	17,343,186	70,846,915
Other assets	1,596,017	6,423,968	3,124,335	12,762,908
	<u>1,476,247,769</u>	<u>5,941,897,270</u>	<u>2,024,960,208</u>	<u>8,271,962,450</u>
Liabilities subject to market risk				
Deposits from customers	1,047,928,153	4,217,910,816	1,175,576,697	4,802,230,807
Debt securities issued	83,504,856	336,107,045	83,478,131	341,008,165
Borrowings	174,124,864	700,852,578	395,693,625	1,616,408,458
Subordinated debts	62,438,169	251,313,630	72,747,327	297,172,831
Lease liabilities	10,346,717	41,645,536	12,046,418	49,209,618
Other liabilities	4,114,970	16,562,754	6,210,002	25,367,858
Derivative liabilities held for risk management	2,645,204	10,646,946	2,087,480	8,527,356
	<u>1,385,102,933</u>	<u>5,575,039,305</u>	<u>1,747,839,680</u>	<u>7,139,925,093</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.1. Market risk management (continued)

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Assets subject to market risk				
Cash on hand	39,558,663	159,223,619	88,657,814	362,167,170
Balances with the NBC	404,705,944	1,628,941,425	398,520,903	1,627,957,889
Balances with other banks	81,487,663	327,987,844	39,668,324	162,045,104
Loans to customers	918,968,083	3,698,846,534	1,461,889,166	5,971,817,243
Investment securities	15,705,208	63,213,462	15,705,208	64,155,775
Investment in subsidiary	3,508,844	14,123,097	3,508,844	14,333,628
Derivative assets held for risk management	14,174,929	57,054,089	17,343,186	70,846,915
Other assets	2,189,425	8,812,435	3,167,109	12,937,640
	<u>1,480,298,759</u>	<u>5,958,202,505</u>	<u>2,028,460,554</u>	<u>8,286,261,364</u>
Liabilities subject to market risk				
Deposits from customers	1,048,572,936	4,220,506,067	1,176,206,092	4,804,801,886
Debt securities issued	83,504,856	336,107,045	83,478,131	341,008,165
Borrowings	144,624,145	582,112,184	366,192,906	1,495,898,021
Subordinated debts	62,438,169	251,313,630	72,747,327	297,172,831
Lease liabilities	21,380,651	86,057,120	22,955,498	93,773,209
Financial guarantee liabilities issued	2,287,835	9,208,536	2,599,868	10,620,461
Other liabilities	4,110,670	16,545,447	6,205,198	25,348,234
Derivative liabilities held for risk management	2,645,204	10,646,947	2,087,480	8,527,356
	<u>1,369,564,466</u>	<u>5,512,496,976</u>	<u>1,732,472,500</u>	<u>7,077,150,163</u>

39.3.2 Exposure to market risk

(i) *Interest rate risk*

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments or economic value of equity of the Bank because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The Group and the Bank also enter into Interest Rate Swap and Long-Term Funding to manage its interest rate risk exposures. RCC is the monitoring body for compliance with these limits and is assisted by Treasury Department in its day-to-day monitoring activities. These day-to-day activities include monitoring changes in the Group's and the Bank's interest rate exposures, which include the impact of the Group's and the Bank's outstanding or forecast debt obligations.

ARBC and RCC is responsible for setting the overall hedging strategy of the Group and the Bank. Treasury Department is responsible for implementing that strategy by putting in place the individual hedge arrangements.

The following is a summary of the Group's and the Bank's interest rate gap position. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Group's and the Bank's balance sheet based on either (i) the next repricing date or the maturity date if floating rate or (ii) the maturity date if fixed rate.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(i) *Interest rate risk (continued)*

Group	Carrying amounts	Up to 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2024							
Financial assets							
Cash on hand	39,558,663	-	-	-	-	-	39,558,663
Balances with the NBC	404,705,944	11,336,025	14,000,000	-	-	-	379,369,919
Balances with other banks	81,538,925	11,741,897	29,000,000	-	-	30,120,998	10,676,030
Loans to customers	918,968,083	5,941,130	5,240,349	19,193,712	609,040,413	461,511,433	(181,958,954)
Investment securities	15,705,208	15,000,000	-	-	-	-	705,208
Other assets	1,596,017	-	-	-	-	-	1,596,017
	<u>1,462,072,840</u>	<u>44,019,052</u>	<u>48,240,349</u>	<u>19,193,712</u>	<u>609,040,413</u>	<u>491,632,431</u>	<u>249,946,883</u>
Derivative assets held for risk management	14,174,929	-	-	-	-	-	14,174,929
Financial liabilities							
Deposits from customers	1,047,928,153	504,550,714	147,106,989	223,538,687	127,259,211	8,951,752	36,520,800
Debt securities issued	83,504,856	-	-	44,069,576	38,181,208	-	1,254,072
Borrowings	174,124,864	132,007,726	729,227	4,161,858	6,404,632	29,450,000	1,371,421
Subordinated debts	62,438,169	37,693,756	-	-	729,319	21,995,794	2,019,300
Lease liabilities	10,346,717	-	-	-	-	-	10,346,717
Other liabilities	4,114,970	-	-	-	-	-	4,114,970
	<u>1,382,457,729</u>	<u>674,252,196</u>	<u>147,836,216</u>	<u>271,770,121</u>	<u>172,574,370</u>	<u>60,397,546</u>	<u>55,627,280</u>
Derivative liabilities held for risk management	2,645,204	-	-	-	-	-	2,645,204
GAP	<u>91,144,836</u>	<u>(630,233,144)</u>	<u>(99,595,867)</u>	<u>(252,576,409)</u>	<u>436,466,043</u>	<u>431,234,885</u>	<u>205,849,328</u>
In KHR'000 equivalents	<u>366,857,965.00</u>	<u>(2,536,688,405)</u>	<u>(400,873,365)</u>	<u>(1,016,620,046)</u>	<u>1,756,775,823</u>	<u>1,735,720,412</u>	<u>828,543,546</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(i) *Interest rate risk (continued)*

Group	Carrying amounts	Up to 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2023							
Financial assets							
Cash on hand	88,657,814	-	-	-	-	-	88,657,814
Balances with the NBC	398,520,903	3,842,350	14,000,000	-	-	-	380,678,553
Balances with other banks	39,719,596	4,062,354	-	1,000,000	-	30,373,018	4,284,224
Loans to customers	1,461,889,166	4,044,471	5,041,936	17,051,872	820,323,150	699,569,795	(84,142,058)
Investment securities	15,705,208	-	-	-	15,000,000	-	705,208
Other assets	3,124,335	-	-	-	-	-	3,124,335
	<u>2,007,617,022</u>	<u>11,949,175</u>	<u>19,041,936</u>	<u>18,051,872</u>	<u>835,323,150</u>	<u>729,942,813</u>	<u>393,308,076</u>
Derivative assets held for risk management	17,343,186	-	-	-	-	-	17,343,186
Financial liabilities							
Deposits from customers	1,175,576,697	485,945,616	150,387,496	382,263,404	117,826,356	5,151,234	34,002,591
Debt securities issued	83,478,131	-	-	-	82,594,860	-	883,271
Borrowings	395,693,625	332,701,307	-	4,585,794	25,398,363	29,570,342	3,437,819
Subordinated debts	72,747,327	48,000,000	-	-	729,319	22,000,000	2,018,008
Lease liabilities	12,046,418	-	-	-	-	-	12,046,418
Other liabilities	6,210,002	-	-	-	-	-	6,210,002
	<u>1,745,752,200</u>	<u>866,646,923</u>	<u>150,387,496</u>	<u>386,849,198</u>	<u>226,548,898</u>	<u>56,721,576</u>	<u>58,598,109</u>
Derivative liabilities held for risk management	2,087,480	-	-	-	-	-	2,087,480
GAP	<u>277,120,528</u>	<u>(854,697,748)</u>	<u>(131,345,560)</u>	<u>(368,797,326)</u>	<u>608,774,252</u>	<u>673,221,237</u>	<u>349,965,673</u>
In KHR'000 equivalents	<u>1,132,037,357</u>	<u>(3,491,440,299)</u>	<u>(536,546,613)</u>	<u>(1,506,537,077)</u>	<u>2,486,842,819</u>	<u>2,750,108,753</u>	<u>1,429,609,774</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(i) Interest rate risk (continued)

Bank	Carrying amounts	Up to 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2024							
Financial assets							
Cash on hand	39,558,663	-	-	-	-	-	39,558,663
Balances with the NBC	404,705,944	11,336,025	14,000,000	-	-	-	379,369,919
Balances with other banks	81,487,663	11,799,642	29,000,000	-	-	30,708,036	9,979,985
Loans to customers	918,968,083	5,941,130	5,240,349	19,193,712	609,040,413	461,511,433	(181,958,954)
Investment securities	15,705,208	15,000,000	-	-	-	-	705,208
Investment in subsidiary	3,508,844	-	-	-	-	-	3,508,844
Other assets	2,189,425	-	-	-	-	-	2,189,425
	<u>1,466,123,830</u>	<u>44,076,797</u>	<u>48,240,349</u>	<u>19,193,712</u>	<u>609,040,413</u>	<u>492,219,469</u>	<u>253,353,090</u>
Derivative assets held for risk management	14,174,929	-	-	-	-	-	14,174,929
Financial liabilities							
Deposits from customers	1,048,572,936	504,608,459	147,106,989	224,125,725	127,259,211	8,951,752	36,520,800
Debt securities issued	83,504,856	-	-	44,069,576	38,181,208	-	1,254,072
Borrowings	144,624,145	132,007,726	729,227	4,161,858	6,404,632	-	1,320,702
Subordinated debts	62,438,169	37,693,756	-	-	729,319	21,995,794	2,019,300
Lease liabilities	21,380,651	-	-	-	-	-	21,380,651
Financial guarantee liabilities issued	2,287,835	-	-	-	-	-	2,287,835
Other liabilities	4,110,670	-	-	-	-	-	4,110,670
	<u>1,366,919,262</u>	<u>674,309,941</u>	<u>147,836,216</u>	<u>272,357,159</u>	<u>172,574,370</u>	<u>30,947,546</u>	<u>68,894,030</u>
Derivative liabilities held for risk management	2,645,204	-	-	-	-	-	2,645,204
GAP	<u>110,734,293</u>	<u>(630,233,144)</u>	<u>(99,595,867)</u>	<u>(253,163,447)</u>	<u>436,466,043</u>	<u>461,271,923</u>	<u>195,988,785</u>
In KHR'000 equivalents	<u>445,705,529</u>	<u>(2,536,688,405)</u>	<u>(400,873,365)</u>	<u>(1,018,982,874)</u>	<u>1,756,775,823</u>	<u>1,856,619,490</u>	<u>788,854,859</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(i) *Interest rate risk (continued)*

Bank	Carrying amounts	Up to 3 months	> 3 – 6 months	> 6 – 12 months	> 1 – 5 years	Over 5 years	Non-interest sensitive
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2023							
Financial assets							
Cash on hand	88,657,814	-	-	-	-	-	88,657,814
Balances with the NBC	398,520,903	3,842,350	14,000,000	-	-	-	380,678,553
Balances with other banks	39,668,324	4,062,354	-	1,000,000	-	30,373,018	4,232,952
Loans to customers	1,461,889,166	4,044,471	5,041,936	17,051,872	820,323,150	699,569,795	(84,142,058)
Investment securities	15,705,208	-	-	-	15,000,000	-	705,208
Investment in subsidiary	3,508,844	-	-	-	-	-	3,508,844
Other assets	3,167,109	-	-	-	-	-	3,167,109
	<u>2,011,117,368</u>	<u>11,949,175</u>	<u>19,041,936</u>	<u>18,051,872</u>	<u>835,323,150</u>	<u>729,942,813</u>	<u>396,808,422</u>
Derivative assets held for risk management	17,343,186	-	-	-	-	-	17,343,186
Financial liabilities							
Deposits from customers	1,176,206,092	485,980,677	150,387,496	382,857,738	117,826,356	5,151,234	34,002,591
Debt securities issued	83,478,131	-	-	-	82,594,860	-	883,271
Borrowings	366,192,906	332,701,307	-	4,585,794	25,398,363	120,342	3,387,100
Subordinated debts	72,747,327	48,000,000	-	-	729,319	22,000,000	2,018,008
Lease liabilities	22,955,498	-	-	-	-	-	22,955,498
Financial guarantee liabilities issued	2,599,868	-	-	-	-	-	2,599,868
Other liabilities	6,205,198	-	-	-	-	-	6,205,198
	<u>1,730,385,020</u>	<u>866,681,984</u>	<u>150,387,496</u>	<u>387,443,532</u>	<u>226,548,898</u>	<u>27,271,576</u>	<u>72,051,534</u>
Derivative liabilities held for risk management	2,087,480	-	-	-	-	-	2,087,480
GAP	<u>295,988,054</u>	<u>(854,732,809)</u>	<u>(131,345,560)</u>	<u>(369,391,660)</u>	<u>608,774,252</u>	<u>702,671,237</u>	<u>340,012,594</u>
In KHR'000 equivalents	<u>1,209,111,201</u>	<u>(3,491,583,525)</u>	<u>(536,546,613)</u>	<u>(1,508,964,931)</u>	<u>2,486,842,819</u>	<u>2,870,412,003</u>	<u>1,388,951,448</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(i) *Interest rate risk (continued)*

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's and the Bank's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 and 50 basis point (bp) parallel fall or rise to see the impact of Net Interest Income (NII) within 12 months and a 100bp and 50 basis point (BP) parallel fall or rise to all portions to see the impact on Book Value to Equity (BVE).

The following is an analysis of the Group's and the Bank's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement of interest rate.

Group and Bank	100bp parallel	100bp	50bp	50bp
	increase	parallel	increase	decrease
	US\$	decrease	after 1 year	after 1 year
	US\$	US\$	US\$	US\$
Sensitivity of projected net interest income				
31 December 2024				
As at 31 December	(3,858,327)	3,858,327	(1,929,163)	1,929,163
Average for the year	(2,020,623)	2,020,623	(1,010,311)	1,010,311
Maximum for the year	(3,858,327)	3,858,327	(1,929,163)	1,929,163
Minimum for the year	(1,298,850)	1,298,850	(649,425)	649,425
31 December 2023				
As at 31 December	(4,048,934)	4,048,934	(2,024,467)	2,024,467
Average for the year	(3,265,712)	3,265,712	(1,632,856)	1,632,856
Maximum for the year	(4,048,934)	4,048,934	(2,024,467)	2,024,467
Minimum for the year	(2,688,310)	2,688,310	(1,344,155)	1,344,155
Sensitivity of reported equity to interest rate movements				
31 December 2024				
As at 31 December	(3,352,124)	3,352,124	(1,676,062)	1,676,062
Average for the year	(4,361,070)	4,361,070	(2,180,535)	2,180,535
Maximum for the year	(8,022,416)	8,022,416	(4,011,208)	4,011,208
Minimum for the year	(2,935,561)	2,935,561	(1,467,781)	1,467,781
31 December 2023				
As at 31 December	(10,323,124)	10,323,124	(5,161,562)	5,161,562
Average for the year	(14,865,515)	14,865,515	(7,432,757)	7,432,757
Maximum for the year	(19,273,471)	19,273,471	(9,636,736)	9,636,736
Minimum for the year	(10,323,124)	10,323,124	(5,161,562)	5,161,562

Aggregate interest rate risk positions are managed by Treasury Department, which uses balances with other banks, deposits from banks and derivative instruments to manage the positions.

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**NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(i) *Interest rate risk (continued)*

Interest rate swap contracts and cross-currency swap contracts

Under interest rate swap contracts, the Group and the Bank agree to exchange the difference between fixed and floating rate interest amounts calculated on contracted notional principal amounts. Such contracts enable the Group and the Bank to mitigate the risk of changing interest rates on the cash flow of floating rate debts issued and the risk of violating the gap of BVE. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the interest rate curves at the reporting date adjusted for the credit risk inherent in the contract and is disclosed below.

Group and Bank	Contract floating interest rate		Notional principal value		Fair value	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	%	%	US\$	US\$	US\$	US\$
Outstanding receive floating pay fixed contracts						
Less than 1 year	4.70%	5.82%	44,161,491	35,000,000	4,469,366	1,214,304
1 to 2 years	4.70%-4.99%	4.70%	118,273,292	44,247,246	(1,558,664)	4,571,317
2 to 5 years	5.23%-5.63%	4.7%-5.82%	92,000,000	218,347,613	8,485,671	8,974,192
5 years or more	4.66%	5.45%	10,000,000	10,000,000	1,219,892	932,343
Total			<u>264,434,783</u>	<u>307,594,859</u>	<u>12,616,265</u>	<u>15,692,156</u>
In KHR'000 equivalents			<u>1,064,350,002</u>	<u>1,256,525,000</u>	<u>50,780,467</u>	<u>64,102,457</u>

The interest rate swaps typically settle on a monthly basis, quarterly basis, semi-annual basis, and annual basis. The floating rate on the interest rate swaps is typically 1-month SOFR and 3-month SOFR for fallback rate and 6-month SOFR.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(ii) Foreign exchange risk

The Group and the Bank undertake transactions denominated in foreign currencies resulting in exposures to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters using cross currency swaps.

The carrying amounts of the Group's and the Bank's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Group	US\$ equivalent				Total	
	US\$	KHR	THB	JPY	US\$	KHR'000
31 December 2024						
Financial assets						
Cash on hand	27,651,491	10,492,691	1,414,481	-	39,558,663	159,223,619
Balances with the NBC	366,774,820	37,931,124	-	-	404,705,944	1,628,941,425
Balances with other banks	79,906,556	1,505,261	118,511	8,597	81,538,925	328,194,173
Loans to customers	787,263,486	112,438,118	19,266,479	-	918,968,083	3,698,846,534
Investment securities	15,705,208	-	-	-	15,705,208	63,213,462
Derivative assets held for risk management	(31,429,331)	-	45,604,260	-	14,174,929	57,054,089
Other assets	1,410,222	1,843	183,952	-	1,596,017	6,423,968
	<u>1,247,282,452</u>	<u>162,369,037</u>	<u>66,587,683</u>	<u>8,597</u>	<u>1,476,247,769</u>	<u>5,941,897,270</u>
Financial liabilities						
Deposits from customers	965,460,653	81,399,294	1,068,206	-	1,047,928,153	4,217,910,816
Debt securities issued	-	-	83,504,856	-	83,504,856	336,107,045
Borrowings	111,180,857	62,944,007	-	-	174,124,864	700,852,578
Subordinated debts	62,438,169	-	-	-	62,438,169	251,313,630
Derivative liabilities held for risk management	42,825,204	-	(40,180,000)	-	2,645,204	10,646,946
Lease liabilities	10,346,717	-	-	-	10,346,717	41,645,536
Other liabilities	3,873,803	111,878	129,289	-	4,114,970	16,562,754
	<u>1,196,125,403</u>	<u>144,455,179</u>	<u>44,522,351</u>	<u>-</u>	<u>1,385,102,933</u>	<u>5,575,039,305</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(ii) Foreign exchange risk (continued)

Group	US\$ equivalent				Total	
	US\$	KHR	THB	JPY	US\$	KHR'000
31 December 2023						
Financial assets						
Cash on hand	73,353,120	12,851,287	2,453,407	-	88,657,814	362,167,170
Balances with the NBC	353,669,497	44,851,406	-	-	398,520,903	1,627,957,889
Balances with other banks	38,672,771	1,007,541	38,289	995	39,719,596	162,254,550
Loans to customers	1,286,725,169	140,137,941	35,026,056	-	1,461,889,166	5,971,817,243
Investment securities	15,705,208	-	-	-	15,705,208	64,155,775
Derivative assets held for risk management	(29,515,446)	-	46,858,632	-	17,343,186	70,846,915
Other assets	2,997,435	126,900	-	-	3,124,335	12,762,908
	1,741,607,754	198,975,075	84,376,384	995	2,024,960,208	8,271,962,450
Financial liabilities						
Deposits from customers	1,096,328,935	72,954,365	6,293,397	-	1,175,576,697	4,802,230,807
Debt securities issued	-	-	83,478,131	-	83,478,131	341,008,165
Borrowings	258,300,313	131,069,812	6,323,500	-	395,693,625	1,616,408,458
Subordinated debts	72,747,327	-	-	-	72,747,327	297,172,831
Derivative liabilities held for risk management	43,396,230	-	(41,308,750)	-	2,087,480	8,527,356
Lease liabilities	12,046,418	-	-	-	12,046,418	49,209,618
Other liabilities	6,059,727	120,303	29,972	-	6,210,002	25,367,858
	1,488,878,950	204,144,480	54,816,250	-	1,747,839,680	7,139,925,093

Bank	US\$ equivalent				Total	
	US\$	KHR	THB	JPY	US\$	KHR'000
31 December 2024						
Financial assets						
Cash on hand	27,651,491	10,492,691	1,414,481	-	39,558,663	159,223,619
Balances with the NBC	366,774,820	37,931,124	-	-	404,705,944	1,628,941,425
Balances with other banks	79,855,294	1,505,261	118,511	8,597	81,487,663	327,987,844
Loans to customers	787,263,486	112,438,118	19,266,479	-	918,968,083	3,698,846,534
Investment securities	15,705,208	-	-	-	15,705,208	63,213,462
Investment in subsidiary	3,508,844	-	-	-	3,508,844	14,123,097
Derivative assets held for risk management	(31,429,331)	-	45,604,260	-	14,174,929	57,054,089
Other assets	2,003,630	1,843	183,952	-	2,189,425	8,812,436
	1,251,333,442	162,369,037	66,587,683	8,597	1,480,298,759	5,958,202,506
Financial liabilities						
Deposits from customers	966,105,436	81,399,294	1,068,206	-	1,048,572,936	4,220,506,067
Debt securities issued	-	-	83,504,856	-	83,504,856	336,107,045
Borrowings	81,680,138	62,944,007	-	-	144,624,145	582,112,184
Subordinated debts	62,438,169	-	-	-	62,438,169	251,313,630
Derivative liabilities held for risk management	42,825,204	-	(40,180,000)	-	2,645,204	10,646,946
Lease liabilities	21,380,651	-	-	-	21,380,651	86,057,120
Financial guarantee liabilities issued	2,287,835	-	-	-	2,287,835	9,208,536
Other liabilities	3,869,503	111,878	129,289	-	4,110,670	16,545,447
	1,180,586,936	144,455,179	44,522,351	-	1,369,564,466	5,512,496,975

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(ii) *Foreign exchange risk (continued)*

Bank	US\$ equivalent				Total	
	US\$	KHR	THB	JPY	US\$	KHR'000
31 December 2023						
Financial assets						
Cash on hand	73,353,120	12,851,287	2,453,407	-	88,657,814	362,167,170
Balances with the NBC	353,669,497	44,851,406	-	-	398,520,903	1,627,957,889
Balances with other banks	38,621,499	1,007,541	38,289	995	39,668,324	162,045,104
Loans to customers	1,286,725,169	140,137,941	35,026,056	-	1,461,889,166	5,971,817,243
Investment securities	15,705,208	-	-	-	15,705,208	64,155,775
Investment in subsidiary	3,508,844	-	-	-	3,508,844	14,333,628
Derivative assets held for risk management	(29,515,446)	-	46,858,632	-	17,343,186	70,846,915
Other assets	3,040,209	126,900	-	-	3,167,109	12,937,640
	<u>1,745,108,100</u>	<u>198,975,075</u>	<u>84,376,384</u>	<u>995</u>	<u>2,028,460,554</u>	<u>8,286,261,364</u>
Financial liabilities						
Deposits from customers	1,096,958,330	72,954,365	6,293,397	-	1,176,206,092	4,804,801,886
Debt securities issued	-	-	83,478,131	-	83,478,131	341,008,165
Borrowings	228,799,594	131,069,812	6,323,500	-	366,192,906	1,495,898,021
Subordinated debts	72,747,327	-	-	-	72,747,327	297,172,831
Derivative liabilities held for risk management	43,396,230	-	(41,308,750)	-	2,087,480	8,527,356
Lease liabilities	22,955,498	-	-	-	22,955,498	93,773,209
Financial guarantee liabilities issued	2,599,868	-	-	-	2,599,868	10,620,461
Other liabilities	6,054,923	120,303	29,972	-	6,205,198	25,348,234
	<u>1,473,511,770</u>	<u>204,144,480</u>	<u>54,816,250</u>	<u>-</u>	<u>1,732,472,500</u>	<u>7,077,150,163</u>

Sensitivity analysis

The Group and the Bank is exposed to changes in US dollar and other foreign currencies exchange rate. Due to a reasonably possible strengthening (weakening) of the US dollar against foreign currencies, the Group's and the Bank's exposure to other foreign exchange movement is not material.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk (continued)

39.3.2 Exposure to market risk (continued)

(ii) *Foreign exchange risk (continued)*

Foreign currency contracts

In the current year, the Group and the Bank enter into foreign currency contract where the Group and the Bank agree to exchange THB currency with US\$ currency in order to manage foreign currency position.

The following table details the foreign currency contract outstanding as at the year-end:

	Exchange rate		Foreign currency		Notional value		Fair value	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Group and Bank			US\$	US\$	US\$	US\$	US\$	US\$
Outstanding contract								
Buy								
Less than 3 months		-	-	-	-	-	-	-
3 to 6 months		-	-	-	-	-	-	-
Sell								
Less than 3 months	36.70THB	35.38THB	14,586,540	10,436,450	13,500,000	10,000,000	1,086,540	436,450
3 to 6 months		-	-	-	-	-	-	-
			<u>(14,586,540)</u>	<u>(10,436,450)</u>	<u>(13,500,000)</u>	<u>(10,000,000)</u>	<u>(1,086,540)</u>	<u>(436,450)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.4 Operational risk

39.4.1 Operational risk management

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's and the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's and the Bank's operations.

The Group's and the Bank's objective are to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's and the Bank's reputation with overall cost effectiveness and innovation. In all cases, the Group's and the Bank's policy require compliance with all applicable legal and regulatory requirements.

Operational Risk Management Department is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group and Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

39.5 Capital risk

Capital risk is the risk that the Group and the Bank have insufficient capital resources to meet the minimum regulatory requirements to support its credit rating and to support its growth and strategic options.

The Group's and the Bank's strategy are to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholder' return is also recognised and the Group and the Bank recognised the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The Group's and the Bank's lead regulator, the NBC, set and monitor capital requirements for the Group and the Bank as a whole.

39.5.1 Capital risk management

As with liquidity and market risks, ARBC, RCC and Asset and Liability Management Committee ("ALCO") is responsible for ensuring the effective management of capital risk throughout the Group and the Bank.

Capital risk is measured and monitored using limits set calculated in accordance with NBC's requirements.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Capital risk (continued)

39.5.1 Capital risk management (continued)

On 22 February 2019, the NBC issued a Prakas on Capital Buffer in Banking and Financial Institutions. According to Article 22 of this Prakas, the institution shall comply with the provisions related to the capital conservation buffer at least 50% of the conservation buffer by 1 January 2019 and fully comply by 1 January 2020.

On 13 April 2020, the NBC issued a Circular No. B7-020-622 by decreasing capital conservation buffer to 1.25% until a new announcement is released.

On 27 November 2024, the NBC issued a Notification No. B7-024-1718, requiring the Bank to maintain the capital conservation buffer at 1.25% until 31 December 2025.

The Group and the Bank have complied with all externally imposed capital requirements throughout the year.

The table below summarises the composition of regulatory capital follows requirement of the NBC, and the amounts are based on the separate financial statements for the year ended 31 December 2024.

Bank	31 December 2024		31 December 2023	
	US\$	KHR'000	US\$	KHR'000
Tier 1 Capital				
Share capital	140,000,000	563,500,000	140,000,000	571,900,000
Share premium	19,082,502	76,807,071	19,082,502	77,952,021
(Accumulated losses)/retained earnings (a)	(132,731,239)	(545,543,752)	17,228,955	70,380,281
General reserves (b)	110,000,000	442,750,000	80,000,000	326,800,000
Less: Intangible assets	(2,548,802)	(10,258,928)	(3,550,287)	(14,502,922)
Less: Loans to related parties	(5,167,148)	(20,797,771)	(7,317,788)	(29,893,164)
	<u>128,635,313</u>	<u>506,456,620</u>	<u>245,443,382</u>	<u>1,002,636,216</u>
Tier 2 Complementary Capital				
General provision (c)	34,024,969	136,950,500	12,817,742	52,360,476
Subordinated debts (d)	60,437,591	243,261,304	70,583,455	288,333,414
Less: Equity participation in banking or financial institutions	(20,490)	(82,472)	(20,490)	(83,702)
	<u>94,442,070</u>	<u>380,129,332</u>	<u>83,380,707</u>	<u>340,610,188</u>
	<u>223,077,383</u>	<u>886,585,952</u>	<u>328,824,089</u>	<u>1,343,246,404</u>

- (a) The retained earnings used for regulatory capital computation are determined in accordance with the NBC's regulations, which require certain adjustments. As a result, these amounts may differ from the retained earnings presented in the statement of financial position.
- (b) It represents non-distributable reserves as approved by the NBC.
- (c) It represents the general provision calculated by following the Prakas No. B7-017-344 and a new notification letter No. B30-025-170 issued on 5 February 2025 (see Note 41).
- (d) It represents subordinated debts as approved by the NBC.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

40. OPERATING SEGMENT

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources and assesses the performance of the operating segments of an entity. The Group and the Bank have determined the Board of Directors as the collective body of chief operating decision makers. Segment reporting is not required for the Group and the Bank as the majority of the income is from the same business segment, which is credit and lending. All activities are carried out in the Kingdom of Cambodia.

41. EVENTS AFTER THE REPORTING PERIOD

Regulatory provision calculation of banks and financial institutions

On 5 February 2025, the NBC issued a Notification No. B30-025-170 on the calculation of regulatory provision for determining regulatory reserves in accordance with Prakas No. B7-017-344 dated 1 December 2017 on Credit Risk Grading and Impairment Provisioning (Note 3.19). This new notification requires banks and financial institutions to calculate the regulatory provision using gross carrying amount of facilities (including accrued interest receivable) per accounting standards, multiplied by the regulatory provision rates as set out in the Prakas No. B7-017-344.

The Notification is applied prospectively for the financial year ended 31 December 2024. As a result, the Bank has transferred an additional amount of US\$24,072,487 from retained earnings to regulatory reserves as at 31 December 2024.

Capital injection

On 21 February 2025, following the ARBC, the Board of Directors of the Bank endorsed the proposal for capital injection of US\$80 million in 2025. This capital injection is subject to the shareholder's approval. The process is underway and expected to get approval by the shareholder by the end of May 2025.