



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

# ANNUAL REPORT 2020

(End 31/12/2020)



## VISION, MISSION, CORE VALUES



To be the highly admired bank and the preferred choice for customers through professional employees.



We provide our customers with trusted, convenient, and innovative financial solutions that bring delightful experiences by leveraging digital technology. Commit our contribution toward sustainable growth of our customers and society.



**Honest Professional:** We commit to doing the right thing, in an honest, fair, transparent, responsible and professional manner.

**Aiming for Excellence:** We commit to striving for higher standards with excellent delivery. Embrace changes and technology innovation to be a top leader in the market.

**Nurturing Customers:** We help and care our customers by working hand in hand to build their brighter future.

**Dynamic Team:** We are optimistic and energetic, for lead, and work together with open hearts and minds in achieving our goals.

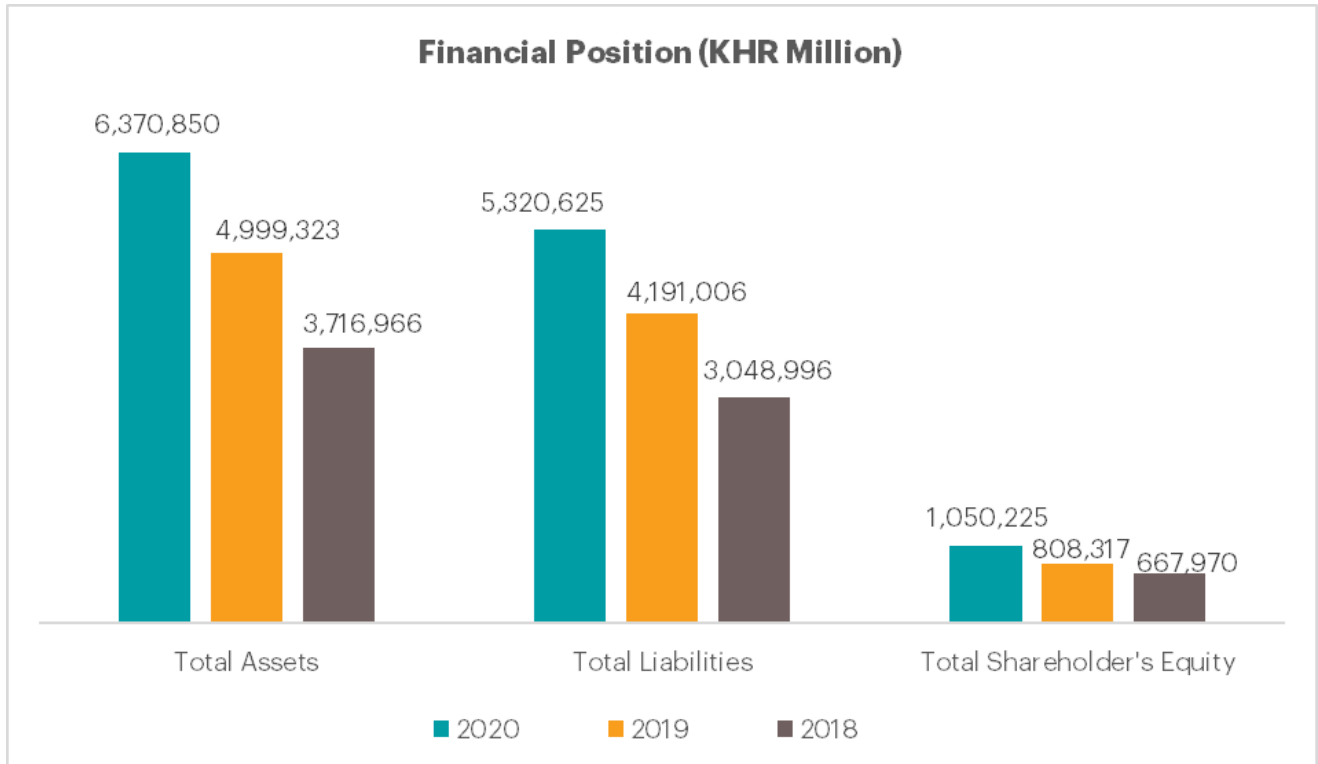
**Simplicity:** We make everything simple, accessible and convenient for our customers based on their needs as our top priority.

## FINANCIAL HIGHLIGHTS

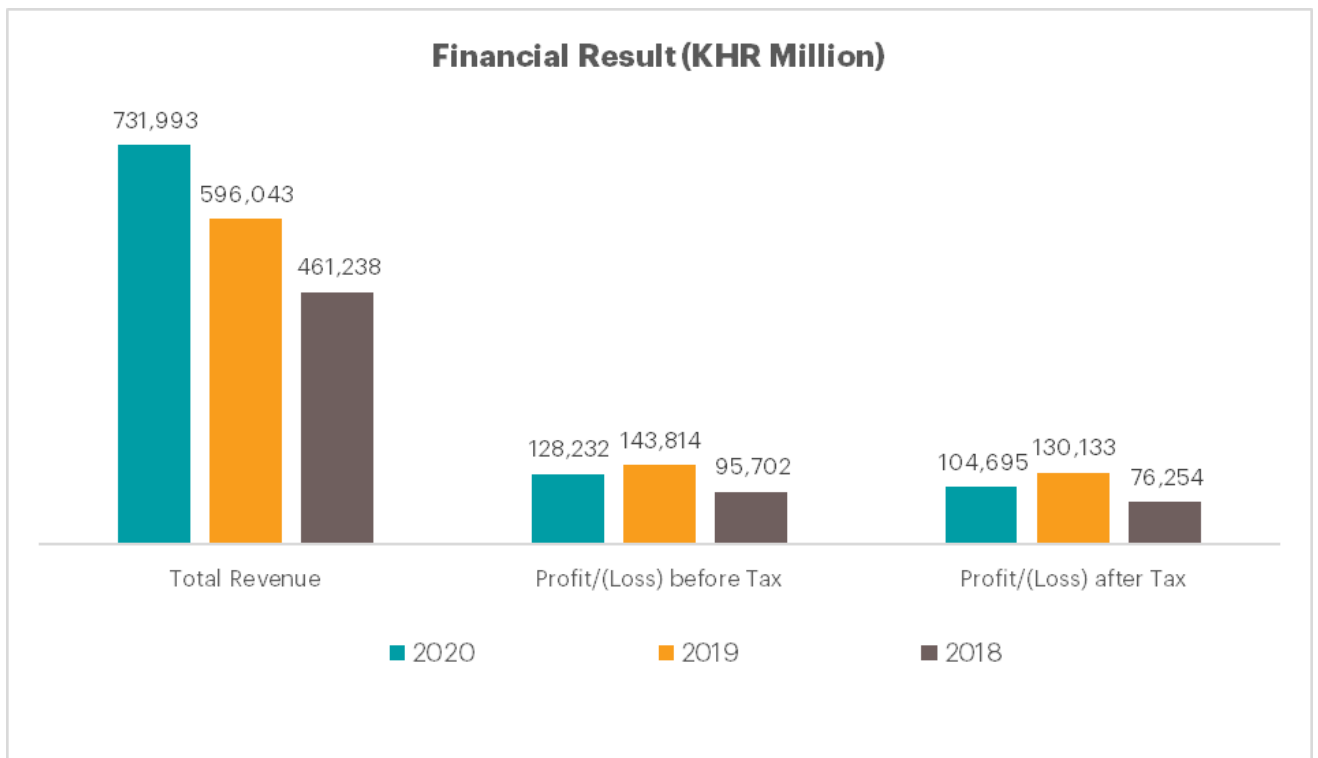
Financial Position	2020	2019	2018
Total Assets (KHR Million)	6,370,850	4,999,323	3,716,966
Total Liabilities (KHR Million)	5,320,625	4,191,006	3,048,996
Total Shareholder's Equity (KHR Million)	1,050,225	808,317	667,970
<b>Profit/ (Loss)</b>			
Total Revenue (KHR Million)	731,993	596,043	461,238
Profit/ (Loss) before Tax (KHR Million)	128,232	143,814	95,702
Profit/ (Loss) after Tax (KHR Million)	104,695	130,133	76,254
Total Comprehensive Income (KHR Million)	88,451	134,633	74,829
<b>Financial Ratios</b>			
Solvency ratio (%)	17.8	19.4	20.0
Debt to Equity (%)	507	518	456
Liquidity Coverage Ratio (%)	131.0	113.9	177.0
NPL <sup>1</sup> (%)	1.31	0.30	0.67
Deposit to Loan Ratio (%)	59.9	57.0	63.4
Return on Assets (%)	1.64	2.69	2.01
Return on Equity (%)	9.97	16.66	11.20
Interest Coverage Ratio (%)	144	160	150

<sup>1</sup> NBC's Definition

## GRAPHIC OF FINANCIAL HIGHLIGHTS



## OPERATIONAL HIGHLIGHTS



## BOARD OF DIRECTORS



Mr. Dan HARSONO  
Chairman



Mr. Ieng Tong HOUT  
Director



Miss. Duangdao WONGPANITKRIT  
Director



Mrs. Voranuch DEJAKAISAYA  
Director



Mr. Chandrashekar S.K.  
Director



Mr. Wanchairabin JITWATTANATAM  
Director



Mr. Hay LONH  
Independent Director



Dr. Davuth DY  
Independent Director



Mr. Sereivathana PAK  
Independent Director

## MESSAGE FROM CHAIRMAN



The year 2020 was one of the most turbulent years. However, Hattha Bank navigated toward satisfactory year end results both in terms of supporting our clients and achieving business performance.

In the last quarter of 2020, Cambodian economy continued to recover although the global situation of Covid-19 was still prolonged and affected all countries. Local businesses and domestic consumption, a vital engine of Cambodia economic growth, were severely impacted. I appreciated the proactive measures from the government and NBC in addressing the need of businesses, individuals and financial institutions. These efforts enabled business activities to continue despite challenges from the pandemic. At Hattha Bank, it is our duty to extend support to our clients as much as we can, in alignment with the direction from NBC to encourage banks to help clients impacted directly or indirectly from Covid-19. By the end of 2020, Hattha Bank provided client support through loan restructured scheme covering more than 13,000 customers, close to USD 140m. We will stand together with our clients and continue to support them to get through this difficult time toward 2021.

During the community outbreak in November and December, the bank escalated preventive measure to ensure health and safety for our clients and employees. This included adoption of self-quarantined for staff who was exposed to places with Covid cases and resuming work from home shift to enable social distancing.

In regards to the business performance of Hattha Bank, our last quarter saw an impressive growth in loans and deposits, to reflect recovering demand and trust from the market. We grew loan portfolio to USD 1,323m, 16% increase from the previous quarter. Our deposit reached a new record to USD 793m, 17% growth quarter on quarter. PAR30+ significantly reduced from 1.44% to 0.70% as we continued to strengthen asset quality management and

customers improved their financial position. Our solvency ratio stood at 17.8%, above the stipulated regulatory threshold. Hattha Bank launched new mobile banking successfully, and our new mobile banking subscribers surpassed 16,000 accounts. This provides a good momentum to continue growing our mobile base, in line with our strategy to scale up the digital business.

Projecting forward to 2021, Hattha Bank enters a new cycle of the 3-year Medium Term Business Plan from 2021 to 2023. We aspire to be one of the leading commercial banks in the country that provides comprehensive products and services to our clients as well as help supporting the Cambodian economy. As Hattha Bank is part of Krungsri Group and a member of MUFG, we are confident that we can leverage the regional and global network of the parent groups to continuously strengthen Hattha Bank's offerings to Cambodian clients over time.

Lastly, I wish everyone to stay safe and strong in coping with all the challenges ahead of us. May 2021 be the year of great success and prosperity to our investors and clients.

Date: 26-March-2021

Signature and Stamp



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**Mr. Dan HARSONO**

Chairman

## MESSAGE FROM PRESIDENT AND CEO



Certainly, in 2020, COVID-19 has impacted the global economy as well as Cambodia's economic growth, severely affecting Cambodia's livelihoods and businesses. However, Hattha Bank Plc. was able to get through this difficult time by achieving great achievements according to the operational plan, such as: successful transformation into a commercial bank, loans, deposits and net income were higher than operational plan, especially while non-performing loans were at a better low risk level, which shows good loan quality of Hattha Bank Plc. All of these achievements are a clear demonstration that Hattha Bank Plc. remains strong and leading in the Cambodian financial market. Nowadays, Hattha Bank Plc. is providing a wide range of services as a financial solution to customers and the people of Cambodia, including loans, deposits, Hattha mobile, My ATM, local money transfer, Fast Payment, Payroll, collection service and other financial services and the Bank is also developing new products/services to serve customers in the near future.

Meanwhile, to participate in the prevention and fight against COVID-19 disease in Cambodia, Hattha Bank Plc. opened COVID-19 charity account for all customers, donators and staffs of Hattha Bank Plc. to join with the Royal Government of Cambodia for purchasing COVID-19 vaccines for injection free Cambodians.

In addition, Hattha Bank Plc. also contributed KHR 200,000,000 (two hundred million) to offer the Royal Government of Cambodia in preventing the spread of COVID-19.

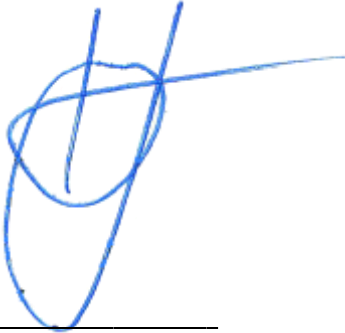
As of December 31, 2020, Hattha Bank Plc. has achieved the following good results:

- Loan balance was above operational plan by USD 115 million
- Deposit showed very good growth, which was over operational plan by almost USD 172 million
- Net Income was higher than operational plan by USD 12 million
- PAR 30+ was at 0.70%



Finally, would like to say a big thank you to all the customers who have always supported Hattha Bank Plc. from the very beginning until now and let the management and staff continue to work hard in their respective skills and expand their banking skills to continue our process as our motto " BUILDING A BRIGHT FUTURE TOGETHER! ". We will continue to work together to build the reputation of Hattha Bank Plc. to become more famous both in Cambodia and international stage.

Date: 26-March-2021

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

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**leng Tong HOUT**

President & CEO

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## PART 1: GENERAL INFORMATION OF BOND

### A- Update Bond's Identification

Name of the Listed Entity in Khmer	ធនាគារ ហត្ថា ម.ក
Name in Latin	Hattha Bank Plc.
Standard Code	KH20000718B4
Address	#606, Street 271, Phum Sansom Kosal 3, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh
Phone number	023 994 304
Website	www.hatthabank.com
Email	info@hatthabank.com
Company registration number	00005355 (dated on April 03, 2001)
License Number	B-56 issued by National Bank of Cambodia dated on Aug 5, 2020
Disclosure Document registration number	No 165/18គ.ម.ក. dated on November 01, 2018
Representative of the listed entity	Mr. Ieng Tong HOUT

**THE FIRST CORPORATE BOND  
AND NO. 1 IN CAMBODIA**



## B- Nature of Business

Hattha Bank Plc. is one of the leading banks in Cambodia, which received license from the National Bank of Cambodia and the Ministry of Commerce to conduct its commercial banking operations officially from August 26, 2020. With more than 26 years of experience in providing financial services to Cambodian people, after its transformation, Hattha Bank has improved and introduced many financial services, including: Improvement of mobile banking service (named: Hattha Mobile), introduction of interbank transfers, overdraft loan, new deposit products (HYSA Flexi and HYSA Corporate), in addition to its existing services such as: loans, deposits, local money transfer, ATM, payroll and insurance referral service.

As of December 2020, Hattha Bank has total deposit balance over USD 793 million from 271,598 depositors and total loan portfolio over USD 1,323 million serving to its 184,490 borrowers through 177 office locations and 137 ATMs nationwide.

Hattha Bank is a subsidiary of Bank of Ayudhya Public Company Limited and its group companies (Krungsri) is the fifth largest financial group in Thailand in terms of assets, loans, and deposits, and one of Thailand's five Domestic Systemically Important Banks (D-SIBs) with 75 years of history in Thailand. Krungsri is a strategic member of the Mitsubishi UFJ Financial Group (MUFG), Japan's largest financial group and one of the world's largest financial organizations.

## C- Bond's Cooperation

No	Company Name	Type of Relationship	Percentage of shareholding	Main business	Certificate of Incorporation	Business location
1	Ayudhya Public Company Limited (Krungsri)	shareholder	100%	Universal Bank		1222 Rama iii Road, Bangphongphang, Yan Nawa Bangkok 10120, Kingdom of Thailand
2	Hattha Services Co., Ltd	Subsidiaries	49%	Buying, selling or renting and operating of self-owned or leased real estate of (lease land or /building after purchasing)	8 October 2019	#606, Street 271, Phum Sansom Kosal 3, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh

## D- Quarter's Key Event

In 2020, Hattha Bank worked on several key tasks to support its progressive operations, including:

- Another important milestone has emerged, that is the transformation from a microfinance deposit taking institution (Hattha Kaksekar Limited) to a commercial bank (Hattha Bank Plc.) to provide more exceptional and comprehensive financial services to customers.
- The Japan International Cooperation Agency (JICA) signed USD 50 million loan agreement with Hattha Bank (when in MDI status) to provide fund to micro, small and medium enterprises (MSMEs) in the rural areas of the country.
- Updated its organizational structure for new upcoming year 2021
- Signed MOU with its business partners to offer special price for its clients
- Contributed with Cambodia government to donate fund to buy COVID-19 vaccine
- Developed and provided training to all staff nationwide to enhance its branding identity communications
- Contributed many CSR activities for a better change on financial knowledge, health & safety, preserving environment
- Following direction and recommendation from the Royal Government to boost small and medium enterprises in Cambodia, Hattha Bank offers a special interest rate of only 7% per annum as part of participating in the SME Co-Financing Scheme and accelerate the growth of the Cambodia economy. These are the most significant to prove that Hattha Bank is a fully capable bank with a clear vision to obtain its business stability in the market as well as contribute for a better growth of its customers and society
- Hattha Bank (when in MDI status), recognized as one of the leading financial institutions in Cambodia, obtained the company's credit rating at "BBB+" for two consecutive years, which is another achievement to reflect that Hattha Bank has grown stronger in the current financial market as well as in the future.

## E- Market Environment

After Cambodia's economy sustained an average growth rate of around 7% for last two decades, Cambodia GDP growth in 2020 was estimated to register negative growth of -1.9% due to the impact of COVID-19 pandemic which has seriously affected the world following the Great Depression in the 1930s, and some key Cambodia's economic sectors such as tourism sector, the import of garments and footwears, and construction and real estate sectors.

However, Cambodia's agricultural and financial sectors are seen more resilient and continue to grow positively. This reduces the severe impact on the national economic growth and enables the business and employment sustainability in Cambodia. As of December 2020, there were 52 commercial banks, 13 specialized banks, 52 microfinancial institutions (including microfinance deposit taking institutions), and other many rural credit operators.

## **F- Competition Environment**

In the context that Cambodia's economy is projected to contract by 1.9% in 2020, but the financial sector still continues to grow resiliently along with rapid advancement of technology, especially the financial technology (FinTech), the competition environment in financial sector in 2020 has continued to make a noticeable change in the use of technology in developing new financial products and services, unfolding with the rise of this FinTech, which can be understood as the use of innovative information and automation technology in financial services. In this regard, Hattha Bank has been well prepared and timely responded through the development of new products and services in this digital era to meet the growing needs of its customers.

## **G- Future Plan**

Hattha Bank Plc. plans to make the digital service improved and easy for our customers, to increase the number of branches and to provide the further services in short future.

## **H- Risk Factors**

### **1- Analysis**

Risk is determined based on a standard framework such as identifying risk, analyzing risk, evaluating risk, risk treatment, and risk monitoring.

### **2- Risk Management and Prevention**

#### **Credit Risk Management**

Credit risk are managed in various methodologies and tools such as credit risk management policy, credit underwriting criteria, credit approval authority, credit limit, credit risk monitoring, credit risk grading and impairment, portfolio risk analytics, and independent credit review to branches.

#### **Operational Risk Management**

Operational risk management team perform their tasks to ensure minimal impacts on Hattha Bank from any failure event which may cause from internal and external factors or outage/network down. Hattha Bank regularly implement Risk Control Self Assessment (RSCA), Key Risk Indicators (KRIs) comparing to the set limits, operational risk incident reporting, and BCP testing. Every new product/service/process or amendment is required to have risk assessment thoroughly for risk prevention and risk mitigation.

#### **Market Risk Management**

Market risk means the loss of Hattha Bank resulting from market parameter changes which may arise from the exposures in, both on and off-balance-sheet, the trading book and/or non-trading book. However, Hattha Bank mainly face market risk on the banking book which include

foreign exchange risk and interest rate risk. Market and liquidity risk management policy and various tools are in place for implementation.

## Liquidity Risk Management

Hattha Bank recognizes the importance of the regulations on liquidity risk management which reflect to the current market changes. Therefore, to manage liquidity risk Hattha Bank has in place market and liquidity risk management policy, adequate risk measurement tools, liquidity monitoring, liquidity trend and liquidity behavior analysis, and liquidity stress testing. Hattha Bank so far maintain the Liquidity Coverage Ratio (LCR) as per NBC requirement and additionally set the internal buffer on the top of the regulator's requirement.

## PART 2: INFORMATION OF BUSINESS RESULT

### A- Update Result of Business (Including business information by section)

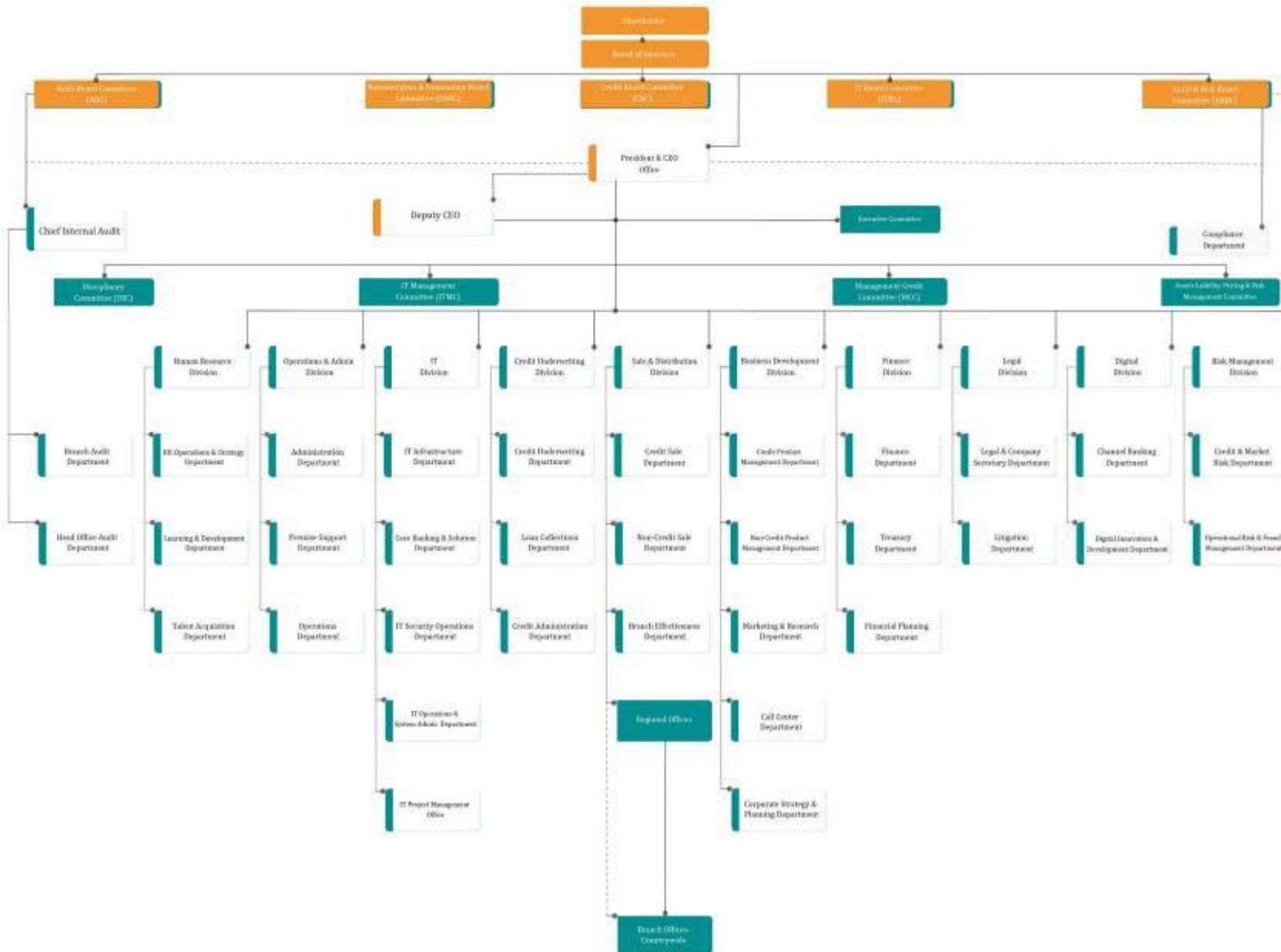
Performance Highlight as of December 2020		Plan	Achievement
<b>Loan</b>			
Loan account		176,453	184,490
Loan Portfolio ('000 USD)		1,207,359	1,322,729
<b>Deposit</b>			
Deposit Account		265,917	271,598
Deposit Balance ('000 USD)		620,523	792,647
<b>Other Financial Services</b>			
ATM Cardholders		53,950	54,908
Mobile Banking Users		9,204	16,353
Small Insurance Referral Service (USD)		201,846	294,512
Loan Insurance Referral Service (USD)		3,392,710	7,751,600
<b>Other Operations</b>			
Office Network		177	177
ATM Network		147	137
Total Staff		5,409	5,176

### B- Update Revenue Structure

No.	Source of Revenue	2020		2019		2018	
		Amount (Million KHR)	Percentage	Amount (Million KHR)	Percentage	Amount (Million KHR)	Percentage
1	Interest Revenue	707,564	96.7	575,224	96.5	447,357	97.0
2	Other Revenues	24,429	3.3	20,819	3.5	13,881	3.0
<b>Total Revenue</b>		<b>731,993</b>		<b>596,043</b>		<b>461,238</b>	

# PART 3: INFORMATION OF CORPORATE GOVERNANCE

## A- Organizational Chart





## B- Composition of Board of Directors

No	Name of Director	Position	Date Appointed	Date Ended
1	Mr. Dan HARSONO	Chairperson	12 September 2016	11 September 2022
2	Ms. Duangdao WONGPANITKRIT	Director	12 September 2016	11 September 2022
3	Ms. Voranuch DEJAKAISAYA	Director	11 February 2020	11 February 2022
4	Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM	Director	12 September 2016	11 September 2022
5	Mr. Ieng Tong HOUT	Director	12 September 2016	11 September 2022
6	Mr. Wanchairabin JITWATTANATAM	Director	27 May 2019	26 May 2022
7	Mr. Hay LONH	Independent Director	12 September 2016	26 May 2022
8	Mr. Davuth DY	Independent Director	12 September 2016	26 May 2022
9	Mr. Sereivathana PAK	Independent Director	27 May 2019	26 May 2022



## C- Senior Management Team

No.	Name	Sex	Position
1	Oknha Ieng Tong HOUT	Male	President & CEO
2	Wanchairabin JITWATTANATAM	Male	Deputy CEO
3	Vandith IM	Female	EVP & Chief Operations and Administration Officer
4	Sokmetrey MECH	Male	EVP & Chief Business Officer
5	Lina TOUCH	Male	EVP & Chief Credit Underwriting Officer
6	Vibol HIM	Male	EVP & Chief Finance Officer
7	Vol ROS	Male	Chief Internal Audit Officer
8	Boranchanborath CHEN	Male	EVP & Chief Legal Officer
9	Sokun CHHENG	Female	EVP & Chief Risk Management Officer
10	Chansovichea DUONG	Male	EVP & Chief of Sales and Distribution Officer
11	Tithya YIM	Male	EVP & Chief Information Technology Officer
12	Souphoan SEM	Male	EVP & Chief Human Resource Officer
13	Noun Virakdara	Male	EVP & Chief Digital Officer
14	Sreyepoch HENG	Female	Head of Compliance Department (Observer)

Note: Details related to corporate governance are attached in the appendix.

## PART 4: INFORMATION OF SECURITIES TRADING AND SHAREHOLDER OF BOND ISSUER

### A- Information of Bonds

#### 1- Information on Equity Securities (for equity listed entity)

(None)

#### 2- Information on Debt Securities (for debt listed entity)

Information	Description
Bond's type	Corporate
Symbol	HKL21A
Issuing date	14 Nov 2018
Total amount of bond	120,000,000,000 KHR
Total amount of outstanding bond	120,000,000,000 KHR
Maturity	14 Nov 2021
Coupon payment schedule	14 May and 14 Nov
Coupon rate (%)	8.5%
Total amount of coupon payment	10,199,999,996 KHR

#### 3- Other Securities (if any)

(None)

### B- Price and Quantity of Selling Bonds

Between Jan and Dec, 2020, there is no bond trading and the bond price is fixed at 100,000 KHR per each bond.

### C- Shareholder with the Right to Vote Overwhelming (from 30%)

No.	Name	Nationality	QTY	Percentage
1	Ayudhya Public Company Limited (Krungsri)	-	100%	100%
Total				100%

## **D- Shareholder Have the Large Right to Vote (5% to <30%)**

(None)

## **E- Information of Divident Sharing Within Last 3 Years (for equity listed entity)**

(None)

## **PART 5: INTERNAL CONTROL AND INTERNAL AUDIT**

From January to December 2020, internal audit had conducted 101, 20 business function/department and 06 products and services/projects. During auditing, internal auditor found the findings and take some key findings to be reported as below:

### **Findings Raised by the Head Office Audit Department**

#### **Finding 01**

TESS Innovation was not screened against black list before signing agreement for AML system.

#### **Recommendation**

The compliance department (CPD) shall screen the TESS Innovation against black list and make sure that all parties who sign the agreement with Hattha Bank is identified as vendors/suppliers and shall screen their names/companies against blacklist.

#### **Finding 02**

Some rule data extracted from system was not consistence with rule requirement from the Operational Risk and Fraud Management Department (OFM), and some of fraud rule detection code have not been selected for reviewing.

#### **Recommendation**

The OFM shall work and discuss with the Core Banking and Solutions Department (CBS) team to update and change the cript code to align with the fraud rule detection.

#### **Finding 03**

Cardkri loan was approved without checking SETFO system, client's registration cards were not registered and de-registered in SETFO system.

## **Recommendation**

The Credit Underwriting Department (CUD) shall enhance the responsible staff for check SETFO system before loan approval, and CUD shall update the Cardkri Loan Procedure by including the control on the date to be registered and de-registered after the loan disbursement and to be de-registered after loan paid off.

## **Finding 04**

Appropriateness of loan disbursement and approval

- 1) The condition before disbursed loan imposed by SMCC and MCC were not properly followed up.
- 2) Approved loan to client who have cash contribution less than 30% and delinquent & WO clients have been approved over approval authorization.
- 3) The method to calculate DSCR was not consistency between "Cardkri loan underwriting Procedure" and "Cardkri loan Policy V1".

## **Recommendation**

- 1) The CUD shall enhance the responsible staff to review and monitor all conditions imposed by the credit committee before disbursing the loan to ensure that the conditions are completed before allowing the branch responsible staff to disburse the loan to customers.
- 2) The Credit Products Management Department (CPM) shall work with the CUD to update the Cardkri loan version 1 to reflex with the actual practice.
- 3) CPM shall work with CUD to update the formulation of DSCR to be consistency between policy, procedure and form.

## **Finding 05**

Phone collection team didn't call to collect loan arrear from 1day to 3days, and didn't make report submit to branch for action taken.

## **Recommendation**

The Loan Collection Department (LCD) should update the system to operate phone call to ensure that all loans that over due within 1 day to 3 days are existing in the system then enhance phone call collection team to call for collection of all Cardkri Loan and send report to branch for action taken.

## **Finding 06**

One JNV was not approved and some JNVs over USD 300k were not approved based on the level of authorization.

## **Recommendation**

The Finance Department (FND) shall submit JNV to CFO for approval and enhance responsible staff to review the amount and the level of authorization On JNV properly to follow with accounting policy and shall prepare the request to CFO to approve on that JNV.

## **Finding 07**

The User Access Matrix of SmartVista and Mobile Banking System were not properly updated, and the User Access Matrix of Hattha Mobile (Appzillon System) and user privilege review of Oracle database were not prepared.

## **Recommendation**

CBD shall assign staff to update the User Access Matrix on quarterly basis and shall be printed and properly signed, and CBD & CBS shall prepare user access right of each system on quarterly basis and print it out for sign off and approval.

## **Finding 08**

Phone number could be changed in core-banking system by one user and improperly complete the form DEP-004.

## **Recommendation**

CBS shall update rule in core-banking system for every changing client's information and shall be authorized by difference user. OPD shall communicate to related branch to update client's saving account information and make sure these clients could not perform the financial transaction through MB.

## **Finding 09**

Inactive user and resigned user were not properly removed and disabled from the SmartVista.

## **Recommendation**

CBD shall assign staff to remove or disable the inactive user and resigned user from SmartVista and Mobile Banking system, and provide a short refreshment training to responsible staff about user management of system and pplication.

## **Finding 10**

Policy/Procedure was not established and updated according to NBC Technology Risk Management Guidelines.

**Recommendation:**

CIO shall assign responsible staff to update the IT Change Management Procedure to comply with NBC's requirements and established standard procedure for IT administering applications.

**Findings raised by Branch Audit Department****Finding 01**

Lapsed in loan assessment

- 1) No spouse acknowledges in the loan document in case of accepted the collateral which is belonging spouse to hypothec.
- 2) Not fully check CBC report of co-borrowers & checked CBC of the guarantors without preparing the consent letter.
- 3) Accepted the land certificate without thumbprint of client's spouse and wrong thumbprint of the collateral owner.

**Recommendation**

- 1) The branch manager (BM) should assigns a credit consultant (CCT) to visit the client (spouse) to request a document confirming the eviction or require the client's spouse to be fingerprinted on the additional hypothec contract, and strengthen in verification of the correctness of legal land collateral in accordance with the law before accepting the mortgage to avoid the claim of the spouse to take the property to the mortgage, which can make the property not covered by debt and to facilitate settle mortgages with clients legally.
- 2) The BM and chief credit consultant (CCC) shall check credit information of co-borrower and guarantor in the Credit Bureau of Cambodia (CBC) system adequately and properly.
- 3) The BM shall assign the CCT to visit the client (spouse and children) to request the correct and adequate fingerprint on the collateral in front of the authority and to advise the CCC to strengthen in reviewing the accuracy of the owners' thumbprints on the title deed before accepting to mortgage for credit security and to facilitate the legal settlement of late loans.

**Finding 02**

Inappropriate of loan approval

- 1) Approved the loan term over and interest rate less than the standard price as stated in memorandum.
- 2) Approved the loan not following the condition require.
- 3) Approved the loan over limit authorization for client who has many debtors with others FIs & Banking.
- 4) Approved the loan to client which collateral value under policy required (150%)

5) Approved the loan without requiring client to get the acknowledgement from chief of village and commune on the hypothec agreement for loan size more than USD 5K and USD 10K with soft title collateral for 1st & 2nd cycle, while the memorandum is required

### **Recommendation**

The BM shall prepare a request for approval of:

- 1) The loan term and interest rate lower than the decision to the director of the branch efficiency management department to request the approval and strengthen in reviewing the loan term and interest rate by verifying with the decision clearly before approval to avoid the loss of the company's income.
- 2) The type of loan that does not require the client to process the hypothec contract with the authority and strengthen in checking on the credit history of the loan repayment for old cycle before approving the loan for credit security and to be easy for asking the authorities to deal with late loans.
- 3) Approved loan over limit of authorization and shall strengthen the implementation of the decision on the level of credit approval for borrowers have many debtors with MFIs and banks and shall request the approval of the Management Credit Committee (MCC) in case of exceeding the credit approval limit to avoid affecting the ability to loan repay and credit risk.
- 4) Approved loan that the collateral value less than the credit policy and strengthen in reviewing and calculation of collateral hypothec value to the loan amount owed by the customer or the loan size approved by at least 150% to avoid affecting the credit security.
- 5) Approved loan does not require the client to process the hypothec contract to the chief of village and the commune, and have to understand the decision on the conditions requiring the client not to process the hypothec contract clearly before approving loan.

### **Finding 03**

Lapsed in loan disbursement

- 1) Allowed to disburse re-financing loan for the 2nd drawdown within 16 days after 1st drawdown while the memorandum required only 14 days.
- 2) Required documents and conditions imposed by MCC were not fulfilled.
- 3) Accepted client's hypothec agreement without acknowledgement from chief commune.
- 4) Disbursing re-financing loan to client without following MCC's requirement and condition.

### **Recommendation**

The BM shall prepare a request to the management and MCC for approval of:

- 1) The 2<sup>nd</sup> drawdown of re-financing loan more than 14 days and advise the branch chief operation (BCO) and branch service officer (BSO) to calculate the number of 2<sup>nd</sup> drawdone to customers properly.



- 2) Re-approval in case of non-compliance with the MCC's requirement before loan disbursement and should report to the MCC in in case could not be done to be credit security and have sufficient supporting documents as well as to confirm the purpose of loan utilization.
- 3) Disburse cash to client to pay off debts from other institutions incorrectly according to the approval and instruct the authorized staff as the acting BM to be careful in preparing a request of cash disbursement to settle loan pay off with various institutions in accordance with the notes of the management or MCC to avoid the credit risk.
- 4) The BM shall assign the CCT to visit the client to request them for processing loan document with the local authority and to advise the BSO to strengthen in reviewing the completeness of loan document and acknowledgement of authority on hypothec contract before opening a credit account and disbursing lona to client.

#### **Finding 04**

##### Lapses in Loan Documentation

- 1) Original contracts of hypothec agreement, loan agreement and guarantee agreement were kept in the loan file while the memo required to keep in fireproof.
- 2) Not properly kept the client's collateral documents in the fireproof during a day after loan disbursement by keeping on the BSO's desk and in the loan files.

#### **Recommendation**

The BM shall assigns the operator to keep the client's collateral in the fireproof safe and follow the policies and procedures for the next case by keeping the client's collateral in fireproof safe in a timely manner during a day afterl loan disbursement and copying it in the credit file to avoid losing the client's collateral and make the collateral management more efficient.

#### **Finding 05**

Maintained the cash in the reserve safe exceeding maximum limit with more than two days for non-standard strong room without approval.

#### **Recommendation**

The BM shall make a request to the director of the operations department for approval in the case of keeping cash exceed as procedure requirement and shall instruct the operator to follow the procedure of cash management and protection guideline for the next case. There is a surplus of cash should be transferred from the reserve safe to deposit at bank account or prepare a request to the Director of Operations for approval for efficient cash management.

#### **Finding 06**

Transited cash to bank over maximum limit (USD 500K) and did not request for approval from head of operations department/Chief of Operations and Admin Officer.

## **Recommendation**

The BM should understand the procedure and apply it properly in the next case, when there is the cash transit more than USD 500K shall prepare a request for approval from the Director of Operations Department for the safety of cash transport, the effectiveness of control over cash transport, have a clear responsible person in case of problems, easy to track the reasons for withdrawal from the bank and make cash management more efficient.

## **Finding 07**

Not fully perform weekly cash count as per required in Cash Management and Protection Procedure.

## **Recommendation**

The BM shall prepare a request to the director of the operations department to request the approval of the case of non-cash counting in full weekly and to be properly implemented in accordance with the procedure for the next case by counting the cash in the operating safe and reserve at least once a week.

## **Finding 08**

Not request clients to affix thumbprint or sign on the copy of identity documents for account opening, and not upload the clients' specimen into system during a day for opening saving account and 10 days after disbursing the loan.

## **Recommendation**

The BM shall assign staff to contact the customer to get a copy of the identity and make the fingerprint or sign and write the name of the owner of the fingerprint or signature below.

The branch manager shall assign the operator to upload all of the client's specimen into the system and shall instruct the operator to strengthen in reviewing and monitoring of uploading client's specimen into the system as procedure requirement.

## **Finding 09**

Not screen the clients' name against the blacklist during CIF creation and non-account owner for cash remittance transaction, and not request client to make a thumbprint or signature on the client's copy ID card for cash remittance

## **Recommendation**

The BM shall instruct the operators to strengthen in reviewing of compliance with the Anti-Money Laundering and Combating the Financing of Terrorism Policy, and before opening an account or performing a cash transaction with client, it is required to verify the client's information in Hattha Bank's blacklist system to ensure that the client is not involved in any Anti-

Money Laundering and Combating the Financing of Terrorism activities. In addition, contact the customer to get a copy of the identity and make the fingerprint or sign and write the name of the owner of the fingerprint or signature below.

Seen and Approved

Date: 26-March-2021

Dr. Davuth DY  
Chairperson

Date: 26-March-2021

Mr. Vol ROS  
Chief Internal Audit Officer

## PART 6: AUDITED STATEMENTS FROM INDEPENDENT AUDITOR

Please check detail report in appendix attached

## PART 7: INFORMATION OF TRANSACTION WITH POTENTIAL CONFLICT INTEREST

The Listed entity shall disclose material transactions information, with related parties in the last 2 (two) years, specifying name, relation between the listed entity and related parties, size of transaction and the type of interest which arise from that relationship as follows:

### A- Material Transactions with shareholder who hold at least 5% or more shares of outstanding equity securities

#### Transactions on borrowings, interest and fees:

Hattha Bank ("the Bank") is wholly owned by Bank of Ayudhya PCL. ("Krungsri"), a company incorporated in Thailand, with effective control from 12 September 2016. As of 31 December 2020, there are borrowing from Krungsri as the following:

Code	Type of Borrowing	Interest Rate	Disbursement Amount (in million USD)	Outstanding Amount (in million USD)	Commitment Fee	Collateral
0188-A	Senior Debt	5.5% + 6- month LIBOR	5,000,000	714,285.80	N/A	No
0192-A	Senior Debt	5.5% + 6-month	10,000,000	1,428,571.60	N/A	No

		LIBOR				
0195-A	Senior Debt	5.5% + 6-month LIBOR	5,000,000	714,285.80	N/A	No
N/A	Bill Utilization Agreement	4% + 6-month LIBOR/4% + 12-month LIBOR	35,000,000	0	1.1627% on undrawn portion	No

### Transactions on Interest Rate Swaps:

On 12 January 2017, the Group and the Bank entered into agreements with Krungsri for interest rate swap totalling USD 54 million, effective from 15 May 2017 to 14 May 2021. On 7 February 2018, the Group and the Bank entered into another agreement with Krungsri for interest rate swap of USD 55 million, effective from 23 February 2018 to 15 June 2022. On 24 December 2019, the Group and the Bank entered into another agreement with Krungsri for interest swap of USD 80 million, effective from 27 December 2019 to 29 December 2026. This is to manage the Group and the Bank's exposure to interest rate risk of its funding.

### Transactions on Capital injection:

	31-Dec-2020	
	USD	KHR
Registered, issued and fully paid ordinary share of USD1 each	115,000,000	465,175,000

On 10 May 2019, the Bank requested for approval from the NBC for increasing new share capital by USD 40 million from USD 75 million to USD 115 million by transferring from retained earnings. This request was approved by the NBC on 19 June 2019.

However, the Board of Directors has decided to increase the capital by paying USD 40 million in cash instead of transferring from retained earnings for the benefit of capital for the future development of the Bank. This request was approved by the NBC on 7 October 2019.

On 11 February 2020, the Ministry of Commerce approved the amended Memorandum and Articles of Association of the Bank with share capital of USD 115 million.

### B - Material Transactions with Directors and Senior Officers

As of 31 December 2020, the Bank has significant transactions with Board of Directors as follow:

#### Deposits from and interest expense to Board of Directors:

	31-Dec-2020	
	USD	KHR
Deposits from Board of Directors	625,520	2,530,228

For the twelve-month period  
ended as of 31-Dec-20

	USD	KHR
Interest expense to Board of Directors	42,166	171,911

As of 31 December 2020, the Bank has significant transactions with Senior Officers as follow:

**Loans to Senior Officers and interest income:**

	31-Dec-2020	
	USD	KHR
Loans outstanding to Senior Officers	449,004	1,816,221

For the twelve-month period  
ended as of 31-Dec-20

	USD	KHR
Interest income from Senior Officers	37,050	151,053

**Deposits from and interest expense to Senior Officers:**

	31-Dec-2020	
	USD	KHR
Deposits from Senior Officers	2,828,058	11,439,495

For the twelve-month period  
ended as of 31-Dec-20

	USD	KHR
Interest expense to Senior Officers	165,082	673,039

**Office rental from Senior Officers:**

	31-Dec-2020	
	USD	KHR
Right-of-use assets	215,640	872,264
Lease liabilities	222,417	899,677

For the twelve-month period  
ended as of 31-Dec-20

	USD	KHR
Interest expenses	19,406	79,118
Depreciation expenses	55,114	224,700
Lease payment	67,920	276,910

### C- Transactions with Directors and Shareholder related to Buy/Sell asset and service

As of 31 December 2020, there were no material transactions with Directors and Shareholder related to Buy/Sell asset and service.

### D- Material transactions with immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares

As of 31 December 2020, there are no transactions with immediate family members of Shareholder who hold at least 5% or more shares.

As of 31 December 2020, there are transactions on deposits from and interest expense to immediate family members of directors and senior officers as follow:

	31-Dec-2020	
	USD	KHR
Deposits from family members of directors and senior officers	684,448	2,768,592

	For the twelve-month period ended as of 31-Dec-20	
	USD	KHR
Interest expense family members of directors and senior officers	49,123	200,274

### E - Material transactions with subsidiary

Hattha Services Co., Ltd., the subsidiary, was incorporated on 8 October 2019 by the Bank and Saray Holding Limited, a private limited company incorporated in Cambodia. The principal activity of the subsidiary is buying, selling, renting and operating of self-owned or leased real estate.

As of 31 December 2020, the Bank has significant transactions with subsidiary as follow:

#### Land rental from subsidiary:

	31-Dec-2020	
	USD	KHR
Right-of-use assets	10,348,601	41,860,091
Lease liabilities	10,508,151	42,505,471
Refundable deposit	498,258	2,015,454

**For the twelve-month period**

	ended as of 31-Dec-20	
	USD	KHR
Interest expenses	327,427	1,334,920
Depreciation expenses	108,933	444,120
Lease payment	276,810	1,128,554

**Deposits from subsidiary:**

	31-Dec-2020	
	USD	KHR
Deposits from subsidiary	590,573	2,388,868

**Management fee income from subsidiary:**

	For the twelve-month period ended as of 31-Dec-20	
	USD	KHR
Management fee income from subsidiary	13,310	54,265

**F - Material transactions with the person, who associated with director of the listed entity, its Subsidiary or Holding Company, whose relationship has occurred in any transactions or have been made by the listed entity**

As of 31 December 2020, there were no transactions with the person, who associated with director of the listed entity, its Subsidiary or Holding Company, whose relationship has occurred in any transactions or have been made by the listed entity.

**G- Material transactions with former directors or persons who involved with former director**

As of 31 December 2020, there were no transactions with former directors or persons who involved with former director.

**H- Material transactions with directors who is holding any position in a non-profit organization or in any other company other than the listed entity**

As of 31 December 2020, there were no transactions with directors who is holding any position in a non-profit organization or in any other company other than the listed entity.

**I - Material transactions with directors who get benefit either finance or non-financial from the listed entity**

As of 31 December 2020, there were no transactions with directors who get benefit either finance or non-financial from the listed entity.

## PART 8: UPDATE DISCUSSION AND ANALYSIS OF MANAGEMENT

### A- General Overview of Operations

#### 1- Revenue Analysis

Hattha Bank Plc. has two main revenues, which are interest revenue and other revenues.

<b>Interest revenue:</b> the net interest from providing loan to our customers and placement with other banks. This income is monthly recognized.	<b>Other revenues include:</b> insurance referral fee, money transfer fee, other fees, fees from written-off loan, and gain on exchange rate ...etc.
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Interest revenue is the main income for Hattha Bank Plc., standing for 96.7% of the total revenues.

#### 2- Revenue by segment analysis

During 12 months in 2020, Hattha Bank Plc. received the total interest income of 707,564,333 thousand Riel, increased 132,339,856 thousand Riel, standing around 23% and other incomes also increased 24,428,830 thousand Riel, increased 3,610,538 thousand Riel, standing around 17.3% compared to last year the same period.

#### 3- Gross profit margin analysis

Hattha Bank Plc. doesn't calculate the gross profit margin due to financial institution.

#### 4- Profit/(Loss) before tax analysis

During 12 months in 2020, Hattha Bank Plc. made a profit before tax of 128,231,594 thousand Riel, decreased 15,582,626 thousand Riel, standing around (10.8%) compared to last year the same period.

#### 5- Profit/(Loss) after tax analysis

During 12 months in 2020, Hattha Bank Plc. made a profit after tax of 104,694,502 thousand Riel, decreased 25,438,189 thousand Riel, standing around (19.5%) compared to last year the same period.

#### 6- Total comprehensive income (loss) analysis

During 12 months in 2020, Hattha Bank Plc. made the total comprehensive income of 84,451,248 thousand Riel, decreased 46,181,274 thousand Riel, standing around (34.3%) compared to the same period in 2019.



## **7- Factors and trends analysis affecting financial conditions and results**

**Revenue Management:** Hattha Bank Plc. well managed the total revenue by increasing the actual total revenue in 2020 upto 22.8% compared to the same period in 2019.

**Interest Expense Management:** interest expense also increased 22.1% compared to the same period in 2019, anyway the cost of fund was slightly increased from last year.

**Impairment Management:** In 2020, Hattha Bank Plc. was not well in managing the loan quality due to the Covid-19 outbreak, leading NPL to increase to 1.31% while it was only 0.30% in 2019.

**Operating Expense Management:** in 2020, the operating expense increased around 10.9% compared to 2019, however the operating expense ratio was significantly improved

## **B- Main factors of Profitability impact**

### **1- Demand and supply conditions analysis**

For the period ended December 31, 2020, senior management of Hattha Bank Plc. found the demand from our customer has been increased year-on-year especially in 2020 while the supply from our local and international investors was already increased.

### **2- Fluctuations in prices of raw materials analysis**

For the period ended December 31, 2020, senior management of Hattha Bank Plc. found the demand from our customer has been increased year-on-year although it's under Covid-19 pandemic while the supply from our local and international investors was also increased.

### **3- Tax analysis**

Hattha Bank Plc. is under the law on commercial enterprise where it's required to pay tax based on the guideline from GDT. Hattha Bank Plc. is obligated to pay tax in the real regime and large taxpayer, set by GDT.

### **4- Exceptional and extraordinary items analysis**

For the period ended December 31, 2020, senior management of Hattha Bank Plc. found there is no exceptional and extraordinary items in the insitutation.

## **C- The Important Change of Sale and Income**

For the period ended December 31, 2020, senior management of Hattha Bank Plc. found there is no important change in sale and income.

## **D- The Impact of Money Exchange, Exchange Rate, Goods Price**

Hattha Bank Plc. records its accounting book by using US dollars as the functional functional currency. All transactions in KHR or THB are treated as foreign currency and need to be converted into functional currency by using the exchange rate when the transactions incur. Profit and loss from scuh transactions, the exchange of assets, liabilities in foreign currencies shall be recorded in the comprehensive income

## **E- Effects of Inflation**

It is not because of the fluctuation of inflation that Hattha Bank has made change in its pricing, but Hattha Bank has taken the factor of the real market competition into consideration instead. Consequently, Hattha Bank has sustained well its financial stability.

## **F- Economic, Fisical and Monetary Policies of Government**

In 2020, the Royal Government of Cambodia kept carrying out key existing measures to sustain national economic growth such as continuously implementing financial support to suspended workers (garment/textile/footwear and tourism), and households with ID Poor cards mainly in response to mitigating the negative impact of COVID-19 pandemics. Those measures include:

- The Cambodia's Ministry of Economy and Finance introduced SME co-financing scheme of USD 100 million, aiming to facilitate the provision of financing to formally registered SMEs in Cambodia. Under this scheme, certain eligible sectors are included: food manufacturing & processing; manufacturing of goods for the tourism sector; manufacturing of finished products, spare parts or assembling parts to supply other manufacturers; R&D associated with IT or the supply of IT-based services; enterprises located in SME cluster zones; and enterprises developing the cluster zone.
- Cambodia's Ministry of Health has made an announcement on the revision of entry requirements for foreign travelers to Cambodia, that practices Sponsorship Mechanism in order to assist foreign travelers, who are investors-businesspersons, company staffs, experts, skilled workers, technicians and family members, that are sponsored, or invited but not sponsored, or investors without being either sponsored or invited or regular travelers. This is in the purpose of facilitating foreign travelers arriving in Cambodia, and those who planning to travel to Cambodia, and it applies the conditions of:
- Before arriving in Cambodia: Foreign travelers must have certain documents including Medical Certificate, Validation Certificate on Payment Guarantee, Valid Visa, and letter or documents confirming hotel reservation.
- While arriving at International Airports in Cambodia: Foreign travelers shall present a Valid Visa, and have the right to use Special Priority Lane after having the above-mentioned required documents inspected to receive the COVID-19 medical examination.
- NBC issued another policy in response to the request of ABC and CMA to help deal with liquidity amid the COVID-19 pandemic including:

- Decrease Capital Conservation Buffer (CCB) at 1.25%, and all concerned financial institutions have to have a concrete plan to complete the missing ratio upon the normal recovery of the economy, and
- Acknowledge quarterly audited income be included into the calculation of direct net worth temporarily, and the financial institutions do not have to pay dividend to its shareholders.
- Released on 24th June 2020 during the 51st Monetary Policy Meeting, NBC announced its continuous monetary policy implementation to promote price stability and sustainable economic growth as follows:
  - Keep strengthening and maintaining the existing implementation of exchange rate policy;
  - Keep supplying liquidity in Riel through Liquidity-Providing Collateralized Operation (LPCO); and
  - Strengthen and widely promote the use of Riel through existing actions and mechanisms.
- The National Bank of Cambodia (NBC) officially launched Bakong, a payment system infrastructure that enables banks and other financial institutions to work together, with an emphasis on safety, efficiency, cost-saving and, more importantly, financial inclusion. NBC further announced that from its pilot test on 18th July 2019 up to 28th October 2020, the number of participants amounted to 18 institutions, 16 of which are from banks and other financial institutions and two from payment services institutions. With Bakong, it will contribute to economic development, which was designed to modernize the payment system in Cambodia and to respond to the growth of the economy and financial technology.
- NBC released the report on “Macroeconomic and Banking Sector Update, and Vision for Year 2021” in which its forecast for Cambodia’s estimated economic growth will be 4% in 2021 that a continued strengthening in domestic economic activities will support and mitigate the impact on the Kingdom’s economy from the slowdown of the exports. Furthermore, the implementation of the Government policy promoting the development of small and medium enterprises, boosting innovation, and the use of technology in all fields will be significant in strengthening domestic growth. Regarding the banking sector, NBC is strongly committed to continue improving the banking system through the mechanism of ensuring the provision of responsible lending, enhancing public knowledge on financial literacy, strengthening customer rights, sustaining financial stability, and preventing over-indebtedness of the Cambodian people.

## **PART 9: OTHER IMPORTANT INFORMATION TO PROTECT INVESTORS (IF ANY)**

Does not have

## SIGNATURE OF BOARD OF DIRECTORS

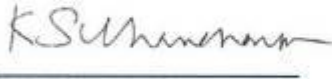
Date: 26-Mar-2021  
Seen and Approved



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**Mr. Dan HARSONO**  
Chairman

Date: 26-Mar-2021  
Seen and Approved



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**Mr. Chandrashekar S.K.**  
Director

Date: 26-Mar-2021  
Seen and Approved



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**Miss. Duangdao WONGPANITKRIT**  
Director

Date: 26-Mar-2021  
Seen and Approved



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**Mrs. Voranuch DEJAKAISAYA**  
Director

Date: 26-Mar-2021  
Seen and Approved



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**Oknha Ieng Tong HOUT**  
Director

Date: 26-Mar-2021  
Seen and Approved



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**Mr. Wanchairabin JITWATTANATAM**  
Director

Date: 26-Mar-2021  
Seen and Approved



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**Dr. Davuth DY**  
Independent Director

Date: 26-Mar-2021  
Seen and Approved



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**Mr. Sereivathana PAK**  
Independent Director

Date: 26-Mar-2021  
Seen and Approved



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**Mr. Hay LONH**  
Independent Director

**Annual Report Appendix of  
Hattha Bank Plc.  
Corporate Government Annual Report**

**PART 1: SHAREHOLDER OF BONDS**

**A- Structure of Bond's Shareholder (As of 31<sup>st</sup> December 2020)**

**1- Shareholder information**

Description	Nationality	Category of Shareholders	Number of shareholders	Number of shares	Percentage
Less than 05%	Khmer	Physical person	No	No	No
		Legal entity	No	No	No
	No Khmer	Physical person	No	No	No
		Legal entity	No	No	No
From 05% to less than 30%	Khmer	Physical person	No	No	No
		Legal entity	No	No	No
	No Khmer	Physical person	No	No	No
		Legal entity	No	No	No
From 30% up	Khmer	Physical person	No	No	No
		Legal entity	No	No	No
	No Khmer	Physical person	No	No	No
		Legal entity	1	115,000,000	100%

**2- The shareholders are the directors, senior staff and employees of the listed persons**

Shareholders	Number of shareholders	Number of securities	Percentage
Directors	No	No	No
Senior Staff	No	No	No
Employees	No	No	No
Total	No	No	No

## B- Right of Bond's Shareholder and Right Protection

### 1- Shareholder rights

Shareholders have the right to participate and vote in the general assembly of the company.

### 2- Protection of shareholders' rights and implementation

The shareholders elect and appoint the Board of Directors.

The Shareholders are protected by the Board of Directors.

### 3- Protection of the rights of shareholders holding minority shares and implementation

No minority shares

## C- Bond's Shareholder General Assembly

### 1- Procedures for the General Assembly of Shareholders and Elections

There are two general assemblies of the shareholders of the company: the general assembly and the extraordinary general assembly of shareholders. The Company shall hold an annual general assembly at least once a calendar year. The first general assembly shall be held within twelve (12) months after the date of registration of the business of the company. Extraordinary General Meeting of Shareholders may be proposed at any time by the Board of Directors or at the request of BAY. The quorum for the General Assembly of shareholders, both the General Assembly and the Extraordinary General Assembly, shall be in the presence of a representative or proxy of BAY. All written decisions signed by BAY are the same as those adopted at the shareholders' general assembly.

### 2- Information of Shareholder General Assembly

No	Date	Meeting Type	Quorum	Agenda	Decision
1	31 Jan 20	Extraordinary	100%	Appointed Independent External Auditor	Approved
2	21 Feb 20	Extraordinary	100%	Creating a new memorandum and article of association to become Hattha Bank Plc.	Approved
3	03 Mar 20	Extraordinary	100%	Increase the registered capital USD 30 million	Approved
4	04 Mar 20	Extraordinary	100%	Appointed Independent External Auditor and Annual Fee.	Approved

## D- Divident Sharing

### 1- Dividend distribution policy

The dividend distribution policy of Hattha Bank, all net profits are included in retained earnings.

### 2- Information on dividend distribution in the last 3 (three) years

No	Detailed description of dividend distribution	2020	2019	2018
1	Dividend announcement date	No	No	No
2	Date of appointment	No	No	No
3	Dividend payment date	No	No	No

## E- Interest Sharing

### 1- Interest payment policy

Hattha Bank's interest payment policy includes an interest rate of 8.5% per annum for a period of 3 years with daily payment dates of 14 May and 14 November of each year. The method of calculating interest:  $\text{principal} \times 8.5\% : 360 \times \text{actual number of days}$ .

### 2- Information on interest payment in the last 3 (three) years

No	Detailed description of interest payment	2020	2019	2018
1	First interest payment date	05 May 2020	07 May 2019	No
2	Second interest payment date	12 November 2020	04 November 2019	No
3	Total amount of interest	USD 9,077,501,646	USD 10,182,149,999	No

## PART 2: BOARD OF DIRECTORS

### A- Board of Directors

#### 1- Board Composition

No	Name of Director	Position	Date Appointed	Date Ended
1	Mr. Dan HARSONO	Chairperson	12 September 2016	11 September 2022

2	Ms. Duangdao WONGPANITKRIT	Director	12 September 2016	11 September 2022
3	Ms. Voranuch DEJAKAISAYA	Director	11 February 2020	11 February 2022
4	Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM	Director	12 September 2016	11 September 2022
5	Mr. Ieng Tong HOUT	Director	12 September 2016	11 September 2022
6	Mr. Wanchairabin JITWATTANATAM	Director	27 May 2019	26 May 2022
7	Mr. Hay LONH	Independent Director	12 September 2016	26 May 2022
8	Mr. Davuth DY	Independent Director	12 September 2016	26 May 2022
9	Mr. Sereivathana PAK	Independent Director	27 May 2019	26 May 2022

## 2- Brief biography of each director

### A- Mr. Dan HARSONO

Chairman of the Board of Directors of Hattha Bank Plc. and Deputy Chief Executive Officer of Krungsri Bank. With his extensive experience in business and financial services management, Mr. Dan has held key positions in many organizations include Chief Marketing Officer, Head of Marketing and Cross Sale, Head of Marketing and International Business Development, Head of Marketing and Branding, and Head of Retail and Consumer Banking before entering his current position. Mr. Dan graduated with a Master's degree in Finance and Marketing from Indiana University in Bloomington, Indiana in addition to his Bachelor's Degrees with honors in Electrical Engineering and Biomedical Engineering from the University of Southern California in Los Angeles, California.

### B- Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM

Director of Hattha Bank Plc. and Mr. Chandrashekar (Chandra) was appointed as Chief Risk Officer of Bank of Ayudya (Krungsri) in January 2007. Mr. Chandra is currently a member of the risk management committee, EXCOM and ALCO. Prior to joining Krungsri, Mr. Chandra worked as Chief Risk Officer at GE Money India, managing all retail products including mortgages, personal loans, car loans and credit cards. Mr. Chandra completed his Master's degree in Commerce at Mumbai University in 1985.

### C- Mrs. Voranuch DEJAKAISAYA

Director of Hattha Bank Plc. and Mrs. Voranuch has more than 30 years experience in IT specific Finance and Banking industry. She is currently working as CIOO (Chief information and Operations Officer) of Bank of Ayudhya (Thailand) also member of bank 's Executive committee. She graduated Bachelor degree of Mathematical Statistics follow with MBA from Chulalongkorn university Thailand. Before joining the bank, she worked in GE Capital (Thailand)



as IT Southeast Asia leader. In 2019, she was named “The Chief information technology of the year from the Asian Banker” and the best CIO from top CIO50 list ASEAN from IDG.

#### **D- Ms. Duangdao WONGPANITKRIT**

Director of Hattha Bank Plc. and Ms. Duangdao was appointed as Chief Financial Officer (CFO) of Bank of Ayudhya (Krungsri) on 1st January 2013. She earned her Bachelor’s degree in Business Administration in Financial Accounting from Thammasart University and an MBA from Chulalongkorn University. She is a certified public accountant (CPA Thailand). Ms. Duangdao has gained solid working experience in financial management at various companies including KPMG, Star petroleum, and Standard Chartered Bank before joining Krungsri.

#### **E- Oknha leng Tong HOUT**

Director of Hattha Bank Plc. and Oknha leng Tong Hout was co-founder of Hatha Kaksekar Limited in 1994, and has represented the institution since then. With a broad range of more than 30 years experience in financial sector, Oknha leng Tong is an outstanding performer in both financial and non-financial management. Besides graduating with a Bachelor’s Degree in Agriculture in 1991, he completed his Master’s Degree at Build Bright University. In addition, he has participated in many microfinance-related workshops in the USA, Philippines, Indonesia, France, Germany and many other countries.

#### **F. Dr. Davuth DY**

Independent Director of Hattha bank Plc. and Dr. Davuth is a highly experienced advisor in Finance Management. He has worked at various national and international institutes and held responsibility for significant projects including ADB, WB and SMEC International. Dr. Davuth also has qualifications in Academic Management, and he is currently serving as Senior Vice President of Build Bright University. Further, he has experience in Microfinance Sector more than 20 years

#### **G. Mr. Hay LONH**

Independent Director of Hattha bank Plc. and Mr. Hay is a retired governmental official with more than 25 years’ experience working with the National Bank of Cambodia, the Central Bank. He worked in various departments and was exposed to international and regional financial activities, giving him a wide range of experience. His last position at NBC was as Deputy Director General and Advisor to the Governor.

#### **H. Mr. Sereivathana PAK**

Independent Director of Hattha Bank Plc. and Mr. Sereivathana is a financial sector specialist and investment adviser with over 20 years of experience in financial sector development and project financing. He has expertise in strategic and business plans, project feasibility studies, investment appraisals, and bank lending. Vathana’s experiences include leading Axis Investment Consulting team to develop and carry out consulting work for businesses and

development agencies in Cambodia. He has extensively involved in bank lending, funding strategy for the Financial Sector and Financial infrastructure as part of his work in the World Bank Group. Vathana obtained a BA in economics from National University of Management (formerly the Institute of Economics) and a Master in Financial Management from Central Queensland University in Australia.

#### **I- Mr. Wanchairabin JITWATTANATAM, Director**

Director of Hattha Bank Plc. and Mr. Wanchairabin joined HKL in November 2016. He has brought in diverse professional experiences across banking, management consulting and engineering industries from more than 20 years primarily with Bank of Ayudhya (Krungsri), GE Capital, and AT Kearney. Prior to joining HKL, Wanchairabin held a leadership position as Head of AEC Strategy in Krungsri where he managed the bank's regional expansion and M&A in Mekong region. With a combined experience of banking and management consulting in South East Asia, he led several high impact strategy and growth initiatives across market segments and business areas which include corporate strategy, product/channel development, telemarketing enhancement, process re-engineering, and new sales/service model establishment. Wanchairabin holds an MBA from Melbourne Business School in Australia and a Bachelor of Engineering from Chulalongkorn University in Thailand.

#### **3- The case of any director who is a director, shareholder or co-owner of another company**

No	Name of Director	Name of related company	Director or shareholder or co-owner
1	No	No	No

#### **4- Roles, duties and responsibilities of the Board and implementation**

- Approve Hattha Bank Plc.'s Annual Budget
- Approve company development strategy
- Approve the loan that Hattha Bank Plc. borrows from external institutions
- Propose to shareholders to increase or decrease capital
- Propose to the shareholders to select and appoint the Independent Accounting Commissioner
- Approve the principle of reward of management and workers.

#### **5- The meeting of Board of Directors**

No	Date	Meeting Type	Name of Participating Director
1	31 <sup>st</sup> January 2020	The meeting of ARBC, ABC, RNBC, and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Mr. Hay LONH Mr. Davuth DY

			Mr. Sereivathana PAK
2	21 <sup>st</sup> February 2020	The meeting of ARBC, ABC, and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA, Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK
3	27 <sup>th</sup> March 2020	The meeting of ARBC, ABC, and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK
4	30 <sup>th</sup> April 2020	The meeting of ARBC, ABC, ITBC and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA, Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK
5	29 <sup>th</sup> May 2020	The meeting of ARBC, ABC, RNBC, ITBC and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA, Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK
6	26 <sup>th</sup> June 2020	The meeting of ARBC, ABC, RNBC and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA, Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK

7	31 <sup>st</sup> July 2020	The meeting of ARBC, ABC RNBC and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA, Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK
8	28 <sup>th</sup> August 2020	The meeting of ARBC, ABC, ITBC and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA, Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK
9	25 <sup>th</sup> September 2020	The meeting of ARBC, ABC, RNBC, ITBC and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK
10	22 <sup>nd</sup> October 2020	The meeting of ARBC, ABC, RNBC, ITBC, BCC and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK
11	27 <sup>th</sup> November 2020	The meeting of ARBC, ABC, RNBC, ITBC and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK

12	23 <sup>rd</sup> December 2020	The meeting of ARBC, ABC, RNBC, ITBC, BCC and BOD	Mr. Dan HARSONO Ms. Duangdao WONGPANITKRIT Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM Mr. Ieng Tong HOUT Mr. Wanchairabin JITWATTANATAM Ms. Voranuch DEJAKAISAYA Mr. Hay LONH Mr. Davuth DY Mr. Sereivathana PAK
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## B- BOD Committees

### 1- Structure of the Board of Directors

#### 1-1 Audit Board Committee (ABC)

No	Name	Position	Date Appointed	Number of meeting attendance	Total number of meetings
1	Mr. Davuth DY	Chairperson	12 September 2016	11	12
2	Ms. Duangdao WONGPANITKRIT	Dorector	12 September 2016	10	12
3	Mr. Hay LONH	Director	28 June 2017	12	12

### Roles and responsibilities of the Audit Board Committee

#### A. Financial Statements and External Auditors

1. Collaborate with the top management, internal audit team and external auditors in the internal audit of the financial statements (ICFR) to ensure that the internal audit and financial statement process is organized effectively. And the Company's financial statements and any disclosures relating to the Company's financial performances are accurate, reliable and reflect the fair and correct view of the Company's financial position while complying with accounting standards and practice.
2. Consider and request the appointment or termination and remuneration of the external auditors, including the scope of the audit, to the Board of Directors before submitting to the shareholders. Arrange meetings at least once a year with an external auditor in the absence of management.
3. Evaluate the relevance of the accounting methods used to prepare individual and joint accounts, if any.
4. Review the process related to non-audit services from the audit firm of the external auditor and provide approval for this service contract and related fees to ensure that it does not affect the independence of the external auditor.

## **B- Risk management and internal control**

1. Review the internal control, the risk management system and the compliance system of the company to ensure that it is appropriate, adequate and effective.
2. Consider the internal control, risk management and compliance with the relevant laws and regulations by considering the minutes of the meeting of ALCO & Risk Board Committee and
3. The Audit Board Committee shall review the annual internal audit report before submitting it to the Board of Directors for approval and submitting it to the National Bank of Cambodia.

## **C- Comply with laws and regulations**

4. To monitor and watch the business operation or the activities that the company has done to ensure compliance with the laws, Prakas and regulations related to the business activities of Hattha Bank, including internal policies and procedures.
5. To receive updates from management, laws and company secretary regarding compliance and
6. To consider convening the management of Compliance and Risk to the meeting, if necessary to ensure the appropriateness of internal management and risk management.

## **D - Internal Audit**

1. Examining and cooperating with top management and internal audit to check for irregularities, errors or suspicions to develop methods to correct and resolve all those problems.
2. Reviewing and approving the Code of Conduct of Internal Audit, the policy of internal audit and credit control and manual on the internal audit before submitting to the Board of Directors for final approval.
3. Ensuring that the performance of the internal audit work complies with the international standards of internal audit, including the meaning of the internal audit, the code of ethics and international standards for the professional practice of internal audit.
4. Reviewing and approving the annual internal audit plan, including the internal audit budget, human resource plan, internal audit structure and any significant changes to the audit plan. In addition, reviewing internal audit work activities related to its plans.
5. Reviewing the annual performance appraisal of Internal Audit Division, together with the annual allowance and salary adjustment.
6. Approving the appointment and removal of Chief Internal Audit and
7. Reviewing the progress of the implementation of the recommendations of the report of the National Bank of Cambodia, the external auditor, the internal audit of Krungsri, the internal audit of Hattha Bank and other regulators and report to the Board.

## Performance of the Audit Board Committee

- Approved the amendment of internal audit manual
- Approved the internal audit plan and strategy for 2019
- Approved the 2018 Internal Audit Report for submission to the National Bank of Cambodia
- Approved the financial statements for the year 2018, the financial statements for the Q1, Q2 and Q3 of the year 2019 which audited and monitored by external auditor
- Recommended to the Board of Directors and shareholders to appoint an external auditor for the audit of the 2019 financial statements.
- Approved the amendment of the audit plan for 2019
- Approved Issue Validation Manual.

## 1-2 Remuneration and Nomination Board Committee (RNBC)

No	Name	Position	Date Appointed	Number of meeting attendance	Total number of meetings
1	Mr. Hay LONH	Chairperson	12 September 2016	8	8
2	Mr. Dan HARSONO	Director	12 September 2016	8	8
3	Mr. Ieng Tong HOUT	Director	12 September 2016	8	8

## Role and Responsibility of RNBC

1. ensuring that the remuneration policy is consistent with the long-term objectives and corporate values of the company
2. Reviewing the appointment of top management.
3. Reviewing the base salary paid to the senior management.
4. Reviewing all bonuses and other benefits, including allowances for maintaining top management and comply with the components / conditions of compensation related to the performance, including the relevant criteria.
5. Reviewing that the usage of technical advisors in accordance with the policies and conditions of Hattha Bank.
6. Reviewing the amount of meeting fee of the Board of Directors and the Committee of Board of Directors.
7. Reviewing the procedure on the selection and replacement of board members
8. Reviewing who will be the board member and committee member of the board of directors shall comply with the policy, procedure and manual of Hattha Bank and the Prakas of the National Bank of Cambodia.

9. Reviewing the environmental and social governance framework and policies of Hattha Bank.
10. Other work as determined by the Board of Directors and
11. Conducting annual inspections on the performance of its work and to ensure that RNBC shall be provided with sufficient resources to fulfill its duties and the necessary training is provided to the members of RNBC as appointed and stand on an ongoing basis.

### **Performance of Remuneration and Nomination Board Committee (RNBC)**

- Approved the amendment of the management structure of 2020 of Hattha Kaksekar Limited
- Approved the salary increase rate of employees for 2019
- Approved the management structure for 2020 of Hattha Bank
- Approved the amendment of the Code of Conduct for the Executive Committee of Hattha Bank
- Approved the appointment of the Executive Vice President and Chief Digital Officer
- Approved the management structure for 2021 of Hattha Bank
- Approved the appointment of Head of Compliance
- Approved the resignation of Ms. Voranuch Dejakaisaya from the board member and appointed Mr. Pairote Cheunkrut as the board member.

### **1-3 ALCO & Risk Board Committee (ARBC)**

No	Name	Position	Date Appointed	Number of meeting attendance	Total number of meetings
1	Mr. Sereivathana PAK	Chairperson	27 May 2019	12	12
2	Ms. Duangdao WONGPANITKRIT	Director	12 September 2016	10	12
3	Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM	Director	12 September 2016	12	12
4	Mrs. Voranuch DEJAKAISAYA	Director	11 February 2020	11	12

### **Role and Responsibility of ARBC**

1. reviewing Hattha Bank asset/liability policy annually or more frequently if circumstances require and monitor that Hattha Bank's funds are managed in accordance with Hattha Bank policy;
2. reviewing guidelines on Hattha Bank's tolerance for financial related risk and review performance against limits;



3. reviewing and monitoring guidelines, limits and performance of Treasury function;
4. reviewing and monitoring the impact on the balance sheet, the profit and loss account and on liquidity caused by changes in volumes and pricing of products, costs, growth of loans and borrowed funds/deposits, also including effects caused by changes in investment strategy and customer behaviour;
5. monitoring that Hattha Bank is meeting public regulators requirements and covenants set by Hattha Bank's lenders in the loan agreements;
6. Receiving and evaluating the minutes of the management activities of ALRMC
7. Reviewing the detailed management report on the adequacy and overall effectiveness of the company's risk management functions and its implementation by the management and the internal audit report, recommend and confirm any appropriate action and
8. Reviewing risk management perspectives, strategies and policies as recommended by management to ensure adherence to the Company's policies and general risk profile. Risks in the broader sense include market risk, credit portfolio risk, liquidity risk, operational risk and trade risk which combined more detail with the following risks:
  - Interest rate risk
  - Exchange rate and currency risk
  - Technology risk
  - Disaster recovery risk
  - Operational risk
  - Reputation risk
  - Risk of competition
  - Legal risk
  - Risk of Management and Compliance
  - Risk of Environment, health and safety
  - Investment risk
  - Asset valuation risk
  - Other risks appropriate for the business that can be identified at any time
  - Review the scope of insurance.
  - Review measurement and risk determination.
  - Respect for governance principles and best practices.
  - Details of every item published in the Company's annual report regarding the activities of ARBC

### **Performance of ALCO & Risk Board Committee (ARBC)**

- Approved the amendment of KRI Wide Company
- Approved the executive function structure by 2020
- Evaluated the performance of Head of Compliance by 2019
- Approved the amendment on Annual Credit Risk Self-Assessment for 2019
- Approved the amendment of Stress Test Assumption on Liquidity Gap
- Approved Market and Liquidity Risk Rating Q4-2019

- Approved accounting policy amendment
- Approved five-year business plan
- Approved sectoral credit levels for 2020
- Approved Model Risk Governance Policy
- Approved the amendment of credit risk management policy
- Approved Applying Loan Behavioral Assumption for re-pricing gap
- Approved the amendment of Outsourcing Policy
- Approved the review of Volker Rule Compliance Policy
- Approved the review of conflict of interest policy
- Approved Policy for Prior Consultation and Reporting Framework
- Approved the amendment of the Operational Plan 2020
- Approved Internal Limit and Buffer of Capital Adequacy Ratio
- Approved Behavior Assumption on liquidity gap (semi-annually)
- Approved Stress Testing for Liquidity Gap (quarterly)
- Approved Reviewed Market Conduct Policy
- Approved Reviewed Credit Risk Management Policy
- Approved corporate governance policy of Hattha Bank
- Approved the indicators of Head of Compliance
- Approved the amendment of credit policy
- Approved the amendment of liquidity and market risk management policy
- Approved the amendment of the Policy for Managing Policies, Procedures and Manuals
- Approved the amendment of Whistleblowing Procedure
- Approved the three-year business plan
- Approved the collateral appraisal procedure
- Approved the structure of Compliance Department by 2021

#### 1-4 IT Board Committee (ITBC)

No	Name	Position	Date Appointed	Number of meeting attendance	Total number of meetings
1	Mrs. Voranuch DEJAKAISAYA	Chairperson	11 February 2020	7	7
2	Mr. Wanchairabin JITWATTANATAM	Dorector	27 May 2019	7	7
3	Mr. Davuth DY	Director	12 September 2016	7	7

#### Role and Responsibility of ITBC

1. Reviewing that the IT's strategy and investments are consistent with and support the long-term business objectives;

2. Reviewing the design of infrastructures for IT system (including Network, Servers & Storages and Software components) to ensure high performance and security and as well as compliance with at least the best practice and local regulatory requirements;
3. Reviewing the critical IT resources planning;
4. Reviewing the IT policy, including disaster recovery plan and procedures;
5. Reviewing any particular investment on IT's project, including expansion/ upgrade/ replacement Hardware & Network Infrastructures and as well acquisitions of IT system for any / or all new business requirements
6. Assisting management in acquisitions of consultants'/ advisors' services for IT projects
7. Other work as determined by the Board of Directors; and
8. Conducting annual inspections on the performance of its work and to ensure the provision of sufficient resources to fulfill its roles and the necessary training to the members of IT Board Committee as appointed and on an ongoing basis. ITBC may recommend to the Board for approval any changes it deems necessary.

### **The Performance of IT Board Committee**

- Approved the amendment of the management structure of IT Division
- Supervised investment in information technology infrastructure
- Supervised IT related projects.

### **1-5 Board Credit Committee (BCC)**

<b>No</b>	<b>Name</b>	<b>Position</b>	<b>Date Appointed</b>	<b>Number of meeting attendance</b>	<b>Total number of meetings</b>
1	Mr. Chandrashekar SUBRAMANIAN KRISHOOLNDMANGALAM	Chairperson	12 September 2016	2	2
2	Mr. Hay LONH	Dorector	12 September 2016	2	2
3	Mr. Ieng Tong HOUT	Director	12 September 2016	2	2
4	Mr. Wanchairabin JITWATTANATAM	Director	27 May 2019	2	2

### **Role and responsibility of the Board Credit Committee**

The Board Credit Committee shall be primarily responsible for making credit decisions under a specific power of attorney granted by the board of directors.

### **Performance of Board Credit Committee**

Supervised the authority to approve loans and achieved credit results

## 2- Change of committee members

No	Committee	Name	Reason
1	Audit	N/A	N/A
2	Appointment and Remuneration	N/A	N/A
3	Assets and Risk	Ms. Nay IM TAL	Retirement
4	Information Technology	Mr. Rohit KHANNA	Change workplace to USA
5	Credit	Mr. Piyasak UKRITNUKUN	Resign

## C- Allowance or Indemnity

### 1- Summary of remuneration of Directors and Senior Executives

#### Remuneration of Directors and Senior Executives

No.	Name	Position	Remuneration Class
1	Oknha leng Tong HOUT	Chief Executive Officer	A
2	Mr. Wanchairabin JITWATTANATAM	Deputy Chief Executive Officer	A
3	Ms. Vandith IM	EVP & Chief Operations and Administration Officer	A
4	Mr. Sokmetrey MECH	EVP & Chief Business Officer	B
5	Mr. Lina TOUCH	EVP & Chief Operations & Underwriting Officer	B
6	Mr. Vibol HIM	EVP& Chief Finance Officer	B
7	Mr. Vol ROS	Chief Internal Audit Officer	B
8	Mr. Boranchanborath CHEN	EVP & Chief Legal Officer	B
9	Ms. Sokun CHHENG	Chief Risk Management Officer	B
10	Mr. Chansovichea DUONG	EVP & Chief Sales and Distribution Officer	B
11	Mr. Tithya YIM	EVP & Chief Information Technology Officer	B
12	Mr. Souphoan SEM	EVP & Chief Human Resources Officer	B
13	Mr. Virakdara NUON	EVP & Chief Digital Officer	B
14	Ms. Sreypoch HENG	Head of Compliance	C

## Names of Directors and Senior Executive with Remuneration

Remuneration Class	Minimum	Maximum
A	USD 128,000	USD 425,000
B	USD 98,000	USD 181,000
C	USD 85,000	USD 88,000

### Total Remuneration of Independent Directors

There are 8 Independent Board of Directors in Hattha Bank. The total remuneration of the independent board of directors is USD 72,000.

### Total Remuneration of Directors and Senior Executives

There are 8 Independent Board of Directors and 14 Senior executives in Hattha Bank. The total remuneration (Salary & benefits not include provident fund) of all independent directors is USD 72,000 and senior executives is USD 2,188,957.

### Total remuneration for the next 1 (one) year of Directors and Senior Executives

Total remuneration for the next one year of Directors and Senior Executives is detailed below: All independent directors earn USD 72,000 and Senior Executives earn USD 2,307,474.

### The increment of total remuneration of Directors and Senior Executives within fiscal year and in the future:

On the 27<sup>th</sup> December 2019, the Board of Directors has approved the increment of salary to senior executives and Hattha Bank staff of 8%.

## 2- Remuneration of Staff

No.	Staff	Total Remuneration	Others
1	Independent Directors	USD 72,000	
2	Executive Director (CEO/DCEO)	USD 447,570	
3	Senior Executives	USD 2,188,957	
4	Top 5 highest remuneration staff	USD 1,328,975	1. President & CEO 2. Deputy CEO 3. Chief Operation & Administration Officer 4. Chief Legal Officer 5. Chief Finance Officer

## D- Evaluate the Annual Performance of the Board of Directors, Each of the Directors, the Committee and the Executive Director

No	Description	Evaluation process	Criteria
1	Board of Directors	Self-assessment and 360-degree assessment (Annual)	1. Quality of work 2. Participation 3. Knowledge development
2	Dierctors	Self-assessment and 360-degree assessment (Annual)	1. Quality of work 2. Participation 3. Knowledge development
3	Committee	Self-assessment and 360-degree assessment (Annual)	1. Quality of work 2. Participation 3. Knowledge development
4	Executive Director	Self-assessment and 360-degree assessment (Semi-annual and annual)	1. Financial indicators 2. Customer service indicators 3. Internal Process Management Indicators 4. Human Resource Management Indicators

## E- Training for Corporate Governance and Senior Management

Board members receive training on corporate governance policy for corporate bond issuer and other training related to management of banking and finance. In 2020, the directors and senior staffs of Hattha Bank participated in some important training courses, including:

No	Course Title	Course Provider
1	5 Whys and Root Cause Analysis	Hattha Bank
2	AML and CFT Procedure	HKL
3	Anti-Money Laundering & Combating the Financing of Terrorism	Krungsri
4	Appzillon System Operation and Usage	HKL
5	Artificial Intelligence	HKL
6	ATM Monitoring Function in SmartVista	BPC Company
7	Audit Technique	Hattha Bank
8	Bad Debt Collection Principle Refreshment	HKL
9	Bakong System	NBC
10	Banking - Primer	MUFG E-Learning System
11	Banking Risk Management - Assessment	MUFG E-Learning System
12	Basel III - An Introduction	MUFG E-Learning System
13	Basic Computer	HKL
14	Blockchain Structure & Security	MUFG E-Learning System

15	Branch Banking	MUFG E-Learning System
16	Business Continuity Plan Procedure	HKL
17	Business Essential	Krungsri
18	Business Fundamental	Krungsri
19	Business of Consumer (Retail) Banking	MUFG E-Learning System
20	Cambodian Shared Switch Procedure	HKL
21	Card Operation and Card Management Procedure	MUFG E-Learning System
22	Certificate of Internal Audit	IBF
23	Civil Procedures Process	Hattha Bank
24	Coaching at working premise	Hattha Bank
25	Coaching for High Performance	Krungsri and HKL
26	Combo Box Control for Dashboards - Excel Interactive	MUFG E-Learning System
27	Communication Skills	MUFG E-Learning System
28	Communication Skills for Customer Service	HKL
29	Compensation and Benefit Policy and Procedure	HKL
30	Conflict of Interest Policy	HKL
31	Consumer Banking	Krungsri & MUFG E-Learning System
32	Consumer Banking - An Introduction	MUFG E-Learning System
33	Contract Law Refreshment	HKL
34	Coporate Governance Code	Securities and Exchange Commission of Cambodia
35	Corporate Banking Products	MUFG E-Learning System
36	Corporate Banking Relationship Management in Practice	MUFG E-Learning System
37	Corporate Governance	Krungsri
38	Corporate Governance - An Introduction (Retired)	MUFG E-Learning System
39	Credit Analysis	MUFG E-Learning System
40	Credit Analysis - An Introduction	MUFG E-Learning System
41	Credit Analysis - Assessment	MUFG E-Learning System
42	Credit Analysis - Balance Sheet Analysis	MUFG E-Learning System
43	Credit Analysis - Performance & Other Measures	MUFG E-Learning System
44	Credit Policy	HKL
45	Credit Policy and Procedure Refreshment	HKL
46	Credit Risk Appetite - Assessment	MUFG E-Learning System
47	Credit Risk Appetite - Customer & Industry Risk	MUFG E-Learning System
48	Credit Risk Appetite - Product & Country Risk	MUFG E-Learning System
49	Credit Risk Management	MUFG E-Learning System
50	Credit Risk Management - An Introduction	MUFG E-Learning System
51	Credit Risk Management - Credit Culture	MUFG E-Learning System
52	Credit Risk Management - Data & Reporting	MUFG E-Learning System
53	Credit Risk Management - Framework	MUFG E-Learning System
54	Credit Risk Management - Risk/Reward	MUFG E-Learning System
55	Credit Risk Management - Stakeholders	MUFG E-Learning System
56	Credit Risk Management - Strategic & Business Unit Management	MUFG E-Learning System
57	Credit Risk Management Refreshment	HKL
58	Credit Risk Measurement - An Introduction	MUFG E-Learning System
59	Credit Risk Mitigation	MUFG E-Learning System
60	Credit Risk Mitigation - An Introduction	MUFG E-Learning System

61	Credit Underwriting Procedure	HKL
62	Customer Complaint Management Policy and Procedure	HKL
63	Customer Experience Management	IBF
64	Customer Service Management	HKL
65	Data Analysis	Krungsri
66	Data Analytics Series	IBF
67	Data Protection (Ireland)	MUFG E-Learning System
68	Deposits	MUFG E-Learning System
69	Digital Banking	MUFG E-Learning System
70	Diversity	MUFG E-Learning System
71	Diversity - Including Everyone	MUFG E-Learning System
72	Effective Workplace Presentation	HKL
73	E-Learning Platform Launching	Blue Text
74	Email Information Security	MUFG E-Learning System
75	Employee Engagement	The Capacity Specialists
76	Equality at Work - Treating Everyone Fairly	MUFG E-Learning System
77	Exadata Database Machine 12c Administration	Oracle
78	Financial Management	IDC Financial Insights Asia
79	Financial Statement Fraud and Creative Accounting	IBF
80	Financial Technology	HKL
81	Fire Fighting and Key Prevention	HKL
82	Flexcube V14.3 and Product Walk Through	Oracel
83	Fraud Management Procedure	HKL
84	Fraud Risk Management	MUFG E-Learning System & Hattha Bank
85	General Administration (Mail) (Practise Mode)	MUFG E-Learning System
86	General Administration and Common Rule	MUFG E-Learning System
87	Gift and Entertainment Policy	HKL
88	Gift and Entertainment Procedure	Krungsri
89	Grievance Process Policy and Procedure	HKL
90	Hattha Brand Guideline	Hattha Bank
91	HCM ClearView Training	Human Capital Management System
92	Health & Safety	MUFG E-Learning System
93	Hegde Accounting	Bank of Ayudhya
94	HR Compliance and Welfare Policy and Procedure	HKL
95	Human Resource Management	MUFG E-Learning System
96	IKS Counterparty Credit Risk Management: Basics	MUFG E-Learning System
97	IKS Counterparty Credit Risk Management: Key Terms	MUFG E-Learning System
98	IKS Credit Risk Appetite: Basics	MUFG E-Learning System
99	IKS Credit Risk Appetite: concentration Risk	MUFG E-Learning System
100	IKS Credit Risk Appetite: Country Risk	MUFG E-Learning System
101	IKS Credit Risk Appetite: Customer Risk	MUFG E-Learning System
102	IKS Credit Risk Appetite: Industry Risk	MUFG E-Learning System
103	IKS Credit Risk Appetite: Product Risk	MUFG E-Learning System
104	IKS Credit Risk Management: Assessment	MUFG E-Learning System
105	IKS Credit Risk Overview: Credit Risk Appetite and Credit Risk Management	MUFG E-Learning System
106	IKS Legal Risk	MUFG E-Learning System



107	IKS Monetary Policy	MUFG E-Learning System
108	IKS Monetary Policy in the UK	MUFG E-Learning System
109	IKS Securitization: Legal Issues	MUFG E-Learning System
110	IKS Socially Responsible Investing: Basics	MUFG E-Learning System
111	IKS SWIFT's Trade Services Utility (TSU)	MUFG E-Learning System
112	Interest Rate Risk - An Introduction	MUFG E-Learning System
113	Internal Audit Policy and Procedure	HKL
114	Internal Auditing and Internal Control	Hattha Bank
115	Internal Control Framework	Krungsri
116	IRC Manual for Branch Risk Management	HKL
117	ISO 27001 Lead Implementer	Sword & Shield Consulting
118	IT and Information Security Policy	HKL
119	Japanese Customer Acceptance Procedure	HKL
120	KIVA Loan Procedure	HKL
121	Krungsri Core Values	Krungsri
122	Lead Generation App User Guide	HKL
123	Leadership Skill	ACLEDA Institute of Business
124	Liquidity and Interest Rate Risk Management	MUFG E-Learning System
125	Liquidity Risk - An Introduction	MUFG E-Learning System
126	Loan Appraisal	Hattha Bank
127	Loan Initiation App User Guide	HKL
128	Marginal Lending Facility (MLF)	NBC
129	Maximizing Performance: Competency Frameworks	MUFG E-Learning System
130	Marketing	PUC
131	Mobile Banking Policy	HKL
132	Mobile Banking Services Procedure	HKL
133	Mobile Banking System Operation	I Exceed Technology Solution Pte Ltd
134	Monthly Economic Update	Krungsri
135	Non-Credit Product Overview	HKL
136	Nondiscrimination Policy and Procedure	HKL
137	Operational Risk - An Introduction	MUFG E-Learning System
138	Operational Risk Management - Assessment	MUFG E-Learning System
139	Operational Risk Management Policy	Krungsri and HKL
140	Oracle Database Administration	Oracle
141	Other Credit Product Overview	HKL
142	Overview of Project Management	MUFG E-Learning System
143	Performance Appraisal Policy and Procedure	Hattha Bank
144	POC Lenddo Model on First Choice Product	Krungsri
145	Policy for Enterprise Information Security	Krungsri
146	Portfolio Management - Passive vs. Active Approaches	MUFG E-Learning System
147	Practical 5S KAIZEN	CAMFEBA
148	Privacy Policy	HKL
149	Procedures for Credit Ratings	MUFG E-Learning System
150	Related Party Transactions	Krungsri
151	Risk - Primer	MUFG E-Learning System
152	Risk and Control Self Assessment Procedure	HKL
153	Risk Management - An Introduction	MUFG E-Learning System

154	Risk Management - Reporting	MUFG E-Learning System
155	Smart Vistar Operation and Usage	HKL and Smart Vista
156	So What Presentation	Krungsri and HKL
157	Social Performance Management	HKL
158	Staff Fraud Awareness	HKL
159	Staff Misconduct and Disciplinary Action Procedure	HKL
160	System Guide on Client Module	Sathapana Bank
161	Targeted Financial Sanctions Related to Proliferation (CPF) Cambodia	Royal United Service
162	Taxes Related for Microfinance	CMA
163	The Spirit and The Letter	Krungsri & HKL
164	Transaction Banking - An Introduction	MUFG E-Learning System
165	Treasury Management	Krung Sri Team
166	UK Cybercrime	MUFG E-Learning System
167	Web Helpdesk System	HKL
168	Whistleblowing Procedure	HKL

**Note:**

- The trainees of the above training course are top management of Hattha Bank with the position from Head of Department or above (except Regional Director)
- The above courses include both in person training and online / e-learning.

## **PART 3: BUSINESS ETHICS PRACTICE**

### **A- Ethics for Business Conduct of Corporate Governance, Senior Management and Employees:**

- Conflict of Interest
- Honest Competition
- Professional Confidentiality in Business
- Use of Institutional Resources
- Laws and Regulations Related to the Labor and Related Sectors to be Implemented
- Labor Rules and Regulations
- Reporting of Mistakes of Managers and Senior Staff by Employees (Whistle Blower)
- Conflict Resolution
- Other

### **B- Dissemination of Business's Ethic to Corporate Governance, Senior Management and Employees**

Hattha Bank pays close attention to the implementation of staff ethics as well as management at all levels, in which ethics is effectively and widely disseminated through the inclusion of training courses for new staff, advertising on the bank's internal system (Internal Server Drive) and the inclusion in the agreement (The Spirit & The Letter) for the signatory staff confirming their clear understanding and commitment to implementation.

## **C- Mechanisms and Procedures for Implementing Business Ethics Practices**

### **1- Improper Payment**

Hattha Bank prohibits improper payment transactions in all departments or branches including the public and private sectors. Those payments are acceptable in accordance with Hattha Bank and the Business Guideline.

### **2- Contact with suppliers**

Hattha Bank's relationships with suppliers are established in accordance with the law in an efficient and equitable manner. We expect suppliers to adhere to the legal requirements to provide equality, safety, well-being in the workplace and protect the quality of the work environment for employees.

### **3- International Trade Management**

Hattha Bank complies with the United Nations Guidelines and the Sanctions Program (UN Sanctions). We also verify all transactions with conditions that prohibit transactions with countries and individuals prohibited from conducting transactions with.

### **4- Preventing Money Laundering**

Hattha Bank is committed to fully enforcing Anti Money Laundering and Combating the Financing of Terrorism. Hattha Bank does business only with clients who are reputable in legitimate business activities with financial from legitimate sources. Hattha Bank implements risk identification in "Knowing Your Customer" (KYC) to identify questions related to customer risk and subsequently to prevent and curb suspicious and unacceptable transactions.

### **5- Privacy**

Hattha Bank is committed to using customers personal data responsibly and in accordance with applicable privacy laws. Collecting, processing and use of personal data for legitimate business purposes only. Take care to prevent access to files from personal data or accidental loss or deletion without permission.

### **6- Business with the Royal Government**

When Hattha Bank works as partnership, directly or indirectly with the government and enterprises owned by government (in cases where our work is often associated with government agencies and officials), Hattha staff must comply with the highest professional standards and compliance with other laws and regulations, as well as with certain special requirements associated with the operation of the government.

## **7- Global Competition**

Required to pre-inspection in order to prevent unfair competition between competitors. Do not facilitate any customer who intends to use our services as a way of evading competition law, to facilitate mergers or acquisitions, or any illegal marketing activities that the result will be market monopoly or anti-dumping laws.

## **8- Hattha Bank Community**

Equality of work in Hattha Bank is committed to complying with all applicable laws regarding privacy of working hours, salary, non-discrimination of employees and freedom of association. However, on behalf of Hattha Bank, employees do not have the right to express their support for any political party to participate in the election campaign or in political conflicts. In addition to legal compliance, we strive to create a caring environment for all employees wherever Hattha does business.

## **9- Hattha Bank Asset Protection**

Conflicts of Interest during our working hours or breaks is what you should not conflict with your responsibilities with Hattha Bank. There is no activity at work or at home that harms Hattha Bank's reputation. Improper or inappropriate use of Hattha Bank resources is also prohibited.

## **10- Stock Trading and Confidentiality of Stocks**

Prohibit the trading of securities of other companies, including the trading of securities of Krungsri Bank, either directly or through family members or other individuals or through other companies while our employees know the company's inside information.

Hattha Bank employees are not required to provide comment or advise anyone to buy or sell securities of any company, including Hattha Bank, while you are aware of the Company's internal information (known as "Distribution") or providing stock information (" Stock Tipping ").

## **11- Stakeholder rights and conflicts of interest policy**

In order to ensure market equality, Hattha Bank transactions with stakeholders require the prior approval of the Board of Directors or designee from Group. This transaction does not include employee loans as stated in staff loan policy.

In accordance with Conflict of Interest Policy, employees must report the following actions in writing to their supervisors and Compliance Department:

- (1) All external activities, whether financial interests or relationships that may cause a conflict of interest or the emergence of a conflict of interest.
- (2) Holding a position in a profit or non-profit organization or its subsidiaries, especially if the institution is affiliated with Hattha Bank or can expect to receive assistance from Hattha Bank.
- (3) Family members who work for Hattha Bank or companies in the financial business group of Krungsri Bank.

Any employee who violates this policy will be subject to penalties in accordance with Hattha Bank's internal policies and may be considered an offense under applicable laws, regulations or other relevant requirements.

## D- Transactions with Related Parties

### 1- Listed entities' policies for management of related parties' transactions

No.	Related Parties	Policies
1	Holding Company	Yes
2	Joint Venture	No
3	Subsidiary Company	Yes
4	Shareholders who hold majority of voting rights	Yes
5	Board of Directors and Board of Directors' immediate family members	Yes
6	Employees and Employees' immediate family members	Yes
7	Others	No

### 2- Material Transactions with related parties

#### (a)- Material Transactions with shareholder who hold at least 5% or more shares of outstanding equity securities

##### Transactions on borrowings, interest and fees:

Hattha Bank ("the Bank") is wholly owned by Bank of Ayudhya PCL. ("Krungsri"), a company incorporated in Thailand, with effective control from 12 September 2016. As of 31 December 2020, there are borrowing from Krungsri as the following:

Code	Type of Borrowing	Interest Rate	Disbursement Amount (in million USD)	Outstanding Amount (in million USD)	Commitment Fee	Collateral
0188-A	Senior Debt	5.5% + 6-month LIBOR	5,000,000	714,285.80	N/A	No
0192-A	Senior Debt	5.5% + 6-month LIBOR	10,000,000	1,428,571.60	N/A	No
0195-A	Senior Debt	5.5% + 6-month LIBOR	5,000,000	714,285.80	N/A	No
N/A	Bill Utilization Agreement	4% + 6-month LIBOR/4% + 12-month LIBOR	35,000,000	0	1.1627% on undrawn portion	No

### Transactions on Interest Rate Swaps:

On 12 January 2017, the Group and the Bank entered into agreements with Krungsri for interest rate swap totalling USD 54 million, effective from 15 May 2017 to 14 May 2021. On 7 February 2018, the Group and the Bank entered into another agreement with Krungsri for interest rate swap of USD 55 million, effective from 23 February 2018 to 15 June 2022. On 24 December 2019, the Group and the Bank entered into another agreement with Krungsri for interest swap of USD 80 million, effective from 27 December 2019 to 29 December 2026. This is to manage the Group and the Bank's exposure to interest rate risk of its funding.

### Transactions on Capital injection:

	31-Dec-2020	
	USD	KHR
Registered, issued and fully paid ordinary share of USD1 each	115,000,000	465,175,000

On 10 May 2019, the Bank requested for approval from the NBC for increasing new share capital by USD 40 million from USD 75 million to USD 115 million by transferring from retained earnings. This request was approved by the NBC on 19 June 2019.

However, the Board of Directors has decided to increase the capital by paying USD 40 million in cash instead of transferring from retained earnings for the benefit of capital for the future development of the Bank. This request was approved by the NBC on 7 October 2019.

On 11 February 2020, the Ministry of Commerce approved the amended Memorandum and Articles of Association of the Bank with share capital of USD 115 million.

### (b)- Material Transactions with Directors and Senior Officers

As of 31 December 2020, the Bank has significant transactions with Board of Directors as follow:

#### Deposits from and interest expense to Board of Directors:

	31-Dec-2020	
	USD	KHR
Deposits from Board of Directors	625,520	2,530,228

	For the twelve-month period ended as of 31-Dec-20	
	USD	KHR
Interest expense to Board of Directors	42,166	171,911

As of 31 December 2020, the Bank has significant transactions with Senior Officers as follow:

**Loans to Senior Officers and interest income:**

	31-Dec-2020	
	USD	KHR
Loans outstanding to Senior Officers	449,004	1,816,221

**For the twelve-month period  
ended as of 31-Dec-20**

	USD	KHR
Interest income from Senior Officers	37,050	151,053

**Deposits from and interest expense to Senior Officers:**

	31-Dec-2020	
	USD	KHR
Deposits from Senior Officers	2,828,058	11,439,495

**For the twelve-month period  
ended as of 31-Dec-20**

	USD	KHR
Interest expense to Senior Officers	165,082	673,039

**Office rental from Senior Officers:**

	31-Dec-2020	
	USD	KHR
Right-of-use assets	215,640	872,264
Lease liabilities	222,417	899,677

**For the twelve-month period  
ended as of 31-Dec-20**

	USD	KHR
Interest expenses	19,406	79,118
Depreciation expenses	55,114	224,700
Lease payment	67,920	276,910

**(c)- Transactions with Directors and Shareholder related to Buy/Sell asset and service**

As of 31 December 2020, there were no material transactions with Directors and Shareholder related to Buy/Sell asset and service.

**(d)- Material transactions with immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares**

As of 31 December 2020, there are no transactions with immediate family members of Shareholder who hold at least 5% or more shares.

As of 31 December 2020, there are transactions on deposits from and interest expense to immediate family members of directors and senior officers as follow:

	31-Dec-2020	
	USD	KHR
Deposits from family members of directors and senior officers	684,448	2,768,592
	For the twelve-month period ended as of 31-Dec-20	
	USD	KHR
Interest expense family members of directors and senior officers	49,123	200,274

**(e)- Material transactions with subsidiary**

Hattha Services Co., Ltd., the subsidiary, was incorporated on 8 October 2019 by the Bank and Saray Holding Limited, a private limited company incorporated in Cambodia. The principal activity of the subsidiary is buying, selling, renting and operating of self-owned or leased real estate.

As of 31 December 2020, the Bank has significant transactions with subsidiary as follow:

**Land rental from subsidiary:**

	31-Dec-2020	
	USD	KHR
Right-of-use assets	10,348,601	41,860,091
Lease liabilities	10,508,151	42,505,471
Refundable deposit	498,258	2,015,454
	For the twelve-month period ended as of 31-Dec-20	
	USD	KHR
Interest expenses	327,427	1,334,920
Depreciation expenses	108,933	444,120
Lease payment	276,810	1,128,554



**Deposits from subsidiary:**

	31-Dec-2020	
	USD	KHR
Deposits from subsidiary	590,573	2,388,868

**Management fee income from subsidiary:**

	For the twelve-month period ended as of 31-Dec-20	
	USD	KHR
Management fee income from subsidiary	13,310	54,265

**(f)- Material transactions with the person, who associated with director of the listed entity, its Subsidiary or Holding Company, whose relationship has occurred in any transactions or have been made by the listed entity**

As of 31 December 2020, there were no transactions with the person, who associated with director of the listed entity, its Subsidiary or Holding Company, whose relationship has occurred in any transactions or have been made by the listed entity.

**(g)- Material transactions with former directors or persons who involved with former director**

As of 31 December 2020, there were no transactions with former directors or persons who involved with former director.

**(h)- Material transactions with directors who is holding any position in a non-profit organization or in any other company other than the listed entity**

As of 31 December 2020, there were no transactions with directors who is holding any position in a non-profit organization or in any other company other than the listed entity.

**(i)- Material transactions with directors who get benefit either finance or non-financial from the listed entity**

As of 31 December 2020, there were no transactions with directors who get benefit either finance or non-financial from the listed entity.

## **PART 4: RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT**

### **A- Summary of Risk Management System or Risk Management Policy**

Hattha Bank has established a strong risk management structure that facilitates strong management oversight and effective execution of risk management and control processes.

After integration with Krungsri Bank, Hattha Bank has a stronger risk management structure and framework. Hattha Bank has aligned with the risk management policies and procedures from Krungsri to enhance the capabilities in identifying, assessing, mitigating, and monitoring risks within acceptable levels of risk appetite. Hattha Bank follows the international and the Group's best practice of three lines of defense:

- First line of defence: Front line
- Second line of defence: Risk management
- Third line of defence: Internal audit

The Asset Liability and Risk Board Committee (ARBC) were formed to establish and oversee the risk management framework.

The Asset Liability and Risk Management Committee (ALRMC) is another committee at the management level overseeing the day-to-day risk management of Hattha Bank.

The Risk Management Division was established with two departments under supervision: i) Credit and Market Risk Management Department and ii) Operational Risk and Fraud Management Department. The Division acts as a second line of defense with its independent function of risk management, reporting directly to the CEO, ALCO and Risk Management Committee and the ALCO and Risk Board Committee.

- Various risk management policies were established and implemented firmly such as: operation risk management policy, credit risk management policy, market and liquidity risk management policy, fraud risk management policy, business continuity management policy, outsourcing policy, credit policy, and impairment policy.

### **B- Brief Overview of Internal Control Systems**

After integration with Bank of Ayudhya (Krungsri), Hattha Bank Plc. has a stronger risk management structure and internal control framework. Hattha Bank Plc. aligns with the risk management policies and procedures from Krungsri to enhance the capabilities in identifying, assessing, mitigating, and monitoring risks within acceptable levels of risk appetite. Hattha Bank Plc. has designed a clear policies, procedures and operational manuals to implement within the Hattha Bank Plc.'s operation and in line with the international practice, and consist of 'Three Lines of Defense'; the business, compliance, and internal audit function.

The internal audit of Hattha Bank Plc. has two departments (head office audit department and branch audit department) and report independently to chairman of Audit Board Committee (ABC) and the board of directors with indirect report to Krungsri Internal Audit group and administratively reported to the CEO. The both of internal audit departments are responsible for reviewing and assessing the adequacy and appropriateness of the internal control system,

overseeing compliance with the law and regulations, and provide the objective assurance and consulting activity designed to add value and improve the Hattha Bank Plc.'s operations and help to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The both of internal audit departments have prepared its annual audit strategy and operational plan for each year and annual operational plan of each year will be based on the risk assessment and the audit audit execution will be based on risk-based audit, which is approved by the the ABC and Board of directors. Besides, the Hattha Bank Plc. has the internal audit assurance team to review the audit work which is performed by the IA of head office and branch audit department to ensure the quality of audit work.

## **C- Audit Report**

### **1- Internal Auditing**

#### **1.1 Scope of Work**

The scope of work of the Internal Audit is to determine whether Hattha Bank Plc.'s risk management, internal control, and governance processes, as designed and represented by the management, is adequate and functioning as intended. The scope of internal audit shall cover the following:

- The examination and evaluation of the adequacy and effectiveness of the internal control systems applicable to operations and activities of the company as well as outsourcing activities.
- The review and evaluate of the operation and effectiveness of risk management.
- The review of the systems related to financial reporting and management information, including the processing of information through IT systems.
- The review of correctness and completeness as well as effectiveness of internal controls over financial reporting process.
- The examination of resource utilization to ensure that resources are efficiently and effectively utilized and appropriately and adequately maintained.
- The testing of transaction recording and functioning of specific internal control procedures.
- The review and examination of systems and the company's operations to ensure adherence to legal and regulatory requirements, notifications issued by government authorities, ethics and policies and procedures of the company.
- The testing of the reliability and timeliness of regulatory reporting.
- The review of the process to accomplish the business goals & objectives.
- The carrying out of consulting services and special investigation assigned by the Audit Board Committee (ABC) and/or the board of directors.

## 1-2 Appointment and removal / resignation of the Chief and / or Deputy Chief of the Internal Auditor

No	Name	Appointment Date	Resign Date	Reason
1	Vol ROS	19-Jul-18		

## 1-3 New Appointment of Chief and / or Deputy Chief of the Internal Auditor

No	Name	Appointment Date	Reason
1	No		

## 2- External Auditors

No.	Name of Audit Firms	Agreement Date	Auditing Fees	Non-audit Fees
1	KPMG Cambodia Ltd.	27 May 2020	USD 110,500 (exclusive VAT)	
2	PricewaterhouseCoopers ABAS Ltd.	3 June 2020		THB 800,000 (exclusive VAT)
3	Ernst & Young (Cambodia) Ltd.	12 November 2020		USD 7,000 (exclusive VAT)

Reasons for the Change, Suspension and Termination of Audit Firms in Securities Sector  
(None)

## PART 5: RELATE PARTIES

### A- Present Policies and Activities Related to the Following:

No.	Content	Policy	Action
1	Customer Welfare	No	No
2	Selecting suppliers / contractors	Yes	Select 3 companies to compare quality, price and watchlist screening before deciding to become a service partner
3	Employees Management and Protection	Yes	<ul style="list-style-type: none"> <li>- Provide training on duties related to staff responsibilities</li> <li>- Create system to support requests or institution information finding</li> <li>- Establish a committee for employees to secretly report irregularities of institution or their management</li> <li>- Provide insurance</li> <li>- Provide medical care and treatment</li> <li>- Provide incentives and other allowances</li> </ul>
4	Environmental Protection	Yes	<ul style="list-style-type: none"> <li>- Internal campaign to reduce the use of plastic,</li> <li>- Create system to support some requests or finding</li> </ul>

			information instead of using paper - Organize 14 environmental events, including garbage collection along the Siem Reap River, along national roads and resorts, planting trees at school grounds and pagodas, and building roads with villagers in the community.
5	Interact with the community	Yes	- Personal funding for two events of the National Bank of Cambodia's education campaign and another event organized by the Ministry of Economy and Finance to support the education sector in Cambodia. - Organize 74 social responsibility programs - Provide The Spirit & The Letter
6	Protection of Bond subscriber's right	No	No
7	Anti-Corruption program	Yes	- Provide training on Anti-Corruption Policy - Website advertising to business partners and stakeholders about Gift & Entertainment Policy
8	Other	No	No

## B- Corporate Social Responsibility

To translated Hattha Bank vision and mission into CSR activities for illustrating the company's goodwill and given-back to community and society, Hattha Bank has been framing its CSR activities under the four main pillars including 1) Creating sustainable value, 2) Giving back to the community, 3) Preserving Environment, and 4) Providing financial support. In 2020, we had prepared many activities under each pillar as below:

1. Creating sustainable value: In 2020 Hattha Bank has promoted green activities/habits to raise the awareness of the employees to reduce of using plastic as well as electricity to minimize the environmental problem.
2. Giving back to the community: Hattha Bank is committed to take part in contribution to the society and community through the promotion of good health and the well-being to enhance the living standard and well-being of the community. Therefore, Hattha Bank and 1,742 employees also joined and organized 64 events for donation, enhancing financial knowledge as well as saving tips, and share other skills to the community. On top of that, Hattha Bank worked closely with the local authorities to support the community by donating the staple food, medicine, clean water, motorbike helmets, donate stationery, and study equipment for expanding access to education for young students and disadvantaged children to have proper classrooms and material to support their learning.
3. Preserving Environment: To address the environmental problem and climate change, Hattha Bank and its 814 employees had organized 18 green activities to promote the preservation of the environment by planting trees, collecting rubbish, and cleaning the cities and communities to be a green and fresh atmosphere.



## **C- Investor Relationship**

### **1- Demonstrate Mechanisms and Procedures for Investor Relations**

Hattha Bank Plc. has many communication channels with its customers and investors including posting into its website, email, phone and direct call.

### **2- Briefly Describe Investor Relations for the Last Year**

With the remarkable success from one step to another step, Hattha Bank Plc. is still the admirable institution from our customers and the public nationwide. During last year, Hattha Bank Plc. has already paid the interest to the bond's holder and disclosed the quarterly reports to regulators and related stakeholders via its website.



Subsidiary of krungsri bank

A member of  MUFG, a global financial group