

**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 PERIOD ENDED
31 MARCH 2021**

**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 PERIOD ENDED 31 MARCH 2021**

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Subsidiary of krungsri bank
A member of HUFG, 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 49 are prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, 'Interim Financial Reporting'.

On behalf of the Board of Directors, 



Mr. Hout Ieng Tong
President and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
13 May 2021





KPMG Cambodia Ltd
4th Floor, Delano Center
No. 144, Street 169, Sangkat Veal Vong
Khan 7 Makara, Phnom Penh
Kingdom of Cambodia
+855 23 216 899 | kpmg.com.kh

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 March 2021 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 March 2021;
- The condensed consolidated and separate interim statements of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- The condensed consolidated and separate interim statements of changes in equity for the three-month period ended 31 March 2021;
- The condensed consolidated and separate interim statements of cash flows for the three-month period ended 31 March 2021; and
- Other explanatory notes to the condensed interim financial statements as set out on pages 4 to 49.

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"*.

For KPMG Cambodia Ltd

Taing YoukFong
Partner

Phnom Penh, Kingdom of Cambodia

13 May 2021

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	31 March 2021		31 December 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
ASSETS					
Cash on hand		31,177,819	126,114,278	37,160,689	150,314,987
Balances with the NBC	4	107,417,620	434,504,273	135,341,678	547,457,088
Balances with other banks	5	100,251,852	405,518,741	41,729,838	168,797,195
Loans to customers	6	1,378,765,247	5,577,105,424	1,288,824,168	5,213,293,760
Investment securities		20,000	80,900	20,000	80,900
Derivatives held for risk management	16	-	-	242,274	979,998
Property and equipment	7	34,754,926	140,583,676	34,892,318	141,139,426
Right-of-use assets	8	11,557,815	46,751,362	11,357,556	45,941,314
Intangible assets	9	4,223,688	17,084,818	3,775,164	15,270,538
Deferred tax assets, net	10(a)	7,887,738	31,905,900	7,991,149	32,324,198
Other assets	11	22,859,445	92,466,455	13,659,106	55,251,084
TOTAL ASSETS		<u>1,698,916,150</u>	<u>6,872,115,827</u>	<u>1,574,993,940</u>	<u>6,370,850,488</u>
LIABILITIES					
Deposits from customers and financial institutions	12	832,558,896	3,367,700,734	803,893,453	3,251,749,017
Debt securities issued	13	30,463,761	123,225,913	29,767,039	120,407,673
Borrowings	14	512,236,571	2,071,996,930	431,708,838	1,746,262,250
Subordinated debts	15	20,922,615	84,631,978	11,895,729	48,118,224
Derivatives held for risk management	16	4,534,157	18,340,665	7,283,277	29,460,855
Current income tax liabilities	10(b)	2,899,944	11,730,273	8,492,313	34,351,406
Lease liabilities	17	12,579,904	50,885,712	12,325,496	49,856,631
Provisions	18	73,200	296,094	77,369	312,958
Other liabilities	19	9,148,146	37,004,251	9,914,890	40,105,731
TOTAL LIABILITIES		<u>1,425,417,194</u>	<u>5,765,812,550</u>	<u>1,315,358,404</u>	<u>5,320,624,745</u>
EQUITY					
Share capital	20	115,000,000	465,175,000	115,000,000	465,175,000
Share premium		19,082,502	77,188,721	19,082,502	77,188,721
Reserves	21	1,559,409	8,013,173	(1,968,634)	(6,393,069)
Non-distributable reserve	22	50,000,000	202,250,000	30,000,000	121,350,000
Retained earnings		87,857,045	353,676,383	97,521,668	392,905,091
TOTAL EQUITY		<u>273,498,956</u>	<u>1,106,303,277</u>	<u>259,635,536</u>	<u>1,050,225,743</u>
TOTAL LIABILITIES AND EQUITY		<u>1,698,916,150</u>	<u>6,872,115,827</u>	<u>1,574,993,940</u>	<u>6,370,850,488</u>

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 MARCH 2021

	Notes	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	51,005,952	207,033,159	42,685,365	173,473,323
Interest expense	23	(21,341,365)	(86,624,601)	(17,183,953)	(69,835,585)
Net interest income		29,664,587	120,408,558	25,501,412	103,637,738
Fee and commission income	24	1,701,729	6,907,318	1,350,284	5,487,554
Fee and commission expense	24	(218,856)	(888,337)	(151,486)	(615,639)
Net fee and commission income		1,482,873	6,018,981	1,198,798	4,871,915
Net losses from other financial instruments at FVTPL	25	(313,727)	(1,273,418)	(880,001)	(3,576,324)
Other income		141,515	574,409	156,018	634,057
Net impairment losses on financial instruments	26	(707,723)	(2,872,648)	(3,254,097)	(13,224,650)
Personnel expenses	27	(11,975,778)	(48,609,683)	(10,212,913)	(41,505,279)
Depreciation and amortisation		(1,403,632)	(5,697,342)	(1,330,600)	(5,407,558)
Other expenses	28	(2,750,353)	(11,163,684)	(2,435,534)	(9,898,010)
Profit before income tax		14,137,762	57,385,173	8,743,083	35,531,889
Income tax expense	10(c)	(2,756,134)	(11,187,148)	(1,799,144)	(7,311,721)
Profit for the period		11,381,628	46,198,025	6,943,939	28,220,168
Other comprehensive income/(loss)					
Cash flow hedge reserve		3,102,240	12,591,992	(5,937,403)	(24,129,606)
Income tax relating to components of other comprehensive income/(loss)		(620,448)	(2,518,398)	1,187,481	4,825,923
Currency translation differences		-	1,670,619	-	4,035,809
		2,481,792	11,744,213	(4,749,922)	(15,267,874)
Total comprehensive income for the period		13,863,420	57,942,238	2,194,017	12,952,294
Profit attributable to shareholder		11,381,628	46,198,025	6,943,939	28,220,168
Total comprehensive income attributable to shareholder		13,863,420	57,942,238	2,194,017	12,952,294

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 THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Attributable to shareholder					Total US\$
	Share capital	Share premium	Reserves	Non-distributable reserve	Retained earnings	
	US\$	US\$	US\$	US\$	US\$	
Three-month period ended 31 March 2020						
At 1 January 2020	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	-	-	-	-	6,943,939	6,943,939
Other comprehensive loss	-	-	(4,749,922)	-	-	(4,749,922)
Total comprehensive (loss)/income for the period	-	-	(4,749,922)	-	6,943,939	2,194,017
Transfers	-	-	(18,308)	-	18,308	-
At 31 March 2020	115,000,000	19,082,502	4,050,162	-	102,421,375	240,554,039
In KHR'000 equivalents (Note 2.3)	468,050,000	77,665,783	20,548,468	-	412,790,688	979,054,939
Three-month period ended 31 March 2021						
At 1 January 2021	115,000,000	19,082,502	(1,968,634)	30,000,000	97,521,668	259,635,536
Profit for the period	-	-	-	-	11,381,628	11,381,628
Other comprehensive income	-	-	2,481,792	-	-	2,481,792
Total comprehensive income for the period	-	-	2,481,792	-	11,381,628	13,863,420
Transfers	-	-	1,046,251	20,000,000	(21,046,251)	-
At 31 March 2021	115,000,000	19,082,502	1,559,409	50,000,000	87,857,045	273,498,956
In KHR'000 equivalents (Note 2.3)	465,175,000	77,188,721	8,013,173	202,250,000	353,676,383	1,106,303,277

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
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	Notes	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from operating activities					
Profit before income tax		14,137,762	57,385,173	8,743,083	35,531,889
<i>Adjustments for:</i>					
Net interest income	23	(29,664,587)	(120,408,558)	(25,501,412)	(103,637,738)
Net losses from other financial instruments at FVTPL	25	313,727	1,273,418	880,001	3,576,324
Net impairment losses on financial instruments	26	707,723	2,872,648	3,254,097	13,224,650
Depreciation and amortisation		1,403,632	5,697,342	1,330,600	5,407,558
Provision for employee benefits		425,532	1,727,234	437,860	1,779,463
Losses on disposals of property and equipment		694	2,817	725	2,946
Effect of currency translation of monetary items		(1,312,829)	(5,328,773)	(2,347,186)	(9,538,964)
		(13,988,346)	(56,778,699)	(13,202,232)	(53,653,872)
<i>Changes in:</i>					
Balances with the NBC		7,377,626	29,945,784	1,993,216	8,100,430
Loans to customers		(90,584,765)	(367,683,561)	(52,850,502)	(214,784,440)
Other assets		(8,647,022)	(35,098,262)	(600,962)	(2,442,310)
Deposits from customers and financial institutions		28,424,425	115,374,741	(41,036,289)	(166,771,478)
Other liabilities		(766,743)	(3,112,210)	(41,959,659)	(170,524,054)
Cash used in operations		(78,184,825)	(317,352,207)	(147,656,428)	(600,075,724)
Interest received		56,064,584	227,566,146	41,893,611	170,255,635
Interest paid		(24,987,019)	(101,422,310)	(14,613,339)	(59,388,610)
Income tax paid	10(b)	(8,865,540)	(35,985,227)	(2,973,116)	(12,082,743)
Net cash used in operating activities		(55,972,800)	(227,193,598)	(123,349,272)	(501,291,442)
Cash flows from investing activities					
Purchases of property and equipment	7	(399,598)	(1,621,968)	(405,993)	(1,649,956)
Purchases of intangible assets	9	(550,378)	(2,233,984)	(106,445)	(432,592)
Proceeds from disposals of property and equipment		492	1,997	1,391	5,653
Net cash used in investing activities		(949,484)	(3,853,955)	(511,047)	(2,076,895)

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

Notes	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from financing activities				
Proceeds from borrowings	115,591,261	469,184,928	137,263,471	557,838,746
Proceeds from subordinated debts	10,000,000	40,590,000	-	-
Repayments of borrowings	(34,545,277)	(140,219,279)	(81,200,300)	(329,998,019)
Repayments of subordinated debts	(1,000,000)	(4,059,000)	(1,000,000)	(4,064,000)
Principal elements of lease payments	(947,761)	(3,846,962)	(907,701)	(3,688,897)
Issuance of share capital	-	-	40,000,000	162,560,000
Net cash from financing activities	89,098,223	361,649,687	94,155,470	382,647,830
Net increase/(decrease) in cash and cash equivalents	32,175,939	130,602,134	(29,704,849)	(120,720,507)
Cash and cash equivalents at the beginning of the period	86,360,404	349,327,834	78,700,630	320,311,564
Currency translation differences	-	(450,461)	-	(178,228)
Cash and cash equivalents at the end of period	118,536,343	479,479,507	48,995,781	199,412,829
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Significant non-cash transaction:				
Conversion of amount due to shareholder to share capital	-	-	40,000,000	162,560,000

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 MARCH 2021

	Notes	31 March 2021		31 December 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
ASSETS					
Cash on hand		31,177,819	126,114,278	37,160,689	150,314,987
Balances with the NBC	4	107,417,620	434,504,273	135,341,678	547,457,088
Balances with other banks	5	100,186,933	405,256,144	41,656,629	168,501,064
Loans to customers	6	1,378,765,247	5,577,105,424	1,288,824,168	5,213,293,760
Investment securities		20,000	80,900	20,000	80,900
Investment in subsidiary		490	1,982	490	1,982
Derivatives held for risk management	16	-	-	242,274	979,998
Property and equipment	7	5,324,858	21,539,051	5,462,161	22,094,441
Right-of-use assets	8	21,841,056	88,347,072	21,706,157	87,801,405
Intangible assets	9	4,223,688	17,084,818	3,775,164	15,270,538
Deferred tax assets, net	10(a)	7,853,768	31,768,492	7,976,643	32,265,521
Other assets	11	23,358,214	94,483,975	14,156,297	57,262,221
TOTAL ASSETS		<u>1,680,169,693</u>	<u>6,796,286,409</u>	<u>1,556,322,350</u>	<u>6,295,323,905</u>
LIABILITIES					
Deposits from customers and financial institutions	12	833,144,731	3,370,070,437	804,484,026	3,254,137,885
Debt securities issued	13	30,463,761	123,225,913	29,767,039	120,407,673
Borrowings	14	482,735,852	1,952,666,521	402,208,119	1,626,931,841
Subordinated debts	15	20,922,615	84,631,978	11,895,729	48,118,224
Derivatives held for risk management	16	4,534,157	18,340,665	7,283,277	29,460,855
Current income tax liabilities	10(b)	2,886,466	11,675,755	8,472,025	34,269,341
Lease liabilities	17	23,119,191	93,517,128	22,833,647	92,362,102
Provisions	18	73,200	296,094	77,369	312,958
Other liabilities	19	9,137,167	36,959,841	9,904,708	40,064,544
TOTAL LIABILITIES		<u>1,407,017,140</u>	<u>5,691,384,332</u>	<u>1,296,925,939</u>	<u>5,246,065,423</u>
EQUITY					
Share capital	20	115,000,000	465,175,000	115,000,000	465,175,000
Share premium		19,082,502	77,188,721	19,082,502	77,188,721
Reserves	21	1,559,409	8,022,561	(1,968,634)	(6,385,180)
Non-distributable reserve	22	50,000,000	202,250,000	30,000,000	121,350,000
Retained earnings		87,510,642	352,265,795	97,282,543	391,929,941
TOTAL EQUITY		<u>273,152,553</u>	<u>1,104,902,077</u>	<u>259,396,411</u>	<u>1,049,258,482</u>
TOTAL LIABILITIES AND EQUITY		<u>1,680,169,693</u>	<u>6,796,286,409</u>	<u>1,556,322,350</u>	<u>6,295,323,905</u>

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 MARCH 2021

	Notes	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	51,005,952	207,033,159	42,685,365	173,473,323
Interest expense	23	(21,396,206)	(86,847,200)	(17,183,961)	(69,835,618)
Net interest income		29,609,746	120,185,959	25,501,404	103,637,705
Fee and commission income	24	1,701,729	6,907,318	1,350,284	5,487,554
Fee and commission expense	24	(218,856)	(888,337)	(151,486)	(615,639)
Net fee and commission income		1,482,873	6,018,981	1,198,798	4,871,915
Net losses from other financial instruments at FVTPL	25	(313,727)	(1,273,418)	(880,001)	(3,576,324)
Other income		151,403	614,545	156,018	634,057
Net impairment losses on financial instruments	26	(707,723)	(2,872,648)	(3,254,097)	(13,224,650)
Personnel expenses	27	(11,973,779)	(48,601,569)	(10,212,513)	(41,503,653)
Depreciation and amortisation		(1,468,903)	(5,962,277)	(1,330,569)	(5,407,432)
Other expenses	28	(2,744,788)	(11,141,094)	(2,434,200)	(9,892,589)
Profit before income tax		14,035,102	56,968,479	8,744,840	35,539,029
Income tax expense	10(c)	(2,760,752)	(11,205,892)	(1,799,144)	(7,311,721)
Profit for the period		11,274,350	45,762,587	6,945,696	28,227,308
Other comprehensive income/(loss)					
Cash flow hedge reserve		3,102,240	12,591,992	(5,937,403)	(24,129,606)
Income tax relating to components of other comprehensive income/(loss)		(620,448)	(2,518,398)	1,187,481	4,825,923
Currency translation differences		-	1,680,007	-	4,035,991
		2,481,792	11,753,601	(4,749,922)	(15,267,692)
Total comprehensive income for the period		13,756,142	57,516,188	2,195,774	12,959,616
Profit attributable to shareholder		11,274,350	45,762,587	6,945,696	28,227,308
Total comprehensive income attributable to shareholder		13,756,142	57,516,188	2,195,774	12,959,616

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 THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Attributable to shareholder					Total US\$
	Share capital	Share premium	Reserves	Non- distributable reserve	Retained earnings	
	US\$	US\$	US\$	US\$	US\$	
Three-month period ended 31 March 2020						
At 1 January 2020	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	-	-	-	-	6,945,696	6,945,696
Other comprehensive loss	-	-	(4,749,922)	-	-	(4,749,922)
Total comprehensive (loss)/income for the period	-	-	(4,749,922)	-	6,945,696	2,195,774
Transfers	-	-	(18,308)	-	18,308	-
At 31 March 2020	115,000,000	19,082,502	4,050,162	-	102,432,607	240,565,271
In KHR'000 equivalents (Note 2.3)	468,050,000	77,665,783	20,548,650	-	412,836,220	979,100,653
Three-month period ended 31 March 2021						
At 1 January 2021	115,000,000	19,082,502	(1,968,634)	30,000,000	97,282,543	259,396,411
Profit for the period	-	-	-	-	11,274,350	11,274,350
Other comprehensive income	-	-	2,481,792	-	-	2,481,792
Total comprehensive income for the period	-	-	2,481,792	-	11,274,350	13,756,142
Transfers	-	-	1,046,251	20,000,000	(21,046,251)	-
At 31 March 2021	115,000,000	19,082,502	1,559,409	50,000,000	87,510,642	273,152,553
In KHR'000 equivalents (Note 2.3)	465,175,000	77,188,721	8,022,561	202,250,000	352,265,795	1,104,902,077

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 THREE-MONTH PERIOD ENDED 31 MARCH 2021

Notes	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from operating activities				
	14,035,102	56,968,479	8,744,840	35,539,029
<i>Adjustments for:</i>				
Net interest income	23 (29,609,746)	(120,185,959)	(25,501,404)	(103,637,705)
Net losses from other financial instruments at FVTPL	25 313,727	1,273,418	880,001	3,576,324
Net impairment losses on financial instruments	26 707,723	2,872,648	3,254,097	13,224,650
Depreciation and amortisation	1,468,903	5,962,277	1,330,569	5,407,432
Provision for employee benefits	425,532	1,727,234	437,860	1,779,463
Losses on disposals of property and equipment	694	2,817	725	2,946
Effect of currency translation of monetary items	(1,312,829)	(5,328,773)	(2,347,186)	(9,538,964)
	(13,970,894)	(56,707,859)	(13,200,498)	(53,646,825)
<i>Changes in:</i>				
Balances with the NBC	7,377,626	29,945,784	1,993,216	8,100,430
Loans to customers	(90,584,765)	(367,683,561)	(52,850,502)	(214,784,440)
Other assets	(8,648,599)	(35,104,663)	(600,962)	(2,442,310)
Deposits from customers and financial institutions	28,419,687	115,355,510	(41,036,289)	(166,771,478)
Other liabilities	(767,541)	(3,115,449)	(41,962,471)	(170,535,482)
Cash used in operations	(78,174,486)	(317,310,238)	(147,657,506)	(600,080,105)
Interest received	56,059,715	227,546,383	41,893,611	170,255,635
Interest paid	(24,839,769)	(100,824,622)	(14,613,339)	(59,388,610)
Income tax paid	10(b) (8,843,884)	(35,897,325)	(2,973,116)	(12,082,743)
Net cash used in operating activities	(55,798,424)	(226,485,802)	(123,350,350)	(501,295,823)
Cash flows from investing activities				
Purchases of property and equipment	7 (399,598)	(1,621,968)	(404,915)	(1,645,575)
Purchases of intangible assets	9 (550,378)	(2,233,984)	(106,445)	(432,592)
Proceeds from disposals of property and equipment	492	1,997	1,391	5,653
Net cash used in investing activities	(949,484)	(3,853,955)	(509,969)	(2,072,514)

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

CONDENSED SEPARATE INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

Notes	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Cash flows from financing activities				
Proceeds from borrowings	115,591,261	469,184,928	137,263,471	557,838,746
Proceeds from subordinated debts	10,000,000	40,590,000	-	-
Repayments of borrowings	(34,545,277)	(140,219,279)	(81,200,300)	(329,998,019)
Repayments of subordinated debts	(1,000,000)	(4,059,000)	(1,000,000)	(4,064,000)
Principal elements of lease payments	(1,113,847)	(4,521,105)	(907,701)	(3,688,897)
Issuance of share capital	-	-	40,000,000	162,560,000
Net cash from financing activities	88,932,137	360,975,544	94,155,470	382,647,830
Net increase/(decrease) in cash and cash equivalents	32,184,229	130,635,787	(29,704,849)	(120,720,507)
Cash and cash equivalents at the beginning of the period	86,287,195	349,031,704	78,700,630	320,705,067
Currency translation differences	-	(450,581)	-	(571,731)
Cash and cash equivalents at the end of period	118,471,424	479,216,910	48,995,781	199,412,829
29				
Significant non-cash transaction:				
Conversion of amount due to shareholder to share capital	-	-	40,000,000	162,560,000

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 PERIOD ENDED 31 MARCH 2021

1. REPORTING ENTITY

HATTHA Bank Plc. (the "Bank") transforming from Hattha Kaksekar Limited (HKL) micro-finance deposit taking institution, obtained license to carry out banking operations from the National Bank of Cambodia ("NBC") on 5 August 2020 and endorsed this change in the amended Memorandum and Associations dated 26 August 2020 with the certificate of incorporation No. 00005355 dated 3 April 2001 issued by the Ministry of Commerce. 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. on 19 December 2014, for Sovannaphum Life Assurance Plc. on 29 December 2017 and for Forte Insurance (Cambodia) Plc. on 09 February 2021.

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 Boeng Tumpun 1, 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 PERIOD ENDED 31 MARCH 2021

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 2020 ("last annual financial statements"). They do not include all of the information required for a complete set of CIFRSs 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 13 May 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 PERIOD ENDED 31 MARCH 2021**

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 March 2021	4,045	4,059
31 March 2020	4,070	4,064
31 December 2020	<u>4,045</u>	<u>4,077</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 PERIOD ENDED 31 MARCH 2021**

**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.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

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 Group and 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	Base	Bad	Good
	34%	38%	28%

Based on the forward-looking analysis, the Bank applied the forward-looking scalar 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.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

**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.

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

4. BALANCES WITH THE NBC

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Statutory deposits				
Capital guarantee deposit	11,501,701	46,524,381	11,500,877	46,521,047
Reserve requirement	79,595,313	321,963,041	86,972,939	351,805,538
	91,097,014	368,487,422	98,473,816	398,326,585
Current accounts	16,270,885	65,815,730	32,706,758	132,298,837
Negotiable Certificate of Deposit ("NCD")	49,721	201,121	4,161,104	16,831,666
	<u>107,417,620</u>	<u>434,504,273</u>	<u>135,341,678</u>	<u>547,457,088</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 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	100,654,405	407,147,068	41,896,868	169,472,831
Impairment loss allowance	(402,553)	(1,628,327)	(167,030)	(675,636)
	<u>100,251,852</u>	<u>405,518,741</u>	<u>41,729,838</u>	<u>168,797,195</u>

Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	100,589,486	406,884,471	41,823,659	169,176,700
Impairment loss allowance	(402,553)	(1,628,327)	(167,030)	(675,636)
	<u>100,186,933</u>	<u>405,256,144</u>	<u>41,656,629</u>	<u>168,501,064</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 PERIOD ENDED 31 MARCH 2021**

5. BALANCE WITH OTHER BANKS (continued)

The above amounts are analysed as follows:

As at 31 March 2021

Group	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	26,107,423	(53,798)	26,053,625	105,386,913
Savings accounts	44,932,788	(203,645)	44,729,143	180,929,383
Term deposits	29,614,194	(145,110)	29,469,084	119,202,445
	<u>100,654,405</u>	<u>(402,553)</u>	<u>100,251,852</u>	<u>405,518,741</u>

Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	26,107,423	(53,798)	26,053,625	105,386,913
Savings accounts	44,867,869	(203,645)	44,664,224	180,666,786
Term deposits	29,614,194	(145,110)	29,469,084	119,202,445
	<u>100,589,486</u>	<u>(402,553)</u>	<u>100,186,933</u>	<u>405,256,144</u>

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>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

6. LOANS TO CUSTOMERS

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers at amortised cost	1,401,984,938	5,671,029,074	1,312,160,841	5,307,690,602
Impairment loss allowance	(23,219,691)	(93,923,650)	(23,336,673)	(94,396,842)
	<u>1,378,765,247</u>	<u>5,577,105,424</u>	<u>1,288,824,168</u>	<u>5,213,293,760</u>

The above amounts are analysed as follows:

As at 31 March 2021

Group and Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$		US\$	US\$
				(Note 2.3)
Individual loans				
External customers				
Mortgage lending	83,126,515	(1,868,512)	81,258,003	328,688,622
Personal lending	1,312,324,793	(21,341,205)	1,290,983,588	5,222,028,613
Staff loans	6,533,630	(9,974)	6,523,656	26,388,189
	<u>1,401,984,938</u>	<u>(23,219,691)</u>	<u>1,378,765,247</u>	<u>5,577,105,424</u>

As at 31 December 2020

Group and Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$		US\$	US\$
				(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>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

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 March 2021				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Normal	1,378,772,774	-	-	1,378,772,774	5,577,135,871
Special mention	2,694	5,662,133	-	5,664,827	22,914,225
Substandard	-	2,405	6,822,878	6,825,283	27,608,270
Doubtful	-	-	9,409,662	9,409,662	38,062,083
Loss	-	-	1,312,392	1,312,392	5,308,625
	<u>1,378,775,468</u>	<u>5,664,538</u>	<u>17,544,932</u>	<u>1,401,984,938</u>	<u>5,671,029,074</u>
Impairment loss allowance	<u>(2,447,557)</u>	<u>(3,227,202)</u>	<u>(17,544,932)</u>	<u>(23,219,691)</u>	<u>(93,923,650)</u>
Carrying amounts	<u>1,376,327,911</u>	<u>2,437,336</u>	<u>-</u>	<u>1,378,765,247</u>	<u>5,577,105,424</u>
Loan commitments					
Normal	1,232,155	-	-	1,232,155	4,984,067
Special mention	-	1,049	-	1,049	4,243
Substandard	-	-	1,693	1,693	6,848
Doubtful	-	-	-	-	-
Loss	-	-	68,800	68,800	278,296
	<u>1,232,155</u>	<u>1,049</u>	<u>70,493</u>	<u>1,303,697</u>	<u>5,273,454</u>
Impairment loss allowance (Note 18)	<u>(2,107)</u>	<u>(600)</u>	<u>(70,493)</u>	<u>(73,200)</u>	<u>(296,094)</u>
Carrying amounts	<u>1,230,048</u>	<u>449</u>	<u>-</u>	<u>1,230,497</u>	<u>4,977,360</u>

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6. LOANS TO CUSTOMERS (continued)

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>
Impairment loss allowance	<u>(2,288,173)</u>	<u>(3,279,799)</u>	<u>(17,768,701)</u>	<u>(23,336,673)</u>	<u>(94,396,842)</u>
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>
Impairment loss allowance (Note 18)	<u>(6,276)</u>	<u>(600)</u>	<u>(70,493)</u>	<u>(77,369)</u>	<u>(312,958)</u>
Carrying amounts	<u>3,600,041</u>	<u>449</u>	<u>-</u>	<u>3,600,490</u>	<u>14,563,981</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 March 2021				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Current	1,363,236,764	1,013,713	7,367,172	1,371,617,649	5,548,193,390
Overdue ≤ 30 days	15,538,704	470,361	1,900,294	17,909,359	72,443,357
Overdue > 30 days	-	4,180,464	8,277,466	12,457,930	50,392,327
Total	<u>1,378,775,468</u>	<u>5,664,538</u>	<u>17,544,932</u>	<u>1,401,984,938</u>	<u>5,671,029,074</u>

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6. LOANS TO CUSTOMERS (continued)

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	9,650,450	1,301,564,361	5,264,827,840
Overdue ≤ 30 days	1,146,273	47,487	44,864	1,238,624	5,010,234
Overdue > 30 days	-	1,284,469	8,073,387	9,357,856	37,852,528
Total	1,288,642,698	5,749,442	17,768,701	1,312,160,841	5,307,690,602

Group and Bank	31 March 2021		31 December 2020	
	Gross carrying amounts	Loss allowance	Gross carrying amounts	Loss allowance
	US\$	US\$	US\$	US\$
Loans to customers				
0-29 days	1,389,076,936	12,251,955	1,302,778,328	14,516,247
30-59 days	3,935,755	2,708,102	692,086	411,414
60-89 days	2,545,427	1,832,814	735,585	454,170
90-180 days	1,071,113	1,071,113	1,806,188	1,806,188
More than 180 days	5,355,707	5,355,707	6,148,654	6,148,654
Total	1,401,984,938	23,219,691	1,312,160,841	23,336,673
In KHR'000 equivalents (Note 2.3)	5,671,029,074	93,923,650	5,307,690,602	94,396,842

7. PROPERTY AND EQUIPMENT

During the three-month period ended 31 March 2021, the Group and the Bank acquired property and equipment amounting to US\$399,598 (Group and Bank: three-month period ended 31 March 2020: US\$405,993 and US\$404,915 respectively), and the depreciation expense amounting to US\$535,803 and US\$535,714 (Group and Bank: three-month period ended 31 March 2020: US\$526,082 and US\$526,051) were charged to condensed consolidated and separate interim statement of profit or loss during the period.

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8. RIGHT-OF-USE ASSETS

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

Group

31 March 2021	Buildings	ATM premises	Total	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Cost				
At 1 January 2021	19,179,344	658,613	19,837,957	80,244,536
Additions	926,218	41,664	967,882	3,928,633
Reversals	(2,472)	-	(2,472)	(10,034)
Currency translation differences	-	-	-	(13,515)
At 31 March 2021	20,103,090	700,277	20,803,367	84,149,620
Less: Accumulated amortisation				
At 1 January 2021	8,051,334	429,067	8,480,401	34,303,222
Amortisation	722,570	43,405	765,975	3,109,093
Reversals	(824)	-	(824)	(3,345)
Currency translation differences	-	-	-	(10,712)
At 31 March 2021	8,773,080	472,472	9,245,552	37,398,258
Carrying amounts				
At 31 March 2021	11,330,010	227,805	11,557,815	46,751,362

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

Bank

31 March 2021	Land	Buildings	ATM premises	Total	
	US\$	US\$	US\$	US\$	KHR'000
	(Note 30)				(Note 2.3)
Cost					
At 1 January 2021	10,457,534	19,179,344	658,613	30,295,491	122,545,261
Additions	-	926,218	41,664	967,882	3,928,633
Reversals	-	(2,472)	-	(2,472)	(10,034)
Currency translation differences	-	-	-	-	(13,515)
At 31 March 2021	10,457,534	20,103,090	700,277	31,260,901	126,450,345
Less: Accumulated amortisation					
At 1 January 2021	108,933	8,051,334	429,067	8,589,334	34,743,856
Amortisation	65,360	722,570	43,405	831,335	3,374,389
Reversals	-	(824)	-	(824)	(3,345)
Currency translation differences	-	-	-	-	(11,627)
At 31 March 2021	174,293	8,773,080	472,472	9,419,845	38,103,273
Carrying amounts					
At 31 March 2021	10,283,241	11,330,010	227,805	21,841,056	88,347,072

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8. RIGHT-OF-USE ASSETS (continued)

Group

31 December 2020	Buildings	ATM premises	Total	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Cost				
At 1 January 2020	17,294,280	504,725	17,799,005	72,530,945
Additions				
1 January to 31 March	414,156	54,773	468,929	1,905,727
1 April to 31 December	1,521,530	126,788	1,648,318	6,726,289
Reversals	(50,622)	(27,673)	(78,295)	(319,209)
Currency translation differences	-	-	-	(599,216)
At 31 December 2020	19,179,344	658,613	19,837,957	80,244,536
Less: Accumulated amortisation				
At 1 January 2020	5,246,053	271,695	5,517,748	22,484,823
Amortisation				
1 January to 31 March	693,540	43,275	736,815	2,994,416
1 April to 31 December	2,127,500	127,934	2,255,434	9,204,983
Reversals	(15,759)	(13,837)	(29,596)	(120,663)
Currency translation differences	-	-	-	(260,337)
At 31 December 2020	8,051,334	429,067	8,480,401	34,303,222
Carrying amounts				
At 31 December 2020	11,128,010	229,546	11,357,556	45,941,314

Bank

31 December 2020	Land	Buildings	ATM premises	Total	
	US\$	US\$	US\$	US\$	KHR'000
	(Note 30)				(Note 2.3)
Cost					
At 1 January 2020	-	17,294,280	504,725	17,799,005	72,530,945
Additions					
1 January to 31 March	-	414,156	54,773	468,929	1,905,727
1 April to 31 December	10,457,534	1,521,530	126,788	12,105,852	49,361,655
Reversals	-	(50,622)	(27,673)	(78,295)	(319,209)
Currency translation differences	-	-	-	-	(933,857)
At 31 December 2020	10,457,534	19,179,344	658,613	30,295,491	122,545,261
Less: Accumulated amortisation					
At 1 January 2020	-	5,246,053	271,695	5,517,748	22,484,823
Amortisation					
1 January to 31 March	-	693,540	43,275	736,815	2,994,416
1 April to 31 December	108,933	2,127,500	127,934	2,364,367	9,649,103
Reversals	-	(15,759)	(13,837)	(29,596)	(120,663)
Currency translation differences	-	-	-	-	(263,823)
At 31 December 2020	108,933	8,051,334	429,067	8,589,334	34,743,856
Carrying amounts					
At 31 December 2020	10,348,601	11,128,010	229,546	21,706,157	87,801,405

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9. INTANGIBLE ASSETS

During the three-month period ended 31 March 2021, the Group and the Bank acquired the intangible assets of US\$550,378 which is currently under progress amounting to US\$543,547 (three-month period ended 31 March 2020: addition amounting to US\$106,445 which is the asset under progress), and the amortisation expense amounting to US\$101,854 (three-month period ended 31 March 2020: US\$67,703) 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 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred tax assets	12,097,124	48,932,867	12,340,473	49,917,213
Deferred tax liabilities	(4,209,386)	(17,026,967)	(4,349,324)	(17,593,015)
Net deferred tax assets	7,887,738	31,905,900	7,991,149	32,324,198
Bank				
		(Note 2.3)		(Note 2.3)
Deferred tax assets	11,961,994	48,386,266	12,255,863	49,574,966
Deferred tax liabilities	(4,108,226)	(16,617,774)	(4,279,220)	(17,309,445)
Net deferred tax assets	7,853,768	31,768,492	7,976,643	32,265,521

The movement of net deferred tax assets was as follows:

Group	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	7,991,149	32,324,198	3,902,683	15,903,433
Credited to profit or loss				
1 January to 31 March	517,037	2,098,653	855,756	3,477,793
1 April to 31 December	-	-	2,131,762	8,702,318
Credited to other comprehensive income				
1 January to 31 March	(620,448)	(2,518,398)	1,187,481	4,825,923
1 April to 31 December	-	-	(86,533)	(337,358)
Currency translation differences	-	1,447	-	(247,911)
At the end of period	7,887,738	31,905,900	7,991,149	32,324,198

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10 INCOME TAX (continued)

(a) Deferred tax assets, net (continued)

Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	7,976,643	32,265,521	3,902,683	15,903,433
Credited to profit or loss				
1 January to 31 March	497,573	2,019,649	855,756	3,477,793
1 April to 31 December	-	-	2,117,256	8,643,177
Credited to other comprehensive income				
1 January to 31 March	(620,448)	(2,518,398)	1187481	4,825,923
1 April to 31 December	-	-	(86,533)	(337,358)
Currency translation differences	-	1,720	-	(247,447)
At the end of period	<u>7,853,768</u>	<u>31,768,492</u>	<u>7,976,643</u>	<u>32,265,521</u>

(b) Current income tax liabilities

The movement of current income tax liabilities was as follow:

Group	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	8,492,313	34,351,406	2,632,899	10,729,063
Current income tax expense				
1 January to 31 March	3,273,171	13,285,801	2,654,900	10,789,514
1 April to 31 December	-	-	6,105,758	24,927,689
Current income tax paid				
1 January to 31 March	(8,865,540)	(35,985,227)	(2,973,116)	(12,082,743)
1 April to 31 December	-	-	71,872	254,371
Currency translation differences	-	78,293	-	(266,488)
At the end of period	<u>2,899,944</u>	<u>11,730,273</u>	<u>8,492,313</u>	<u>34,351,406</u>

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10. INCOME TAX (continued)

(b) Current income tax liabilities (continued)

Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	8,472,025	34,269,341	2,632,899	10,729,063
Current income tax expense				
1 January to 31 March	3,258,325	13,225,541	2,654,900	10,789,514
1 April to 31 December	-	-	6,083,191	24,835,683
Current income tax paid				
1 January to 31 March	(8,843,884)	(35,897,325)	(2,973,116)	(12,082,743)
1 April to 31 December	-	-	74,151	263,663
Currency translation differences	-	78,198	-	(265,839)
At the end of period	2,886,466	11,675,755	8,472,025	34,269,341

(c) Income tax expense

Group	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	3,273,171	13,285,801	2,654,900	10,789,514
Deferred tax	(517,037)	(2,098,653)	(855,756)	(3,477,793)
Income tax expense	2,756,134	11,187,148	1,799,144	7,311,721

Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	3,258,325	13,225,541	2,654,900	10,789,514
Deferred tax	(497,573)	(2,019,649)	(855,756)	(3,477,793)
Income tax expense	2,760,752	11,205,892	1,799,144	7,311,721

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)

Starting from fiscal year 2020, the Bank has implemented the new Prakas No. 183 (“the new Prakas”) 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 Securities and Exchange Regulator of Cambodia (“SERC”) (previously known as Securities and Exchange Commission of Cambodia (“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. On 17 March 2021, the Bank received the responding letter from SERC to implement the new Prakas and the prepayment of tax on income 1%. On 23 March 2021, the Bank submitted the clarification letter to GDT regarding to tax incentive and prepayment tax on income 1%. The Bank received the approval from the GDT on the tax incentive based on the new Prakas and prepayment of tax on income 1% for the fiscal year 2021 on 6 April 2021.

11. OTHER ASSETS

Group	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred employee expense	8,743,671	35,368,149	8,190,353	33,129,978
Deposits for leases	1,049,342	4,244,588	1,444,375	5,842,497
Prepaid maintenance services	658,767	2,664,713	526,076	2,127,977
Other receivables	12,407,665	50,189,005	3,498,302	14,150,632
	<u>22,859,445</u>	<u>92,466,455</u>	<u>13,659,106</u>	<u>55,251,084</u>
Bank				
		(Note 2.3)		(Note 2.3)
Deferred employee expense	8,743,671	35,368,149	8,190,353	33,129,978
Deposits for leases	1,547,600	6,260,042	1,942,633	7,857,950
Prepaid maintenance services	658,767	2,664,713	526,076	2,127,977
Other receivables	12,408,176	50,191,071	3,497,235	14,146,316
	<u>23,358,214</u>	<u>94,483,975</u>	<u>14,156,297</u>	<u>57,262,221</u>

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12. DEPOSITS FROM CUSTOMERS AND FINANCIAL INSTITUTIONS

Group	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At amortised cost				
Current deposits	358,427	1,449,837	3,792	15,339
Savings deposits	154,857,366	626,398,045	156,079,132	631,340,088
Term deposits	677,343,103	2,739,852,852	647,810,529	2,620,393,590
	<u>832,558,896</u>	<u>3,367,700,734</u>	<u>803,893,453</u>	<u>3,251,749,017</u>
Bank				
		(Note 2.3)		(Note 2.3)
At amortised cost				
Current deposits	358,427	1,449,837	3,792	15,339
Savings deposits	154,890,018	626,530,123	156,669,705	633,728,956
Term deposits	677,896,286	2,742,090,477	647,810,529	2,620,393,590
	<u>833,144,731</u>	<u>3,370,070,437</u>	<u>804,484,026</u>	<u>3,254,137,885</u>

13. DEBT SECURITIES ISSUED

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Debt securities issued at amortised cost	<u>30,463,761</u>	<u>123,225,913</u>	<u>29,767,039</u>	<u>120,407,673</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 SERC 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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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

14. BORROWINGS

Group	31 March 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At amortised cost				
Floating rate	26,536,120	107,338,605	26,153,300	105,790,099
Fixed rate	485,700,451	1,964,658,325	405,555,538	1,640,472,151
	<u>512,236,571</u>	<u>2,071,996,930</u>	<u>431,708,838</u>	<u>1,746,262,250</u>
Bank	31 March 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At amortised cost				
Floating rate	26,536,120	107,338,605	26,153,300	105,790,099
Fixed rate	456,199,732	1,845,327,916	376,054,819	1,521,141,742
	<u>482,735,852</u>	<u>1,952,666,521</u>	<u>402,208,119</u>	<u>1,626,931,841</u>

15. SUBORDINATED DEBTS

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At amortised cost				
Fixed rate	20,922,615	84,631,978	11,895,729	48,118,224

During the three-month period, subordinated debt amounting to US\$1,000,000 was repaid to the lender with the approval from the National Bank of Cambodia on 24 February 2021. In addition, subordinated debts amounting to US\$10,000,000 was received from the DEG on 29 January 2021 with the maturity date on 15 December 2027 for seven years following the approval by the National Bank of Cambodia on 28 December 2020.

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16. DERIVATIVES HELD FOR RISK MANAGEMENT

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Derivative assets				
Currency swap – Note 32 (iii)	-	-	242,274	979,998
Derivative liabilities				
Interest rate swap designated in cash flow hedges – Note 32 (i)	3,876,929	15,682,178	6,632,592	26,828,835
Interest rate swap not designated in cash flow hedges – Note 32 (ii)	657,228	2,658,487	650,685	2,632,020
	<u>4,534,157</u>	<u>18,340,665</u>	<u>7,283,277</u>	<u>29,460,855</u>

- (i) 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 1:1 or 100%. 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\$3,102,240 and its related deferred tax assets amounting US\$620,448 were recognised in OCI (2020: 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).
- (ii) 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. This is to manage the Group and the Bank's exposure to interest rate risk of its funding.
- (iii) On 29 June 2020, the Group and the Bank entered into currency swap agreements with J Trust Royal Bank with the amount of US\$5 million, effective from 29 June 2020 to 29 March 2021 and US\$5 million, effective from 30 June 2020 to 30 March 2021. On 11 August 2020, the Group and the Bank entered into currency swap agreement with J Trust Royal Bank with the amount of US\$10 million, effective from 12 August 2020 to 12 March 2021.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

17. LEASE LIABILITIES

Group	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Not later than 1 year	2,813,860	11,382,064	2,681,850	10,848,083
Later than 1 year and not later than 5 years	8,014,789	32,419,822	7,865,184	31,814,669
Later than 5 years	1,751,255	7,083,826	1,778,462	7,193,879
	<u>12,579,904</u>	<u>50,885,712</u>	<u>12,325,496</u>	<u>49,856,631</u>
Bank				
		(Note 2.3)		(Note 2.3)
Not later than 1 year	2,683,331	10,854,074	2,553,738	10,329,870
Later than 1 year and not later than 5 years	7,480,886	30,260,184	7,332,966	29,661,847
Later than 5 years	12,954,974	52,402,870	12,946,943	52,370,385
	<u>23,119,191</u>	<u>93,517,128</u>	<u>22,833,647</u>	<u>92,362,102</u>

18. PROVISIONS

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loan commitments	<u>73,200</u>	<u>296,094</u>	<u>77,369</u>	<u>312,958</u>

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

19. OTHER LIABILITIES

Group	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Amounts due to related party	43,422	175,642	52,492	212,330
Short-term employee benefits	3,605,034	14,582,363	4,784,270	19,352,372
Provident benefits	3,224,582	13,043,434	2,786,304	11,270,600
Creditors and accruals	471,670	1,907,905	675,601	2,732,806
Others	1,803,438	7,294,907	1,616,223	6,537,623
	<u>9,148,146</u>	<u>37,004,251</u>	<u>9,914,890</u>	<u>40,105,731</u>

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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

19. OTHER LIABILITIES (continued)

Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Amounts due to related party	43,422	175,642	52,492	212,330
Short-term employee benefits	3,604,235	14,579,131	4,783,344	19,348,626
Provident benefits	3,224,339	13,042,451	2,786,137	11,269,924
Creditors and accruals	466,946	1,888,797	671,751	2,717,233
Others	1,798,225	7,273,820	1,610,984	6,516,431
	<u>9,137,167</u>	<u>36,959,841</u>	<u>9,904,708</u>	<u>40,064,544</u>

20. SHARE CAPITAL

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Registered, issued and fully paid ordinary share of US\$1 each	<u>115,000,000</u>	<u>465,175,000</u>	<u>115,000,000</u>	<u>465,175,000</u>

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.

On 3 March 2021, the Bank requested for approval from the NBC for increasing new share capital by US\$25 million from US\$115 million to US\$140 million. This request was approved by the NBC on 13 April 2021.

21. RESERVES

Group	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,760,547	682,459	2,760,547
Regulatory reserves	1,297,098	5,246,761	250,847	1,014,676
Other reserves	1,501,845	6,074,962	1,501,845	6,074,962
Cash flow hedge reserve	(1,921,993)	(7,739,716)	(4,403,785)	(17,954,231)
Currency translation differences	-	1,670,619	-	1,710,977
	<u>1,559,409</u>	<u>8,013,173</u>	<u>(1,968,634)</u>	<u>(6,393,069)</u>

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21. RESERVES (continued)

Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,760,547	682,459	2,760,547
Regulatory reserves	1,297,098	5,246,761	250,847	1,014,676
Other reserves	1,501,845	6,074,962	1,501,845	6,074,962
Cash flow hedge reserve	(1,921,993)	(7,739,716)	(4,403,785)	(17,954,231)
Currency translation differences	-	1,680,007	-	1,718,866
	<u>1,559,409</u>	<u>8,022,561</u>	<u>(1,968,634)</u>	<u>(6,385,180)</u>

22. Non-distribution reserve

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

The NBC approved the Group and the Bank to transfer from retained earnings to non-distributable reserve with the amount of US\$20,000,000 on 23 March 2021 (2020: US\$30,000,000 on 7 May 2020).

23. NET INTEREST INCOME

Group	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income				
Loans to customers	50,923,978	206,700,426	42,654,935	173,349,656
Balances with other banks	77,026	312,649	6,163	25,046
Balances with the NBC	4,948	20,084	24,267	98,621
	<u>51,005,952</u>	<u>207,033,159</u>	<u>42,685,365</u>	<u>173,473,323</u>
Interest expense				
Deposits from customers and financial institutions	12,615,245	51,205,279	9,357,383	38,028,404
Borrowings	7,411,269	30,082,341	6,486,654	26,361,762
Debt securities issued	686,373	2,785,988	769,311	3,126,480
Subordinated debts	392,543	1,593,332	329,703	1,339,913
Lease liabilities	235,935	957,661	240,902	979,026
	<u>21,341,365</u>	<u>86,624,601</u>	<u>17,183,953</u>	<u>69,835,585</u>
Net interest income	<u>29,664,587</u>	<u>120,408,558</u>	<u>25,501,412</u>	<u>103,637,738</u>

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23. NET INTEREST INCOME (continued)

Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income				
Loans to customers	50,923,978	206,700,426	42,654,935	173,349,656
Balances with other banks	77,026	312,649	6,163	25,046
Balances with the NBC	4,948	20,084	24,267	98,621
	<u>51,005,952</u>	<u>207,033,159</u>	<u>42,685,365</u>	<u>173,473,323</u>
Interest expense				
Deposits from customers and financial institutions	12,620,114	51,225,043	9,357,391	38,028,437
Borrowings	7,264,019	29,484,653	6,486,654	26,361,762
Debt securities issued	686,373	2,785,988	769,311	3,126,480
Lease liabilities	433,157	1,758,184	240,902	979,026
Subordinated debts	392,543	1,593,332	329,703	1,339,913
	<u>21,396,206</u>	<u>86,847,200</u>	<u>17,183,961</u>	<u>69,835,618</u>
Net interest income	<u>29,609,746</u>	<u>120,185,959</u>	<u>25,501,404</u>	<u>103,637,705</u>

24. NET FEE AND COMMISSION INCOME

Group and Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Fee and commission income				
Other fees and commissions on loans	813,982	3,303,953	817,921	3,324,031
Referral fees	764,440	3,102,862	415,168	1,687,243
Service charges on deposit accounts	64,482	261,732	63,022	256,121
Remittance fees	19,046	77,308	25,205	102,433
Other fee income	39,779	161,463	28,968	117,726
	<u>1,701,729</u>	<u>6,907,318</u>	<u>1,350,284</u>	<u>5,487,554</u>
Fee and commission expense				
Borrowing fees	110,316	447,773	60,560	246,116
Bank charges	89,442	363,045	71,183	289,287
Referral fees	13,830	56,136	13,370	54,336
Debt securities fees	5,268	21,383	5,067	20,592
Subordinated debts fees	-	-	1,306	5,308
	<u>218,856</u>	<u>888,337</u>	<u>151,486</u>	<u>615,639</u>
Net fee and commission income	<u>1,482,873</u>	<u>6,018,981</u>	<u>1,198,798</u>	<u>4,871,915</u>

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25. NET LOSSES FROM OTHER FINANCIAL INSTRUMENTS AT FVTPL

Group and Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate	71,453	290,028	777,287	3,158,894
Foreign exchange	242,274	983,390	102,714	417,430
	<u>313,727</u>	<u>1,273,418</u>	<u>880,001</u>	<u>3,576,324</u>

26. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

Group and Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers (*)	476,344	1,933,480	3,242,397	13,177,101
Balances with other banks	235,541	956,061	10,894	44,273
Loan commitments	(4,162)	(16,893)	806	3,276
	<u>707,723</u>	<u>2,872,648</u>	<u>3,254,097</u>	<u>13,224,650</u>

(*) This includes the recoveries of loans previously written off amounting to US\$268,830 (31 March 2020: US\$231,969).

27. PERSONNEL EXPENSES

Group	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	9,907,122	40,213,008	8,341,118	33,898,304
Provident benefits	437,311	1,775,045	367,546	1,493,707
Seniority payments	662,564	2,689,347	603,340	2,451,974
Other personnel expenses	968,781	3,932,283	900,909	3,661,294
	<u>11,975,778</u>	<u>48,609,683</u>	<u>10,212,913</u>	<u>41,505,279</u>

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27. PERSONNEL EXPENSES (continued)

Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	9,905,402	40,206,027	8,340,718	33,896,678
Provident benefits	437,235	1,774,737	367,546	1,493,707
Seniority payments	662,496	2,689,071	603,340	2,451,974
Other personnel expenses	968,646	3,931,734	900,909	3,661,294
	<u>11,973,779</u>	<u>48,601,569</u>	<u>10,212,513</u>	<u>41,503,653</u>

28. OTHER EXPENSES

Group	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Repairs and maintenance	418,663	1,699,353	302,903	1,230,998
Travelling and transportation	698,985	2,837,180	731,816	2,974,100
Office supplies and non-capitalised purchases	263,181	1,068,252	272,032	1,105,538
Utilities	199,402	809,373	192,185	781,040
License fee, patent and other taxes	307,861	1,249,608	179,253	728,484
Security	194,908	791,132	189,814	771,404
Communication	182,144	739,322	166,479	676,571
Leases and rental	151,529	615,056	123,879	503,444
Professional services	115,204	467,613	128,074	520,493
Marketing and advertising	83,835	340,286	60,663	246,534
Board fees and meetings	17,488	70,984	17,970	73,030
Others	117,153	475,525	70,466	286,374
	<u>2,750,353</u>	<u>11,163,684</u>	<u>2,435,534</u>	<u>9,898,010</u>

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28. OTHER EXPENSES (continued)

Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Repairs and maintenance	418,663	1,699,353	302,903	1,230,998
Travelling and transportation	698,985	2,837,180	731,816	2,974,100
Office supplies and non-capitalised purchases	263,181	1,068,252	272,032	1,105,538
Utilities	199,402	809,373	192,185	781,040
License fee, patent and other taxes	307,564	1,248,402	178,958	727,285
Security	194,908	791,132	189,814	771,404
Communication	182,144	739,322	166,479	676,571
Leases and rental	151,529	615,056	123,879	503,444
Professional services	114,329	464,061	127,112	516,583
Marketing and advertising	83,835	340,286	60,663	246,534
Board fees and meetings	17,488	70,984	17,970	73,030
Others	112,760	457,693	70,389	286,062
	<u>2,744,788</u>	<u>11,141,094</u>	<u>2,434,200</u>	<u>9,892,589</u>

29. CASH AND CASH EQUIVALENTS

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

Group	31 March 2021		31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Cash on hand	31,177,819	126,114,278	27,808,303	113,179,793
Balances with other banks	71,038,195	287,349,498	15,500,834	63,088,395
Balances with the NBC	16,320,329	66,015,731	5,686,644	23,144,641
	<u>118,536,343</u>	<u>479,479,507</u>	<u>48,995,781</u>	<u>199,412,829</u>

Bank	31 March 2021		31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Cash on hand	31,177,819	126,114,278	27,808,303	113,179,793
Balances with other banks	70,973,276	287,086,901	15,500,834	63,088,395
Balances with the NBC	16,320,329	66,015,731	5,686,644	23,144,641
	<u>118,471,424</u>	<u>479,216,910</u>	<u>48,995,781</u>	<u>199,412,829</u>

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30. 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.
Hattha Kaksekar Financial Trust	Related party

(b) Directors and key management compensation

Group and Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Board of Directors				
Fees and related expenses	<u>13,588</u>	<u>55,154</u>	<u>17,970</u>	<u>73,030</u>
Key management				
Salaries and short-term benefits	910,081	3,694,019	947,444	3,850,412
Provident benefits	<u>28,253</u>	<u>114,679</u>	<u>25,447</u>	<u>103,417</u>
	<u>938,334</u>	<u>3,808,698</u>	<u>972,891</u>	<u>3,953,829</u>
	31 March 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Provident benefits payable	<u>230,175</u>	<u>931,058</u>	<u>200,255</u>	<u>810,031</u>

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30. RELATED PARTIES (continued)

(c) Loans to key management and interest income

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans outstanding to key management	739,089	2,989,615	449,004	1,816,221

Loans are provided to key management of the Group and the Bank with contractual interest rate ranging from 7% to 8% per annum (2020: 7% to 8% per annum).

Group and Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income from key management	11,295	45,846	9,995	40,620

(d) Deposits from and interest expense to key management

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deposits from key management	2,607,335	10,546,670	2,828,058	11,439,495

Deposits from key management of the Group and the Bank bear interest rates ranging from 1.75% to 8.25% per annum (2020: 1.75% to 8.25% per annum) depending on the terms and currency of the deposits.

	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to key management	50,426	204,679	24,149	98,142

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
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30. RELATED PARTIES (continued)

(e) Deposits from and interest expense to Directors

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deposits from Board of Directors	677,057	2,738,696	625,520	2,530,228

Deposits from the Board of Directors of the Group and the Bank bear interest rates ranging from 1.75% to 8.00% per annum (2020: from 2.50% to 8.00% per annum) depending on the terms and currency of deposits.

	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to the Board of Directors	12,051	48,915	66,982	272,215

(f) Office rental from key management

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Right-of-use assets	201,861	816,528	215,640	872,264
Lease liabilities	212,375	859,057	222,417	899,677

	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense	4,278	17,364	5,187	21,080
Depreciation	13,778	55,925	13,778	55,994
Lease payment	16,980	68,922	16,980	69,007

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30. RELATED PARTIES (continued)

(g) Transactions and balances with shareholder, subsidiary and related party

(i) Transactions with shareholder, subsidiary and related party

Group and Bank	Three-month period ended 31 March 2021		Three-month period ended 31 March 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Proceeds received for borrowings from Krungsri	35,000,000	142,065,000	15,000,000	60,960,000
Interest and fee expenses	882,728	3,582,993	785,615	3,192,739
Net loss from other financial instruments at FVTPL	71,453	290,028	777,287	3,158,894
Other comprehensive income/(loss) of cash flow hedge	3,102,240	12,591,992	(5,937,403)	(24,129,606)
Other expenses related to IT	1,248	5,066	-	-
<i>Subsidiary</i>				
Interest expense on land lease	4,869	19,763	8	33
Depreciation on right-of-use of land	65,360	265,296	-	-
Lease payment	166,086	674,143	-	-
Management fee	9,982	40,517	-	-
<i>Related party</i>				
Interest expense on borrowing	139,616	566,701	-	-

(ii) Balances with shareholder, subsidiary and related party

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Derivative liabilities on interest rate SWAP	4,534,157	18,340,665	7,283,277	29,460,855
Amount payable on payment on behalf of the Bank's expense	43,422	175,642	50,548	204,467
Amount payable for share capital injection	-	-	-	-
Borrowing via IFC (*)	2,857,143	11,557,143	2,857,143	11,557,143
Interest payable on borrowing via IFC	62,085	251,134	20,999	84,941
Commitment given and received on interest rate SWAP (**)	106,429,143	430,505,883	106,429,143	430,505,883
Borrowing (***)	35,000,000	141,575,000	-	-
Interest and fee payable on borrowing	91,872	371,622	1,944	7,863

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
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30. RELATED PARTIES (continued)

(g) Transactions and balances with shareholder, subsidiary and related party (continued)

(ii) Balances with shareholder, subsidiary and related party (continued)

Group and Bank	31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Subsidiary</i>				
Right-of-use asset (Note 8)	10,283,241	41,595,710	10,348,601	41,860,091
Lease liability	10,539,287	42,631,416	10,508,151	42,505,471
Deposit from Hattha Services Co., Ltd	498,258	2,015,454	498,258	2,015,454
Refundable deposit to Hattha Services Co., Ltd	582,652	2,356,827	590,573	2,388,868
<i>Related party</i>				
Borrowing (****)	7,000,000	28,315,000	7,000,000	28,315,000
Accrued interest payable	47,562	192,388	9,205	37,234

(*) This represents syndicated loan from International Finance Corporation (“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.

(***) On 22 December 2017, the Group and the Bank entered into unsecured credit line agreements with Krungsri amounting to US\$20,000,000 with the interest rate of 4.20% for the period of five months, effective from 25 February to 23 July 2021 and amounting to US\$15,000,000 with the interest rate of 4.11% for the period of one month, effective from 26 March 2021 to 26 April 2021.

(****) On 25 December 2020, the Group and the Bank entered into unsecured credit line agreements with Hattha Kaksekar Financial Trust amounting to US\$7,000,000 with an interest rate of 8.00% for the period of ten years.

31. 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.

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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

32. 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 March 2021

	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\$
Financial assets measured at fair value								
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
Financial liabilities measured at fair value								
Interest rate swaps – Note 16	-	3,876,929	657,228	4,534,157	-	4,534,157	-	4,534,157
In KHR'000 equivalents (Note 2.3)	-	15,682,178	2,658,487	18,340,665	-	18,340,665	-	18,340,665

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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

32. FINANCIAL INSTRUMENTS (continued)

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
Currency swap – Note 16	-	-	242,274	242,274	-	242,274	-	242,274
Total	20,000	-	242,274	262,274	-	242,274	20,000	262,274
In KHR'000 equivalents (Note 2.3)	80,900	-	979,998	1,060,898	-	979,998	80,900	1,060,898
<i>Financial liabilities measured at fair value</i>								
Interest rate swaps – Note 16	-	6,632,592	650,685	7,283,277	-	7,283,277	-	7,283,277
In KHR'000 equivalents (Note 2.3)	-	26,828,835	2,632,020	29,460,855	-	29,460,855	-	29,460,855

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

33. 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 2nd 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 2nd protest letter to the GDT on 30 July 2019. On 8 January 2020, the Group and the Bank received a response to the 2nd 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 3rd 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.

On 2 April 2021, the Group and the Bank received a response to the 3rd protest letter from the GDT with no change in the reassessment amount. The Group and the Bank submitted the protest letter to the Ministry of Economy and Finance on 3 May 2021. 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. The Group and the Bank have not recorded any contingent tax liability as at 31 March 2021. The outcome of the ultimate tax liabilities for this assessment is unknown.

34. EVENT SINCE THE REPORTING DATE

Novel coronavirus and impact on loans to customers

On 17 April 2021, responding to the potentially serious threat the COVID-19 presents to public health in certain areas, the Royal Government of Cambodia took measures to contain the outbreak by limiting the movement of people, including the ‘lock-down’ of Phnom Penh Capital and Takhmao City, among others for two weeks and subsequently extended for one more week. Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty associated with the future operating assumptions and expectations. The estimate may move materially as events unfold. The Group and the Bank will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group and the Bank in future periods.