

**HATTHA BANK PLC. (FORMERLY KNOWN AS  
HATTHA KAKSEKAR LIMITED)  
AND ITS SUBSIDIARY**  
(Registration No. 00005355)

**CONDENSED CONSOLIDATED AND SEPARATE  
INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND TWELVE-MONTH  
PERIODS ENDED 31 DECEMBER 2020  
AND**

**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS  
SUBSIDIARY**

**CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2020**

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**ហត្ថា**  
Hattha Bank

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

### STATEMENT OF THE BOARD OF DIRECTORS

In the opinion of the Board of Directors, the accompanying condensed consolidated interim financial statements of HATTHA Bank Plc. (formerly known as Hattha Kaksekar Limited) ("the Bank") and its subsidiary (collectively referred to as "the Group") and the condensed separate interim financial statements of the Bank, set out on pages 4 to 53 are prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, 'Interim Financial Reporting'.

On behalf of the Board of Directors, *WWT*



Mr. Hout Jeng Tong  
President and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia  
12 February 2021

**ធនាគារ ហត្ថា ម.ក | ការិយាល័យកណ្តាល**

☎ អគារលេខ៦០៦ ផ្លូវ២៧១ សង្កាត់បឹងទំពុន១ ខណ្ឌមានជ័យ រាជធានីភ្នំពេញ ប្រទេសកម្ពុជា ប្រអប់សំបុត្រ៖ ២០៤៤  
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## **Independent Auditors' Report on review of condensed interim financial statements**

**To the shareholder of  
HATTHA Bank Plc. (formerly known as Hattha Kaksekar Limited)**

### ***Introduction***

We have reviewed the accompanying 31 December 2020 condensed consolidated interim financial statements of HATTHA Bank Plc. (formerly known as Hattha Kaksekar Limited) and its subsidiary (together referred to as "the Group") and the condensed separate interim financial statements of the HATTHA Bank Plc. ("the Bank"), (collectively referred to as "condensed interim financial statements") which comprise:

- the condensed consolidated and separate interim statements of financial position as at 31 December 2020;
- The condensed consolidated and separate interim statements of profit or loss and other comprehensive income for the three-month and twelve-month periods ended 31 December 2020;
- The condensed consolidated and separate interim statements of changes in equity for the twelve-month period ended 31 December 2020;
- The condensed consolidated and separate interim statements of cash flows for the twelve-month period ended 31 December 2020; and
- Other explanatory notes to the condensed interim financial statements as set out on pages 4 to 53.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with Cambodian International Accounting Standard 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim financial statements based on our review.





### **Scope of review**

We conducted our review in accordance with *Cambodian International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, *"Interim Financial Reporting"*.

### **Other matters**

The financial statements of the Group and the Bank as at and for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 March 2020.

The condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the Bank for the three-month and twelve-month periods ended 31 December 2019 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 28 February 2020.

For KPMG Cambodia Ltd

  
Nge Huy  
Partner



Phnom Penh, Kingdom of Cambodia

12 February 2021

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	31 December 2020		31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>ASSETS</b>					
Cash on hand		37,160,689	150,314,987	34,190,445	139,326,063
Balances with the NBC	4	135,341,678	547,457,088	95,934,585	390,933,434
Balances with other banks	5	41,729,838	168,797,195	9,657,803	39,355,547
Loans to customers	6	1,288,824,168	5,213,293,760	1,036,272,930	4,222,812,190
Investment securities		20,000	80,900	20,000	81,500
Property and equipment	7	34,892,318	141,139,426	4,201,129	17,119,601
Right-of-use assets	8	11,357,556	45,941,314	12,281,257	50,046,122
Intangible assets	9	3,775,164	15,270,538	2,300,471	9,374,419
Deferred tax assets, net	10(a)	7,991,149	32,324,198	3,902,683	15,903,433
Other assets	11	13,659,106	55,251,084	28,066,516	114,371,054
<b>TOTAL ASSETS</b>		<b>1,574,751,666</b>	<b>6,369,870,490</b>	<b>1,226,827,819</b>	<b>4,999,323,363</b>
<b>LIABILITIES</b>					
Deposits from customers and financial institutions	12	803,893,453	3,251,749,017	610,098,327	2,486,150,683
Debt securities issued	13	29,767,039	120,407,673	29,196,072	118,973,993
Borrowings	14	431,708,838	1,746,262,250	311,485,982	1,269,305,377
Subordinated debts	15	11,895,729	48,118,224	11,974,921	48,797,803
Derivatives held for risk management	16	7,041,003	28,480,857	1,887,584	7,691,905
Current income tax liabilities	10(b)	8,492,313	34,351,406	2,632,899	10,729,063
Lease liabilities	17	12,325,496	49,856,631	13,005,210	52,996,231
Provisions	18	77,369	312,958	2,717	11,072
Other liabilities	19	9,914,890	40,105,731	48,184,085	196,350,146
<b>TOTAL LIABILITIES</b>		<b>1,315,116,130</b>	<b>5,319,644,747</b>	<b>1,028,467,797</b>	<b>4,191,006,273</b>
<b>EQUITY</b>					
Share capital	20	115,000,000	465,175,000	75,000,000	305,625,000
Share premium		19,082,502	77,188,721	19,082,502	77,761,196
Reserves	21	28,031,366	114,956,931	8,818,392	40,434,778
Retained earnings		97,521,668	392,905,091	95,459,128	384,496,116
<b>TOTAL EQUITY</b>		<b>259,635,536</b>	<b>1,050,225,743</b>	<b>198,360,022</b>	<b>808,317,090</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,574,751,666</b>	<b>6,369,870,490</b>	<b>1,226,827,819</b>	<b>4,999,323,363</b>

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 DECEMBER 2020**

	Notes	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	22	47,266,120	192,072,551	39,522,506	160,554,947
Interest expense	22	(20,158,611)	(81,926,312)	(15,866,845)	(64,466,978)
<b>Net interest income</b>		<b>27,107,509</b>	<b>110,146,239</b>	<b>23,655,661</b>	<b>96,087,969</b>
Fee and commission income	23	1,959,047	7,968,399	1,155,571	4,697,389
Fee and commission expense	23	(260,355)	(1,059,204)	(152,592)	(620,485)
<b>Net fee and commission income</b>		<b>1,698,692</b>	<b>6,909,195</b>	<b>1,002,979</b>	<b>4,076,904</b>
Net gains/(losses) from other financial instruments at FVTPL	24	226,927	928,920	(1,129,210)	(4,578,903)
Other income/(expense)		131,642	535,834	(34,348)	(138,128)
Net impairment gains/(losses) on financial instruments	25	(4,228,287)	(17,159,723)	632,868	2,562,271
Personnel expenses	26	(10,368,552)	(42,124,676)	(9,429,743)	(38,309,134)
Depreciation and amortisation		(1,343,267)	(5,456,887)	(1,352,582)	(5,496,566)
Other expenses	27	(2,325,982)	(9,447,745)	(3,414,338)	(13,860,595)
<b>Profit before income tax</b>		<b>10,898,682</b>	<b>44,331,157</b>	<b>9,931,287</b>	<b>40,343,818</b>
Income tax (expense)/benefit	10(c)	(1,592,669)	(6,472,409)	1,923,701	7,773,636
<b>Profit for the period</b>		<b>9,306,013</b>	<b>37,858,748</b>	<b>11,854,988</b>	<b>48,117,454</b>
<b>Other comprehensive income/(loss)</b>					
Cash flow hedge reserve		1,024,513	4,209,586	-	-
Income tax relating to components of other comprehensive loss		(204,902)	(841,915)	-	-
Currency translation differences		-	(4,945,223)	-	(1,535,786)
		819,611	(1,577,552)	-	(1,535,786)
<b>Total comprehensive income for the period</b>		<b>10,125,624</b>	<b>36,281,196</b>	<b>11,854,988</b>	<b>46,581,668</b>
<b>Profit attributable to shareholder</b>		<b>9,306,013</b>	<b>37,858,748</b>	<b>11,854,988</b>	<b>48,117,454</b>
<b>Total comprehensive income attributable to shareholder</b>		<b>10,125,624</b>	<b>36,281,196</b>	<b>11,854,988</b>	<b>46,581,668</b>

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2020**

	Notes	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	22	173,550,241	707,564,333	141,960,631	575,224,477
Interest expense	22	<u>(72,227,643)</u>	<u>(294,472,101)</u>	<u>(59,497,470)</u>	<u>(241,083,748)</u>
<b>Net interest income</b>		<b>101,322,598</b>	<b>413,092,232</b>	<b>82,463,161</b>	<b>334,140,729</b>
Fee and commission income	23	5,686,130	23,182,352	4,909,507	19,893,322
Fee and commission expense	23	<u>(713,035)</u>	<u>(2,907,044)</u>	<u>(698,032)</u>	<u>(2,828,426)</u>
<b>Net fee and commission income</b>		<b>4,973,095</b>	<b>20,275,308</b>	<b>4,211,475</b>	<b>17,064,896</b>
Net losses from other financial instruments at FVTPL	24	(520,680)	(2,122,812)	(1,965,310)	(7,963,436)
Other income		305,734	1,246,478	228,275	924,970
Net impairment (losses)/gains on financial instruments	25	(20,028,862)	(81,657,670)	105,224	426,368
Personnel expenses	26	(39,950,524)	(162,878,286)	(34,383,434)	(139,321,675)
Depreciation and amortisation		(5,265,714)	(21,468,316)	(5,328,403)	(21,590,689)
Other expenses	27	<u>(9,383,208)</u>	<u>(38,255,340)</u>	<u>(9,838,831)</u>	<u>(39,866,943)</u>
<b>Profit before income tax</b>		<b>31,452,439</b>	<b>128,231,594</b>	<b>35,492,157</b>	<b>143,814,220</b>
Income tax expense	10(c)	<u>(5,773,140)</u>	<u>(23,537,092)</u>	<u>(3,376,488)</u>	<u>(13,681,529)</u>
<b>Profit for the period</b>		<b>25,679,299</b>	<b>104,694,502</b>	<b>32,115,669</b>	<b>130,132,691</b>
<b>Other comprehensive (loss)/income</b>					
Cash flow hedge reserve		(5,504,733)	(22,442,796)	-	-
Income tax relating to components of other comprehensive income		1,100,948	4,488,565	-	-
Currency translation differences		-	1,710,977	-	4,499,831
		<u>(4,403,785)</u>	<u>(16,243,254)</u>	<u>-</u>	<u>4,499,831</u>
<b>Total comprehensive income for the period</b>		<b>21,275,514</b>	<b>88,451,248</b>	<b>32,115,669</b>	<b>134,632,522</b>
<b>Profit attributable to shareholder</b>		<b>25,679,299</b>	<b>104,694,502</b>	<b>32,115,669</b>	<b>130,132,691</b>
<b>Total comprehensive income attributable to shareholder</b>		<b>21,275,514</b>	<b>88,451,248</b>	<b>32,115,669</b>	<b>134,632,522</b>

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



HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2020

	Attributable to shareholder				Total US\$
	Share capital	Share premium	Reserves	Retained earnings	
	US\$	US\$	US\$	US\$	
<b>Twelve-month period ended 31 December 2019</b>					
<b>At 1 January 2019</b>	75,000,000	19,082,502	4,389,186	67,772,665	166,244,353
Profit for the period	-	-	-	32,115,669	32,115,669
<b>Total comprehensive income for the period</b>	-	-	-	<b>32,115,669</b>	<b>32,115,669</b>
Transfers	-	-	4,429,206	(4,429,206)	-
<b>At 31 December 2019</b>	<b>75,000,000</b>	<b>19,082,502</b>	<b>8,818,392</b>	<b>95,459,128</b>	<b>198,360,022</b>
<b>In KHR'000 equivalents (Note 2.3)</b>	<b>305,625,000</b>	<b>77,761,196</b>	<b>40,434,778</b>	<b>384,496,116</b>	<b>808,317,090</b>
<b>Twelve-month period ended 31 December 2020</b>					
<b>At 1 January 2020</b>	75,000,000	19,082,502	8,818,392	95,459,128	198,360,022
Issuance of share capital	40,000,000	-	-	-	40,000,000
Profit for the period	-	-	-	25,679,299	25,679,299
Other comprehensive loss	-	-	(4,403,785)	-	(4,403,785)
<b>Total comprehensive (loss)/income for the period</b>	-	-	<b>(4,403,785)</b>	<b>25,679,299</b>	<b>21,275,514</b>
Transfers	-	-	23,616,759	(23,616,759)	-
<b>At 31 December 2020</b>	<b>115,000,000</b>	<b>19,082,502</b>	<b>28,031,366</b>	<b>97,521,668</b>	<b>259,635,536</b>
<b>In KHR'000 equivalents (Note 2.3)</b>	<b>465,175,000</b>	<b>77,188,721</b>	<b>114,956,931</b>	<b>392,905,091</b>	<b>1,050,225,743</b>

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2020**

	Notes	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Cash flows from operating activities</b>					
Profit before income tax		31,452,439	128,231,594	35,492,157	143,814,220
<i>Adjustments for:</i>					
Net interest income	22	(101,322,598)	(413,092,232)	(82,463,161)	(334,140,729)
Net losses from other financial instruments at FVTPL	24	520,680	2,122,812	1,965,310	7,963,436
Net impairment losses/(gains) on financial instruments	25	20,028,862	81,657,670	(105,224)	(426,368)
Depreciation and amortisation		5,265,714	21,468,316	5,328,403	21,590,689
Provision for employee benefits		1,498,174	6,108,055	1,286,720	5,213,789
Losses on disposals of property and equipment		3,783	15,423	2,333	9,453
Written-off of intangible asset		6,600	26,908	-	-
Effect of currency translation of monetary items		1,138,169	4,640,315	110,023	445,813
		<b>(41,408,177)</b>	<b>(168,821,139)</b>	<b>(38,383,439)</b>	<b>(155,529,697)</b>
<i>Changes in:</i>					
Balances with the NBC		(37,447,996)	(152,675,480)	(13,641,631)	(55,275,889)
Balances with other banks		(29,450,000)	(120,067,650)	-	-
Loans to customers		(273,853,395)	(1,116,500,291)	(296,500,679)	(1,201,420,751)
Other assets		15,584,070	63,536,253	(18,843,729)	(76,354,790)
Deposits from customers and financial institutions		191,235,755	779,668,173	117,940,749	477,895,915
Other liabilities		(38,269,195)	(156,023,508)	43,056,332	174,464,257
Cash used in operations		<b>(213,608,938)</b>	<b>(870,883,642)</b>	<b>(206,372,397)</b>	<b>(836,220,955)</b>
Interest received		172,276,911	702,372,966	141,413,930	573,009,244
Interest paid		(68,672,472)	(279,977,668)	(57,457,328)	(232,817,093)
Income tax paid	10(b)	(2,901,244)	(11,828,372)	(6,408,602)	(25,967,655)
<b>Net cash used in operating activities</b>		<b>(112,905,743)</b>	<b>(460,316,716)</b>	<b>(128,824,397)</b>	<b>(521,996,459)</b>
<b>Cash flows from investing activities</b>					
Purchases of property and equipment	7	(32,668,347)	(133,188,851)	(2,257,061)	(9,145,611)
Purchases of intangible assets	9	(1,783,371)	(7,270,804)	(1,695,188)	(6,868,902)
Proceeds from disposals of property and equipment		1,988	8,105	753	3,051
<b>Net cash used in investing activities</b>		<b>(34,449,730)</b>	<b>(140,451,550)</b>	<b>(3,951,496)</b>	<b>(16,011,462)</b>

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2020**

Notes	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	335,201,615	1,366,616,984	184,816,851	748,877,880
Proceeds from subordinated debts	7,000,000	28,539,000	-	-
Repayments of borrowings	(216,483,947)	(882,605,052)	(65,787,097)	(266,569,317)
Repayments of subordinated debts	(7,000,000)	(28,539,000)	(11,000,000)	(44,572,000)
Principal elements of lease payments	(3,702,421)	(15,094,770)	(3,529,551)	(14,301,741)
Issuance of share capital	40,000,000	163,080,000	-	-
<b>Net cash from financing activities</b>	<b>155,015,247</b>	<b>631,997,162</b>	<b>104,500,203</b>	<b>423,434,822</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,659,774</b>	<b>31,228,896</b>	<b>(28,275,690)</b>	<b>(114,573,099)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>78,700,630</b>	<b>320,705,067</b>	<b>106,976,320</b>	<b>429,830,854</b>
Currency translation differences	-	(2,606,129)	-	5,447,312
<b>Cash and cash equivalents at the end of period</b>	<b>86,360,404</b>	<b>349,327,834</b>	<b>78,700,630</b>	<b>320,705,067</b>
28				
<b>Significant non-cash transaction:</b>				
Conversion of amount due to shareholder to share capital	40,000,000	161,800,000	-	-

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED)**

**CONDENSED SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	31 December 2020		31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>ASSETS</b>					
Cash on hand		37,160,689	150,314,987	34,190,445	139,326,063
Balances with the NBC	4	135,341,678	547,457,088	95,934,585	390,933,434
Balances with other banks	5	41,656,629	168,501,064	9,657,803	39,355,547
Loans to customers	6	1,288,824,168	5,213,293,760	1,036,272,930	4,222,812,190
Investment securities		20,000	80,900	20,000	81,500
Investment in subsidiary		490	1,982	490	1,997
Property and equipment	7	5,462,161	22,094,441	4,201,129	17,119,601
Right-of-use assets	8	21,706,157	87,801,405	12,281,257	50,046,122
Intangible assets	9	3,775,164	15,270,538	2,300,471	9,374,419
Deferred tax assets, net	10(a)	7,976,643	32,265,521	3,902,683	15,903,433
Other assets	11	14,156,297	57,262,221	28,071,676	114,392,081
<b>TOTAL ASSETS</b>		<b>1,556,080,076</b>	<b>6,294,343,907</b>	<b>1,226,833,469</b>	<b>4,999,346,387</b>
<b>LIABILITIES</b>					
Deposits from customers and financial institutions	12	804,484,026	3,254,137,885	610,099,327	2,486,154,758
Debt securities issued	13	29,767,039	120,407,673	29,196,072	118,973,993
Borrowings	14	402,208,119	1,626,931,841	311,485,982	1,269,305,377
Subordinated debts	15	11,895,729	48,118,224	11,974,921	48,797,803
Derivatives held for risk management	16	7,041,003	28,480,857	1,887,584	7,691,905
Current income tax liabilities	10(b)	8,472,025	34,269,341	2,632,899	10,729,063
Lease liabilities	17	22,833,647	92,362,102	13,005,210	52,996,231
Provisions	18	77,369	312,958	2,717	11,072
Other liabilities	19	9,904,708	40,064,544	48,179,260	196,330,485
<b>TOTAL LIABILITIES</b>		<b>1,296,683,665</b>	<b>5,245,085,425</b>	<b>1,028,463,972</b>	<b>4,190,990,687</b>
<b>EQUITY</b>					
Share capital	20	115,000,000	465,175,000	75,000,000	305,625,000
Share premium		19,082,502	77,188,721	19,082,502	77,761,196
Reserves	21	28,031,366	114,964,820	8,818,392	40,434,996
Retained earnings		97,282,543	391,929,941	95,468,603	384,534,508
<b>TOTAL EQUITY</b>		<b>259,396,411</b>	<b>1,049,258,482</b>	<b>198,369,497</b>	<b>808,355,700</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,556,080,076</b>	<b>6,294,343,907</b>	<b>1,226,833,469</b>	<b>4,999,346,387</b>

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED)**

**CONDENSED SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 DECEMBER 2020**

	Notes	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	22	47,266,120	192,072,551	39,522,506	160,554,947
Interest expense	22	(20,207,778)	(82,126,112)	(15,866,845)	(64,466,978)
<b>Net interest income</b>		<b>27,058,342</b>	<b>109,946,439</b>	<b>23,655,661</b>	<b>96,087,969</b>
Fee and commission income	23	1,959,047	7,968,399	1,155,571	4,697,389
Fee and commission expense	23	(260,355)	(1,059,204)	(152,592)	(620,485)
<b>Net fee and commission income</b>		<b>1,698,692</b>	<b>6,909,195</b>	<b>1,002,979</b>	<b>4,076,904</b>
Net gains/(losses) from other financial instruments at FVTPL	24	226,927	928,920	(1,129,210)	(4,578,903)
Other income/(other expenses)		145,008	590,327	(34,348)	(138,128)
Net impairment (losses)/gains on financial instruments	25	(4,228,287)	(17,159,723)	632,868	2,562,271
Personnel expenses	26	(10,365,808)	(42,113,505)	(9,429,743)	(38,309,134)
Depreciation and amortisation		(1,408,537)	(5,722,777)	(1,352,582)	(5,496,566)
Other expenses	27	(2,324,069)	(9,439,997)	(3,404,863)	(13,822,203)
<b>Profit before income tax</b>		<b>10,802,268</b>	<b>43,938,879</b>	<b>9,940,762</b>	<b>40,382,210</b>
Income tax benefit/(expense)	10(c)	(1,614,123)	(6,560,025)	1,923,701	7,773,636
<b>Profit for the period</b>		<b>9,188,145</b>	<b>37,378,854</b>	<b>11,864,463</b>	<b>48,155,846</b>
<b>Other comprehensive income/(loss)</b>					
Cash flow hedge reserve		1,024,513	4,209,586	-	-
Income tax relating to components of other comprehensive loss		(204,902)	(841,915)	-	-
Currency translation differences		-	(4,935,436)	-	(1,535,568)
		819,611	(1,567,765)	-	(1,535,568)
<b>Total comprehensive income for the period</b>		<b>10,007,756</b>	<b>35,811,089</b>	<b>11,864,463</b>	<b>46,620,278</b>
<b>Profit attributable to shareholder</b>		<b>9,188,145</b>	<b>37,378,854</b>	<b>11,864,463</b>	<b>48,155,846</b>
<b>Total comprehensive income attributable to shareholder</b>		<b>10,007,756</b>	<b>35,811,089</b>	<b>11,864,463</b>	<b>46,620,278</b>

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED)**

**CONDENSED SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2020**

	Notes	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	22	173,550,241	707,564,333	141,960,631	575,224,477
Interest expense	22	(72,407,610)	(295,205,826)	(59,497,470)	(241,083,748)
<b>Net interest income</b>		<b>101,142,631</b>	<b>412,358,507</b>	<b>82,463,161</b>	<b>334,140,729</b>
Fee and commission income	23	5,686,130	23,182,352	4,909,507	19,893,322
Fee and commission expense	23	(713,035)	(2,907,044)	(698,032)	(2,828,426)
<b>Net fee and commission income</b>		<b>4,973,095</b>	<b>20,275,308</b>	<b>4,211,475</b>	<b>17,064,896</b>
Net losses from other financial instruments at FVTPL	24	(520,680)	(2,122,812)	(1,965,310)	(7,963,436)
Other income		319,080	1,300,889	228,275	924,970
Net impairment gains/(losses) on financial instruments	25	(20,028,862)	(81,657,670)	105,224	426,368
Personnel expenses	26	(39,944,710)	(162,854,583)	(34,383,434)	(139,321,675)
Depreciation and amortisation		(5,374,346)	(21,911,209)	(5,328,403)	(21,590,689)
Other expenses	27	(9,370,430)	(38,203,243)	(9,829,356)	(39,828,551)
<b>Profit before income tax</b>		<b>31,195,778</b>	<b>127,185,187</b>	<b>35,501,632</b>	<b>143,852,612</b>
Income tax expense	10(c)	(5,765,079)	(23,504,227)	(3,376,488)	(13,681,529)
<b>Profit for the period</b>		<b>25,430,699</b>	<b>103,680,960</b>	<b>32,125,144</b>	<b>130,171,083</b>
<b>Other comprehensive income/(loss)</b>					
Cash flow hedge reserve		(5,504,733)	(22,442,796)	-	-
Income tax relating to components of other comprehensive income		1,100,948	4,488,565	-	-
Currency translation differences		-	1,718,866	-	4,500,049
		(4,403,785)	(16,235,365)	-	4,500,049
<b>Total comprehensive income for the period</b>		<b>21,026,914</b>	<b>87,445,595</b>	<b>32,125,144</b>	<b>134,671,132</b>
<b>Profit attributable to shareholder</b>		<b>25,430,699</b>	<b>103,680,960</b>	<b>32,125,144</b>	<b>130,171,083</b>
<b>Total comprehensive income attributable to shareholder</b>		<b>21,026,914</b>	<b>87,445,595</b>	<b>32,125,144</b>	<b>134,671,132</b>

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



**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED)**

**CONDENSED SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2020**

	Attributable to shareholder				Total US\$
	Share capital	Share premium	Reserves	Retained earnings	
	US\$	US\$	US\$	US\$	
<b>Twelve-month period ended 31 December 2019</b>					
<b>At 1 January 2019</b>	75,000,000	19,082,502	4,389,186	67,772,665	166,244,353
Profit for the period	-	-	-	32,125,144	32,125,144
<b>Total comprehensive income for the period</b>	-	-	-	<b>32,125,144</b>	<b>32,125,144</b>
Transfers	-	-	4,429,206	(4,429,206)	-
<b>At 31 December 2019</b>	<b>75,000,000</b>	<b>19,082,502</b>	<b>8,818,392</b>	<b>95,468,603</b>	<b>198,369,497</b>
<b>In KHR'000 equivalents (Note 2.3)</b>	<b>305,625,000</b>	<b>77,761,196</b>	<b>40,434,996</b>	<b>384,534,508</b>	<b>808,355,700</b>
<b>Twelve-month period ended 31 December 2020</b>					
<b>At 1 January 2020</b>	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)
<b>Total comprehensive (loss)/income for the period</b>	-	-	<b>(4,403,785)</b>	<b>25,430,699</b>	<b>21,026,914</b>
Transfers	-	-	23,616,759	(23,616,759)	-
<b>At 31 December 2020</b>	<b>115,000,000</b>	<b>19,082,502</b>	<b>28,031,366</b>	<b>97,282,543</b>	<b>259,396,411</b>
<b>In KHR'000 equivalents (Note 2.3)</b>	<b>465,175,000</b>	<b>77,188,721</b>	<b>114,964,820</b>	<b>391,929,941</b>	<b>1,049,258,482</b>

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED)**

**CONDENSED SEPARATE INTERIM STATEMENT OF CASH FLOWS  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2020**

	Notes	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Cash flows from operating activities</b>					
Profit before income tax		31,195,778	127,185,187	35,501,632	143,852,612
<i>Adjustments for:</i>					
Net interest income	22	(101,142,631)	(412,358,507)	(82,463,161)	(334,140,729)
Net losses from other financial instruments at FVTPL	24	520,680	2,122,812	1,965,310	7,963,436
Net impairment losses/(gains) on financial instruments	25	20,028,862	81,657,670	(105,224)	(426,368)
Depreciation and amortisation		5,374,346	21,911,209	5,328,403	21,590,689
Provision for employee benefits		1,498,174	6,108,055	1,286,720	5,213,789
Losses on disposals of property and equipment		3,783	15,423	2,333	9,453
Written-off of intangible asset		6,600	26,908	-	-
Effect of currency translation of monetary items		1,138,169	4,640,315	110,023	445,813
		<b>(41,376,239)</b>	<b>(168,690,928)</b>	<b>(38,373,964)</b>	<b>(155,491,305)</b>
<i>Changes in:</i>					
Balances with the NBC		(37,447,996)	(152,675,480)	(13,641,631)	(55,275,889)
Balances with other banks		(29,450,000)	(120,067,650)	-	-
Loans to customers		(273,853,395)	(1,116,500,291)	(296,500,679)	(1,201,420,751)
Other assets		15,092,039	61,530,243	(18,848,889)	(76,375,698)
Deposits from customers and financial institutions		191,825,328	782,071,862	117,941,749	477,899,967
Other liabilities		(38,274,552)	(156,045,349)	43,051,507	174,444,706
Cash used in operations		<b>(213,484,815)</b>	<b>(870,377,593)</b>	<b>(206,371,907)</b>	<b>(836,218,970)</b>
Interest received		172,275,485	702,367,152	141,413,930	573,009,244
Interest paid		(68,523,586)	(279,370,660)	(57,457,328)	(232,817,093)
Income tax paid	10(b)	(2,898,965)	(11,819,080)	(6,408,602)	(25,967,655)
<b>Net cash used in operating activities</b>		<b>(112,631,881)</b>	<b>(459,200,181)</b>	<b>(128,823,907)</b>	<b>(521,994,474)</b>
<b>Cash flows from investing activities</b>					
Purchases of property and equipment	7	(3,237,889)	(13,200,873)	(2,257,061)	(9,145,611)
Purchases of intangible assets	9	(1,783,371)	(7,270,804)	(1,695,188)	(6,868,902)
Proceeds from disposals of property and equipment		1,988	8,105	753	3,051
Investment in subsidiary		-	-	(490)	(1,985)
<b>Net cash used in investing activities</b>		<b>(5,019,272)</b>	<b>(20,463,572)</b>	<b>(3,951,986)</b>	<b>(16,013,447)</b>

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED)**

**CONDENSED SEPARATE INTERIM STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2020**

	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019		
	Notes	US\$	KHR'000	US\$	KHR'000
			(Note 2.3)		(Note 2.3)
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		305,700,896	1,246,342,553	184,816,851	748,877,880
Proceeds from subordinated debts		7,000,000	28,539,000	-	-
Repayments of borrowings		(216,483,947)	(882,605,052)	(65,787,097)	(266,569,317)
Repayments of subordinated debts		(7,000,000)	(28,539,000)	(11,000,000)	(44,572,000)
Principal elements of lease payments		(3,979,231)	(16,223,325)	(3,529,551)	(14,301,741)
Issuance of share capital		40,000,000	163,080,000	-	-
<b>Net cash from financing activities</b>		<b>125,237,718</b>	<b>510,594,176</b>	<b>104,500,203</b>	<b>423,434,822</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,586,565</b>	<b>30,930,423</b>	<b>(28,275,690)</b>	<b>(114,573,099)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>78,700,630</b>	<b>320,705,067</b>	<b>106,976,320</b>	<b>429,830,854</b>
Currency translation differences		-	(2,603,786)	-	5,447,312
<b>Cash and cash equivalents at the end of period</b>	28	<b>86,287,195</b>	<b>349,031,704</b>	<b>78,700,630</b>	<b>320,705,067</b>
<b>Significant non-cash transaction:</b>					
Conversion of amount due to shareholder to share capital		40,000,000	161,800,000	-	-

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS  
SUBSIDIARY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2020**

**1. REPORTING ENTITY**

HATTHA Bank Plc. (the "Bank") transforming from Hattha Kaksekar Limited (HKL) micro-finance deposit taking institution, obtained license to carry out banking operations from the National Bank of Cambodia on 05 August 2020 and endorsed this change in the amended Memorandum and Associations dated 26 August 2020. Prior to 05 August 2020, the Ministry of Commerce issued an incorporation certificate dated 3 April 2001 to HKL to operate as a limited company with the aim of providing credit and saving services for the lower segments of the market. On 19 October 2001, under license number 2, the NBC granted HKL a license to conduct micro-finance business for a three-year period which expired on 19 October 2004. On 12 July 2004, HKL obtained a new license for a three-year period which expired on 19 October 2007. The NBC granted an indefinite micro-finance license to the Company effective from 8 August 2007.

On 29 January 2010, the NBC granted HKL a license to conduct the deposit taking business.

On 9 October 2013, HKL obtained approval from NBC for operating Mobile Banking exclusively covering the services namely (1) balance inquiry, (2) account statement summary, (3) search ATM location, (4) fund transfers, (5) mobile top-up, (6) loan repayment, (7) check interest rate, (8) check exchange rate, (9) loan repayment alert, (10) advertising through mobile device and (11) SMS notification.

NBC approved HKL to be an Insurance Agent by acting as Referral for Prévoir Kampuchea Micro Life Insurance Plc. and Sovannaphum Life Assurance Plc. on 19 December 2014 and 29 December 2017, respectively.

The principal activity of the Bank includes commercial bank activities.

The Bank operates in 177 offices (including Head Office) located in Phnom Penh and all provinces of the country with the primary source of income being interest income earned on providing loans to customers.

The Bank's registered office is located at No. 606, Street 271, Sansam Kosal 3 Village, Sangkat Boeung Tumpun I, Khan Mean Chey, Phnom Penh, Kingdom of Cambodia.

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS  
SUBSIDIARY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2020**

**2. BASIS OF ACCOUNTING**

**2.1 Basis of preparation**

These condensed interim financial statements have been prepared in accordance with CIAS 34 Interim Financial Reporting, and should be read in conjunction with the Group and the Bank's last annual consolidated and separate financial statements as at and for the year ended 31 December 2019 ("last annual financial statements"). They do not include all of the information required for a complete set of CIFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group and the Bank's financial position and performance since the last annual financial statements.

The condensed interim financial statements of the Group and the Bank were authorised for issue by the Board of Directors on 12 February 2021.

**2.2 Functional and presentation currency**

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

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

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

**2.3 Presentation in Khmer Riel**

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

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

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS SUBSIDIARY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2020**

**2. BASIS OF ACCOUNTING (continued)**

**2.3 Presentation in Khmer Riel (continued)**

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

	<i>Closing rate</i>	<i>Average rate</i>
31 December 2020	4,045	4,077
31 December 2019	<u>4,075</u>	<u>4,052</u>

**3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The significant judgements made by the management in applying the Group's and the Bank's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated and separate financial statements.

***Critical judgments in applying the accounting policies***

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

**Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group and the Bank determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group and the Bank monitor financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group and the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.



**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS  
SUBSIDIARY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2020**

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

*Critical judgments in applying the accounting policies (continued)*

**Significant increase of credit risk**

Expected Credit Loss ("ECL") are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 and stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group and the Bank take into account qualitative and quantitative reasonable and supportable forward-looking information.

**Establishing groups of assets with similar credit risk characteristics**

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

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

**Models and assumptions used**

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

*Key sources of estimation uncertainty*

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

**Establishing the number and relative weightings of forward-looking scenarios for each type of product and determining the forward-looking information relevant to each scenario**

When measuring ECL the Group and the Bank use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
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**3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)**

*Key sources of estimation uncertainty (continued)*

**Probability of default (PD)**

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**Loss Given Default (LGD)**

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

**Incorporation of forward-looking information**

The Bank analyses forward-looking information by using the statistical regression model to assess whether the credit risk of an instrument has increased significantly to measure ECL.

The Group and the Bank formulate three economic scenarios: a base case, which is the median scenario assigned a 34% probability of occurring, and two less likely scenarios, one upside 28% and one downside assigned a 38% probability of occurring. The base case is aligned with information used by the Group and the Bank for other purposes such the strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies (National Bank of Cambodia) and international bodies such as World Bank and Bloomberg.

Weightage scenario	2020			2019		
	Base	Bad	Good	Base	Bad	Good
	34%	38%	28%	35%	40%	25%

Based on the forward-looking analysis, the Bank applied the forward-looking scalar at 1.42 before quarter four 2020 and after that at 1.25 for the 12-month and lifetime ECL.

The forward-looking model is updated annually using the up to date macroeconomic variables ("MEVs") and weighted scenario with proper business judgement into the model and forecasting resource from Asian Development Bank ("ADB"), World Bank, Internal Monetary Fund ("IMF") and National Bank of Cambodia ("NBC").

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

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

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

***Fair value of financial assets and liabilities***

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The information presented herein represents the estimates of fair values as at the financial position date.

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

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

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

**Fair value hierarchy**

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

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

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

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

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

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

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**4. BALANCES WITH THE NBC**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Statutory deposits				
Capital guarantee deposit	11,500,877	46,521,047	11,531,305	46,990,068
Reserve requirement	86,972,939	351,805,538	49,524,943	201,814,143
	98,473,816	398,326,585	61,056,248	248,804,211
Current accounts	32,706,758	132,298,837	30,652,582	124,909,272
Negotiable Certificate of Deposit ("NCD")	4,161,104	16,831,666	4,225,755	17,219,951
	<u>135,341,678</u>	<u>547,457,088</u>	<u>95,934,585</u>	<u>390,933,434</u>

**5. BALANCE WITH OTHER BANKS**

Balances with other banks are measured at amortised cost because these instruments meet the SPPI criterion and are held to collect the contractual cash flows.

Group	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	41,896,868	169,472,831	9,672,795	39,416,639
Impairment loss allowance	(167,030)	(675,636)	(14,992)	(61,092)
	<u>41,729,838</u>	<u>168,797,195</u>	<u>9,657,803</u>	<u>39,355,547</u>

Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	41,823,659	169,176,700	9,672,795	39,416,639
Impairment loss allowance	(167,030)	(675,636)	(14,992)	(61,092)
	<u>41,656,629</u>	<u>168,501,064</u>	<u>9,657,803</u>	<u>39,355,547</u>

**HATTHA BANK PLC. (FORMERLY KNOWN AS HATTHA KAKSEKAR LIMITED) AND ITS SUBSIDIARY**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2020**

**5. BALANCE WITH OTHER BANKS (continued)**

The above amounts are analysed as follows:

**As at 31 December 2020**

Group	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	11,338,931	(20,247)	11,318,684	45,784,077
Savings accounts	1,023,621	(2,065)	1,021,556	4,132,194
Term deposits	29,534,316	(144,718)	29,389,598	118,880,924
	<u>41,896,868</u>	<u>(167,030)</u>	<u>41,729,838</u>	<u>168,797,195</u>

Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	11,338,931	(20,247)	11,318,684	45,784,077
Savings accounts	950,412	(2,065)	948,347	3,836,063
Term deposits	29,534,316	(144,718)	29,389,598	118,880,924
	<u>41,823,659</u>	<u>(167,030)</u>	<u>41,656,629</u>	<u>168,501,064</u>

**As at 31 December 2019**

Group and Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	4,505,799	(9,138)	4,496,661	18,323,893
Savings accounts	5,166,996	(5,854)	5,161,142	21,031,654
	<u>9,672,795</u>	<u>(14,992)</u>	<u>9,657,803</u>	<u>39,355,547</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
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**6. LOANS TO CUSTOMERS**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers at amortised cost	1,312,160,841	5,307,690,602	1,041,441,228	4,243,873,004
Impairment loss allowance	(23,336,673)	(94,396,842)	(5,168,298)	(21,060,814)
	<u>1,288,824,168</u>	<u>5,213,293,760</u>	<u>1,036,272,930</u>	<u>4,222,812,190</u>

The above amounts are analysed as follows:

**As at 31 December 2020**

Group and Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Individual loans				
External customers				
Mortgage lending	76,232,794	(2,071,819)	74,160,975	299,981,145
Personal lending	1,229,618,894	(21,255,185)	1,208,363,709	4,887,831,202
Staff loans	6,309,153	(9,669)	6,299,484	25,481,413
	<u>1,312,160,841</u>	<u>(23,336,673)</u>	<u>1,288,824,168</u>	<u>5,213,293,760</u>

**As at 31 December 2019**

Group and Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Individual loans				
External customers				
Mortgage lending	70,231,258	(408,332)	69,822,926	284,528,424
Personal lending	965,340,346	(4,755,800)	960,584,546	3,914,382,025
Staff loans	5,869,624	(4,166)	5,865,458	23,901,741
	<u>1,041,441,228</u>	<u>(5,168,298)</u>	<u>1,036,272,930</u>	<u>4,222,812,190</u>



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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
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**6. LOANS TO CUSTOMERS (continued)**

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

Group and Bank	31 December 2020				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000 (Note 2.3)
Loans to customers					
Normal	1,288,642,232	-	-	1,288,642,232	5,212,557,828
Special mention	466	5,743,769	-	5,744,235	23,235,431
Substandard	-	5,597	7,112,774	7,118,371	28,793,811
Doubtful	-	76	10,231,881	10,231,957	41,388,266
Loss	-	-	424,046	424,046	1,715,266
	<u>1,288,642,698</u>	<u>5,749,442</u>	<u>17,768,701</u>	<u>1,312,160,841</u>	<u>5,307,690,602</u>
Loss allowance	(2,288,173)	(3,279,799)	(17,768,701)	(23,336,673)	(94,396,842)
Carrying amounts	<u>1,286,354,525</u>	<u>2,469,643</u>	<u>-</u>	<u>1,288,824,168</u>	<u>5,213,293,760</u>
Loan commitments					
Normal	3,606,317	-	-	3,606,317	14,587,552
Special mention	-	1,049	-	1,049	4,243
Substandard	-	-	1,693	1,693	6,848
Doubtful	-	-	68,800	68,800	278,296
Loss	-	-	-	-	-
	<u>3,606,317</u>	<u>1,049</u>	<u>70,493</u>	<u>3,677,859</u>	<u>14,876,939</u>
Loss allowance (Note 18)	(6,276)	(600)	(70,493)	(77,369)	(312,958)
Carrying amounts	<u>3,600,041</u>	<u>449</u>	<u>-</u>	<u>3,600,490</u>	<u>14,563,981</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)  
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**6. LOANS TO CUSTOMERS (continued)**

Group and Bank	31 December 2019				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Normal	1,036,773,314	-	-	1,036,773,314	4,224,851,255
Special mention	589	1,337,059	-	1,337,648	5,450,916
Substandard	-	241	1,263,955	1,264,196	5,151,599
Doubtful	-	4,814	1,886,674	1,891,488	7,707,813
Loss	-	-	174,582	174,582	711,421
	<u>1,036,773,903</u>	<u>1,342,114</u>	<u>3,325,211</u>	<u>1,041,441,228</u>	<u>4,243,873,004</u>
Loss allowance	(911,026)	(932,061)	(3,325,211)	(5,168,298)	(21,060,814)
Carrying amounts	<u>1,035,862,877</u>	<u>410,053</u>	<u>-</u>	<u>1,036,272,930</u>	<u>4,222,812,190</u>
Loan commitments					
Normal	1,213,838	-	-	1,213,838	4,946,390
Special mention	-	-	-	-	-
Substandard	-	-	1,681	1,681	6,850
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>1,213,838</u>	<u>-</u>	<u>1,681</u>	<u>1,215,519</u>	<u>4,953,240</u>
Loss allowance (Note 18)	(1,036)	-	(1,681)	(2,717)	(11,072)
Carrying amounts	<u>1,212,802</u>	<u>-</u>	<u>-</u>	<u>1,212,802</u>	<u>4,942,168</u>

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

Group and Bank	31 December 2020				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Current	1,287,496,425	4,417,486	9,871,024	1,301,784,935	5,265,720,062
Overdue ≤ 30 days	1,146,273	47,487	44,864	1,238,624	5,010,234
Overdue > 30 days	-	1,284,469	7,852,813	9,137,282	36,960,306
Total	<u>1,288,642,698</u>	<u>5,749,442</u>	<u>17,768,701</u>	<u>1,312,160,841</u>	<u>5,307,690,602</u>
	31 December 2019				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Current	1,036,407,510	664,633	566,285	1,037,638,428	4,228,376,594
Overdue ≤ 30 days	366,393	57,439	7,666	431,498	1,758,354
Overdue > 30 days	-	620,042	2,751,260	3,371,302	13,738,056
Total	<u>1,036,773,903</u>	<u>1,342,114</u>	<u>3,325,211</u>	<u>1,041,441,228</u>	<u>4,243,873,004</u>

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**6. LOANS TO CUSTOMERS (continued)**

Group and Bank	31 December 2020		31 December 2019	
	Gross carrying amounts	Loss allowance	Gross carrying amounts	Loss allowance
	US\$	US\$	US\$	US\$
Loans to customers				
0-29 days	1,302,998,902	14,736,820	1,038,025,227	1,952,803
30-59 days	692,086	411,414	370,050	256,832
60-89 days	735,585	454,170	344,079	256,791
90-180 days	1,747,502	1,747,503	876,674	876,674
More than 180 days	5,986,766	5,986,766	1,825,198	1,825,198
Total	<u>1,312,160,841</u>	<u>23,336,673</u>	<u>1,041,441,228</u>	<u>5,168,298</u>
In KHR'000 equivalents (Note 2.3)	<u>5,307,690,602</u>	<u>94,396,842</u>	<u>4,243,873,004</u>	<u>21,060,814</u>

**7. PROPERTY AND EQUIPMENT**

During the twelve-month period ended 31 December 2020, the Group and the Bank acquired property and equipment amounting to US\$32,668,347 and US\$3,237,889 (Group and Bank: twelve-month period ended 31 December 2019: US\$2,257,061) respectively, and the depreciation expense amounting to US\$1,971,387 and US\$1,971,086 (Group and Bank: twelve-month period ended 31 December 2019: US\$2,196,699) were charged to condensed consolidated and separate interim statement of profit or loss during the period.

**8. RIGHT-OF-USE ASSETS**

The Group lease its headquarters, branch offices and premises for public Automated Teller Machine ("ATM").

Group	Buildings	ATM premises	Total	
	US\$	US\$	US\$	KHR'000
31 December 2020				(Note 2.3)
<b>Cost</b>				
At 1 January 2020	17,294,280	504,725	17,799,005	72,530,945
Additions	1,935,686	181,561	2,117,247	8,632,016
Reversals	(50,622)	(27,673)	(78,295)	(319,209)
Currency translation differences	-	-	-	(599,216)
At 31 December 2020	<u>19,179,344</u>	<u>658,613</u>	<u>19,837,957</u>	<u>80,244,536</u>
<b>Less: Accumulated amortisation</b>				
At 1 January 2020	5,246,053	271,695	5,517,748	22,484,823
Amortisation	2,821,040	171,209	2,992,249	12,199,399
Reversals	(15,759)	(13,837)	(29,596)	(120,663)
Currency translation differences	-	-	-	(260,337)
At 31 December 2020	<u>8,051,334</u>	<u>429,067</u>	<u>8,480,401</u>	<u>34,303,222</u>
<b>Carrying amounts</b>				
At 31 December 2020	<u>11,128,010</u>	<u>229,546</u>	<u>11,357,556</u>	<u>45,941,314</u>

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**8. RIGHT-OF-USE ASSETS (continued)**

The Bank lease land, its headquarters, branch offices and premises for public Automated Teller Machine ("ATM").

<b>Bank</b>	<b>Land</b>	<b>Buildings</b>	<b>ATM premises</b>	<b>Total</b>	
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>KHR'000</b>
<b>31 December 2020</b>	(Note 29)				(Note 2.3)
<b>Cost</b>					
At 1 January 2020	-	17,294,280	504,725	17,799,005	72,530,945
Additions	10,457,534	1,935,686	181,561	12,574,781	51,267,382
Reversals	-	(50,622)	(27,673)	(78,295)	(319,209)
Currency translation differences	-	-	-	-	(933,857)
At 31 December 2020	<u>10,457,534</u>	<u>19,179,344</u>	<u>658,613</u>	<u>30,295,491</u>	<u>122,545,261</u>
<b>Less: Accumulated amortisation</b>					
At 1 January 2020	-	5,246,053	271,695	5,517,748	22,484,823
Amortisation	108,933	2,821,040	171,209	3,101,182	12,643,519
Reversals	-	(15,759)	(13,837)	(29,596)	(120,663)
Currency translation differences	-	-	-	-	(263,823)
At 31 December 2020	<u>108,933</u>	<u>8,051,334</u>	<u>429,067</u>	<u>8,589,334</u>	<u>34,743,856</u>
<b>Carrying amounts</b>					
At 31 December 2020	<u>10,348,601</u>	<u>11,128,010</u>	<u>229,546</u>	<u>21,706,157</u>	<u>87,801,405</u>
<b>Group and Bank</b>					
<b>31 December 2019</b>		<b>Buildings</b>	<b>ATM premises</b>	<b>Total</b>	
		<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>KHR'000</b>
					(Note 2.3)
<b>Cost</b>					
At 1 January 2019	15,095,835	346,830	15,442,665	62,048,628	
Additions	2,234,115	185,708	2,419,823	9,805,123	
Reversals	(35,670)	(27,813)	(63,483)	(257,233)	
Currency translation differences	-	-	-	934,427	
At 31 December 2019	<u>17,294,280</u>	<u>504,725</u>	<u>17,799,005</u>	<u>72,530,945</u>	
<b>Less: Accumulated amortisation</b>					
At 1 January 2019	2,540,401	113,999	2,654,400	10,665,379	
Amortisation	2,718,626	177,668	2,896,294	11,735,783	
Reversals	(12,974)	(19,972)	(32,946)	(133,497)	
Currency translation differences	-	-	-	217,158	
At 31 December 2019	<u>5,246,053</u>	<u>271,695</u>	<u>5,517,748</u>	<u>22,484,823</u>	
<b>Carrying amounts</b>					
At 31 December 2019	<u>12,048,227</u>	<u>233,030</u>	<u>12,281,257</u>	<u>50,046,122</u>	

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**9. INTANGIBLE ASSETS**

During the twelve-month period ended 31 December 2020, the Group and the Bank acquired the intangible assets of US\$1,783,371 which is currently under progress amounting to US\$1,600,753 (twelve-month period ended 31 December 2019: addition amounting to US\$1,695,188 which includes the asset under progress amounting to US\$1,512,446), and the amortisation expense amounting to US\$302,078 (twelve-month period ended 31 December 2019: US\$235,410) was charged to condensed consolidated and separate interim statement of profit or loss during the period.

**10. INCOME TAX**

**(a) Deferred tax assets, net**

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

Group	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred tax assets	12,340,473	49,917,213	6,141,196	25,025,373
Deferred tax liabilities	(4,349,324)	(17,593,015)	(2,238,513)	(9,121,940)
Net deferred tax assets	<u>7,991,149</u>	<u>32,324,198</u>	<u>3,902,683</u>	<u>15,903,433</u>
<b>Bank</b>	<b>31 December 2020</b>		<b>31 December 2019</b>	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred tax assets	12,255,863	49,574,966	6,141,196	25,025,373
Deferred tax liabilities	(4,279,220)	(17,309,445)	(2,238,513)	(9,121,940)
Net deferred tax assets	<u>7,976,643</u>	<u>32,265,521</u>	<u>3,902,683</u>	<u>15,903,433</u>

The movement of net deferred tax assets was as follows:

Group	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	3,902,683	15,903,433	3,100,212	12,456,652
Credited to profit or loss	2,987,518	12,180,111	802,471	3,251,613
Credited to other comprehensive income	1,100,948	4,488,565	-	-
Currency translation differences	-	(247,911)	-	195,168
At the end of period	<u>7,991,149</u>	<u>32,324,198</u>	<u>3,902,683</u>	<u>15,903,433</u>

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**10 INCOME TAX (continued)**

**(a) Deferred tax assets, net (continued)**

Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	3,902,683	15,903,433	3,100,212	12,456,652
Credited to profit or loss	2,973,012	12,120,970	802,471	3,251,613
Credited to other comprehensive income	1,100,948	4,488,565	-	-
Currency translation differences	-	(247,447)	-	195,168
At the end of period	<u>7,976,643</u>	<u>32,265,521</u>	<u>3,902,683</u>	<u>15,903,433</u>

**(b) Current income tax liabilities**

The movement of current income tax liabilities was as follow:

Group	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	2,632,899	10,729,063	4,862,542	19,537,694
Current income tax expense	8,760,658	35,717,203	4,178,959	16,933,142
Current income tax paid	(2,901,244)	(11,828,372)	(6,408,602)	(25,967,655)
Currency translation differences	-	(266,488)	-	225,882
At the end of period	<u>8,492,313</u>	<u>34,351,406</u>	<u>2,632,899</u>	<u>10,729,063</u>

Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	2,632,899	10,729,063	4,862,542	19,537,694
Current income tax expense	8,738,091	35,625,197	4,178,959	16,933,142
Current income tax paid	(2,898,965)	(11,819,080)	(6,408,602)	(25,967,655)
Currency translation differences	-	(265,839)	-	225,882
At the end of period	<u>8,472,025</u>	<u>34,269,341</u>	<u>2,632,899</u>	<u>10,729,063</u>

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**10. INCOME TAX (continued)**

**(c) Income tax expense**

Group	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.3)		(Note 2.3)	
Current income tax	2,125,929	8,634,239	(1,672,629)	(6,754,087)
Deferred tax	(533,260)	(2,161,830)	(251,072)	(1,019,549)
Income tax expense/(benefit)	<u>1,592,669</u>	<u>6,472,409</u>	<u>(1,923,701)</u>	<u>(7,773,636)</u>
Group	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.3)		(Note 2.3)	
Current income tax	8,760,658	35,717,203	4,178,959	16,933,142
Deferred tax	(2,987,518)	(12,180,111)	(802,471)	(3,251,613)
Income tax expense	<u>5,773,140</u>	<u>23,537,092</u>	<u>3,376,488</u>	<u>13,681,529</u>
Bank	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.3)		(Note 2.3)	
Current income tax	2,120,147	8,610,750	(1,672,629)	(6,754,087)
Deferred tax	(506,024)	(2,050,725)	(251,072)	(1,019,549)
Income tax expense/(benefit)	<u>1,614,123</u>	<u>6,560,025</u>	<u>(1,923,701)</u>	<u>(7,773,636)</u>
Bank	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
	(Note 2.3)		(Note 2.3)	
Current income tax	8,738,091	35,625,197	4,178,959	16,933,142
Deferred tax	(2,973,012)	(12,120,970)	(802,471)	(3,251,613)
Income tax expense	<u>5,765,079</u>	<u>23,504,227</u>	<u>3,376,488</u>	<u>13,681,529</u>

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

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**10. INCOME TAX (continued)**

**(c) Income tax expense (continued)**

Based on ANUKRET on Tax Incentive in CSX, the Bank is entitled to reduce half amount of its tax on income within the duration of tax incentive period. In order to get the incentives, the Bank needs to submit the request to the General Department of Taxation ("GDT") through the Securities and Exchange Commission of Cambodia ("SECC"). On 20 December 2019, the Bank received the letter from SECC informing that the request was submitted to GDT. The Bank has issued a clarification letter to GDT regarding the approval on tax incentive. On 23 March 2020, the Bank received the approval from the GDT on the tax incentives and thus reduced half of its tax on income for the fiscal year 2019.

Starting from fiscal year 2020, the Bank has implemented the new Prakas No. 183 on Implementation Guidelines on Tax Incentives on Tax on Income to New Securities Issuing Enterprises issued by the Ministry of Economy and Finance on 25 February 2020. According to the Prakas, the enterprise issuing debt securities equal to or less than 20% of its total assets is granted tax incentives on tax on income over 3 years by reducing the amount of tax on income based on the pro-rata percentage of value of debt securities over total assets, dividing by base 20.001% and multiplying by 50%.

However, since the Bank issues debt securities less than 20% of its total assets based on the Prakas, the Bank accrued the tax incentive by reducing 6% of tax on income as of 31 December 2020.

On 4 November 2020, the Bank submitted a letter to the SECC requesting tax incentive over tax on income for the fiscal year 2020 and the prepayment of tax on income 1% for the fiscal year 2021. To date of these financial statements, the Bank has not received the approval letter from the SECC yet.

**11. OTHER ASSETS**

Group	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred employee expense	8,190,353	33,129,978	7,013,693	28,580,799
Deposits for leases	1,444,375	5,842,497	1,356,808	5,528,993
Prepaid maintenance services	526,076	2,127,977	381,799	1,555,831
Deposits for purchase of land	-	-	17,661,416	71,970,270
Other receivables	3,498,302	14,150,632	1,652,800	6,735,161
	<u>13,659,106</u>	<u>55,251,084</u>	<u>28,066,516</u>	<u>114,371,054</u>
<b>Bank</b>				
		(Note 2.3)		(Note 2.3)
Amounts due from related party (Note 29)	-	-	17,666,066	71,989,219
Deferred employee expense	8,190,353	33,129,978	7,013,693	28,580,799
Deposits for leases	1,942,633	7,857,950	1,356,808	5,528,993
Prepaid maintenance services	526,076	2,127,977	381,799	1,555,831
Other receivables	3,497,235	14,146,316	1,653,310	6,737,239
	<u>14,156,297</u>	<u>57,262,221</u>	<u>28,071,676</u>	<u>114,392,081</u>



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**12. DEPOSITS FROM CUSTOMERS AND FINANCIAL INSTITUTIONS**

Group	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At amortised cost				
Current deposits	3,792	15,339	-	-
Savings deposits	156,079,132	631,340,088	142,895,495	582,299,143
Term deposits	647,810,529	2,620,393,590	467,202,832	1,903,851,540
	<u>803,893,453</u>	<u>3,251,749,017</u>	<u>610,098,327</u>	<u>2,486,150,683</u>
<b>Bank</b>				
		(Note 2.3)		(Note 2.3)
At amortised cost				
Current deposits	3,792	15,339	-	-
Savings deposits	156,669,705	633,728,956	142,896,495	582,303,218
Term deposits	647,810,529	2,620,393,590	467,202,832	1,903,851,540
	<u>804,484,026</u>	<u>3,254,137,885</u>	<u>610,099,327</u>	<u>2,486,154,758</u>

**13. DEBT SECURITIES ISSUED**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Debt securities issued at amortised cost	<u>29,767,039</u>	<u>120,407,673</u>	<u>29,196,072</u>	<u>118,973,993</u>

On 1 August 2018, the Bank obtained an approval letter from the NBC on the corporate bond issuance.

On 1 November 2018, the Bank received a final approval and registration from the Securities and Exchange Commission of Cambodia ("SECC") on the Single Submission Form and the Disclosure Document for its Public Offering of the Bank's Corporate Bond. The Bond was issued to the investors on 14 November 2018.

On 5 December 2018, the Bank was successfully listed on the Cambodia Securities Exchange ("CSX"). It is the first bank to list its corporate bond on the CSX.

The First Cambodian Corporate Bond issued by the Bank offers in an aggregate total principal amount of KHR 120 billion. The Bonds have a tenor of 3 years with the coupon rate of 8.50% per annum.

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**14. BORROWINGS**

Group	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At amortised cost				
Floating rate	26,153,300	105,790,099	47,403,299	193,168,443
Fixed rate	405,555,538	1,640,472,151	264,082,683	1,076,136,934
	<u>431,708,838</u>	<u>1,746,262,250</u>	<u>311,485,982</u>	<u>1,269,305,377</u>
<b>Bank</b>				
At amortised cost				
Floating rate	26,153,300	105,790,099	47,403,299	193,168,443
Fixed rate	376,054,819	1,521,141,742	264,082,683	1,076,136,934
	<u>402,208,119</u>	<u>1,626,931,841</u>	<u>311,485,982</u>	<u>1,269,305,377</u>

**15. SUBORDINATED DEBTS**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At amortised cost				
Floating rate	-	-	5,047,841	20,569,952
Fixed rate	11,895,729	48,118,224	6,927,080	28,227,851
	<u>11,895,729</u>	<u>48,118,224</u>	<u>11,974,921</u>	<u>48,797,803</u>

During the twelve-month period, subordinated debts amounting to US\$2,500,000, US\$1,000,000, US\$1,000,000 and US\$2,500,000 were repaid to the lender with the approval from the National Bank of Cambodia on 7 May 2020, 3 February 2020, 24 June 2020 and 6 November 2020 respectively. Also, subordinated debts amounting to US\$7,000,000 was received from the lender with the approval from the National Bank of Cambodia on 28 December 2020.

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**16. DERIVATIVES HELD FOR RISK MANAGEMENT**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate swap designated in cash flow hedges – Note 31	6,632,592	26,828,835	-	-
Interest rate swap not designated in cash flow hedges – Note 31	650,686	2,632,025	1,868,132	7,612,638
Currency swap – Note 31	(242,275)	(980,003)	19,452	79,267
	<u>7,041,003</u>	<u>28,480,857</u>	<u>1,887,584</u>	<u>7,691,905</u>

The Bank uses the above derivatives to manage its exposure to foreign currency and interest rate risk. The instruments used principally include interest rate swaps and currency swaps.

Interest rate designated in cash flow hedges was applied on 1 January 2020. The designated hedged exposure is US\$80,000,000 layer of the Bank's US\$ fixed deposits portfolio. The amount is exactly matched notional amount of the hedging instrument and this results in a hedge ratio of 1.01:1 or 101%. This ratio is consistent with the strategy to hedge the total exposure arising from refinancing of fixed deposits. Cash flows hedge reserves amounting to US\$5,504,733 and its related deferred tax assets amounting US\$1,100,948 were recognised in OCI.

**17. LEASE LIABILITIES**

Group	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Not later than 1 year	2,681,850	10,848,083	2,543,796	10,365,969
Later than 1 year and not later than 5 years	7,865,184	31,814,669	7,687,866	31,328,054
Later than 5 years	1,778,462	7,193,879	2,773,548	11,302,208
	<u>12,325,496</u>	<u>49,856,631</u>	<u>13,005,210</u>	<u>52,996,231</u>
<b>Bank</b>				
		(Note 2.3)		(Note 2.3)
Not later than 1 year	2,553,738	10,329,870	2,543,796	10,365,969
Later than 1 year and not later than 5 years	7,332,966	29,661,847	7,687,866	31,328,054
Later than 5 years	12,946,943	52,370,385	2,773,548	11,302,208
	<u>22,833,647</u>	<u>92,362,102</u>	<u>13,005,210</u>	<u>52,996,231</u>

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**18. PROVISIONS**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loan commitments	77,369	312,958	2,717	11,072

The amount in respect of loan commitments represents impairment loss allowance.

**19. OTHER LIABILITIES**

Group	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Amounts due to related party (*)	52,492	212,330	40,080,966	163,329,936
Short-term employee benefits	4,784,270	19,352,372	4,767,591	19,427,933
Provident benefits	2,786,304	11,270,600	1,266,489	5,160,943
Creditors and accruals	675,601	2,732,806	526,472	2,145,373
Others	1,616,223	6,537,623	1,542,567	6,285,961
	9,914,890	40,105,731	48,184,085	196,350,146

  

Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Amounts due to related party (*)	52,492	212,330	40,080,966	163,329,936
Short-term employee benefits	4,783,344	19,348,626	4,767,591	19,427,933
Provident benefits	2,786,137	11,269,924	1,266,489	5,160,943
Creditors and accruals	671,751	2,717,233	521,647	2,125,712
Others	1,610,984	6,516,431	1,542,567	6,285,961
	9,904,708	40,064,544	48,179,260	196,330,485

(\*) During the twelve-month period ended 31 December 2020, the Group and the Bank converted US\$40,000,000 to the share capital (Note 20).

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**20. SHARE CAPITAL**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Registered, issued and fully paid ordinary share of US\$1 each	115,000,000	465,175,000	75,000,000	305,625,000

The Bank is wholly owned by Bank of Ayudhya PCL. ("Krungsri"), a company incorporated in Thailand, with effective control from 12 September 2016.

On 10 May 2019, the Bank requested for approval from the NBC for increasing new share capital by US\$40 million from US\$75 million to US\$115 million. This request was approved by the NBC on 7 October 2019.

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

**21. RESERVES**

Group	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,760,547	682,459	2,781,020
Regulatory reserves	250,847	1,014,676	6,724,489	27,402,293
Other reserves	31,501,845	127,424,962	1,411,444	5,751,634
Cash flow hedge reserve	(4,403,785)	(17,954,231)	-	-
Currency translation differences	-	1,710,977	-	4,499,831
	28,031,366	114,956,931	8,818,392	40,434,778

  

Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,760,547	682,459	2,781,020
Regulatory reserves	250,847	1,014,676	6,724,489	27,402,293
Other reserves	31,501,845	127,424,962	1,411,444	5,751,634
Cash flow hedge reserve	(4,403,785)	(17,954,231)	-	-
Currency translation differences	-	1,718,866	-	4,500,049
	28,031,366	114,964,820	8,818,392	40,434,996

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**22. NET INTEREST INCOME**

Group	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Interest income</b>				
Loans to customers	47,110,111	191,437,029	39,421,849	160,146,330
Balances with other banks	149,338	608,569	72,941	295,906
Balances with the NBC	6,671	26,953	27,716	112,711
	<u>47,266,120</u>	<u>192,072,551</u>	<u>39,522,506</u>	<u>160,554,947</u>
<b>Interest expense</b>				
Deposits from customers and financial institutions	12,428,577	50,527,656	9,229,247	37,502,811
Borrowings	6,623,032	26,903,791	5,310,560	21,569,424
Debt securities issued	701,447	2,848,973	700,249	2,845,774
Lease liabilities	233,061	946,584	248,317	1,009,078
Subordinated debts	172,494	699,308	378,472	1,539,891
	<u>20,158,611</u>	<u>81,926,312</u>	<u>15,866,845</u>	<u>64,466,978</u>
<b>Net interest income</b>	<u>27,107,509</u>	<u>110,146,239</u>	<u>23,655,661</u>	<u>96,087,969</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Interest income</b>				
Loans to customers	173,288,917	706,498,915	141,671,348	574,052,302
Balances with other banks	205,877	839,361	160,269	649,410
Balances with the NBC	55,447	226,057	129,014	522,765
	<u>173,550,241</u>	<u>707,564,333</u>	<u>141,960,631</u>	<u>575,224,477</u>
<b>Interest expense</b>				
Deposits from customers and financial institutions	41,159,077	167,805,557	35,704,793	144,675,821
Borrowings	26,285,217	107,164,830	18,069,068	73,215,864
Debt securities issued	2,866,711	11,687,581	2,791,510	11,311,199
Subordinated debts	962,479	3,924,027	1,959,072	7,938,160
Lease liabilities	954,159	3,890,106	973,027	3,942,704
	<u>72,227,643</u>	<u>294,472,101</u>	<u>59,497,470</u>	<u>241,083,748</u>
<b>Net interest income</b>	<u>101,322,598</u>	<u>413,092,232</u>	<u>82,463,161</u>	<u>334,140,729</u>

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**22. NET INTEREST INCOME (continued)**

Bank	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Interest income</b>				
Loans to customers	47,110,111	191,437,029	39,421,849	160,146,330
Balances with other banks	149,338	608,569	72,941	295,906
Balances with the NBC	6,671	26,953	27,716	112,711
	<u>47,266,120</u>	<u>192,072,551</u>	<u>39,522,506</u>	<u>160,554,947</u>
<b>Interest expense</b>				
Deposits from customers and financial institutions	12,429,985	50,533,397	9,229,247	37,502,811
Borrowings	6,474,146	26,296,782	5,310,560	21,569,424
Debt securities issued	701,447	2,848,973	700,249	2,845,774
Lease liabilities	429,706	1,747,652	248,317	1,009,078
Subordinated debts	172,494	699,308	378,472	1,539,891
	<u>20,207,778</u>	<u>82,126,112</u>	<u>15,866,845</u>	<u>64,466,978</u>
<b>Net interest income</b>	<u>27,058,342</u>	<u>109,946,439</u>	<u>23,655,661</u>	<u>96,087,969</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<b>Interest income</b>				
Loans to customers	173,288,917	706,498,915	141,671,348	574,052,302
Balances with other banks	205,877	839,361	160,269	649,410
Balances with the NBC	55,447	226,057	129,014	522,765
	<u>173,550,241</u>	<u>707,564,333</u>	<u>141,960,631</u>	<u>575,224,477</u>
<b>Interest expense</b>				
Deposits from customers and financial institutions	41,160,503	167,811,371	35,704,793	144,675,821
Borrowings	26,136,331	106,557,821	18,069,068	73,215,864
Debt securities issued	2,866,711	11,687,581	2,791,510	11,311,199
Lease liabilities	1,281,586	5,225,026	973,027	3,942,704
Subordinated debts	962,479	3,924,027	1,959,072	7,938,160
	<u>72,407,610</u>	<u>295,205,826</u>	<u>59,497,470</u>	<u>241,083,748</u>
<b>Net interest income</b>	<u>101,142,631</u>	<u>412,358,507</u>	<u>82,463,161</u>	<u>334,140,729</u>

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**23. NET FEE AND COMMISSION INCOME**

Group and Bank	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<b>Fee and commission income</b>				
Referral fees	1,009,902	4,111,067	363,693	1,478,204
Other fees and commissions on loans	813,791	3,307,185	673,516	2,738,038
Service charges on deposit accounts	64,295	261,197	59,936	243,581
Remittance fees	20,605	83,686	27,233	110,738
Other fee income	50,454	205,264	31,193	126,828
	<u>1,959,047</u>	<u>7,968,399</u>	<u>1,155,571</u>	<u>4,697,389</u>
<b>Fee and commission expense</b>				
Bank charges	120,062	488,591	77,561	314,906
Borrowing fees	117,584	478,256	53,918	219,798
Referral fees	17,254	70,209	15,132	61,477
Debt securities fees	4,794	19,472	4,661	18,940
Subordinated debts fees	661	2,676	1,320	5,364
	<u>260,355</u>	<u>1,059,204</u>	<u>152,592</u>	<u>620,485</u>
<b>Net fee and commission income</b>	<u>1,698,692</u>	<u>6,909,195</u>	<u>1,002,979</u>	<u>4,076,904</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<b>Fee and commission income</b>				
Other fees and commissions on loans	2,942,003	11,994,546	2,911,328	11,796,701
Referral fees	2,270,670	9,257,522	1,493,578	6,051,978
Service charges on deposit accounts	250,941	1,023,086	240,054	972,699
Remittance fees	84,744	345,501	124,569	504,754
Other fee income	137,772	561,697	139,978	567,190
	<u>5,686,130</u>	<u>23,182,352</u>	<u>4,909,507</u>	<u>19,893,322</u>
<b>Fee and commission expense</b>				
Borrowing fees	344,347	1,403,903	384,481	1,557,917
Bank charges	300,465	1,224,996	234,585	950,539
Referral fees	44,237	180,354	55,556	225,113
Debt securities fees	19,393	79,065	18,172	73,633
Subordinated debts fees	4,593	18,726	5,238	21,224
	<u>713,035</u>	<u>2,907,044</u>	<u>698,032</u>	<u>2,828,426</u>
<b>Net fee and commission income</b>	<u>4,973,095</u>	<u>20,275,308</u>	<u>4,211,475</u>	<u>17,064,896</u>



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

Group and Bank	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate	44,615	178,206	1,081,900	4,387,315
Foreign exchange	(271,542)	(1,107,126)	47,310	191,588
	<u>(226,927)</u>	<u>(928,920)</u>	<u>1,129,210</u>	<u>4,578,903</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate	782,407	3,189,873	1,945,858	7,884,617
Foreign exchange	(261,727)	(1,067,061)	19,452	78,819
	<u>520,680</u>	<u>2,122,812</u>	<u>1,965,310</u>	<u>7,963,436</u>

**25. NET IMPAIRMENT (GAINS)/LOSSES ON FINANCIAL INSTRUMENTS**

Group and Bank	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers (*)	4,417,644	17,933,811	(532,100)	(2,154,264)
Balances with other banks	(191,601)	(782,876)	(100,134)	(405,437)
Loan commitments	2,244	8,788	(634)	(2,570)
	<u>4,228,287</u>	<u>17,159,723</u>	<u>(632,868)</u>	<u>(2,562,271)</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers (*)	19,802,290	80,733,936	(80,627)	(326,701)
Balances with other banks	151,954	619,516	(23,725)	(96,134)
Loan commitments	74,618	304,218	(872)	(3,533)
	<u>20,028,862</u>	<u>81,657,670</u>	<u>(105,224)</u>	<u>(426,368)</u>

(\*) This includes the recoveries of loans previously written off amounting to US\$785,574 (31 December 2019: US\$1,024,481).

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**26. PERSONNEL EXPENSES**

Group	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	8,771,687	35,638,267	8,011,577	32,546,709
Provident benefits	390,217	1,585,278	331,943	1,348,795
Seniority payments	339,178	1,376,606	295,280	1,200,503
Other personnel expenses	867,470	3,524,525	790,943	3,213,127
	<u>10,368,552</u>	<u>42,124,676</u>	<u>9,429,743</u>	<u>38,309,134</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	33,551,892	136,791,064	28,961,411	117,351,637
Provident benefits	1,517,632	6,187,386	1,272,460	5,156,008
Seniority payments	1,583,790	6,457,112	1,302,260	5,276,758
Other personnel expenses	3,297,210	13,442,724	2,847,303	11,537,272
	<u>39,950,524</u>	<u>162,878,286</u>	<u>34,383,434</u>	<u>139,321,675</u>
	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	8,769,437	35,629,109	8,011,577	32,546,709
Provident benefits	390,050	1,584,597	331,943	1,348,795
Seniority payments	339,041	1,376,048	295,280	1,200,503
Other personnel expenses	867,280	3,523,751	790,943	3,213,127
	<u>10,365,808</u>	<u>42,113,505</u>	<u>9,429,743</u>	<u>38,309,134</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	33,546,708	136,769,929	28,961,411	117,351,637
Provident benefits	1,517,465	6,186,705	1,272,460	5,156,008
Seniority payments	1,583,517	6,455,999	1,302,260	5,276,758
Other personnel expenses	3,297,020	13,441,950	2,847,303	11,537,272
	<u>39,944,710</u>	<u>162,854,583</u>	<u>34,383,434</u>	<u>139,321,675</u>

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**27. OTHER EXPENSES**

Group	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Repairs and maintenance	330,884	1,344,040	530,624	2,153,707
Travelling and transportation	310,747	1,256,932	568,230	2,308,819
Office supplies and non-capitalised purchases	214,727	872,319	231,928	941,743
Utilities	209,288	850,220	179,378	729,095
License fee, patent and other taxes	196,823	799,666	232,224	942,978
Security	191,848	779,323	188,026	764,007
Communication	185,008	751,718	179,015	727,311
Leases and rental	144,352	586,669	113,256	460,166
Professional services	140,019	569,133	639,758	2,593,002
Marketing and advertising	135,509	551,359	444,388	1,803,172
Board fees and meetings	24,665	100,264	27,649	112,319
Others	242,112	986,102	79,862	324,276
	<u>2,325,982</u>	<u>9,447,745</u>	<u>3,414,338</u>	<u>13,860,595</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Travelling and transportation	2,307,507	9,407,706	2,155,905	8,735,727
Repairs and maintenance	1,325,642	5,404,642	1,435,331	5,815,961
Office supplies and non-capitalised purchases	839,323	3,421,920	724,438	2,935,423
Utilities	818,891	3,338,619	743,146	3,011,228
Security	760,170	3,099,213	719,341	2,914,770
License fee, patent and other taxes	753,324	3,071,302	733,713	2,973,005
Communication	696,848	2,841,049	664,551	2,692,761
Leases and rental	515,189	2,100,426	426,345	1,727,550
Professional services	484,919	1,977,015	815,432	3,304,130
Marketing and advertising	357,725	1,458,445	1,072,202	4,344,563
Board fees and meetings	83,736	341,392	98,967	401,014
Others	439,934	1,793,611	249,460	1,010,811
	<u>9,383,208</u>	<u>38,255,340</u>	<u>9,838,831</u>	<u>39,866,943</u>

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**27. OTHER EXPENSES (continued)**

Bank	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Repairs and maintenance	330,884	1,344,040	530,624	2,153,707
Travelling and transportation	310,747	1,256,932	568,230	2,308,819
Office supplies and non-capitalised purchases	214,727	872,319	231,928	941,743
Utilities	209,288	850,220	179,378	729,095
License fee, patent and other taxes	196,823	799,666	232,224	942,978
Security	191,848	779,323	188,026	764,007
Communication	185,008	751,718	179,015	727,311
Leases and rental	144,352	586,669	113,256	460,166
Professional services	139,053	565,234	632,670	2,564,282
Marketing and advertising	135,509	551,359	444,388	1,803,172
Board fees and meetings	24,665	100,264	27,649	112,319
Others	241,165	982,253	77,475	314,604
	<u>2,324,069</u>	<u>9,439,997</u>	<u>3,404,863</u>	<u>13,822,203</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Travelling and transportation	2,307,507	9,407,706	2,155,905	8,735,727
Repairs and maintenance	1,325,642	5,404,642	1,435,331	5,815,961
Office supplies and non-capitalised purchases	839,323	3,421,920	724,438	2,935,423
Utilities	818,891	3,338,619	743,146	3,011,228
Security	760,170	3,099,213	719,341	2,914,770
License fee, patent and other taxes	753,029	3,070,099	733,713	2,973,005
Communication	696,848	2,841,049	664,551	2,692,761
Leases and rental	515,189	2,100,426	426,345	1,727,550
Professional services	475,914	1,940,301	808,344	3,275,410
Marketing and advertising	357,725	1,458,445	1,072,202	4,344,563
Board fees and meetings	83,736	341,392	98,967	401,014
Others	436,456	1,779,431	247,073	1,001,139
	<u>9,370,430</u>	<u>38,203,243</u>	<u>9,829,356</u>	<u>39,828,551</u>

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**28. CASH AND CASH EQUIVALENTS**

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

Group	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash on hand	37,160,689	150,314,987	34,190,445	139,326,063
Balances with the NBC	36,856,202	149,083,337	34,841,661	141,979,769
Balances with other banks	12,343,513	49,929,510	9,668,524	39,399,235
	<u>86,360,404</u>	<u>349,327,834</u>	<u>78,700,630</u>	<u>320,705,067</u>

  

Bank	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash on hand	37,160,689	150,314,987	34,190,445	139,326,063
Balances with the NBC	36,856,202	149,083,337	34,841,661	141,979,769
Balances with other banks	12,270,304	49,633,380	9,668,524	39,399,235
	<u>86,287,195</u>	<u>349,031,704</u>	<u>78,700,630</u>	<u>320,705,067</u>

**29. RELATED PARTIES**

**(a) Related parties and relationships**

The related parties of and their relationships with the Group and the Bank are as follows:

Related parties	Relationship
Mitsubishi UFJ Financial Group, Inc.	Ultimate parent company
Bank of Ayudhya Public Company Limited ("Krungsri")	Immediate parent company/shareholder
Hattha Services Co., Ltd.	Subsidiary of the Bank
Affiliates	All entities under the same ultimate parent company
Board of Directors	Persons overseeing the activities of the Group and the Bank.
Key management personnel	The key management personnel are those participating in the administration, direction, management or the design and implementation of the internal controls of the Group and the Bank. The key management personnel of the Group and the Bank include all EXCOM members appointed by the Board of Directors.

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**29. RELATED PARTIES (continued)**

**(b) Directors and key management compensation**

Group and Bank	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Board of Directors				
Fees and related expenses	24,665	100,264	27,649	112,319
Key management				
Salaries and short-term benefits	415,825	1,686,223	393,318	1,599,802
Provident benefits	24,825	100,829	24,390	99,108
	<u>440,650</u>	<u>1,787,052</u>	<u>417,708</u>	<u>1,698,910</u>
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Board of Directors				
Fees and related expenses	83,736	341,392	98,967	401,014
Key management				
Salaries and short-term benefits	2,235,038	9,112,250	1,912,610	7,749,896
Provident benefits	101,526	413,922	94,467	382,780
	<u>2,336,564</u>	<u>9,526,172</u>	<u>2,007,077</u>	<u>8,132,676</u>
	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Provident benefits payable	200,255	810,031	94,190	383,824

**(c) Loans to key management and interest income**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Loans outstanding to key management	449,004	1,816,221	470,249	1,916,265

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**29. RELATED PARTIES (continued)**

**(c) Loans to key management and interest income (continued)**

Loans are provided to key management of the Group and the Bank with contractual interest rate ranging from 7% to 8% per annum (2019: 8% per annum).

Group and Bank	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income from key management	9,174	37,263	10,339	42,027
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income from key management	37,050	151,053	43,714	177,129

**(d) Deposits from and interest expense to key management**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Deposits from key management	2,828,058	11,439,495	2,054,009	8,370,087

Deposits from key management of the Group and the Bank bear interest rates ranging from 1.75% to 8.25% per annum (2019: 2.5% to 10% per annum) depending on the terms and currency of the deposits.

	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest expense to key management	57,880	235,440	20,736	84,225
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest expense to key management	165,082	673,039	71,457	289,544

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**29. RELATED PARTIES (continued)**

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

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deposits from Board of Directors	625,520	2,530,228	4,607,061	18,773,774

Deposits from the Board of Directors of the Group and the Bank bear interest rates ranging from 2.5% to 8% per annum (2019: from 2.5% to 8.7% per annum) depending on the terms and currency of deposits.

	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to the Board of Directors	12,238	49,745	12,096	49,481

	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to the Board of Directors	42,166	171,911	129,129	523,231

**(f) Office rental from key management**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Right-of-use assets	215,640	872,264	270,753	1,103,318
Lease liabilities	222,417	899,677	270,932	1,104,048

	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense	4,839	19,656	5,404	21,967
Depreciation	13,779	55,971	13,779	55,998
Lease payment	16,980	68,973	16,980	69,007

	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense	19,406	79,118	22,878	92,702
Depreciation	55,114	224,700	55,114	223,322
Lease payment	67,920	276,910	67,920	275,212



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**29. RELATED PARTIES (continued)**

**(g) Transactions and balances with shareholder and subsidiary**

**(i) Transactions with shareholder and subsidiary**

Group and Bank	Three-month period ended 31 December 2020		Three-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Proceeds received for capital injection	-	-	40,000,000	162,080,000
Proceeds received for borrowings from Krungsri	-	-	30,000,000	121,560,000
Repayments of borrowing via IFC (*)	2,857,143	11,634,286	2,857,143	11,588,572
Repayment of borrowings from Krungsri	-	-	10,000,000	40,520,000
Interest and fee expenses	170,099	685,749	621,340	2,522,111
Net loss from other financial instruments at FVTPL	44,615	178,206	-	-
Other comprehensive income of cash flow hedge	1,024,513	4,209,586	-	-
Other expenses related to IT	104,009	423,319	-	-
<i>Subsidiary</i>				
Interest expense on land lease	196,316	799,725	-	-
Depreciation on right-of-use of land	65,360	266,255	-	-
Lease payment	166,086	676,579	-	-
Management fee	13,310	54,265	-	-
	Twelve-month period ended 31 December 2020		Twelve-month period ended 31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Proceeds received for capital injection	-	-	40,000,000	162,080,000
Proceeds received for borrowings from Krungsri	15,000,000	61,155,000	30,000,000	121,560,000
Repayments of borrowing via IFC (*)	5,714,286	23,297,144	5,714,286	23,154,287
Repayment of borrowings from Krungsri	35,000,000	142,695,000	10,000,000	40,520,000
Interest and fee expenses	1,718,837	7,007,698	1,731,137	7,014,567
Net loss from other financial instruments at FVTPL	782,407	3,189,873	1,945,857	7,876,829
Other comprehensive income of cash flow hedge	5,504,733	22,442,796	-	-
Other expenses related to IT	249,018	1,015,246	-	-
<i>Subsidiary</i>				
Interest expense on land lease	327,427	1,334,920	-	-
Depreciation on right-of-use of land	108,933	444,120	-	-
Lease payment	276,810	1,128,554	-	-
Management fee	13,310	54,265	-	-

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**29. RELATED PARTIES (continued)**

**(g) Transactions and balances with shareholder and subsidiary (continued)**

**(ii) Balances with shareholder and subsidiary**

Group and Bank	31 December 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<i>Shareholder</i>				
Derivative liabilities on interest rate SWAP	7,283,277	29,460,855	1,868,132	7,612,638
Amount payable on payment on behalf of the Bank's expense	50,548	204,467	80,132	326,538
Amount payable for share capital injection	-	-	40,000,000	163,000,000
Borrowing via IFC (*)	2,857,143	11,557,143	8,571,429	34,928,573
Interest payable on borrowing via IFC	20,999	84,941	83,067	338,498
Commitment given on interest rate SWAP (**)	106,429,143	430,505,883	132,857,429	541,394,023
Commitment received on interest rate SWAP (**)	106,429,143	430,505,883	132,857,429	541,394,023
Borrowing	-	-	20,000,000	81,500,000
Interest and fee payable on borrowing	1,944	7,863	833	3,394
<i>Subsidiary</i>				
Amount receivable from Hattha Services Co., Ltd (Note 11)	-	-	17,666,066	71,989,219
Right-of-use asset (Note 8)	10,348,601	41,860,091	-	-
Lease liability	10,508,151	42,505,471	-	-
Deposit from Hattha Services Co., Ltd	590,573	2,388,868	-	-
Refundable deposit to Hattha Services Co., Ltd	498,258	2,015,454	-	-

(\*) This represents syndicated loan from IFC of which Krungsri is the lender who provides funding to IFC.

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

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30. SEASONALITY

The principal businesses of the Group and the Bank are mainly to provide banking and related financial services and other services. There is no significant seasonality factor associated with these businesses.

31. FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group and Bank  
31 December 2020

	Carrying amounts				Fair value			
	FVOCI – equity instruments	Fair value - hedging instrument	FVTPL	Total	Level 1	Level 2	Level 3	Total
	US\$	\$US	US\$	US\$	US\$	US\$	US\$	US\$
<i>Financial assets measured at fair value</i>								
Equity securities	20,000	-	-	20,000	-	-	20,000	20,000
In KHR'000 equivalents (Note 2.3)	80,900	-	-	80,900	-	-	80,900	80,900
<i>Financial liabilities measured at fair value</i>								
Interest rate swaps – Note 16	-	6,632,592	650,686	7,283,278	-	7,283,278	-	7,283,278
Currency swaps – Note 16	-	-	(242,275)	(242,275)	-	(242,275)	-	(242,275)
<b>Total</b>	-	6,632,592	408,411	7,041,003	-	7,041,003	-	7,041,003
In KHR'000 equivalents (Note 2.3)	-	26,828,835	1,652,022	28,480,857	-	28,480,857	-	28,480,857

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31. FINANCIAL INSTRUMENTS (continued)

Group and Bank  
31 December 2019

	Carrying amounts			Fair value			
	FVOCI – equity instruments	FVTPL	Total	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<i>Financial assets measured at fair value</i>							
Equity securities	20,000	-	20,000	-	-	20,000	20,000
In KHR'000 equivalents (Note 2.3)	81,500	-	81,500	-	-	81,500	81,500
<i>Financial liabilities measured at fair value</i>							
Interest rate swaps – Note 16	-	1,868,132	1,868,132	-	1,868,132	-	1,868,132
Currency swaps – Note 16	-	19,452	19,452	-	19,452	-	19,452
<b>Total</b>	-	<b>1,887,584</b>	<b>1,887,584</b>	-	<b>1,887,584</b>	-	<b>1,887,584</b>
In KHR'000 equivalents (Note 2.3)	-	7,691,905	7,691,905	-	7,691,905	-	7,691,905

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**32. TAX CONTINGENCIES**

On 19 March 2019, the General Department of Taxation ("GDT") issued a notice of tax reassessment to the Group and the Bank to pay reassessed taxes of KHR 31,255,677,651 (approximately US\$7.7 millions) for the fiscal year 2016.

On 11 April 2019, the Group and the Bank filed a tax objection letter to the GDT protesting to the reassessed taxes. As a result, the Bank received the 2<sup>nd</sup> Notice of Tax Reassessment from the GDT dated 9 July 2019 re-imposing taxes in total amount of KHR 30,958,899,567 (approximately US\$7.6 millions). The Group and the Bank have not made provision at this stage as the Group and the Bank believe that there are reasonable grounds to challenge the assessment as stated in the tax law and regulations mentioned in its objection letter.

The Group and the Bank have engaged tax advisor to help on this matter and filed 2<sup>nd</sup> protest letter to the GDT on 30 July 2019. On 8 January 2020, the Group and the Bank have received a response to the 2<sup>nd</sup> protest letter from the GDT. There is no change in the reassessment amount. However, the Group and the Bank have consulted with the tax advisor and it is believed that the Group and the Bank would have reasonable grounds to challenge the case. Therefore, the Group and the Bank decided to move on with 3<sup>rd</sup> protest requesting the GDT to transfer the case to the litigation department. The letter was signed on 23 January 2020 and submitted to the tax agent for further process to the GDT. The Group and the Bank have not recorded any contingent tax liability as at 31 December 2020. The outcome of the ultimate tax liabilities for this assessment is unknown.

**33. SIGNIFICANT EVENT**

***Impact of COVID-19 Outbreak to the Group and the Bank***

Since January 2020, the outbreak of Novel Coronavirus ("COVID-19") has had an impact on the global business environment, including Cambodia. COVID-19 has resulted in a significant impact on some customers' repayment capacity. Further deterioration in economic conditions resulting from the continued spread of COVID-19 and government response to the disease may have a material impact on the financial results of the Group and the Bank, the extent of which could not be estimated as at the date of this report. The Group and the Bank will keep continuous attention on the situation of the COVID-19 and react actively to mitigate risks to the financial position and operating results of the Group and the Bank.