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Hattha Bank

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

NEW HATTHA BANK TOWER PROJECT

ANNUAL REPORT 2020



BUILDING A BRIGHT FUTURE TOGETHER

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A. OPERATIONAL HIGHLIGHTS



LOAN PORTFOLIO

Description (USD)	2018	2019	2020	Change (Amount)	Change (%)
Total Loan	757,326,744	1,050,928,838	1,322,729,009	271,800,171	26%
Loan in KHR	72,363,197	160,299,247	219,051,919	58,752,672	37%
Loan in USD	657,518,847	852,453,574	1,056,319,548	203,865,974	24%
Loan in THB	27,444,700	38,176,017	47,357,541	9,181,525	24%

Hattha Bank offers loan to a customer with 3 currency types such as: Khmer Riel, United States Dollar and Thai Baht. As at the end of 2020, the total loan portfolio increased by 26% or USD 272 million compared to the year 2019, while loan in Khmer Riel currency increased by 37%, loans in the United States Dollar and Thai Baht with similar rate increased by 24%.

NUMBER OF BORROWERS

Borrowers	2018	2019	2020	Change (Amount)	Change (%)
Total Borrowers	134,410	152,753	167,200	14,447	9%
Female Borrowers	85,187	93,749	100,762	7,013	7%
Male Borrowers	49,223	59,004	66,438	7,434	13%

At the end of 2020, Hattha Bank still maintained its good performance with active borrowers was 167,200, an increase of 9% over the previous year. Female borrowers increased by 7% and male borrowers increased by 13%.

LOAN DISBURSEMENT

Description	2018	2019	2020	Change (Amount)	Change (%)
Total Disbursed Amount (USD)	628,204,813	847,831,512	866,151,817	18,320,306	2%
Total Number of Loan Disbursed	98,159	107,713	98,994	(8,719)	(8%)

In 2020, Hattha Bank disbursed new loans totaling USD 866 million increased by 2% over the previous year. The number of new loans was 98,994 slightly decrease of 8%.

LOAN PORTFOLIO QUALITY

Description	2018	2019	2020	Change (Amount)	Change (%)
PAR Amount (30days) (USD)	5,174,704	3,411,032	9,263,942	5,852,911	172%
PAR Ratio (30days)	0.68%	0.32%	0.70%	0.38%	119%

At the end of 2020, Hattha Bank's loan Portfolio at Risk (PAR) ratio was 0.7% or USD 9 million which was still at a good rate even though Cambodia, as well as the globe, was heavily suffered by the COVID-19 pandemic. This indicates our strong commitment and compliance to meet all the regulations to ensure sustainable growth for our customers as well as Cambodia.

DEPOSITS

Description	2018	2019	2020	Change (Amount)	Change (%)
Deposits Balance (USD)	480,106,121	599,301,779	792,646,755	193,344,975	32%
Number of Depositors	235,796	223,949	233,473	9,524	4%

Hattha Bank was strongly trusted by the customers and the public through its professional financial services, the deposit amount still stays in a good mood. As at the end of 2020, Hattha Bank deposit balance stood at USD 793 million, an increase by 32% if compared to the previous year while the number of depositors was 233,473, increased by 4%.

ATM & MOBILE BANKING SUBSCRIBERS

Description	2018	2019	2020	Change (Amount)	Change (%)
Number of ATM	46,665	51,162	54,908	3,746	7%
Number of Mobile Banking	7,215	8,024	16,253	8,229	103%

With a strong ambition to elevate digital as a core business and market trend, the number of digital service users increases from year to year. As at the end of 2020, Hattha Bank issued 54,908 ATM cards, an increase by 7% if compared to 2019. At the same time, the users of Mobile Banking reached 16,253 increased by 103%

B. FINANCIAL HIGHLIGHTS



Financial Highlights (USD)	2018-CIFRS	2019-CIFRS	2020-CIFRS
Assets			
Loans to customers	741,839,028	1,036,272,930	1,288,824,168
Total Assets	925,078,585	1,226,833,469	1,556,322,350
Liabilities			
Deposits from customers and financial institutions	491,353,390	610,099,327	804,484,026
Total Liabilities	758,834,232	1,028,463,972	1,296,925,939
Equity			
Total Equity	166,244,353	198,369,497	259,396,411
Income and Expenses			
Interest income	110,594,947	141,960,631	173,550,241
Interest expenses	(46,897,077)	(59,497,470)	(72,407,610)
Income tax expenses	(4,807,773)	(3,376,488)	(5,765,079)
Net profit for the year	18,851,488	32,125,144	25,430,699

C. SOCIAL PERFORMANCE HIGHLIGHTS



Key Highlights	2018	2019	2020
Responsibility to Clients			
Female Borrowers	64%	62%	61%
Female Depositors	62%	60%	58%
Rural Coverage, Borrowers	82%	83%	84%
Client Retention Rate	79%	82%	96.6%
Credit History Checked, Credit Bureau	100%	100%	100%
Micro-insurance, Number of Active Insured	38,035	24,357	9,575
Number of SME Loan	903	1,145	1,216
Responsibility to Staff			
Female Staff	28.42%	25.81%	24.80%
Staff Retention Rate	88.87%	90%	91%
Staff's Average Year of Service	3.71	3.47	3.68
Number of Training Courses per Staff	24	29	11
Responsibility to Government (in USD)			
Tax on Salary and Fringe Benefits	1,335,112	238,154	275,084
Withholding Tax	3,992,983	3,762,447	4,667,490
Annual Profit Tax	4,883,633	6,624,873	8,555,923

* Hattha Bank disclosed only material amount paid to the General Department of Taxation.

D. CAMBODIA'S KEY ECONOMIC INDICATORS



	2018	2019	2020e	2021f	2022f
Output & Economic Growth					
Real GDP growth, at constant factor prices (annual %)	7.4	6.8	(3.1)	4.0	5.2
Agriculture	1.1	(0.5)	0.4	1.1	1.0
Industry	11.6	11.3	(1.4)	6.7	7.4
Services	6.8	6.2	(6.2)	2.6	4.8
Real GDP growth, at constant market prices (annual %)	7.5	7.1	(3.1)	4.0	5.2
Private Consumption	3.0	7.0	(0.8)	2.6	4.5
Government Consumption	5.1	10.0	1.3	7.9	9.3
Gross Fixed Capital Investment	6.1	6.9	13.5	0.9	6.6
Exports, Goods and Services	5.3	7.8	1.1	2.7	5.4
Imports, Goods and Services	4.1	6.0	7.3	1.3	5.3
Government Budget (% of GDP)					
Revenue (%)	22.3	25.3	23.8	18.2	-
Expenditure (%)	24.6	26.1	30.1	27.1	-
Money and Credit (12 months percentage change)					
Inflation (Consumer Price Index)	3.1	3.2	2.9	3.0	3.0
Total Deposits in Banking System	27.9	15.1	18	-	-
Total Outstanding Loans in Banking System	24.3	23.9	23.4	-	-
Loans as % of Deposits	92.2	99	103.5	-	-
Private Sector Credit	20.1	26.3	-	-	-
Deposits to GDP	91.1	93.3	110.2	-	-
Loans to GDP	83.5	92	114	-	-
Balance of Payments (US\$ Million)					
Exports	11,214	14,530	16,000	-	-
Imports	13,771	22,190	16,000	-	-
Trade Balance	(2,557)	(7,660)	-	-	-
Exchange Rate (Riel per Dollar end period)	4,037	4,055	4,065	4,065	4,065
External Accounts and Others					
Current Account Balance (% of GDP)	(8.9)	(9.7)	(9.9)	(9.8)	(10.2)
Net Foreign Direct Investment (% of GDP)	12.6	13.2	12.5	10.6	10.0
Fiscal Balance (% of GDP)	0.4	1.5	(6.5)	(9.3)	(6.8)
Debt (% of GDP)	28.3	28.1	30.2	32.2	34.7
Primary Balance (% of GDP)	0.8	1.9	(5.9)	(8.8)	(6.3)

Source: NBC, World Bank, ADB, IMF and MoEF
e: estimate, f: forecast

E. BUSINESS PARTNERS



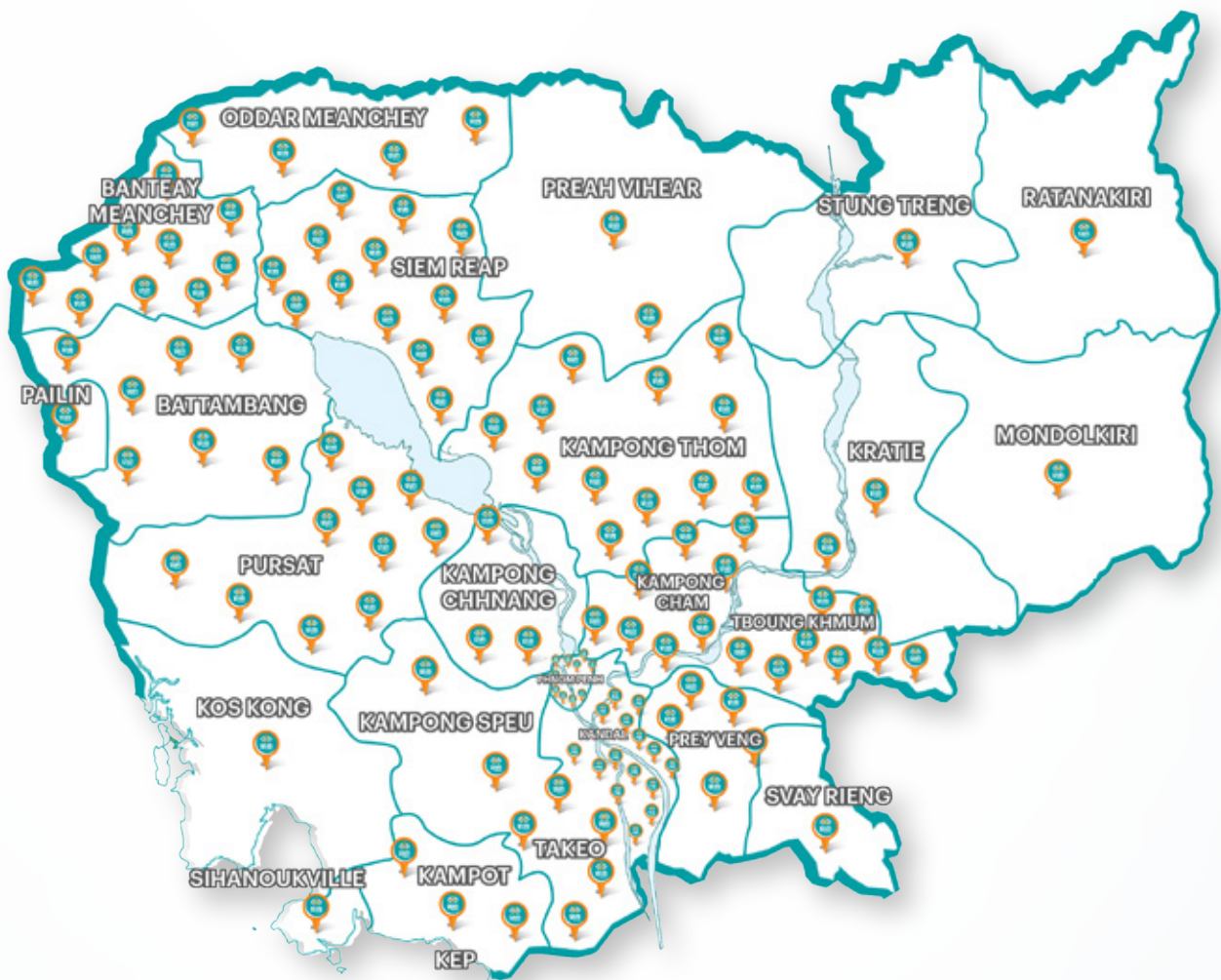
With our high responsibility and clear business vision, Hattha Bank has strengthened its business activities as well as established close relationships with its business partners in both the financial and major sectors. In 2020, Hattha Bank has partnered with a number of companies to offer better value and better benefits to customers, such as CS Agricultural Equipment Development Co., Ltd., Sovanna Village Life Insurance Co., Ltd. etc.

Moreover, customers will enjoy every purchasing or using services of our business partners, will

enjoy the discount immediately by just showing the ATM Card and the discount rate is up to 50% of the total price.

Be noticed that as at the end of 2020, through its good collaboration with business partners, Hattha Bank has had a total of more than 60 discount partners including garages, restaurants, coffee shops, fitness clubs, clinic, phone shops, driving schools, hotels, guesthouses, education, watches & handbag store clothing store, jewelry store and many other businesses.

F. COVERAGE AND DISTRIBUTION NETWORKS





G. CORPORATE INFORMATION

SHAREHOLDER

Hattha Bank is wholly-owned (100%) by Bank of Ayudhya (Krungsri), the 5th largest bank in Thailand and a member of Mitsubishi UFJ Financial Group (MUFG), Japan's largest banking group and one of the world's largest and most diversified financial groups.

ABOUT KRUNGSRI

Krungsri (Bank of Ayudhya Public Company Limited and its group companies) 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 76 years of history in the country. 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. Krungsri provides a comprehensive range of banking, consumer finance, investment, asset management, and other financial products and services to individual consumers, SMEs, and large corporations through 665 branches (626 Banking Branches and 39 Auto Business Branches) and over 32,216 service outlets nationwide. The Krungsri Group is the largest card issuer in Thailand with 9.5 million credit cards, sales finance, and personal loan accounts in its portfolio; a major automobile financing service provider (Krungsri Auto); one of the fastest-growing asset management companies (Krungsri Asset Management); and a pioneer in microfinance (Ngern Tid Lor).

Krungsri is strongly committed to the highest level of integrity in conducting its business. All Krungsri Group companies have been awarded accreditation from the Private Sector Collective Action Coalition Against Corruption (CAC) in collaboration with industry peers and stakeholders on a zero-tolerance approach to corruption.

For more information about Krungsri Bank, please visit:
www.krungsri.com



ABOUT MUFG BANK

MUFG Bank, Ltd. is Japan's premier bank, with a global network spanning around 50 countries. Outside of Japan, the bank offers an extensive scope of commercial and investment banking products and services to businesses, governments and individuals worldwide.

MUFG Bank's parent, Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with around 2,500 locations in more than 50 countries. The Group has over 180,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing.

The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world.

MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges.

For more information about MUFG, please visit:
www.mufg.jp/english



ABOUT HATTHA BANK

Hattha Bank Plc. is one of the leading banks in Cambodia, which received a license from the National Bank of Cambodia and the Ministry of Commerce to conduct its commercial banking operations officially from 26th August 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.

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.

For more information about Hattha Bank, please visit:
www.hatthabank.com

VISION, MISSION AND CORE VALUES



Vision

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



Mission

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



Core Values



Honest Professional

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



Nurturing Customers

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



Simplicity

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



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.



Dynamic Team

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

HATTHA BANK MILESTONES

1994

Hattha Bank was starting from a food security project established by OCSD/OXFAM-Quebec, a Canadian organization, providing micro loans to rural people in four communes in Pursat province.

1996

The food security project was registered with the Ministry of Interior of Cambodia as a nongovernmental organization (NGO) called Hattha Kaksekar. In Khmer, "Hattha Kaksekar" means "Farmer's Hand" or "A Helping Hand for Farmers" with the head office in Pursat province.

2001

Hattha Kaksekar (HK) NGO was registered with the Ministry of Commerce with paid-up capital of USD 77,850 to transform itself into a private limited company with a new name, Hattha Kaksekar Limited (HKL). At the same time, HKL was granted a three-year license by the National Bank of Cambodia to operate microfinance services across Cambodia.

2007

The savings account and configured systems were put in place. Meanwhile, HKL increased its registered capital from USD 257,850 to USD 1,339,700. Due to its sustainability in terms of finance, operation and governance, HKL was offered a permanent microfinance license by the National Bank of Cambodia.

2010

The National Bank of Cambodia offered HKL an MDI "Micro-Finance Deposit Taking Institution" license due to the sustainability of its operations and finances. This license reflects one of HKL's successes in providing customers with financial services, permitting HKL to officially mobilize deposits from the public.

2012

Hattha Kaksekar Limited's new CBS successfully went live across the company's distribution networks. This new online system increased the effectiveness of HKL's business operations. HKL also invested nearly USD 2 million in the ATM and mobile banking project. This investment facilitates offering a wide range of financial services and serves customers fast and conveniently through cash deposit and withdrawal machines that were publicly launched by the end of 2012.

2016

Hattha Kaksekar Limited is wholly-owned by Bank of Ayudhya (Krungsri), the 5th largest bank in Thailand and a member of Mitsubishi UFJ Financial Group (MUFG), Japan's largest banking group and one of the world's largest and most diversified financial groups.

2020

Hattha Kaksekar Limited has transformed itself to Hattha Bank Plc. officially approved by the National Bank of Cambodia and Ministry of Commerce on 26th August 2020. With new status of commercial bank, Hattha Bank will develop full fledged commercial bank service to fulfill need of existing and enlarge to new segmentation of commercial bank customers. Also the branch office is renovate for new look and feel with progressive modern concept.

MESSAGE FROM CHAIRMAN



MR. DAN HARSONO CHAIRMAN

The COVID-19 pandemic has turned 2020 into a year of volatility and unexpected as this global crisis has impacted us in many, if not all, facets of life to the new normal.

Cambodia's economy contracted by 3.1% in 2020 as a result of the global pandemic. Local businesses and domestic consumption, a vital engine of Cambodia economic growth, were severely impacted. I appreciated the proactive measures from the government and the National Bank of Cambodia (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 priority 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 a loan restructured scheme covering more than

13,000 customers, close to USD 140 million.

Despite the difficult time, Hattha Bank navigated toward its satisfactory year-end results. We achieved our big aspiration to upgrade from MDI to a full-fledged commercial bank in Cambodia.

An enabling business environment in Cambodia lent strong support to the business community including Hattha Bank. In 2020, we grew our loan portfolio to USD 1,323 Million, a 26% increase over the previous year. Our deposit reached a new record of USD 793 Million, 32% year-over-year growth. PAR30+ stood at 0.70% in 2020, remaining at an acceptable level as a result of the bank's close attention to asset quality management. Our solvency ratio was at 17.8%, above the stipulated regulatory threshold. Hattha Bank launched new mobile banking successfully with new mobile banking subscribers surpassing 16,000 accounts. This provided a good momentum to continue growing our mobile base, in line with our strategy to scale up the digital business.

According to NBC as well as leading international institutions like World Bank and ADB, Cambodia's economy in 2021 is forecasted to rebound to a positive growth driven by trade exports and investments from major partners. Along with this, projecting forward to 2021, Hattha Bank will enter 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 helping nourishing the Cambodian economy. Hattha Bank determines to grow in tandem with Cambodia's economy to

support trades, investments, and financial well-being of Cambodian people.

The Board of Directors approved the 3-years plan with following key strategic directions.

- Transform to a customer-centric bank
- Enhance commercial bank products and services
- Elevate digital as a core business
- Strengthen ROE position

In collaboration with Krungsri and MUFG, I am confident that Hattha Bank will continue to

expand as a sound and progressive financial institution serving various customer segments in Cambodia.

Lastly, I would like to express sincere appreciation to the National Bank of Cambodia, our lenders, customers, Hattha Bank employees for continuous support to the bank's activities. 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 for all our stakeholders.

Date: May 07, 2021



Mr. Dan HARSONO
Chairman

MESSAGE FROM PRESIDENT & CEO



OKNHA IENG TONG HOUT

PRESIDENT & CEO

2020 is a historic year of success as we have transformed from Hattha Kaksekar Limit Microfinance Institution into a successful commercial bank, officially name “Hattha Bank Plc” after providing financial services to help people Cambodians have improved for more than 26 years. This great success is due to the right operational plan, the efforts of staff at all levels, the high level of trust from customers and business partners, the full support of Bank of Ayudhya (Krungsri) as a parent company and trust from the National Bank of Cambodia.

For 2020, it will also be a year of unforgettable memories for people around the world due to the global epidemic of COVID-19, which has profoundly impacted the world economy and our country. Three major sectors that support Cambodia’s economy are threatened by COVID-19 diseases: tourism, products for export and construction, all of which contribute more than 70% of national economic growth and create job more than 39.5% of total careers in 2019.

Despite the threat posed by COVID-19 on the economy, customers and the people of Cambodia, Hattha Bank continues to provide its financial services to its customers with high regard, flexibility, integrity, transparency and compliance with all guidelines from the National Bank of Cambodia. In addition, Hattha Bank conducted a detailed assessment of the impact of COVID-19 on its customers and have done restructured loans for severely affected customers hence they can afford to continue their businesses and have enough time to repay the institution.

With hard work and effort with a flexible and accurate strategic plan, Hattha Bank will continue to achieve excellent results for 2020. As of December 31, 2020, Hattha Bank has a total of 167,200 borrowers with a loan balance of approximately USD 1,323 million, a total of 233,473 depositors with a deposit balance of approximately USD 793 million, ATM card subscribers/users 54,908 with 137 ATMs and a total of 177 branches across 25 provinces / Capital of the Kingdom of Cambodia to provide customer service. In the same year, Hattha Bank also modernized its mobile banking services to be simpler, easier to use and more attractive, and we also launched a number of new services, including overdraft, check service and current account and so on.

As the President and CEO of Hattha Bank, I would like to thank all our clients, business partners, shareholders, the Board of Directors, management and staff for their trust, supports and efforts to make Hattha Bank a success as planned and goals. Meanwhile, we would like to express our gratitude to the National Bank of Cambodia and the authorities at all levels, which have always fully supported. Thus, Hattha Bank can achieve great results and encourage more business operations and strong in the financial markets in Cambodia.

In 2021, Hattha Bank will continue to serve customers from all kinds of people in order to receive the highest quality, transparent, simple and convenient banking services by creating a variety of new products and digital services suitable for the new era. Moreover, Hattha Bank will continue to focus on strengthening the capacity of human resources, modernizing products and services, expanding information technology and increasing new partnerships to provide a wide range of financial services with high security to customers.

Date: May 07, 2021

A handwritten signature in blue ink, consisting of a stylized 'H' with a horizontal line extending to the right and a circular flourish at the bottom.

Oknha Ieng Tong HOUT
President & CEO

H. BUSINESS REVIEW



BOARD OF DIRECTORS



Mr. Dan HARSONO
Chairman



Oknha Ieng Tong HOUT
Director



Mr. Wanchairabin JITWATTANATAM
Director



**Mr. Chandrashekar SUBRAMANIAN
KRISHOOLNDMANGALAM**
Director



Ms. Duangdao WONGPANITKRIT
Director



Mrs. Voranuch DEJAKAISAYA
Director



Mr. Hay LONH
Independent Director



Dr. Davuth DY
Independent Director



Mr. Sereivathana PAK
Independent Director

BOARD OF DIRECTORS PROFILE



Mr. Dan HARSONO

Chairman

Mr. Dan HARSONO is currently the Senior Advisor to Bank of Ayudhya PCL (Krungsri) and Advisor to MUFG Bank Ltd. With his extensive experience in business management and financial services, Dan was appointed for significant decision-making positions including 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. He graduated with a Master's degree in Finance and Marketing from Indiana University in Bloomington, Indiana. In addition to his Bachelor's Degree with honors in Electrical Engineering and Biomedical Engineering from the University of Southern California in Los Angeles, California.



Oknha leng Tong HOUT

Director

Oknha leng Tong HOUT was co-founder of Hattha Bank in 1994, and has represented the institution since then. With a broad range of experience in microfinance, Oknha leng Tong HOUT 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 in Business Administration 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.



Mr. Wanchairabin JITWATTANATAM

Director

Mr. Wanchairabin joined Hattha Bank in November 2016. He has brought in diverse professional experiences across banking, management consulting and engineering industries from more than 21 years primarily with Bank of Ayudhya (Krungsri), GE Capital, and AT Kearney. Prior to joining Hattha Bank, Wanchairabin held a leadership position as Head of AEC Strategy in Krungsri where he managed the bank's regional expansion and M&A in the 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.



**Mr. Chandrashekar SUBRAMANIAN
KRISHOOLNDMANGALAM**
Director

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



Ms. Duangdao WONGPANITKRIT
Director

Ms. Duangdao WONGPANITKRIT was appointed as Chief Financial Officer (CFO) of Bank of Ayudhya (Krungsri) on January 01, 2013. She earned her Bachelor's degree in Business Administration in Financial Accounting from Thammasart University in Thailand. She is a certified public accountant (CPA Thailand). Duangdao has gained solid working experiences in financial management at various companies including KPMG, Star Petroleum Refinery, GE Capital and Standard Chartered Bank before joining Krungsri. She is also a director of Bank of Ayudhya (Krungsri).



Ms. Voranuch DEJAKAISAYA
Director

Ms. Voranuch has more than 30 years of experience in the IT-specific Finance and Banking industry. She is currently working as CIOO (Chief Information and Operations Officer) of Bank of Ayudhya (Thailand) also a member of the bank's Executive committee. She graduated Bachelor degree in Mathematical Statistics, followed by MBA from Chulalongkorn University Thailand. Before joining the bank, she worked in GE Capital (Thailand) as an 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 the top CIO50 list ASEAN from IDG.



Mr. Hay LONH
Independent Director

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.



Dr. Davuth DY
Independent Director

With a Ph.D. in Banking and Finance (Distance Learning from the USA), a Master Business Administration degree from Malaysia and a Bachelor of Business Administration degree from Cambodia, Dr. Davuth has not only gained relevant theoretical knowledge but also valuable international exposure. Currently, Dr Davuth works for Build Bright University as Senior Vice President. He has been working for more than 15 years at the university. He has done several research activities as Associate Professor at the Build Bright University, and he is also a member of the Doctoral Evaluation Committee of the University. He is also one of the members of the Editorial Board of the International Journal of Business and Development Research (IJBDR). He has numerous publications on finance and education and presented in many international conferences dealing with the issues in the financial and educational sectors in Cambodia. He has a very deep understanding in the subject related to finance and education. He, in addition, has experience of more than 20 years at management and board level at a Leading Bank/MFI in Cambodia. His consultancy experience includes the work for the ADB and KFW as financial expert, and for EU program as curriculum specialist. For the World Bank's project, he worked as deputy team leader for Financial Management Improvement Plan with the Ministry of Health, rural business specialist in the project Rural Energy Development Programme and sub-project manager and curriculum specialist for a research on industry-based curriculum.



Mr. Sereivathana PAK
Independent Director

Mr. Sereivathana PAK is a financial sector specialist and investment adviser with over 20 years of experience in financial sector development and project financing. Vathana's experiences include leading Axis Investment Consulting team to develop and carry out consulting work for businesses and development agencies in Cambodia and 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 the National University of Management (formerly the Institute of Economics) and a Master in Financial Management from Central Queensland University in Australia.

BOARD OF DIRECTORS MEETING

1- AUDIT COMMITTEE

No.	Name	Title	Date Appointed	Number of Meeting Attended	Number of Total Meeting
1.	Dr. Davuth DY	Chairman	28 Jun 17	12	12
2.	Ms. Duangdao WONGPANITKRIT	Director	12 Sep 16	10	12
3.	Mr. Hay LONH	Director	28 Jun 17	12	12

Achievement in 2020

- Reviewed branch audit reports and head office audit reports on a monthly basis
- Reviewed internal audit assurance reports on a quarterly basis
- Recommended to the board of directors and the shareholders in composing an independent auditor for auditing the financial statements for 2020
- Approved the internal audit plan and strategy for 2020
- Approved the annual internal audit report 2019 for the National Bank of Cambodia
- Approved the financial statements for quarter 1, 2, 3 of 2020, audited by independent auditors (KPMG)
- Approved 2019 annual report
- Approved the revised Audit Board Committee Charter, Internal Audit Charter, Internal Audit and Credit Review Policy, Internal Audit Manual, and Issue Validation Manual
- Approved the revised annual audit plan and strategy for 2020

2- REMUNERATION AND NOMINATION BOARD COMMITTEE

No.	Name	Title	Date Appointed	Number of Meeting Attended	Number of Total Meeting
1.	Mr. Hay LONH	Chairman	28 Jun 17	8	8
2.	Mr. Dan HARSONO	Director	12 Sep 16	8	8
3.	Oknha Ieng Tong HOUT	Director	12 Sep 16	8	8

Achievement in 2020

- Approved the revised organizational chart 202
- Acknowledged the financial KPI wight of independent functions which include Chief Internal Audit, Chief Risk Officer and Head of Compliance
- Approved the revised charter of Executive Committee
- Approved the appointment of Executive Vice President and Chief Digital Officer
- Approved the 2021 organizational chart
- Approved the retirement of Ms. Voranuch DEJAKAISAYA from the member of the board of directors and the appointment of Mr. Pairete CHEUKRUT as a new member of the board of directors

3- ASSETS AND LIABILITIES AND RISK BOARD COMMITTEE

No.	Name	Title	Date Appointed	Number of Meeting Attended	Number of Total Meeting
1.	Mr. Sereivathana PAK	Chairman	26 Apr 19	12	12
2.	Ms. Duangdao WONGPANITKRIT	Director	12 Sep 16	10	12
3.	Mr. Chandrashekar S.K	Director	12 Sep 16	12	12
4.	Ms. Voranuch DEJAKAISAYA	Director	11 Feb 20	11	11

Achievement in 2020

- Approved the limit of Key Risk Indicator wide company for 2020
- Reviewed the operational and fraud management report on a quarterly basis
- Approved the revised internal limit of Liquidity Coverage Ratio for 2020
- Approved the revised Annual Credit Risk Self-Assessment for 2019
- Approved the revised Stress Test Assumption on liquidity gap
- Approved the annual performance appraisal of the Head of Compliance
- Approved the quarterly market and liquidity risk rating
- Approved the revised Accounting Policy
- Approved the 5-year business plan for commercial bank

- Reviewed the loan portfolio impact assessment from EBA's partial withdrawal and Covid-19
- Approved the credit concentration limit for 2020
- Approved the Model Risk Governance Policy
- Approved the Revised Outsourcing Policy
- Approved the reviewed Volcker Rule Compliance Policy, Conflict of Interest Policy, and Policy for Prior Consultation and Reporting Framework
- Approved the revised 2020 operational plan
- Approved the internal limit and buffer of Capital Adequacy Ratio
- Approved the behavior assumption on liquidity gap
- Approved the quarterly stress testing for liquidity gap
- Approved the reviewed Market Conduct Policy
- Approved the reviewed Credit Risk Management Policy
- Approved the Corporate Governance Policy
- Approved the 2020 KPI for Head of Compliance
- Reviewed the compliance report on a monthly basis
- Approved the revised Whistleblowing Procedure
- Approved the Market and Liquidity Risk Management Policy
- Approved the deposit concentration limit
- Approved the Mid-Term Business Plan 2021-2023
- Approved Collateral Valuation Procedure
- Approved the revised internal limit for Liquidity Coverage Ratio
- Approved the Compliance Organizational Chart of 2021

4- INFORMATION TECHNOLOGY BOARD COMMITTEE

No.	Name	Title	Date Appointed	Number of Meeting Attended	Number of Total Meeting
1.	Ms. Voranuch DEJAKAISAYA	Chairman	11 Feb 20	11	11
2.	Mr. Wanchairabin JITWATTANATAM	Director	26 Apr 19	11	12
3.	Dr. Davuth DY	Director	12 Sep 16	12	12

Achievement in 2020

- Approved the upgrade of the core banking system
- Reviewed and approved IT strategy and budget
- Reviewed IT-related project implementation progress on a monthly basis
- Approved IT-related investment

5- CREDIT COMMITTEE

No.	Name	Title	Date Appointed	Number of Meeting Attended	Number of Total Meeting
1.	Mr. Chandrashekar S.K	Chairman	13 Sep 19	2	2
2.	Mr. Hay LONH	Director	13 Sep 19	2	2
3.	Oknha Ieng Tong HOUT	Director	13 Sep 19	2	2
4.	Mr. Wanchairabin JITWATTANATAM	Director	26 Apr 19	2	2

Achievement in 2020

Reviewed the lending approval authorities and performance of loans approved by the Management Credit Committee and Board Credit Committee.

THE CHANGE OF DIRECTOR IN COMMITTEE

In 2020, Hattha Bank did not change any director in each committee.

EXECUTIVE COMMITTEE MEMBERS



Oknha Ieng Tong HOUT
President & CEO



Mr. Wanchairabin JITWATTANATAM
Deputy Chief Executive Officer



Ms. Vandith IM
EVP & Chief Operations and Administration Office



Mr. Vol ROS
Chief Internal Audit Officer (Observer)



Mr. Sokmetrey MECH
EVP & Chief Business Officer



Mr. Boranchanborath CHEN
EVP & Chief Legal Officer



Mr. Vibol HIM
EVP & Chief Finance Officer



Mr. Lina TOUCH
EVP & Chief Credit Underwriting Officer



Mr. Chansovichea DUONG
EVP & Chief Sales and Distribution Officer



Mr. Souphoan SEM
EVP & Chief Human Resource Officer



Ms. Sokun CHHENG
EVP & Chief Risk Management Officer



Mr. Tithya YIM
EVP & Chief Information Technology Officer



Ms. Sreypoch HENG
Director of Compliance Department

EXECUTIVE COMMITTEE MEMBERS PROFILE



Oknha Ieng Tong HOUT

President & CEO

Oknha Ieng Tong HOUT was co-founder of Hattha Bank in 1994, and has represented the institution since then. With a broad range of experience in microfinance, Oknha Ieng Tong HOUT 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 in Business Administration 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.



Mr. Wanchairabin JITWATTANATAM
Deputy Chief Executive Officer

Mr. Wanchairabin joined Hattha Bank in November 2016. He has brought in diverse professional experiences across banking, management consulting and engineering industries from more than 21 years primarily with Bank of Ayudhya (Krungsri), GE Capital, and AT Kearney. Prior to joining Hattha Bank, Wanchairabin held a leadership position as Head of AEC Strategy in Krungsri where he managed the bank's regional expansion and M&A in the 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.



Ms. Vandith IM
EVP & Chief Admin Officer

Ms. Vandith joined Hattha Bank in 1995 as one of the very first groups of employees. Prior to joining Hattha Bank, she was working for UNTAC for the National Parliamentary Elections in Cambodia and American Relief Committee. She obtained a Master's degree at Build Bright University in 2008, adding a specialization in Accounting. She has continued to enhance her knowledge through participating in microfinance and banking related training programs conducted both within and outside the country.



Mr. Vol ROS
Chief Internal Audit Officer

Mr. Vol was appointed to be Chief Internal Audit Officer in 2015, after starting his career at Hattha Bank in 2008. He had more than 8 years' experience in the field of internal audit and branch management, and more than 11 years in managing internal audit function. He earned his Master's degree from Preston University after being awarded a Bachelor's Degree in Management from the Maharishi Vedic University in 1998.



Mr. Sokmetrey MECH
EVP & Chief Business Officer

Mr. Sokmetrey was appointed to be EVP & Chief Business Officer in 2014 after working for eight years at Hattha Bank in the marketing and risk management field. He has extensive experience in marketing, branding, customer relationship management, and compliance and risk management. In 2013, Sokmetrey became a Certified Expert in Risk Management of the Frankfurt School of Finance and Management.



Mr. Boranchanborath CHEN
EVP & Chief Legal Officer

Mr. Chanborath was appointed as Executive Vice President and Chief Legal Officer & Company Secretary on April 01, 2018. He joined Hattha Bank as VP & Director of Legal and Company Secretariat in 2011. He gained solid working experience in legal practice in banking, financing and corporate secretary. Prior to joining Hattha Bank, he was seconded by a leading commercial bank to Lao PDR for setting up and run one commercial bank. Borath's education comprises of Bachelor's and Master's Degrees of Private Law from the Royal University of Law and Economics.



Mr. Vibol HIM
EVP & Chief Finance Officer

Mr. Vibol joined Hattha Bank in Jun 2018. He has brought in more than 15-year experiences in microfinance. Prior to joining Hattha Bank, Vibol held many senior positions in audit, accounting and finance and he became Chief Finance Officer in one large microfinance institution. He also has hands-on experience in Core Banking System conversion project. With an outstanding academic background, Mr. Vibol obtained Bachelor's degree in Economics in 2002 followed by his master's degree in Finance and Accounting in 2005. In 2017, he graduated with ACCA qualification and became a member of the Association of Chartered Certified Accountants (ACCA) UK in February 2018. In addition to that, he has attended many courses related to bank and microfinance at both national and international level.



Mr. Lina TOUCH

EVP & Chief Credit Underwriting Officer

Mr. Lina was appointed as EVP & Chief Operation Officer in 2013, after starting his career at Hattha Bank in March 2005. He oversaw Hattha Bank's business operations including credit & deposit operations and branch management. He was appointed as Chief Underwriting in 2018 for managing the critical functions including credit underwriting, late loan collection and credit admin functions. Lina graduated from the National Institution of Management in 2003; and has also participated in numerous practical training programs conducted both locally and internationally, especially in the Philippines, Vietnam and Luxembourg.



Mr. Chansovichea DUONG

EVP & Chief of Sales and Distribution Officer

Mr. Chansovichea has joined Hattha Bank in 2017, he had been promoted to be Chief of Sale and Distribution Division from August 2018. Vichea has 20 years of working experience and more than 17 years' experience in Banking and MDI sector by starting from the credit officer position. Vichea obtained a master's degree of finance from the National University of Management in Phnom Penh and attended numerous training courses."



Mr. Souphoan SEM

EVP & Chief Human Resource Officer

Mr. Souphoan joined Hattha Bank as VP & Director of Human Resources in December 2010. He has 29 years' experience working in different sectors, including a twenty-year track record of human resource management, organization development, human resources planning and leadership development. Souphoan holds a Masters of Business Administration in Leadership Development from Eastern University, Philadelphia, the USA, and a Bachelor's Degree in Public Law from Norton University. He has been promoted to be EVP & Chief Human Resource Officer in 2019.



Ms. Sokun CHHENG

EVP & Chief Risk Management Officer

Ms. Sokun joined Hattha Bank in 2015 and appointed to be EVP & Chief Risk Management Officer in 2019. She has more than 15 years of experience working in the banking sector. She has participated in numerous training courses, including identifying risk in banking and microfinance, AML/CFT, business continuity plan (BCP) and disaster risk reduction management (DRRM), IFRS training, risk model, risk measurement and mitigation, financial lease, loan impairment assessment, trade finance, credit, marketing and TESOL. She obtained a Master's Degree in Finance and Banking at NUM in 2011. She became a Certified Expert in Risk Management of the Frankfurt School of Finance and Management (Germany) in 2017.



Mr. Tithya YIM

EVP & Chief Information Technology Officer

Mr. Tithya joined Hattha Bank in September 2017 as VP & Sr. Director of IT Planning & Governance and was promoted to be Chief IT Officer in June 2018. His role is to provide managerial oversight for technology strategic planning, project management and technology governance for Hattha Bank. He also provides consultation and guidance to IT Division, develops strategic plans, provides project planning and oversight, and develops and manages the Enterprise Architecture practice. He has more than 15 years' experience in the various international commercial banks as Head of IT and in Telecommunication Company as a software developer. He has extensive hand-on experience in handling system and server administration, core banking system, various software applications, information security, and having very good knowledge of IT governance and framework such as COBIT 5, ITIL v3, PMBOK, and currently is pursuing for the professional security certifications such as CISSP, CRISC, CISM, CGEIT. He holds a Bachelor of Technology (Hons) Information and Communication Technology from Unitisiti Teknologi PETRONAS (UTP), Malaysia."

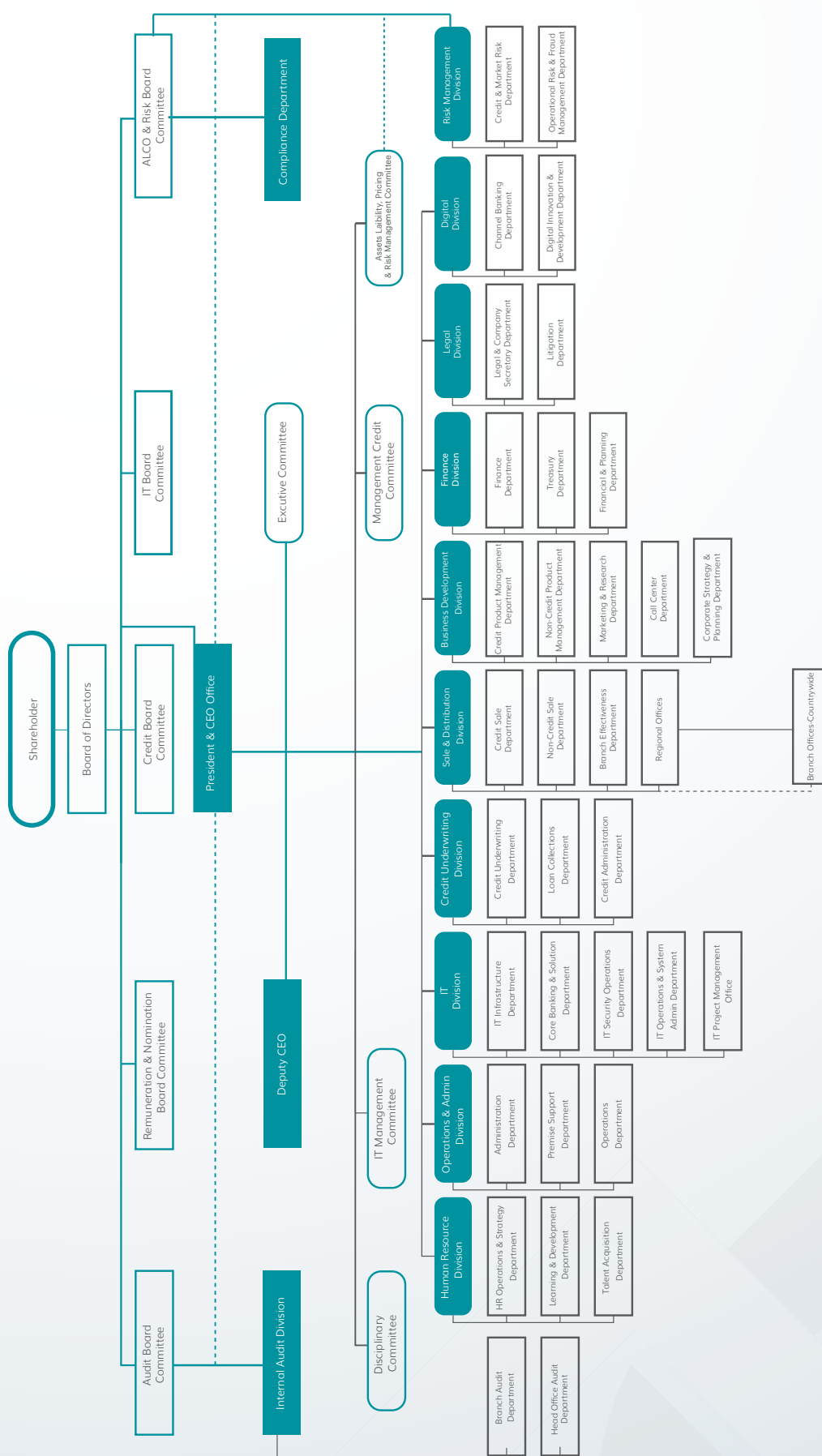


Ms. Sreypoch HENG

Head of Compliance Department

Ms. Sreypoch has joint with Hattha Bank as Head of Compliance Department after the integration with Krungsri Bank. She started her banking career as management trainee at a commercial bank prior to being in charge of Compliance and Risk Management function covering AML/CFT compliance, regulatory compliance, FATCA, Volcker Rule, risk management framework and internal control. She has obtained various training in Taiwan, Singapore and Thailand on AML/CFT, internal control and banking operation including trade finance. Sreypoch also certified for regulatory compliance from IBF.

ORGANIZATIONAL STRUCTURE



KEY ACCOMPLISHMENT IN 2020



Hattha Bank is one of the leading banks in Cambodia, which has officially received a banking license from the National Bank of Cambodia and Cambodia's Ministry of Commerce to operate as a commercial bank since August 2020.

After more than 26 years serving Cambodians, along with its clear vision and strong support from shareholders, another important milestone has been reached, which is the transformation from a microfinance deposit taking institution (Hattha Kaksekar Limited: HKL) to a commercial bank (Hattha Bank Plc.) even in the troubled circumstances arising from the COVID-19 pandemic.

To ensure sustainable growth and development and in response to the pandemic, Hattha Bank has taken actions as follows:

- Actively continue providing loans to various sectors to support domestic business activities such as trading, agriculture, general services, construction, and retail consumption
- Offer loan restructuring program to support loan repayment of customers impacted by the pandemic especially hotels and guest houses, tourism, and garments/footwear sectors; and Continue to monitor the pandemic and take any actions necessary to protect the employees of banks or financial institutions

and their clients to ensure the reliability and sustainability of banking services.

2020 was not an easy year. Nevertheless, Hattha Bank managed to maintain its strong position and business performance. As of December 31, 2020, our outstanding loans were at USD 1,323 million, representing 26 percent growth from 2019. Deposits showed strong growth at 32 percent from 2019 to reach USD 793 million.

Hattha Bank has continued to provide diversified financial services to corporate (SMEs) and individual customers nationwide. As a result, Hattha Bank has introduced and improved many financial services, including mobile banking service (Hattha Mobile), SME co-financing, waste disposal bill payment, interbank transfer, overdraft loan, current account, checking service, and new deposit products (HYSA Flexi and HYSA Corporate), in addition to its exceptional current services such as loan, deposit, local money transfer, ATM, payroll, and insurance referral service.

Hattha Bank has defined key strategic priorities in accordance with its vision, "To be a highly admired bank and the customers' preferred choice through our professional employees". Below are selected highlights for 2020:



- Successfully transformed our business status from a microfinance deposit taking institution (MDI) into a commercial bank;
- Developed and successfully implemented the Loan Origination System (LOS), allowing Hattha Bank to speed up the loan process and thus fulfill customer needs;
- Obtained the credit rating of BBB+ with 'Stable' outlook for three consecutive years from TRIS Rating Co., Ltd.;
- Supported training programs for better understanding of financial knowledge, organized by the Federation of Associations for SMEs of Cambodia (FASMEC);
- Signed an agreement with the Japan International Cooperation Agency (JICA) offering USD 50 million in loans for micro, small and medium-sized enterprises (MSMEs) in Cambodia;
- Introduced many financial services to the market for serving a wider range of customer needs; and
- Obtained the recognition of Golden Fiscal Compliance for two consecutive terms (four years) from the General Department of Taxation, Cambodia.

For 2021, with the favorable country economic outlook, Hattha Bank is confident that it will outperform the overall industry and continue its efforts to promote the enhancement of Cambodians' lifestyles via our retail consumer products as well as the growth of MSMEs in Cambodia, via our complete financial solutions that meet business needs while also contributing to sustainable social development. Hattha Bank has defined a strategic theme to further enhance its market competitiveness, as follows:

- Transforming to a customer-centric bank by enhancing the customer segmentation framework and criteria, deploying the resulting customer value proposition, and enhancing the customer experience;
- Enhancing the commercial bank products and services including credit product facilities, deposit and fee-based facilities, and cross-border business;
- Elevating digital as core business by focusing on enhancing digital acquisition, delivering a delightful customer experience, building customer ecosystems, collaborating to accelerate innovation, and implementing card and merchant business; and
- Improving Return on Equity (RoE) by redefining the product mix, growing current and savings deposits (CASA) and operating account, enhancing fee income, improving capital and funding, and improving productivity.

THE CHANGE OF LOGO



Started in 1994 as a food security project the provides micro loans to rural people in four communes in Pursat province. Until 1996, The food security project was registered with the Ministry of Interior of Cambodia as a nongovernmental organization (NGO) called Hattha Kaksekar. In Khmer, “Hattha Kaksekar” means “Farmer’s Hand” or “A Helping Hand for Farmers”. The name Hattha Kaksekar has been brought along with its microfinance institution status updated in 2001. As of 2020, Hattha Kaksekar Limited Microfinance has successfully transformed itself into a commercial bank (Hattha Bank Plc.).

“Hattha Kaksekar” was abbreviated to only “Hattha” to link the bank’s name to its market segment expansion, both in the past and in the future as well as all needs nationwide. At the same time, Hattha Bank has modernized and modified its logo as follows:

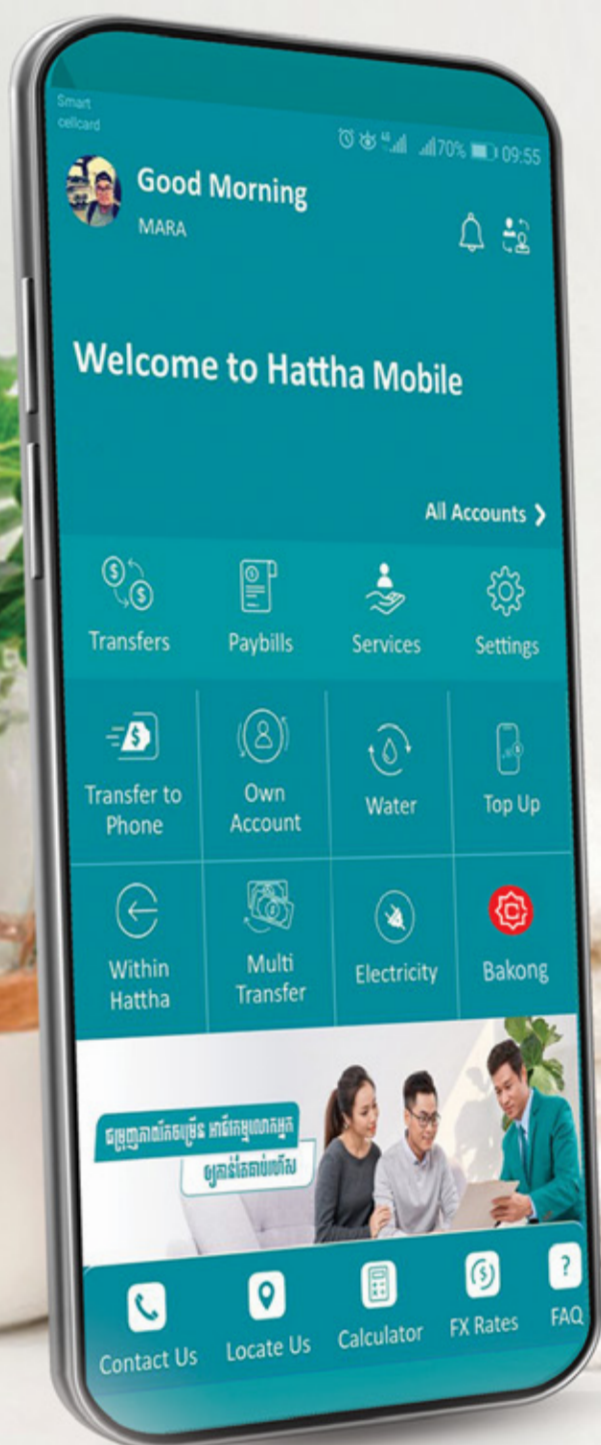
- **Symbol Icons:** The 3 symbol icons connecting represent the close collaboration between Hattha Bank and its customers to build a bright future together.
- **Word Mark:** The word HATTHA in Khmer means HAND, the hand that help to facilitate, guide and support for better businesses and lifestyle of its customers, as well as entire Cambodia.



MODERNIZE HATTHA MOBILE

Hattha Bank has revamped its mobile banking application with a new name “Hattha Mobile” for consumers in September 2020 with more features and better user experiences. As a result, the number of subscribers has increased exponentially. The Hattha Mobile provides access to unlimited financial services within just a click away at 24/7 and anywhere. It is user friendly with rich personalization and functionalities. Built with a high level of security, users can get peace of mind for effective money management, and especially, it is free of charge. The Hattha Mobile offers the following services:

- **Fund Transfer:** Transfer and receive the money within Hattha Bank and Pipay account instantly anytime and anywhere free of charge.
- **Bill Payment:** Pay bills instantly such as water, electricity, internet, property, insurance, agents, Hattha Bank loan free of charge. Each payment can be set for a reminder.
- **Cardless Withdrawal:** cash withdrawal via ATM using Hattha Mobile App, not a card. No need to carry the Hattha Bank ATM card.
- **Mobile Top Up:** Top up the phone with PIN or without PIN code instantly.
- **Account Management:** Check your own account balance and recent transaction history.
- **Service Application:** Apply for Hattha Bank products and services.
- **Improved Security:** Receive an instant push notification on Hattha Mobile App each time transaction is made. Other functions include blocking ATM card in case of loss/Log in using Password, FingerPrint and Face recognition.
- **Profile Management:** Personalize own home screen with choices of transaction type and access to personal details.
- **Locate ATM and Hattha Bank Branch:** Find the nearest Hattha Bank branch and ATM with contact information and one-click to get direction on the map.





PRODUCTS AND SERVICES

CREDIT PRODUCTS

Business Loans

Business Loans are a lending service, which Hattha Bank provides to individual, micro, small, and medium-sized enterprises aiming to start up and extend their existing businesses. Potential borrowers are able to apply for loans as much as their needs. With flexible terms and conditions, Hattha Bank provides competitive interest rates and convenient repayment methods.

Agriculture Loans

Agriculture Loan is designed to support farmers, agri-businesses or agriculture-related service providers who need fund for investment as well as agri-business expansion.

SME Loan

SME loan is a facility designed to support customers who need funds to support their current businesses, business expansion as well as new business opportunities.

SME Co-Financing Scheme

SME Co-Financing Scheme is a very special loan initiated by the Royal Government of Cambodia to support the small and medium-sized enterprise (SME) sector that need fund for working capital and capital expenditure with lower interest rate charge.

Overdraft Loan

Overdraft Loan is a credit facility allowing customers to withdraw an amount of money that is greater than balance shown in their current account under the approved credit limit to finance daily operation and support the working capital requirement of the business.

CardKri Loans

CardKri Loan is designed for providing loan with simple terms and conditions by just putting your vehicle registration card (vehicle ownership) as the collateral. This loan offers the easiest and quickest solution to our customers who need funds for their financial emergencies.

Social Loans

Social Loan is a facility that supports vulnerable customers who are exposed to low living standard with the purpose of improving hygiene and good living environment, reducing poverty as well as improving better living standard. Social Loan has been categorized into 6 different types including General Theme Loan, Eco-Friendly Loan, Higher Education Loan, Disaster Recovery Loan, Vulnerable Women Loan and Covid-19 Relief Loan.



Hattha Auto Loan

Hattha Auto Loan is one of the loan products designed specifically for the salary employees and the self-employed for purchasing a new car or used car (not yet registered) or new motorcycle. The car can be a family car or pickup truck which has a maximum of 9 seats.

Hattha First Choice

Hattha First Choice is one of the loan products designed for the customer who wants to purchase goods or accessories such as smartphones, computers, cameras, refrigerators, televisions, air conditioners, washing machines, and home appliances. This product has easy terms and conditions with simple documents required for supporting customers to get a dream product without paying a higher interest rate.

Personal Consumption Loans

Personal Consumption Loans offer opportunities to customers to purchase various belongings for personal or family use. Materials and consumption items should include new and/or second-hand accessories that are not older than five years after their manufacture date.

Home for Cash

Home for Cash is a special loan designed specifically for those whose income is mainly from a salary base and who are in need of fund for operating business or personal usage to increase the living standard and generate more income sources. This type of loan requires customers to provide the legal deeds of their residential house or land as collateral.

Personal Loans

Personal Loan is a convenient loan product offered to the salary earners and the self-employed for personal use with no collateral requirement.

Home Improvement Loans

Home Improvement Loans are provided to customers who aim to renovate or complete their residential construction to improve their living conditions.

Housing Loans

Housing Loans is a facility designed to support customers who wish to purchase a completed house from an individual/ construction company /Borey or customer who want to build a new house for residential purpose.



DEPOSIT PRODUCTS

Savings Products

Hattha Bank offers a very competitive interest rate of savings account plus with easy to access with banking account to perform unlimited deposit, fund-transfer, withdrawal transaction through banking channels including 177 branches, 137 ATM terminals and mobile banking service. There are 4 types of savings, including saving account, ezzy account, smart account and student saving account.

HYSA Product

HYSA is a special savings deposit account designed for customers who face difficulties in seeking deposit that get both high interest rate and flexibility of cash withdrawal. The unique feature of this account is that customer may get a high interest rate similar to a Term Deposit account based on their savings balance in each day. The higher the customer put the balance at Hattha Bank, the more interest rate the customer may get. Additionally, customers are allowed to do cash withdrawal and do fund transfer conveniently through all Hattha Bank's channels including Hattha Bank's counter nationwide, ATM nationwide & Mobile Banking service. There are 3 types of HYSA, including HYSA, HYSA Flexi and HYSA Corporate.

Current Accounts

Hattha Bank offers a various range of current account including current account, current account plus and high-yield-current account (HYCA). These products are designed to support the business operation of the customers, especially on the check payment and transfer to their partner. Customers enjoy not only daily transaction but also higher interest rate which is very competitive in the market. There are 3 types of current accounts, including current account, current account plus and HYCA.

Term Deposit Products

Term Deposit Products are the better choice for customers who wish to invest their available money with higher interest rate plus greater security. The customer could choose a various term of deposit to start from 3 months to 24 months with a fixed interest rate. The interest is accumulated daily and it can be paid monthly (for High Income Term Deposit Account) or at maturity (for High Return Deposit Account) upon customers' preference. The minimum deposit balance starts from USD 50 to open an account or its equivalent in others currencies. There are 2 types of term deposits, including: high income deposit and high return deposit.



OTHER BANK SERVICES

To ensure customers growth and reaching their better future, many exceptional services were developed with the most reasonable terms and conditions. The following products are some highlights products that we offer in addition to loans and deposits product:

Hattha Mobile

Hattha Bank provides the latest financial services which allow customers to perform their transaction anytime and anywhere through their mobile phones. Through Hattha Mobile Service customers can make any transactions such as balance inquiry, mini statements, fund transfer, transfer to phone, mobile top-up, bill payment, loan repayment, exchange rate, interest rate, loan inquiry, loan payment reminder, and others.

MyATM

Hattha Bank ATMs provide a exceptional services and are located at every branch to serve our clients across the country. The ATMs have a variety of functions such as cash deposit, cash withdrawal, funds transfer, remittance payment, currency exchange, mobile top-up, balance inquiry, and other financial transactions.

Domestic Transfer

Hattha Bank offers a better solution of domestic transfer to support daily needs for customer wish to transact their money from one to another location across the banks in Cambodia. With reliable and high-security service, customers can perform their transfer transaction through Hattha Bank branch networks, Mobile Banking, and ATMs in 25 cities and provinces across the country.

Payroll Service

Hattha Bank offers payroll services to enterprises, companies, non-governmental organizations, and associations that aim to reduce their expense and workloads on managing the payroll process. Both companies and their employees will be provided saving accounts, which have good interest rates and other advantages.

Fast Payment

Fast Payment is a newly launched financial service by the National Bank of Cambodia (NBC) in cooperation with commercial banks and microfinance deposit taking institutes to provide convenience for customer in performing fund transfer and payment in Khmer Riel across partnered banks and MFIs.

Collection Services

Collection service is a convenient way for customers to make daily or monthly payment of utility bill including EDC bill, PPWSA bill, internet bill and other goods/services bill through Hattha Bank offices, ATMs and mobile banking.



CALL CENTER

Customer service is the key to the success of all institutions. The customer decides to choose an institution as the long-term partner is not about their interesting advertising or attractive brochures, but it is the good quality of products/ services with the satisfaction to customer service delivery.

Hattha Bank has dedicated its efforts to provide its customers with superior and convenient services through highly professional staff throughout the country as well as through its digital platforms. Since there are different types of customers, including self-employed and corporate employees and to serve the customer even better, Hattha Bank has introduced a special hotline (Toll Free: 1800 212 222) that customers can easily contact with free of charge every day (Monday to Sunday), from 6 AM to 10 PM.

We believe that through our efforts to deliver these values along with our integrity in the business, our customers will remember us more clearly and will continue to share their experience of success and

growth with Hattha Bank to their relatives and people surrounding them to get the benefit and good experience from Hattha Bank as what they already received, follow our slogan “Building a bright future together”.

HUMAN RESOURCES

To achieve key targets after becoming a subsidiary of Krungsri Bank, the Human Resource Division has been working on strategic initiatives to improve the potential staff recruiting process. Hattha Bank’s expectations are made with reference to the clear strategic plan to engage staff to compete in the financial market. In 2020, Hattha Bank had the highest increase in the number of new employees supporting both internal and external functions. Hattha Bank takes great care in retaining employees for their growth and career development. As a result of 2020, newly recruited staff reached 1,416 while the turnover rate was as low as 9.10% among the lowest in the industry.

TOTAL NUMBER OF STAFF AND NEW RECRUITED

Description	2018	2019	2020
New Staff	971	1,514	1,416
Total Staff	3,476	4,382	5,057

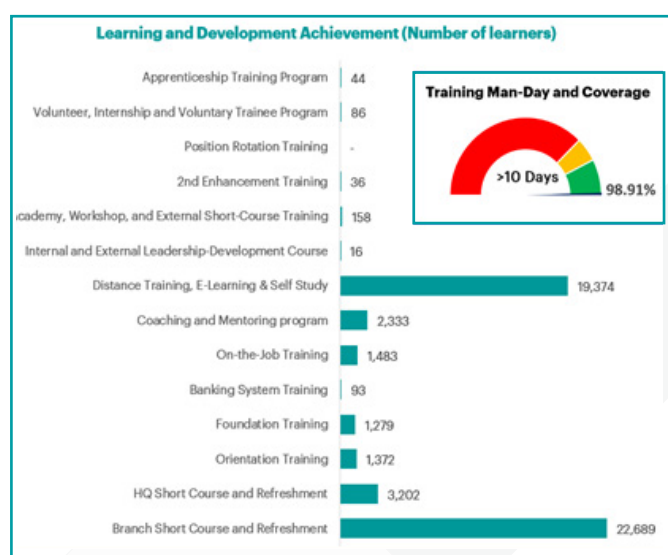
RESPONSIBILITY TO STAFF

Description	2018	2019	2020
Female Staff	28.42%	25.60%	24.62%
Staff Retention Rate	88.87%	89.66%	90.90%
Staff's Average Year of Service	3.71	3.53	3.74

STAFF LEARNING AND DEVELOPMENT

Human capital is very crucial and critical for all financial institutions while Hattha Bank has placed it as a key strategy in its mid-term business plan. Acquiring people to work for Hattha Bank is a challenge; however, to retain them to work long enough with us is another major challenge that requires more efforts regarding both financial and non-financial benefit offer. In this regard, learning and talent development function of Hattha Bank has played very vital roles in providing nonfinancial benefits for them through offering comprehensive knowledge and work experience. As known, 2020 is an inevitable challenge year due to the Covid-19 pandemic, but the Learning and Development Department has reduced classroom training and tried many alternative training methods for providing training to staff such as distance or E-learning, introducing self-study, and online training, etc. In addition, we have also provided knowledge of know-how via on-the-job and orientation and foundation training, coaching

and mentoring. With our high commitment from our staff, as the result, it increased double achievement compared to the previous year and more than 98% of active employees got learning and development opportunity at the average of more than 10 days during the year. Please see the below graph for detail.





THE SPIRIT AND THE LETTER

The Spirit & The Letter is an important code of conduct that requires all Hattha Bank employees to adhere to and operate responsibly in accordance with business ethical standards. Hattha Bank and all employee strive to abide by the law and adhere to the spirit of integrity.

All activities of the employee can affect the reputation of Hattha Bank. At all times, Hattha Bank conducts its business activities in accordance with The Spirit & The Letter to ensure the integrity of our business and to maintain honesty, strengthen compliance and avoid abuse.

The purpose of The Spirit & The Letter is to serve as a reminder and to comply with the code of conduct which must be respected by all Hattha Bank employees at all times. All employees must be committed to the success of the work, even if it takes time and effort. Employee commitment is valued, supported and encouraged to achieve employee goals and objectives.

The activities of the high commitment are defined as follows:

- Cultivate the love of Hattha Bank
- Work hard at assigned roles and tasks
- Do not hesitate to respond and participate in any activities organized by Hattha Bank
- Demonstrate the ability to perform the work
- Knowledge and skills improvement

Moreover, Hattha Bank staffs have to comply with ethics including:

- Obey the laws and regulations that govern our business
- Be honest, equitable and reliable in all your activities and relationships for Hattha Bank
- Avoid conflicts of interest between work and personal affairs
- Creating an equal working environment for all members of Hattha Bank
- Strive to establish safety in the workplace and participate in environmental protection
- Through leadership at all levels, maintain a culture where ethical practices are recognized, valued and exemplified by staff.

The staff must always adhere to the Code of Ethics while working at Hattha Bank. Notices have been issued to all staff to adhere to these codes of practice. Management is responsible for observing and ensuring the implementation of employee ethics. Violators of this code are subject to sanctions, including termination of employment.

Each year, all employees under the Krungsri Financial Business Group will be asked to agree to an understanding of the code and must adhere to this Code of Ethics and other policies and also raise concerns about violations of law or conduct or policies to the management or Ombudsperson or compliance department or legal department. The Code of Ethics, as it is laid out, is not comprehensive, and it is the job of all staff from all levels to judge the right course of action under certain circumstances.



I. INTERNAL CONTROL AND INTERNAL AUDIT



INTERNAL AUDIT

After integration with Bank of Ayudhya (Krungsri), Hattha Bank Plc. has a stronger risk management structure and internal control framework. Hattha Bank 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 has designed clear policies, procedures and operational manuals to implement within the Hattha Bank 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 report independently to the chairman of the Audit Board Committee (ABC) and the board of directors with an indirect report to Krungsri Internal Audit group and administratively reported to the CEO. The internal audit department is 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 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.

Both internal audit departments have prepared their annual audit strategy and operational plan for each year. The annual operational plan each year will be based on the risk assessment, and the audit execution will be based on the risk-based audit, which is approved by 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.



RISK MANAGEMENT

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, 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 defence:

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

RISK MANAGEMENT STRUCTURE

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 defence 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: operational 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.

CREDIT RISK

Credit risk is 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

The operational risk management team perform their tasks to ensure minimal impacts on Hattha Bank from any failure event which may cause by internal and external factors or outage/network down. Hattha Bank regularly implements 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

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 faces 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

Hattha Bank recognizes the importance of the regulations on liquidity risk management which reflect the current market changes. Therefore, to manage liquidity risk Hattha Bank has in place a 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 maintains the Liquidity Coverage Ratio (LCR) as per NBC requirement and additionally set the internal buffer on the top of the regulator's requirement.

COMPLIANCE

Independence of any business line, the compliance function has a solid reporting line to Board Committee. Compliance Department is responsible for overseeing operations and monitoring compliance with laws and regulations throughout Hattha Bank to ensure compliance with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) by developing the KYC principles in line with regulatory and group requirement.

Hattha Bank also adopted a policy for managing policies, procedures, and manuals from the group. The compliance department is responsible for reviewing all policies and also review procedures and manuals in case of any legal or regulatory issues, as well as advice and approval regarding compliance with relevant requirements.

The compliance department contributes to the development and implementation of training programs and the inclusion of a compliance culture to employees from the beginning of joining Hattha Bank through the training, the spirit and the letter, conflicts of interest, anti-corruption and antimoney laundering. The compliance function also reports on on-site inspections, deficiencies and non-compliance.



In 2019, Hattha Bank introduced a system for screening client/business partner's information against data from DowJones and monitoring customer transactions to strengthen our compliance with AML/CFT requirement. The compliance department is responsible for preparing monthly reports to the board committee including overseeing the operation of the AML / CFT anti-money laundering and combating terrorism financing, training, and the list anti-money laundering and terrorism financing report. AML / CFT to National Bank of Cambodia in case of non-comply with the current report of the regulations of the National Bank of Cambodia, the on-site inspection report and the inspection list of the compliance department on the implementation of the new regulations. The compliance department also has weekly cash transaction reports to the National Bank of Cambodia, including customer transactions on ATMs. Daily monitoring of customer transactions is drawn from core banking. Financial ratios and other requirements from the National Bank of Cambodia are monitored by the compliance team. Monitor of lender's covenant monthly, ratio required from NBC and alert the breach to management attention as well as report to BOD on such breach and actions taken by management.

The compliance department assesses the level of regulatory compliance and oversees the implication of other relevant regulations and group requirements that impact Hattha Bank's business operation. Pending compliance with regulatory changes has to be monitored and disseminate update to management and Board. Report finding of ongoing monitoring of activities and operation compliance to the board.

J. SOCIAL PERFORMANCE MANAGEMENT



Hattha Bank is committed to contributing to Cambodian society through its social business activities and its corporate social responsibility activities to the communities and public.



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:

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.

Giving back to the community: Hattha Bank is committed to taking part in contributing to society and community through the promotion of good health and 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 with 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.

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.

Providing financial support: To respond to the COVID-19 outbreak and protect Cambodian people from the virus, Hattha Bank donated 20 Million Riel to support the Government of Cambodia to purchase the vaccine for vaccinating our people. Apart from that, Hattha Bank also sponsored a major event of "40th Anniversary of the Reintroduction of Khmer Riel currency" initiated by the National Bank of Cambodia (NBC) to celebrate and promote Khmer Riel currency. Furthermore, during the flooding season, Hattha Bank has provided financial support to help the flood victims who had been severely affected by flooding (Phnom Penh and Battambang Province) to ensure that they get enough food or other supports in time of need.

ENVIRONMENTAL PERFORMANCE INDICATORS

In order to keep improving for reducing the environmental impact, Hattha Bank has been tracking the resource usage, which is used to compare with the previous years. As indicated, the year 2020 consumption was well managed with a lower quantity per staff member in consumption as below:

No.	Resource Consumption	2018	2019	2020
1	Water (cube)	12.90	10.97	9.66
2	Paper (sheet)	7.80	7.14	6.25
3	Tissue (box)	5.58	4.69	4.63
4	Electricity (KW)	1,042.94	936.45	878.70
5	Oil (liter)	0.68	0.41	0.23
6	Fuel (liter)	7.16	8.67	5.03
7	Diesel (liter)	30.20	33.38	20.36

K. BOARD OF DIRECTORS REPORT

The Board of Directors (“BoD”) is pleased to present its report together with the audited consolidated financial statements of HATTHA Bank Plc. (formerly known as Hattha Kaksekar Limited) (“the Bank”) and its subsidiary (together referred to as “the Group”) and the separate financial statements of the Bank (collectively referred to as the financial statements) for the year ended December 31, 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Bank is to provide loans, savings and other financial services particularly to women and low income families through its head office in Phnom Penh and its various offices in the Kingdom of Cambodia. On August 5, 2020, Hattha Kaksekar Limited has changed its name to Hattha Bank Plc. and convert its principal activity to be the Commercial Bank.

FINANCIAL RESULTS

The financial results of the Group and the Bank for the year ended December 31, 2020 were as follows:

	31-December-2019		31-December-2020	
	USD	KHR'000	USD	KHR'000
The Group				
Profit before income tax	35,492,157	143,814,220	31,452,439	128,231,594
Income tax expense	(3,376,488)	(13,681,529)	(5,773,140)	(23,537,092)
Profit for the year	32,115,669	130,132,691	25,679,299	104,694,502

	31-December-2019		31-December-2020	
	USD	KHR'000	USD	KHR'000
The Bank				
Profit before income tax	35,501,632	143,852,612	31,195,778	127,185,187
Income tax expense	(3,376,488)	(13,681,529)	(5,765,079)	(23,504,227)
Profit for the year	32,125,144	130,171,083	25,430,699	103,680,960

DIVIDENDS

No dividend was declared or paid and the BoD does not recommend any dividend to be paid for the year under audit (2019: nil).

SHARE CAPITAL

On 7 October 2019, the National Bank of Cambodia ("NBC") approved the Bank's request for increasing share capital by US\$40 million from US\$75 million to US\$115 million. The amendment of the Memorandum and Articles of Association was endorsed by the Ministry of Commerce ("MOC") on 11 February 2020.

RESERVES AND PROVISIONS

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

WRITTEN OFF OF AND ALLOWANCE FOR FINANCIAL ASSETS

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

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



ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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



CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Bank for the year were not, in the opinion of the BoD, materiality affected by any item, transaction or event of a material and unusual nature except for the outbreak of the Novel Coronavirus Covid-19 ("Covid-19").

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

CORONAVIRUS AND IMPACT ON EXPECTED CREDIT LOSS

The expected credit loss ("ECL") was estimated based on a range of forecast economic conditions as at reporting date. The covid-19 outbreak has spread across mainland China, Cambodia and beyond, disrupting business and economic activity. The impact on GDP and other key indicators has been considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL in which the calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of Covid-19 on the Group and the Bank; however, this estimate may move materially as events unfold.

THE BOARD OF DIRECTORS

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

- Mr. Dan HARSONO,
Chairperson, Senior Advisor of Krungsri
(effective from 1 January 2021)
- Oknha Ieng Tong HOUT,
Director, President and Chief Executive
Officer of Hattha Bank Plc.
- Mr. Wanchairabin JITWATTANATAM,
Director, Deputy Chief Executive Officer of
Hattha Bank Plc.
- Mr. Chandrashekar S.K,
Director, Chief Risk Officer of Krungsri
- Ms. Duangdao WONGPANITKRIT,
Director, Chief Financial Officer of Krungsri
- Ms. Voranuch DEJAKAISAYA,
Director, retired from the members of the
BoD and registration of her retirement with
regulators is under process.
- Mr. Hay LONH,
Independent Director
- Mr. Davuth DY,
Independent Director, Vice President of Build
Bright University
- Mr. Sereivathana PAK,
Independent Director

DIRECTORS' BENEFITS

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

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

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

The BoD is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the BoD is required to:

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

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

STATEMENT OF THE BOARD OF DIRECTORS

The accompanying financial statements, together with the notes thereto as set out on pages 10 to 137 present fairly, in all material respects, the consolidated and unconsolidated financial positions of the Group and of the Bank

as at December 31, 2020, and their consolidated and unconsolidated financial performance and cash flows for the year then ended in accordance with CIFRSs.

On behalf of the Board of Directors



Oknha Ieng Tong HOUT
President and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
Date: March 26, 2021

L. AUDITED STATEMENTS FROM INDEPENDENT AUDITOR



BALANCE SHEET

ASSETS

	31-December-2019 CIFRS		31-December-2020 CIFRS	
	USD	KHR'000	USD	KHR'000
Cash on hand	34,190,445	139,326,063	37,160,689	150,314,987
Balances with the NBC	95,934,585	390,933,434	135,341,678	547,457,088
Balances with other banks	9,657,803	39,355,547	41,656,629	168,501,064
Loans to customers	1,036,272,930	4,222,812,190	1,288,824,168	5,213,293,760
Investment securities	20,000	81,500	20,000	80,900
Investment in subsidiary	490	1,997	490	1,982
Derivatives held for risk management	-	-	242,274	979,998
Other assets	28,071,676	114,392,081	14,156,297	57,262,221
Property and equipment	4,201,129	17,119,601	5,462,161	22,094,441
Right-of-use assets	12,281,257	50,046,122	21,706,157	87,801,405
Intangible assets	2,300,471	9,374,419	3,775,164	15,270,538
Deferred tax assets, net	3,902,683	15,903,433	7,976,643	32,265,521
TOTAL ASSETS	1,226,833,469	4,999,346,387	1,556,322,350	6,295,323,905

LIABILITIES AND EQUITY

Liabilities	31-December-2019 CIFRS		31-December-2020 CIFRS	
	USD	KHR'000	USD	KHR'000
Deposits from customers and financial institutions	610,099,327	2,486,154,758	804,484,026	3,254,137,885
Debt securities issued	29,196,072	118,973,993	29,767,039	120,407,673
Borrowings	311,485,982	1,269,305,377	402,208,119	1,626,931,841
Subordinated debts	11,974,921	48,797,803	11,895,729	48,118,224
Derivatives held for risk management	1,887,584	7,691,905	7,283,277	29,460,855
Lease liabilities	13,005,210	52,996,231	22,833,647	92,362,102
Other liabilities	48,179,260	196,330,485	9,904,708	40,064,544
Current income tax liabilities	2,632,899	10,729,063	8,472,025	34,269,341
Provisions	2,717	11,072	77,369	312,958
TOTAL LIABILITIES	1,028,463,972	4,190,990,687	1,296,925,939	5,246,065,423

Equity	31-December-2019 CIFRS		31-December-2020 CIFRS	
	USD	KHR'000	USD	KHR'000
Share capital	75,000,000	305,625,000	115,000,000	465,175,000
Share premium	19,082,502	77,761,196	19,082,502	77,188,721
Reserves	8,818,392	40,434,996	28,031,366	114,964,820
Retained earnings	95,468,603	384,534,508	97,282,543	391,929,941
TOTAL EQUITY	198,369,497	808,355,700	259,396,411	1,049,258,482
TOTAL LIABILITIES AND EQUITY	1,226,833,469	4,999,346,387	1,556,322,350	6,295,323,905

INCOME STATEMENT

	Year Ended 31-December-2019 CIFRS		Year Ended 31-December-2020 CIFRS	
	USD	KHR'000	USD	KHR'000
Interest income	141,960,631	575,224,477	173,550,241	707,564,333
Interest expense	(59,497,470)	(241,083,748)	(72,407,610)	(295,205,826)
Net interest income	82,463,161	334,140,729	101,142,631	412,358,507
Fee and commission income	4,909,507	19,893,322	5,686,130	23,182,352
Fee and commission expense	(698,032)	(2,828,426)	(713,035)	(2,907,044)
Net fee and commission income	4,211,475	17,064,896	4,973,095	20,275,308
Net losses from other financial instruments at FVTPL	(1,965,310)	(7,963,436)	(520,680)	(2,122,812)
Other income	228,275	924,970	319,080	1,300,889
Net impairment (losses) /gains on financial instruments	105,224	426,368	(20,028,862)	(81,657,670)
Personnel expenses	(34,383,434)	(139,321,675)	(39,944,710)	(162,854,583)
Depreciation and amortisation	(5,328,403)	(21,590,689)	(5,374,346)	(21,911,209)
Other expenses	(9,829,356)	(39,828,551)	(9,370,430)	(38,203,243)
Profit before income tax	35,501,632	143,852,612	31,195,778	127,185,187
Income tax expense	(3,376,488)	(13,681,529)	(5,765,079)	(23,504,227)
Profit for the period	32,125,144	130,171,083	25,430,699	103,680,960
Other comprehensive (loss)/income	-	4,500,049	(4,403,785)	(16,235,365)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	32,125,144	134,671,132	21,026,914	87,445,595

STATEMENT OF CHANGE IN EQUITY

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
	USD	USD	USD	USD	USD
At 1 January 2019 - CIFRS	75,000,000	19,082,502	4,389,186	67,772,665	166,244,353
Profit for the year	-	-	-	32,125,144	32,125,144
Transfers	-	-	4,429,206	(4,429,206)	-
At 31 December 2019	75,000,000	19,082,502	8,818,392	95,468,603	198,369,497
KHR'000 equivalents At 31 December 2019	305,625,000	77,761,196	40,434,996	384,534,508	808,355,700
At 1 January 2020 - CIFRS	75,000,000	19,082,502	8,818,392	95,468,603	198,369,497
Issuance of share capital	40,000,000	-	-	-	40,000,000
Profit for the period	-	-	-	25,430,699	25,430,699
Other comprehensive loss	-	-	(4,403,785)	-	(4,403,785)
Transfers	-	-	23,616,759	(23,616,759)	-
At 31 December 2020	115,000,000	19,082,502	28,031,366	97,282,543	259,396,411
KHR'000 equivalents at 31 December 2020	465,175,000	77,188,721	114,964,820	391,929,941	1,049,258,482

STATEMENT OF CASH FLOWS

	Year Ended 31-December-2019 CIFRS		Year Ended 31-December-2020 CIFRS	
	USD	KHR'000	USD	KHR'000
Cash flows from operating activities				
Profit before income tax	35,501,632	143,852,612	31,195,778	127,185,187
Adjustments for:				
Net interest income	(82,463,161)	(334,140,729)	(101,142,631)	(412,358,507)
Net losses from other financial instruments at FVTPL	1,965,310	7,963,436	520,680	2,122,812
Net impairment losses/(gains) on financial instruments	(105,224)	(426,368)	20,028,862	81,657,670
Depreciation and amortisation	5,328,403	21,590,689	5,374,346	21,911,209
Provision for employee benefits	1,286,720	5,213,789	1,498,174	6,108,055
Losses on disposals of property and equipment	2,333	9,453	3,783	15,423
Written-off of intangible asset	-	-	6,600	26,908
Effect of currency translation of monetary items	110,023	445,813	1,138,169	4,640,315
		-		-
TOTAL CASH FLOW FROM OPERATING ACTIVITIES	(38,373,964)	(155,491,305)	(41,376,239)	(168,690,928)
Changes in:				
Balances with the NBC	(13,641,631)	(55,275,889)	(37,447,996)	(152,675,480)
Balances with other banks	-	-	(29,450,000)	(120,067,650)
Loans to customers	(296,500,679)	(1,201,420,751)	(273,853,395)	(1,116,500,291)
Other assets	(18,848,889)	(76,375,698)	15,092,039	61,530,243
Deposits from customers and financial institutions	117,941,749	477,899,967	191,825,328	782,071,862
Other liabilities	43,051,507	174,444,706	(38,274,552)	(156,045,349)
Cash used in operations	(206,371,907)	(836,218,970)	(213,484,815)	(870,377,593)
Interest received	141,413,930	573,009,244	172,275,485	702,367,152
Interest paid	(57,457,328)	(232,817,093)	(68,523,586)	(279,370,660)
Income tax paid	(6,408,602)	(25,967,655)	(2,898,965)	(11,819,080)
Net cash used in operating activities	(128,823,907)	(521,994,474)	(112,631,881)	(459,200,181)

Cash flows from investing activities

Purchases of property and equipment	(2,257,061)	(9,145,611)	(3,237,889)	(13,200,873)
Purchases of intangible assets	(1,695,188)	(6,868,902)	(1,783,371)	(7,270,804)
Proceeds from disposal of property and equipment	753	3,051	1,988	8,105
Investment in subsidiary	(490)	(1,985)	-	-

Net cash used in investing activities	(3,951,986)	(16,013,447)	(5,019,272)	(20,463,572)
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Cash flows from financing activities

Proceeds from borrowings	184,816,851	748,877,880	305,700,896	1,246,342,553
Proceeds from subordinated debts	-	-	7,000,000	28,539,000
Repayments of borrowings	(65,787,097)	(266,569,317)	(216,483,947)	(882,605,052)
Repayments of subordinated debts	(11,000,000)	(44,572,000)	(7,000,000)	(28,539,000)
Principal elements of lease payments	(3,529,551)	(14,301,741)	(3,979,231)	(16,223,325)
Issuance of share capital	-	-	40,000,000	163,080,000

Net cash from financing activities	104,500,203	423,434,822	125,237,718	510,594,176
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Net increase/(decrease) in cash and cash equivalents	(28,275,690)	(114,573,099)	7,586,565	30,930,423
Cash and cash equivalents at the beginning of the year	106,976,320	429,830,854	78,700,630	320,705,067
Currency translation differences	-	5,447,312	-	(2,603,786)

Cash and cash equivalents at the end of the year	78,700,630	320,705,067	86,287,195	349,031,704
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M. THREE YEARS FINANCIAL SUMMARY



Description	2018	2019	2020
Solvency ratio	22.4%	21.5%	18.2%
Debt to equity ratio	456%	518%	507%
Liquidity Coverage Ratio	177.2%	113.9%	131.0%
Non-performing loans ratio ^{1/}	0.67%	0.30%	1.31%
Loan to deposit ratio ^{2/}	157.7%	175.4%	166.9%
ROAA	2.32%	2.98%	1.83%
ROAE	14.03%	17.62%	11.21%
Interest Coverage ratio	150%	160%	144%

^{1/}NBC Definition

^{2/}Contractual Balance

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