

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

**CONDENSED CONSOLIDATED AND SEPARATE
INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 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 AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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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 57 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 August 2021





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Independent Auditors' Report on review of condensed interim financial statements

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

Introduction

We have reviewed the accompanying 30 June 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 30 June 2021;
- The condensed consolidated and separate interim statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2021;
- The condensed consolidated and separate interim statements of changes in equity for the three-month and six-month periods ended 30 June 2021;
- The condensed consolidated and separate interim statements of cash flows for the three-month and six-month periods ended 30 June 2021; and
- Other explanatory notes to the condensed interim financial statements as set out on pages 4 to 57.

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 August 2021

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	30 June 2021		31 December 2020	
		US\$	KHR'000	US\$	KHR'000
			(Note 2.3)		(Note 2.3)
ASSETS					
Cash on hand		37,098,290	151,175,532	37,160,689	150,314,987
Balances with the NBC	4	97,971,194	399,232,616	135,341,678	547,457,088
Balances with other banks	5	127,319,897	518,828,580	41,729,838	168,797,195
Loans to customers	6	1,364,229,426	5,559,234,911	1,288,824,168	5,213,293,760
Investment securities		20,000	81,500	20,000	80,900
Derivatives held for risk management	16	-	-	242,274	979,998
Property and equipment	7	34,814,073	141,867,347	34,892,318	141,139,426
Right-of-use assets	8	11,419,652	46,535,082	11,357,556	45,941,314
Intangible assets	9	4,360,357	17,768,455	3,775,164	15,270,538
Deferred tax assets, net	10(a)	11,674,737	47,574,553	7,991,149	32,324,198
Other assets	11	23,115,614	94,196,127	13,659,106	55,251,084
TOTAL ASSETS		1,712,023,240	6,976,494,703	1,574,993,940	6,370,850,488
LIABILITIES					
Deposits from customers and financial institutions	12	887,282,638	3,615,676,750	803,893,453	3,251,749,017
Debt securities issued	13	29,688,364	120,980,083	29,767,039	120,407,673
Borrowings	14	444,258,363	1,810,352,829	431,708,838	1,746,262,250
Subordinated debts	15	20,895,656	85,149,798	11,895,729	48,118,224
Derivatives held for risk management	16	5,056,982	20,607,202	7,283,277	29,460,855
Current income tax liabilities	10(b)	5,678,959	23,141,758	8,492,313	34,351,406
Lease liabilities	17	12,488,496	50,890,621	12,325,496	49,856,631
Provisions	18	6,917	28,187	77,369	312,958
Other liabilities	19	11,752,530	47,891,560	9,914,890	40,105,731
TOTAL LIABILITIES		1,417,108,905	5,774,718,788	1,315,358,404	5,320,624,745
EQUITY					
Share capital	20	140,000,000	570,500,000	115,000,000	465,175,000
Share premium		19,082,502	77,761,196	19,082,502	77,188,721
Reserves	21	(140,551)	3,761,270	(1,968,634)	(6,393,069)
Non-distributable reserve	22	50,000,000	203,750,000	30,000,000	121,350,000
Retained earnings		85,972,384	346,003,449	97,521,668	392,905,091
TOTAL EQUITY		294,914,335	1,201,775,915	259,635,536	1,050,225,743
TOTAL LIABILITIES AND EQUITY		1,712,023,240	6,976,494,703	1,574,993,940	6,370,850,488

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 30 JUNE 2021

	Notes	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	51,762,193	210,308,278	40,856,365	167,042,768
Interest expense	23	(22,045,903)	(89,571,094)	(17,021,764)	(69,586,917)
Net interest income		29,716,290	120,737,184	23,834,601	97,455,851
Fee and commission income	24	1,337,376	5,434,487	837,536	3,430,000
Fee and commission expense	24	(176,899)	(718,824)	(122,331)	(500,439)
Net fee and commission income		1,160,477	4,715,663	715,205	2,929,561
Net (losses)/gain from other financial instruments at FVTPL	25	(86,546)	(352,091)	246,208	992,984
Other expenses		(206,642)	(838,890)	(66,860)	(270,649)
Net impairment losses on financial instruments	26	(19,179,965)	(77,891,253)	(16,184,924)	(66,008,800)
Personnel expenses	27	(11,382,454)	(46,248,097)	(9,394,902)	(38,416,175)
Depreciation and amortisation		(1,430,516)	(5,812,133)	(1,271,545)	(5,198,785)
Other expenses	28	(2,598,812)	(10,559,275)	(2,190,106)	(8,956,098)
Loss before income tax		(4,008,168)	(16,248,892)	(4,312,323)	(17,472,111)
Income tax benefit	10(c)	826,409	3,350,535	854,336	3,460,684
Loss for the period		(3,181,759)	(12,898,357)	(3,457,987)	(14,011,427)
Other comprehensive (loss)/income					
Cash flow hedge reserve		(503,578)	(2,038,826)	(905,865)	(3,763,554)
Income tax relating to components of other comprehensive income		100,716	407,766	181,173	752,711
Currency translation differences		-	2,692,502	-	1,737,100
		(402,862)	1,061,442	(724,692)	(1,273,743)
Total comprehensive loss for the period		(3,584,621)	(11,836,915)	(4,182,679)	(15,285,170)
Loss attributable to shareholder		(3,181,759)	(12,898,357)	(3,457,987)	(14,011,427)
Total comprehensive loss attributable to shareholder		(3,584,621)	(11,836,915)	(4,182,679)	(15,285,170)

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 SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Notes	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	102,768,145	417,341,437	83,541,730	340,516,091
Interest expense	23	(43,387,268)	(176,195,695)	(34,205,717)	(139,422,502)
Net interest income		59,380,877	241,145,742	49,336,013	201,093,589
Fee and commission income	24	3,039,105	12,341,805	2,187,820	8,917,554
Fee and commission expense	24	(395,755)	(1,607,161)	(273,817)	(1,116,078)
Net fee and commission income		2,643,350	10,734,644	1,914,003	7,801,476
Net losses from other financial instruments at FVTPL	25	(400,273)	(1,625,509)	(633,793)	(2,583,340)
Other (expense)/income		(65,127)	(264,481)	89,158	363,408
Net impairment losses on financial instruments	26	(19,887,688)	(80,763,901)	(19,439,021)	(79,233,450)
Personnel expenses	27	(23,358,232)	(94,857,780)	(19,607,815)	(79,921,454)
Depreciation and amortisation		(2,834,148)	(11,509,475)	(2,602,145)	(10,606,343)
Other expenses	28	(5,349,165)	(21,722,959)	(4,625,640)	(18,854,108)
Profit before income tax		10,129,594	41,136,281	4,430,760	18,059,778
Income tax expense	10(c)	(1,929,725)	(7,836,613)	(944,808)	(3,851,037)
Profit for the period		8,199,869	33,299,668	3,485,952	14,208,741
Other comprehensive income/(loss)					
Cash flow hedge reserve		2,598,662	10,553,166	(6,843,268)	(27,893,160)
Income tax relating to components of other comprehensive income/(loss)		(519,732)	(2,110,632)	1,368,654	5,578,634
Currency translation differences		-	4,363,121	-	5,772,909
		2,078,930	12,805,655	(5,474,614)	(16,541,617)
Total comprehensive income/(loss) for the period		10,278,799	46,105,323	(1,988,662)	(2,332,876)
Profit attributable to shareholder		8,199,869	33,299,668	3,485,952	14,208,741
Total comprehensive income/(loss) attributable to shareholder		10,278,799	46,105,323	(1,988,662)	(2,332,876)

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 SIX-MONTH PERIOD ENDED 30 JUNE 2021**

	Attributable to shareholder					Total US\$
	Share capital	Share premium	Reserves	Non-distributable reserve	Retained earnings	
	US\$	US\$	US\$	US\$	US\$	
Six-month period ended 30 June 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	-	-	-	-	3,485,952	3,485,952
Other comprehensive loss	-	-	(5,474,614)	-	-	(5,474,614)
Total comprehensive (loss)/income for the period	-	-	(5,474,614)	-	3,485,952	(1,988,662)
Transfers	-	-	24,198,621	-	(24,198,621)	-
At 30 June 2020	115,000,000	19,082,502	27,542,399	-	74,746,459	236,371,360
In KHR'000 equivalents (Note 2.3)	470,695,000	78,104,681	118,597,017	-	300,071,278	967,467,976
Six-month period ended 30 June 2021						
At 1 January 2021	115,000,000	19,082,502	(1,968,634)	30,000,000	97,521,668	259,635,536
Issuance of share capital	25,000,000	-	-	-	-	25,000,000
Profit for the period	-	-	-	-	8,199,869	8,199,869
Other comprehensive income	-	-	2,078,930	-	-	2,078,930
Total comprehensive income for the period	-	-	2,078,930	-	8,199,869	10,278,799
Transfers	-	-	(250,847)	20,000,000	(19,749,153)	-
At 30 June 2021	140,000,000	19,082,502	(140,551)	50,000,000	85,972,384	294,914,335
In KHR'000 equivalents (Note 2.3)	570,500,000	77,761,196	3,761,270	203,750,000	346,003,449	1,201,775,915

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 SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Notes	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from operating activities					
Profit before income tax		10,129,594	41,136,281	4,430,760	18,059,778
<i>Adjustments for:</i>					
Net interest income	23	(59,380,877)	(241,145,742)	(49,336,013)	(201,093,589)
Net losses from other financial instruments at FVTPL	25	400,273	1,625,509	633,793	2,583,340
Net impairment losses on financial instruments	26	19,887,688	80,763,901	19,439,021	79,233,450
Depreciation and amortisation		2,834,148	11,509,475	2,602,145	10,606,343
Provision for employee benefits		964,886	3,918,402	796,707	3,247,378
Losses on disposals of property and equipment		839	3,407	958	3,905
Written-off of Intangible Asset		81,395	330,545	-	-
Effect of currency translation of monetary items		(3,577,647)	(14,528,824)	(1,141,626)	(4,653,268)
		(28,659,701)	(116,387,046)	(22,574,255)	(92,012,663)
<i>Changes in:</i>					
Balances with the NBC		6,281,738	25,510,138	1,476,566	6,018,483
Loans to customers		(95,771,155)	(388,926,660)	(27,569,599)	(112,373,686)
Other assets		(8,829,397)	(35,856,181)	4,757,417	19,391,232
Deposits from customers and financial institutions		81,876,899	332,502,087	(19,087,103)	(77,799,032)
Other liabilities		1,837,640	7,462,656	(27,865,460)	(113,579,615)
Cash used in operations		(43,263,976)	(175,695,006)	(90,862,434)	(370,355,281)
Interest received		106,261,645	431,528,540	81,947,034	334,016,111
Interest paid		(44,944,105)	(182,518,010)	(35,207,864)	(143,507,254)
Income tax paid	10(b)	(8,946,570)	(36,332,021)	(2,981,046)	(12,150,743)
Net cash from/(used in) operating activities		9,106,994	36,983,503	(47,104,310)	(191,997,167)
Cash flows from investing activities					
Purchases of property and equipment	7	(994,594)	(4,039,046)	(30,174,621)	(122,991,755)
Purchases of intangible assets	9	(878,157)	(3,566,196)	(1,977,103)	(8,058,672)
Proceeds from disposals of property and equipment		524	2,128	1,625	6,624
Net cash used in investing activities		(1,872,227)	(7,603,114)	(32,150,099)	(131,043,803)

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

Notes	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from financing activities				
Proceeds from borrowings	166,305,264	675,365,677	240,109,738	978,687,292
Proceeds from subordinated debts	10,000,000	40,610,000	-	-
Repayments of borrowings	(151,157,742)	(613,851,590)	(145,083,184)	(591,359,058)
Repayments of subordinated debts	(1,000,000)	(4,061,000)	(3,500,000)	(14,266,000)
Principal elements of lease payments	(1,914,128)	(7,773,274)	(1,826,918)	(7,446,518)
Issuance of share capital	25,000,000	101,525,000	40,000,000	163,040,000
Net cash from financing activities	47,233,394	191,814,813	129,699,636	528,655,716
Net increase in cash and cash equivalents	54,468,161	221,195,202	50,445,227	205,614,746
Cash and cash equivalents at the beginning of the period	86,360,404	349,327,834	78,700,630	320,705,067
Currency translation differences	-	3,353,366	-	2,274,180
Cash and cash equivalents at the end of period	140,828,565	573,876,402	129,145,857	528,593,993
29				
Significant non-cash transaction:				
Conversion of amount due to shareholder to share capital	25,000,000	101,525,000	40,000,000	163,040,000

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 30 JUNE 2021**

	Notes	30 June 2021		31 December 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
ASSETS					
Cash on hand		37,098,290	151,175,532	37,160,689	150,314,987
Balances with the NBC	4	97,971,194	399,232,616	135,341,678	547,457,088
Balances with other banks	5	127,258,306	518,577,597	41,656,629	168,501,064
Loans to customers	6	1,364,229,426	5,559,234,911	1,288,824,168	5,213,293,760
Investment securities		20,000	81,500	20,000	80,900
Investment in subsidiary		490	1,997	490	1,982
Derivatives held for risk management	16	-	-	242,274	979,998
Property and equipment	7	5,384,094	21,940,183	5,462,161	22,094,441
Right-of-use assets	8	21,637,534	88,172,951	21,706,157	87,801,405
Intangible assets	9	4,360,357	17,768,455	3,775,164	15,270,538
Deferred tax assets, net	10(a)	11,622,425	47,361,382	7,976,643	32,265,521
Other assets	11	23,614,382	96,228,607	14,156,297	57,262,221
TOTAL ASSETS		<u>1,693,196,498</u>	<u>6,899,775,731</u>	<u>1,556,322,350</u>	<u>6,295,323,905</u>
LIABILITIES					
Deposits from customers and financial institutions	12	887,880,324	3,618,112,320	804,484,026	3,254,137,885
Debt securities issued	13	29,688,364	120,980,083	29,767,039	120,407,673
Borrowings	14	414,759,280	1,690,144,066	402,208,119	1,626,931,841
Subordinated debts	15	20,895,656	85,149,798	11,895,729	48,118,224
Derivatives held for risk management	16	5,056,982	20,607,202	7,283,277	29,460,855
Current income tax liabilities	10(b)	5,652,492	23,033,905	8,472,025	34,269,341
Lease liabilities	17	23,059,506	93,967,487	22,833,647	92,362,102
Provisions	18	6,917	28,187	77,369	312,958
Other liabilities	19	11,743,959	47,856,635	9,904,708	40,064,544
TOTAL LIABILITIES		<u>1,398,743,480</u>	<u>5,699,879,683</u>	<u>1,296,925,939</u>	<u>5,246,065,423</u>
EQUITY					
Share capital	20	140,000,000	570,500,000	115,000,000	465,175,000
Share premium		19,082,502	77,761,196	19,082,502	77,188,721
Reserves	21	(140,551)	3,758,876	(1,968,634)	(6,385,180)
Non-distributable reserve	22	50,000,000	203,750,000	30,000,000	121,350,000
Retained earnings		85,511,067	344,125,976	97,282,543	391,929,941
TOTAL EQUITY		<u>294,453,018</u>	<u>1,199,896,048</u>	<u>259,396,411</u>	<u>1,049,258,482</u>
TOTAL LIABILITIES AND EQUITY		<u>1,693,196,498</u>	<u>6,899,775,731</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 30 JUNE 2021

	Notes	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	51,762,193	210,308,278	40,856,365	167,042,768
Interest expense	23	(22,105,056)	(89,811,425)	(17,021,769)	(69,586,937)
Net interest income		29,657,137	120,496,853	23,834,596	97,455,831
Fee and commission income	24	1,337,376	5,434,487	837,536	3,430,000
Fee and commission expense	24	(176,899)	(718,824)	(122,331)	(500,439)
Net fee and commission income		1,160,477	4,715,663	715,205	2,929,561
Net (losses)/gains from other financial instruments at FVTPL	25	(86,546)	(352,091)	246,208	992,984
Other expenses		(196,814)	(798,959)	(66,860)	(270,649)
Net impairment losses on financial instruments	26	(19,179,965)	(77,891,253)	(16,184,924)	(66,008,800)
Personnel expenses	27	(11,380,394)	(46,239,728)	(9,393,566)	(38,410,725)
Depreciation and amortisation		(1,495,786)	(6,077,325)	(1,271,456)	(5,198,422)
Other expenses	28	(2,598,210)	(10,556,821)	(2,184,291)	(8,932,380)
Loss before income tax		(4,120,101)	(16,703,661)	(4,305,088)	(17,442,600)
Income tax benefit	10(c)	823,428	3,338,419	854,336	3,460,684
Loss for the period		(3,296,673)	(13,365,242)	(3,450,752)	(13,981,916)
Other comprehensive (loss)/income					
Cash flow hedge reserve		(503,578)	(2,038,826)	(905,865)	(3,763,554)
Income tax relating to components of other comprehensive income		100,716	407,766	181,173	752,711
Currency translation differences		-	2,680,720	-	1,737,461
		(402,862)	1,049,660	(724,692)	(1,273,382)
Total comprehensive loss for the period		(3,699,535)	(12,315,582)	(4,175,444)	(15,255,298)
Loss attributable to shareholder		(3,296,673)	(13,365,242)	(3,450,752)	(13,981,916)
Total comprehensive loss attributable to shareholder		(3,699,535)	(12,315,582)	(4,175,444)	(15,255,298)

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 SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Notes	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	102,768,145	417,341,437	83,541,730	340,516,091
Interest expense	23	(43,501,262)	(176,658,625)	(34,205,730)	(139,422,555)
Net interest income		59,266,883	240,682,812	49,336,000	201,093,536
Fee and commission income	24	3,039,105	12,341,805	2,187,820	8,917,554
Fee and commission expense	24	(395,755)	(1,607,161)	(273,817)	(1,116,078)
Net fee and commission income		2,643,350	10,734,644	1,914,003	7,801,476
Net losses from other financial instruments at FVTPL	25	(400,273)	(1,625,509)	(633,793)	(2,583,340)
Other (expense)/income		(45,411)	(184,414)	89,158	363,408
Net impairment losses on financial instruments	26	(19,887,688)	(80,763,901)	(19,439,021)	(79,233,450)
Personnel expenses	27	(23,354,173)	(94,841,297)	(19,606,079)	(79,914,378)
Depreciation and amortisation		(2,964,689)	(12,039,602)	(2,602,025)	(10,605,854)
Other expenses	28	(5,342,998)	(21,697,915)	(4,618,491)	(18,824,969)
Profit before income tax		9,915,001	40,264,818	4,439,752	18,096,429
Income tax expense	10(c)	(1,937,324)	(7,867,473)	(944,808)	(3,851,037)
Profit for the period		7,977,677	32,397,345	3,494,944	14,245,392
Other comprehensive income/(loss)					
Cash flow hedge reserve		2,598,662	10,553,166	(6,843,268)	(27,893,160)
Income tax relating to components of other comprehensive income/(loss)		(519,732)	(2,110,632)	1,368,654	5,578,634
Currency translation differences		-	4,360,727	-	5,773,452
		2,078,930	12,803,261	(5,474,614)	(16,541,074)
Total comprehensive income/(loss) for the period		10,056,607	45,200,606	(1,979,670)	(2,295,682)
Profit attributable to shareholder		7,977,677	32,397,345	3,494,944	14,245,392
Total comprehensive income/(loss) attributable to shareholder		10,056,607	45,200,606	(1,979,670)	(2,295,682)

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 SIX-MONTH PERIOD ENDED 30 JUNE 2021**

	Attributable to shareholder					Total US\$
	Share capital	Share premium	Reserves	Non- distributable reserve	Retained earnings	
	US\$	US\$	US\$	US\$	US\$	
Six-month period ended 30 June 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	-	-	-	-	3,494,944	3,494,944
Other comprehensive loss	-	-	(5,474,614)	-	-	(5,474,614)
Total comprehensive (loss)/income for the period	-	-	(5,474,614)	-	3,494,944	(1,979,670)
Transfers	-	-	24,198,621	-	(24,198,621)	-
At 30 June 2020	115,000,000	19,082,502	27,542,399	-	74,764,926	236,389,827
In KHR'000 equivalents (Note 2.3)	470,695,000	78,104,681	118,597,560	-	300,146,321	967,543,562
Six-month period ended 30 June 2021						
At 1 January 2021	115,000,000	19,082,502	(1,968,634)	30,000,000	97,282,543	259,396,411
Issuance of share capital	25,000,000	-	-	-	-	25,000,000
Profit for the period	-	-	-	-	7,977,677	7,977,677
Other comprehensive income	-	-	2,078,930	-	-	2,078,930
Total comprehensive income for the period	-	-	2,078,930	-	7,977,677	10,056,607
Transfers	-	-	(250,847)	20,000,000	(19,749,153)	-
At 30 June 2021	140,000,000	19,082,502	(140,551)	50,000,000	85,511,067	294,453,018
In KHR'000 equivalents (Note 2.3)	570,500,000	77,761,196	3,758,876	203,750,000	344,125,976	1,199,896,048

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 SIX-MONTH PERIOD ENDED 30 JUNE 2021**

Notes	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from operating activities				
Profit before income tax	9,915,001	40,264,818	4,439,752	18,096,429
<i>Adjustments for:</i>				
Net interest income	23 (59,266,883)	(240,682,812)	(49,336,000)	(201,093,536)
Net losses from other financial instruments at FVTPL	25 400,273	1,625,509	633,793	2,583,340
Net impairment losses on financial instruments	26 19,887,688	80,763,901	19,439,021	79,233,450
Depreciation and amortisation	2,964,689	12,039,602	2,602,025	10,605,854
Provision for employee benefits	964,886	3,918,402	796,707	3,247,378
Losses on disposals of property and equipment	839	3,407	958	3,905
Written-off of intangible asset	81,395	330,545	-	-
Effect of currency translation of monetary items	(3,577,647)	(14,528,824)	(1,141,626)	(4,653,268)
	(28,629,759)	(116,265,452)	(22,565,370)	(91,976,448)
<i>Changes in:</i>				
Balances with the NBC	6,281,738	25,510,138	1,476,566	6,018,483
Loans to customers	(95,771,155)	(388,926,660)	(27,569,599)	(112,373,686)
Other assets	(8,830,975)	(35,862,589)	(12,898,998)	(52,576,316)
Deposits from customers and financial institutions	81,884,012	332,530,973	(19,087,103)	(77,799,032)
Other liabilities	1,839,251	7,469,198	(39,648,388)	(161,606,829)
Cash used in operations	(43,226,888)	(175,544,392)	(120,292,892)	(490,313,828)
Interest received	106,246,546	431,467,223	81,947,034	334,016,111
Interest paid	(44,646,333)	(181,308,758)	(35,207,864)	(143,507,254)
Income tax paid	10(b) (8,922,542)	(36,234,443)	(2,981,046)	(12,150,743)
Net cash from/(used) in operating activities	9,450,783	38,379,630	(76,534,768)	(311,955,714)
Cash flows from investing activities				
Purchases of property and equipment	7 (994,594)	(4,039,046)	(744,163)	(3,033,208)
Purchases of intangible assets	9 (878,157)	(3,566,196)	(1,977,103)	(8,058,672)
Proceeds from disposals of property and equipment	524	2,128	1,625	6,624
Net cash used in investing activities	(1,872,227)	(7,603,114)	(2,719,641)	(11,085,256)

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

**CONDENSED SEPARATE INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

Notes	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from financing activities				
Proceeds from borrowings	166,305,264	675,365,677	240,109,738	978,687,292
Proceeds from subordinated debts	10,000,000	40,610,000	-	-
Repayments of borrowings	(151,157,742)	(613,851,590)	(145,083,184)	(591,359,058)
Repayments of subordinated debts	(1,000,000)	(4,061,000)	(3,500,000)	(14,266,000)
Principal elements of lease payments	(2,246,300)	(9,122,224)	(1,826,918)	(7,446,518)
Issuance of share capital	25,000,000	101,525,000	40,000,000	163,040,000
Net cash from financing activities	46,901,222	190,465,863	129,699,636	528,655,716
Net increase in cash and cash equivalents	54,479,778	221,242,379	50,445,227	205,614,746
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	-	3,351,332	-	2,274,180
Cash and cash equivalents at the end of period	140,766,973	573,625,415	129,145,857	528,593,993
29				
Significant non-cash transaction:				
Conversion of amount due to shareholder to share capital	25,000,000	101,525,000	40,000,000	163,040,000

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 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 AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

2. BASIS OF ACCOUNTING

2.1 Basis of preparation

These condensed interim financial statements have been prepared in accordance with IAS 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 IFRSs 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 August 2021.

2.2 Functional and presentation currency

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

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

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

2.3 Presentation in Khmer Riel

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 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>
30 June 2021	4,075	4,061
30 June 2020	4,093	4,076
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 AND SIX-MONTH PERIODS ENDED 30 JUNE 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 AND SIX-MONTH PERIODS ENDED 30 JUNE 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 AND SIX-MONTH PERIODS ENDED 30 JUNE 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 AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

4. BALANCES WITH THE NBC

Group and Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Statutory deposits				
Capital guarantee deposit	14,003,545	57,064,446	11,500,877	46,521,047
Reserve requirement	78,191,201	318,629,144	86,972,939	351,805,538
	92,194,746	375,693,590	98,473,816	398,326,585
Current accounts	5,726,854	23,336,930	32,706,758	132,298,837
Negotiable Certificate of Deposit ("NCD")	49,594	202,096	4,161,104	16,831,666
	97,971,194	399,232,616	135,341,678	547,457,088

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	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	127,666,419	520,240,657	41,896,868	169,472,831
Impairment loss allowance	(346,522)	(1,412,077)	(167,030)	(675,636)
	127,319,897	518,828,580	41,729,838	168,797,195

Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	127,604,828	519,989,674	41,823,659	169,176,700
Impairment loss allowance	(346,522)	(1,412,077)	(167,030)	(675,636)
	127,258,306	518,577,597	41,656,629	168,501,064

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5. BALANCE WITH OTHER BANKS (continued)

The above amounts are analysed as follows:

As at 30 June 2021

Group	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	77,336,838	(111,350)	77,225,488	314,693,864
Savings accounts	20,634,622	(89,667)	20,544,955	83,720,691
Term deposits	29,694,959	(145,505)	29,549,454	120,414,025
	<u>127,666,419</u>	<u>(346,522)</u>	<u>127,319,897</u>	<u>518,828,580</u>

Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	77,336,838	(111,350)	77,225,488	314,693,864
Savings accounts	20,573,031	(89,667)	20,483,364	83,469,708
Term deposits	29,694,959	(145,505)	29,549,454	120,414,025
	<u>127,604,828</u>	<u>(346,522)</u>	<u>127,258,306</u>	<u>518,577,597</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>

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6. LOANS TO CUSTOMERS

Group and Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers at amortised cost	1,407,137,006	5,734,083,300	1,312,160,841	5,307,690,602
Impairment loss allowance	(42,907,580)	(174,848,389)	(23,336,673)	(94,396,842)
	<u>1,364,229,426</u>	<u>5,559,234,911</u>	<u>1,288,824,168</u>	<u>5,213,293,760</u>

The above amounts are analysed as follows:

As at 30 June 2021

Group and Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$		US\$	US\$
				(Note 2.3)
Individual loans				
External customers				
Mortgage lending	83,057,191	(3,641,695)	79,415,496	323,618,146
Personal lending	1,317,424,121	(39,255,777)	1,278,168,344	5,208,536,002
Staff loans	6,655,694	(10,108)	6,645,586	27,080,763
	<u>1,407,137,006</u>	<u>(42,907,580)</u>	<u>1,364,229,426</u>	<u>5,559,234,911</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>

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6. LOANS TO CUSTOMERS (continued)

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

Group and Bank	30 June 2021				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Normal	1,352,734,013	-	-	1,352,734,013	5,512,391,103
Special mention	12,562	32,268,476	-	32,281,038	131,545,230
Substandard	-	4,620	11,290,528	11,295,148	46,027,728
Doubtful	-	3,288	7,825,495	7,828,783	31,902,291
Loss	-	-	2,998,024	2,998,024	12,216,948
	<u>1,352,746,575</u>	<u>32,276,384</u>	<u>22,114,047</u>	<u>1,407,137,006</u>	<u>5,734,083,300</u>
Impairment loss allowance	<u>(2,401,770)</u>	<u>(18,391,763)</u>	<u>(22,114,047)</u>	<u>(42,907,580)</u>	<u>(174,848,389)</u>
Carrying amounts	<u>1,350,344,805</u>	<u>13,884,621</u>	<u>-</u>	<u>1,364,229,426</u>	<u>5,559,234,911</u>
Loan commitments					
Normal	1,044,585	-	-	1,044,585	4,256,684
Special mention	-	1,164	-	1,164	4,743
Substandard	-	-	1,681	1,681	6,850
Doubtful	-	-	-	-	-
Loss	-	-	2,800	2,800	11,410
	<u>1,044,585</u>	<u>1,164</u>	<u>4,481</u>	<u>1,050,230</u>	<u>4,279,687</u>
Impairment loss allowance (Note 18)	<u>(1,770)</u>	<u>(666)</u>	<u>(4,481)</u>	<u>(6,917)</u>	<u>(28,187)</u>
Carrying amounts	<u>1,042,815</u>	<u>498</u>	<u>-</u>	<u>1,043,313</u>	<u>4,251,500</u>

Subsequent to the period ended 30 June 2021, the Group and the Bank decided to write off the loans to customers amounting to US\$1,029,057 in July 2021 in which provision is fully accounted for.

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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	30 June 2021				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Current	1,340,077,761	24,333,590	10,396,958	1,374,808,309	5,602,343,860
Overdue ≤ 30 days	12,668,814	1,041,155	1,065,181	14,775,150	60,208,736
Overdue > 30 days	-	6,901,639	10,651,908	17,553,547	71,530,704
Total	<u>1,352,746,575</u>	<u>32,276,384</u>	<u>22,114,047</u>	<u>1,407,137,006</u>	<u>5,734,083,300</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	30 June 2021		31 December 2020		
	Gross carrying amounts	Loss allowance	Gross carrying amounts	Loss allowance	
	US\$	US\$	US\$	US\$	
Loans to customers					
0-29 days	1,389,576,674	28,317,879	1,302,778,328	14,516,247	
30-59 days	4,084,583	2,548,584	692,086	411,414	
60-89 days	4,201,586	2,767,637	735,585	454,170	
90-180 days	4,790,144	4,789,460	1,806,188	1,806,188	
More than 180 days	4,484,019	4,484,020	6,148,654	6,148,654	
Total	1,407,137,006	42,907,580	1,312,160,841	23,336,673	
In KHR'000 equivalents (Note 2.3)	5,734,083,300	174,848,389	5,307,690,602	94,396,842	

7. PROPERTY AND EQUIPMENT

During the six-month period ended 30 June 2021, the Group and the Bank acquired property and equipment amounting to US\$994,594 (Group and Bank: six-month period ended 30 June 2020: US\$ 30,174,621 and US\$744,163 respectively), and the depreciation expense amounting to US\$ 1,071,475 and US\$1,071,297 (Group and Bank: six-month period ended 30 June 2020: US\$997,342 and US\$ 997,222) 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

30 June 2021	Buildings US\$	ATM premises US\$	Total US\$	KHR'000
				(Note 2.3)
Cost				
At 1 January 2021	19,179,344	658,613	19,837,957	80,244,536
Additions	1,528,441	96,713	1,625,154	6,599,750
Reversals	(23,084)	-	(23,084)	(93,744)
Currency translation differences	-	-	-	617,568
At 30 June 2021	<u>20,684,701</u>	<u>755,326</u>	<u>21,440,027</u>	<u>87,368,110</u>
Less: Accumulated amortisation				
At 1 January 2021	8,051,334	429,067	8,480,401	34,303,222
Amortisation	1,465,409	85,695	1,551,104	6,299,033
Reversals	(11,130)	-	(11,130)	(45,199)
Currency translation differences	-	-	-	275,972
At 30 June 2021	<u>9,505,613</u>	<u>514,762</u>	<u>10,020,375</u>	<u>40,833,028</u>
Carrying amounts				
At 30 June 2021	<u>11,179,088</u>	<u>240,564</u>	<u>11,419,652</u>	<u>46,535,082</u>

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

Bank

30 June 2021	Land US\$	Buildings US\$	ATM premises US\$	Total 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	-	1,528,441	96,713	1,625,154	6,599,750
Reversals	-	(23,084)	-	(23,084)	(93,744)
Currency translation differences	-	-	-	-	931,294
At 30 June 2021	<u>10,457,534</u>	<u>20,684,701</u>	<u>755,326</u>	<u>31,897,561</u>	<u>129,982,561</u>
Less: Accumulated amortisation					
At 1 January 2021	108,933	8,051,334	429,067	8,589,334	34,743,856
Amortisation	130,719	1,465,409	85,695	1,681,823	6,829,883
Reversals	-	(11,130)	-	(11,130)	(45,199)
Currency translation differences	-	-	-	-	281,070
At 30 June 2021	<u>239,652</u>	<u>9,505,613</u>	<u>514,762</u>	<u>10,260,027</u>	<u>41,809,610</u>
Carrying amounts					
At 30 June 2021	<u>10,217,882</u>	<u>11,179,088</u>	<u>240,564</u>	<u>21,637,534</u>	<u>88,172,951</u>

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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 30 June	1,098,764	108,390	1,207,154	4,920,360
1 July to 31 December	836,922	73,171	910,093	3,711,656
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 30 June	1,393,610	85,282	1,478,892	6,027,964
1 July to 31 December	1,427,430	85,927	1,513,357	6,171,435
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 30 June	-	1,098,764	108,390	1,207,154	4,920,360
1 July to 31 December	10,457,534	836,922	73,171	11,367,627	46,347,022
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 30 June	-	1,393,610	85,282	1,478,892	6,027,964
1 July to 31 December	108,933	1,427,430	85,927	1,622,290	6,615,555
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 six-month period ended 30 June 2021, the Group and the Bank acquired the intangible assets of US\$878,157 which is currently under progress amounting to US\$808,661 (six-month period ended 30 June 2020: addition amounting to US\$1,977,103 which is the asset under progress), and the amortisation expense amounting to US\$211,569 (six-month period ended 30 June 2020: US\$125,911) 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	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred tax assets	15,861,389	64,635,160	12,340,473	49,917,213
Deferred tax liabilities	(4,186,652)	(17,060,607)	(4,349,324)	(17,593,015)
Net deferred tax assets	<u>11,674,737</u>	<u>47,574,553</u>	<u>7,991,149</u>	<u>32,324,198</u>
Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred tax assets	15,669,248	63,852,186	12,255,863	49,574,966
Deferred tax liabilities	(4,046,823)	(16,490,804)	(4,279,220)	(17,309,445)
Net deferred tax assets	<u>11,622,425</u>	<u>47,361,382</u>	<u>7,976,643</u>	<u>32,265,521</u>

The movement of net deferred tax assets was as follows:

Group	30 June 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 30 June	3,686,283	14,971,030	2,819,605	11,502,979
1 July to 31 December	-	-	(687,843)	(2,800,661)
Credited to other comprehensive income				
1 January to 31 March	(620,448)	(2,518,398)	1,187,481	4,825,923
1 April to 30 June	100,716	407,766	181,173	752,711
1 July to 31 December	-	-	(267,706)	(1,090,069)
Currency translation differences	-	291,304	-	(247,911)
At the end of period	<u>11,674,737</u>	<u>47,574,553</u>	<u>7,991,149</u>	<u>32,324,198</u>

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10 INCOME TAX (continued)

(a) Deferred tax assets, net (continued)

Bank	30 June 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 30 June	3,667,941	14,896,503	2,819,605	11,502,979
1 July to 31 December	-	-	(702,349)	(2,859,802)
Credited to other comprehensive income				
1 January to 31 March	(620,448)	(2,518,398)	1,187,481	4,825,923
1 April to 30 June	100,716	407,766	181,173	752,711
1 July to 31 December	-	-	(267,706)	(1,090,069)
Currency translation differences	-	290,341	-	(247,447)
At the end of period	<u>11,622,425</u>	<u>47,361,382</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	30 June 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 30 June	2,859,874	11,620,495	1,965,269	8,042,295
1 July to 31 December	-	-	4,140,489	16,885,394
Current income tax paid				
1 January to 31 March	(8,865,540)	(35,985,227)	(2,973,116)	(12,082,743)
1 April to 30 June	(81,030)	(346,794)	(7,930)	(68,000)
1 July to 31 December	-	-	79,802	322,371
Currency translation differences	171	216,077	-	(266,488)
At the end of period	<u>5,678,959</u>	<u>23,141,758</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	30 June 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 30 June	2,844,513	11,558,084	1,965,269	8,042,295
1 July to 31 December	-	-	4,117,922	16,793,388
Current income tax paid				
1 January to 31 March	(8,843,884)	(35,897,325)	(2,973,116)	(12,082,743)
1 April to 30 June	(78,658)	(337,118)	(7,930)	(68,000)
1 July to 31 December	-	-	82,081	331,663
Currency translation differences	171	215,382	-	(265,839)
At the end of period	<u>5,652,492</u>	<u>23,033,905</u>	<u>8,472,025</u>	<u>34,269,341</u>

(c) Income tax expense/(benefit)

Group	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	2,859,874	11,620,495	1,965,269	8,042,295
Deferred tax	(3,686,283)	(14,971,030)	(2,819,605)	(11,502,979)
Income tax benefit	<u>(826,409)</u>	<u>(3,350,535)</u>	<u>(854,336)</u>	<u>(3,460,684)</u>
Group	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	6,133,045	24,906,296	4,620,169	18,831,809
Deferred tax	(4,203,320)	(17,069,683)	(3,675,361)	(14,980,772)
Income tax expense	<u>1,929,725</u>	<u>7,836,613</u>	<u>944,808</u>	<u>3,851,037</u>

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10. INCOME TAX (continued)

(c) Income tax expense/(benefit) (continued)

Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	2,844,513	11,558,084	1,965,269	8,042,295
Deferred tax	(3,667,941)	(14,896,503)	(2,819,605)	(11,502,979)
Income tax benefit	(823,428)	(3,338,419)	(854,336)	(3,460,684)
Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	6,102,838	24,783,625	4,620,169	18,831,809
Deferred tax	(4,165,514)	(16,916,152)	(3,675,361)	(14,980,772)
Income tax expense	1,937,324	7,867,473	944,808	3,851,037

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.

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 2020 and 2021 on 6 April 2021.

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11. OTHER ASSETS

Group	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred employee expense	8,817,463	35,931,162	8,190,353	33,129,978
Prepaid construction building	7,061,522	28,775,702	-	-
Deposits for leases	1,543,190	6,288,499	1,444,375	5,842,497
Prepaid maintenance services	545,578	2,223,230	526,076	2,127,977
Other receivables	5,147,861	20,977,534	3,498,302	14,150,632
	<u>23,115,614</u>	<u>94,196,127</u>	<u>13,659,106</u>	<u>55,251,084</u>
Bank				
		(Note 2.3)		(Note 2.3)
Deferred employee expense	8,817,463	35,931,162	8,190,353	33,129,978
Prepaid construction building	7,061,522	28,775,702	-	-
Deposits for leases	2,041,448	8,318,901	1,942,633	7,857,950
Prepaid maintenance services	545,578	2,223,230	526,076	2,127,977
Other receivables	5,148,371	20,979,612	3,497,235	14,146,316
	<u>23,614,382</u>	<u>96,228,607</u>	<u>14,156,297</u>	<u>57,262,221</u>

12. DEPOSITS FROM CUSTOMERS AND FINANCIAL INSTITUTIONS

Group	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At amortised cost				
Current deposits	251,181	1,023,563	3,792	15,339
Savings deposits	197,028,031	802,889,226	156,079,132	631,340,088
Term deposits	690,003,426	2,811,763,961	647,810,529	2,620,393,590
	<u>887,282,638</u>	<u>3,615,676,750</u>	<u>803,893,453</u>	<u>3,251,749,017</u>
Bank				
		(Note 2.3)		(Note 2.3)
At amortised cost				
Current deposits	251,181	1,023,562	3,792	15,339
Savings deposits	197,063,189	803,032,495	156,669,705	633,728,956
Term deposits	690,565,954	2,814,056,263	647,810,529	2,620,393,590
	<u>887,880,324</u>	<u>3,618,112,320</u>	<u>804,484,026</u>	<u>3,254,137,885</u>

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13. DEBT SECURITIES ISSUED

Group and Bank	30 June 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Debt securities issued at amortised cost	29,688,364	120,980,083	29,767,039	120,407,673

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.

14. BORROWING

Group	30 June 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At amortised cost				
Floating rate	15,538,049	63,317,550	26,153,300	105,790,099
Fixed rate	428,720,314	1,747,035,279	405,555,538	1,640,472,151
	444,258,363	1,810,352,829	431,708,838	1,746,262,250
Bank				
At amortised cost				
Floating rate	15,538,049	63,317,550	26,153,300	105,790,099
Fixed rate	399,221,231	1,626,826,516	376,054,819	1,521,141,742
	414,759,280	1,690,144,066	402,208,119	1,626,931,841

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15. SUBORDINATED DEBTS

Group and Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At amortised cost				
Fixed rate	20,895,656	85,149,798	11,895,729	48,118,224

During the six-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 Deutsche Investitions-und Entwicklungsgesellschaft mbH ("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.

16. DERIVATIVES HELD FOR RISK MANAGEMENT

Group and Bank	30 June 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)	4,736,057	19,299,432	6,632,592	26,828,835
Interest rate swap not designated in cash flow hedges – Note 32 (ii)	320,925	1,307,770	650,685	2,632,020
	5,056,982	20,607,202	7,283,277	29,460,855

- (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\$2,598,662 and its related deferred tax assets amounting US\$519,732 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.

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16. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

- (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.

17. LEASE LIABILITIES

Group	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Not later than 1 year	2,895,859	11,800,625	2,681,850	10,848,083
Later than 1 year and not later than 5 years	8,052,879	32,815,482	7,865,184	31,814,669
Later than 5 years	1,539,758	6,274,514	1,778,462	7,193,879
	<u>12,488,496</u>	<u>50,890,621</u>	<u>12,325,496</u>	<u>49,856,631</u>

Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Not later than 1 year	2,762,867	11,258,683	2,553,738	10,329,870
Later than 1 year and not later than 5 years	7,517,258	30,632,826	7,332,966	29,661,847
Later than 5 years	12,779,381	52,075,978	12,946,943	52,370,385
	<u>23,059,506</u>	<u>93,967,487</u>	<u>22,833,647</u>	<u>92,362,102</u>

18. PROVISIONS

Group and Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loan commitments	6,917	28,187	77,369	312,958

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

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19. OTHER LIABILITIES

Group	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Amounts due to related party	14,616	59,560	52,492	212,330
Short-term employee benefits	5,333,894	21,735,618	4,784,270	19,352,372
Provident benefits	3,654,722	14,892,992	2,786,304	11,270,600
Creditors and accruals	500,925	2,041,269	675,601	2,732,806
Others	2,248,373	9,162,121	1,616,223	6,537,623
	<u>11,752,530</u>	<u>47,891,560</u>	<u>9,914,890</u>	<u>40,105,731</u>
Bank				
		(Note 2.3)		(Note 2.3)
Amounts due to related party	14,616	59,560	52,492	212,330
Short-term employee benefits	5,332,606	21,730,369	4,783,344	19,348,626
Provident benefits	3,654,399	14,891,676	2,786,137	11,269,924
Creditors and accruals	499,175	2,034,138	671,751	2,717,233
Others	2,243,163	9,140,892	1,610,984	6,516,431
	<u>11,743,959</u>	<u>47,856,635</u>	<u>9,904,708</u>	<u>40,064,544</u>

20. SHARE CAPITAL

Group and Bank	30 June 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	140,000,000	570,500,000	115,000,000	465,175,000

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

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

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

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.

On 3 May 2021, the Ministry of Commerce approved the amended Memorandum and Articles of Association of the Bank with share capital of US\$140 million.

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21. RESERVES

Group	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,781,020	682,459	2,760,547
Regulatory reserves	-	-	250,847	1,014,676
Other reserves	1,501,845	6,120,019	1,501,845	6,074,962
Cash flow hedge reserve	(2,324,855)	(9,502,890)	(4,403,785)	(17,954,231)
Currency translation differences	-	4,363,121	-	1,710,977
	(140,551)	3,761,270	(1,968,634)	(6,393,069)
Bank				
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,781,020	682,459	2,760,547
Regulatory reserves	-	-	250,847	1,014,676
Other reserves	1,501,845	6,120,019	1,501,845	6,074,962
Cash flow hedge reserve	(2,324,855)	(9,502,890)	(4,403,785)	(17,954,231)
Currency translation differences	-	4,360,727	-	1,718,866
	(140,551)	3,758,876	(1,968,634)	(6,385,180)

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.

On 23 March 2021, 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 (2020: US\$30,000,000 on 7 May 2020).

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23. NET INTEREST INCOME

Group	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income				
Loans to customers	51,608,235	209,682,891	40,828,492	166,928,792
Balances with other banks	151,875	616,918	10,452	42,677
Balances with the NBC	2,083	8,469	17,421	71,299
	<u>51,762,193</u>	<u>210,308,278</u>	<u>40,856,365</u>	<u>167,042,768</u>
Interest expense				
Deposits from customers and financial institutions	13,212,203	53,679,987	9,181,473	37,535,973
Borrowings	7,479,010	30,387,082	6,641,216	27,147,436
Debt securities issued	692,635	2,814,163	696,536	2,848,312
Subordinated debts	434,062	1,763,511	261,552	1,070,042
Lease liabilities	227,993	926,351	240,987	985,154
	<u>22,045,903</u>	<u>89,571,094</u>	<u>17,021,764</u>	<u>69,586,917</u>
Net interest income	<u>29,716,290</u>	<u>120,737,184</u>	<u>23,834,601</u>	<u>97,455,851</u>
Group	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income				
Loans to customers	102,532,213	416,383,317	83,483,427	340,278,448
Balances with other banks	228,901	929,567	16,615	67,723
Balances with the NBC	7,031	28,553	41,688	169,920
	<u>102,768,145</u>	<u>417,341,437</u>	<u>83,541,730</u>	<u>340,516,091</u>
Interest expense				
Deposits from customers and financial institutions	25,827,448	104,885,266	18,538,856	75,564,377
Borrowings	14,890,279	60,469,423	13,127,870	53,509,198
Debt securities issued	1,379,008	5,600,151	1,465,847	5,974,792
Subordinated debts	826,605	3,356,843	591,255	2,409,955
Lease liabilities	463,928	1,884,012	481,889	1,964,180
	<u>43,387,268</u>	<u>176,195,695</u>	<u>34,205,717</u>	<u>139,422,502</u>
Net interest income	<u>59,380,877</u>	<u>241,145,742</u>	<u>49,336,013</u>	<u>201,093,589</u>

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23. NET INTEREST INCOME (continued)

Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income				
Loans to customers	51,608,235	209,682,891	40,828,492	166,928,792
Balances with other banks	151,875	616,918	10,452	42,677
Balances with the NBC	2,083	8,469	17,421	71,299
	<u>51,762,193</u>	<u>210,308,278</u>	<u>40,856,365</u>	<u>167,042,768</u>
Interest expense				
Deposits from customers and financial institutions	13,222,433	53,721,540	9,181,478	37,535,993
Borrowings	7,330,124	29,782,162	6,641,216	27,147,436
Debt securities issued	692,635	2,814,163	696,536	2,848,312
Lease liabilities	425,802	1,730,049	261,552	1,070,042
Subordinated debts	434,062	1,763,511	240,987	985,154
	<u>22,105,056</u>	<u>89,811,425</u>	<u>17,021,769</u>	<u>69,586,937</u>
Net interest income	<u>29,657,137</u>	<u>120,496,853</u>	<u>23,834,596</u>	<u>97,455,831</u>
Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income				
Loans to customers	102,532,213	416,383,317	83,483,427	340,278,448
Balances with other banks	228,901	929,567	16,615	67,723
Balances with the NBC	7,031	28,553	41,688	169,920
	<u>102,768,145</u>	<u>417,341,437</u>	<u>83,541,730</u>	<u>340,516,091</u>
Interest expense				
Deposits from customers and financial institutions	25,842,547	104,946,583	18,538,869	75,564,430
Borrowings	14,594,143	59,266,815	13,127,870	53,509,198
Debt securities issued	1,379,008	5,600,151	1,465,847	5,974,792
Lease liabilities	858,959	3,488,233	591,255	2,409,955
Subordinated debts	826,605	3,356,843	481,889	1,964,180
	<u>43,501,262</u>	<u>176,658,625</u>	<u>34,205,730</u>	<u>139,422,555</u>
Net interest income	<u>59,266,883</u>	<u>240,682,812</u>	<u>49,336,000</u>	<u>201,093,536</u>

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24. NET FEE AND COMMISSION INCOME

Group and Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Fee and commission income				
Other fees and commissions on loans	650,515	2,643,369	500,007	2,047,844
Referral fees	580,151	2,357,522	223,581	916,298
Service charges on deposit accounts	65,374	265,613	62,353	254,908
Remittance fees	11,648	47,340	19,453	79,593
Other fee income	29,688	120,643	32,142	131,357
	<u>1,337,376</u>	<u>5,434,487</u>	<u>837,536</u>	<u>3,430,000</u>
Fee and commission expense				
Borrowing fees	63,039	256,222	57,388	234,640
Bank charges	99,807	405,494	54,973	224,925
Referral fees	5,805	23,602	3,925	16,158
Debt securities fees	5,332	21,664	4,739	19,377
Subordinated debts fees	2,916	11,842	1,306	5,339
	<u>176,899</u>	<u>718,824</u>	<u>122,331</u>	<u>500,439</u>
Net fee and commission income	<u>1,160,477</u>	<u>4,715,663</u>	<u>715,205</u>	<u>2,929,561</u>

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24. NET FEE AND COMMISSION INCOME (continued)

Group and Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Fee and commission income				
Other fees and commissions on loans	1,464,497	5,947,322	1,317,928	5,371,875
Referral fees	1,344,591	5,460,384	638,749	2,603,541
Service charges on deposit accounts	129,856	527,345	125,375	511,029
Remittance fees	30,694	124,648	44,658	182,026
Other fee income	69,467	282,106	61,110	249,083
	<u>3,039,105</u>	<u>12,341,805</u>	<u>2,187,820</u>	<u>8,917,554</u>
Fee and commission expense				
Borrowing fees	173,355	703,995	117,948	480,756
Bank charges	189,249	768,539	126,156	514,212
Referral fees	19,635	79,738	17,295	70,494
Debt securities fees	10,600	43,047	9,806	39,969
Subordinated debts fees	2,916	11,842	2,612	10,647
	<u>395,755</u>	<u>1,607,161</u>	<u>273,817</u>	<u>1,116,078</u>
Net fee and commission income	<u>2,643,350</u>	<u>10,734,644</u>	<u>1,914,003</u>	<u>7,801,476</u>

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

Group and Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate	86,546	352,091	(102,052)	(406,636)
Foreign exchange	-	-	(144,156)	(586,348)
	<u>86,546</u>	<u>352,091</u>	<u>(246,208)</u>	<u>(992,984)</u>
Group and Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate	157,999	641,634	675,235	2,752,258
Foreign exchange	242,274	983,875	(41,442)	(168,918)
	<u>400,273</u>	<u>1,625,509</u>	<u>633,793</u>	<u>2,583,340</u>

26. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

Group and Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers (*)	19,302,007	78,386,403	16,063,694	65,514,526
Balances with other banks	(55,783)	(226,064)	77,814	317,301
Loan commitments	(66,259)	(269,086)	43,416	176,973
	<u>19,179,965</u>	<u>77,891,253</u>	<u>16,184,924</u>	<u>66,008,800</u>
Group and Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers (*)	19,778,351	80,319,883	19,306,091	78,691,627
Balances with other banks	179,758	729,997	88,708	361,574
Loan commitments	(70,421)	(285,979)	44,222	180,249
	<u>19,887,688</u>	<u>80,763,901</u>	<u>19,439,021</u>	<u>79,233,450</u>

(*) This includes the recoveries of loans previously written off amounting to US\$ 474,065 (30 June 2020: US\$ 353,206).

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27. PERSONNEL EXPENSES

Group	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	9,575,789	38,907,093	7,973,498	32,600,071
Provident benefits	431,283	1,752,316	377,125	1,541,572
Seniority payments	366,144	1,488,236	291,024	1,193,453
Other personnel expenses	1,009,238	4,100,452	753,255	3,081,079
	<u>11,382,454</u>	<u>46,248,097</u>	<u>9,394,902</u>	<u>38,416,175</u>

Group	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	19,482,911	79,120,101	16,314,616	66,498,375
Provident benefits	868,594	3,527,361	894,364	3,645,427
Seniority payments	1,028,708	4,177,583	744,671	3,035,279
Other personnel expenses	1,978,019	8,032,735	1,654,164	6,742,373
	<u>23,358,232</u>	<u>94,857,780</u>	<u>19,607,815</u>	<u>79,921,454</u>

Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	9,574,141	38,900,397	7,972,298	32,595,175
Provident benefits	431,203	1,751,990	377,125	1,541,572
Seniority payments	366,025	1,487,753	290,888	1,192,899
Other personnel expenses	1,009,025	4,099,588	753,255	3,081,079
	<u>11,380,394</u>	<u>46,239,728</u>	<u>9,393,566</u>	<u>38,410,725</u>

Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	19,479,543	79,106,424	16,313,016	66,491,853
Provident benefits	868,438	3,526,727	894,228	3,644,873
Seniority payments	1,028,521	4,176,824	744,671	3,035,279
Other personnel expenses	1,977,671	8,031,322	1,654,164	6,742,373
	<u>23,354,173</u>	<u>94,841,297</u>	<u>19,606,079</u>	<u>79,914,378</u>

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28. OTHER EXPENSES

Group	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Repairs and maintenance	614,873	2,498,397	269,461	1,101,958
Travelling and transportation	419,994	1,706,433	616,120	2,520,087
License fee, patent and other taxes	295,941	1,202,432	177,492	725,605
Utilities	229,332	931,716	217,182	887,540
Security	197,662	803,095	186,675	763,165
Communication	184,092	747,962	171,680	701,765
Office supplies and non-capitalised purchases	149,862	609,116	193,922	793,691
Leases and rental	133,430	542,162	111,029	454,041
Marketing and advertising	131,021	532,244	62,033	253,575
Professional services	80,824	328,457	129,387	528,918
Board fees and meetings	23,034	93,576	23,286	95,129
Others	138,747	563,685	31,839	130,624
	<u>2,598,812</u>	<u>10,559,275</u>	<u>2,190,106</u>	<u>8,956,098</u>
Group	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Repairs and maintenance	838,657	3,405,786	572,364	2,332,956
Travelling and transportation	1,313,858	5,335,577	1,347,936	5,494,187
License fee, patent and other taxes	603,802	2,452,040	356,745	1,454,093
Utilities	428,734	1,741,089	409,367	1,668,580
Security	392,570	1,594,227	376,489	1,534,569
Communication	366,236	1,487,284	338,159	1,378,336
Office supplies and non-capitalised purchases	413,043	1,677,368	465,954	1,899,229
Leases and rental	284,959	1,157,218	234,908	957,485
Marketing and advertising	214,856	872,530	122,696	500,109
Professional services	196,028	796,070	257,461	1,049,411
Board fees and meetings	40,522	164,560	41,256	168,159
Others	255,900	1,039,210	102,305	416,994
	<u>5,349,165</u>	<u>21,722,959</u>	<u>4,625,640</u>	<u>18,854,108</u>

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28. OTHER EXPENSES (continued)

Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Repairs and maintenance	419,994	1,706,433	269,461	1,101,958
Travelling and transportation	614,873	2,498,397	616,120	2,520,087
License fee, patent and other taxes	295,941	1,202,432	177,492	725,605
Utilities	229,332	931,716	217,182	887,540
Security	197,662	803,095	186,675	763,165
Communication	184,092	747,962	171,680	701,765
Office supplies and non-capitalised purchases	149,862	609,116	193,922	793,691
Leases and rental	133,430	542,162	111,029	454,041
Marketing and advertising	131,021	532,244	62,033	253,575
Professional services	80,279	326,242	123,572	505,205
Board fees and meetings	23,034	93,576	23,286	95,129
Others	138,690	563,446	31,839	130,619
	<u>2,598,210</u>	<u>10,556,821</u>	<u>2,184,291</u>	<u>8,932,380</u>

Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Repairs and maintenance	838,657	3,405,786	572,364	2,332,956
Travelling and transportation	1,313,858	5,335,577	1,347,936	5,494,187
License fee, patent and other taxes	603,505	2,450,834	356,450	1,452,890
Utilities	428,734	1,741,089	409,367	1,668,580
Security	392,570	1,594,227	376,489	1,534,569
Communication	366,236	1,487,284	338,159	1,378,336
Office supplies and non-capitalised purchases	413,043	1,677,368	465,954	1,899,229
Leases and rental	284,959	1,157,218	234,908	957,485
Marketing and advertising	214,856	872,530	122,696	500,109
Professional services	194,608	790,303	250,684	1,021,788
Board fees and meetings	40,522	164,560	41,256	168,159
Others	251,450	1,021,139	102,228	416,681
	<u>5,342,998</u>	<u>21,697,915</u>	<u>4,618,491</u>	<u>18,824,969</u>

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29. CASH AND CASH EQUIVALENTS

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

Group	30 June 2021		30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Cash on hand	37,098,290	151,175,532	30,635,660	125,391,756
Balances with other banks	97,954,340	399,163,935	88,595,261	362,620,404
Balances with the NBC	5,775,935	23,536,935	9,914,936	40,581,833
	<u>140,828,565</u>	<u>573,876,402</u>	<u>129,145,857</u>	<u>528,593,993</u>

Bank	30 June 2021		30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Cash on hand	37,098,290	151,175,532	30,635,660	125,391,756
Balances with other banks	97,892,748	398,912,948	88,595,261	362,620,404
Balances with the NBC	5,775,935	23,536,935	9,914,936	40,581,833
	<u>140,766,973</u>	<u>573,625,415</u>	<u>129,145,857</u>	<u>528,593,993</u>

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
MUFG Bank, Ltd. ("MUFG")	Immediate 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

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30. RELATED PARTIES (continued)

(b) Directors and key management compensation

Group and Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Board of Directors				
Fees and related expenses	25,588	103,940	30,333	123,853
Key management				
Salaries and short-term benefits	621,716	2,526,609	195,042	806,361
Provident benefits	34,271	139,231	22,366	91,469
	<u>655,987</u>	<u>2,665,840</u>	<u>217,408</u>	<u>897,830</u>
Group and Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Board of Directors				
Fees and related expenses	39,176	159,094	48,303	196,883
Key management				
Salaries and short-term benefits	1,531,797	6,220,628	1,142,486	4,656,773
Provident benefits	62,524	253,910	47,813	194,886
	<u>1,594,321</u>	<u>6,474,538</u>	<u>1,190,299</u>	<u>4,851,659</u>
	30 June 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Provident benefits payable	<u>288,843</u>	<u>1,177,035</u>	<u>200,255</u>	<u>810,031</u>

(c) Loans to key management and interest income

Group and Bank	30 June 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Loans outstanding to key management	<u>601,113</u>	<u>2,449,535</u>	<u>449,004</u>	<u>1,816,221</u>

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).

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30. RELATED PARTIES (continued)

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

Group and Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income from key management	12,441	50,546	7,726	31,611
Group and Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income from key management	23,736	96,392	17,721	72,231

(d) Deposits from and interest expense to key management

Group and Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deposits from key management	2,303,278	9,385,858	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% per annum (2020: 1.75% to 8.25% per annum) depending on the terms and currency of the deposits.

Group and Bank	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to key management	48,200	195,841	40,013	163,382
Group and Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to key management	98,626	400,520	64,162	261,524

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30. RELATED PARTIES (continued)

(e) Deposits from and interest expense to Directors

Group and Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deposits from Board of Directors	668,096	2,722,491	625,520	2,530,228

Deposits from the Board of Directors of the Group and the Bank bear interest rates ranging from 0% 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 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to the Board of Directors	12,269	49,849	61,153	250,063

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to the Board of Directors	24,320	98,764	128,135	522,278

(f) Office rental from key management

Group and Bank	30 June 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Right-of-use assets	188,083	766,438	215,640	872,264
Lease liabilities	207,512	845,611	222,417	899,677

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense	4,136	16,805	4,966	20,304
Depreciation	13,779	55,984	13,779	56,328
Lease payment	16,980	68,990	16,980	69,414

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30. RELATED PARTIES (continued)

(f) Office rental from key management (continued)

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest expense	8,414	34,169	10,153	41,384
Depreciation	27,557	111,909	27,557	112,322
Lease payment	33,960	137,912	33,960	138,421

(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 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
<i>Shareholder</i>				
Proceeds received for capital injection	25,000,000	101,525,000	-	-
Repayments of borrowing via IFC (*)	2,857,143	11,602,858	2,857,143	11,648,572
Repayment of borrowings from Krungsri	35,000,000	142,135,000	-	-
Interest and fee expenses	879,802	3,574,641	(3,888)	(6,420)
Net loss from other financial instruments at FVTPL	86,545	351,602	(102,052)	(406,636)
Other comprehensive loss of cash flow hedge	(503,578)	(2,038,826)	(905,865)	(3,763,554)
Other expenses related to IT	1,381	5,610	-	-
<i>Subsidiary</i>				
Interest expense on deposit	10,230	41,554	5	20
Depreciation on right-of-use of land	65,359	265,554	-	-
Lease payment	166,086	674,807	-	-
Management fee	9,982	40,557	-	-
<i>Related party</i>				
Interest expense on borrowing	166,742	677,419	-	-

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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)

(i) Transactions with shareholder, subsidiary and related party (continued)

Group and Bank	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Proceeds received for capital injection	25,000,000	101,525,000	-	-
Repayments of borrowing via IFC (*)	2,857,143	11,602,858	2,857,143	11,648,572
Proceeds received for borrowings from Krungsri	35,000,000	142,135,000	15,000,000	61,140,000
Repayment of borrowings from Krungsri	35,000,000	142,135,000	-	-
Interest and fee expenses	1,762,530	7,157,634	781,727	3,186,319
Net loss from other financial instruments at FVTPL	157,998	641,630	675,235	2,752,258
Other comprehensive income/(loss) of cash flow hedge	2,598,662	10,553,166	(6,843,268)	(27,893,160)
Other expenses related to IT	2,629	10,676	-	-
<i>Subsidiary</i>				
Interest expense on deposit	15,099	61,317	13	53
Depreciation on right-of-use of land	130,719	530,850	-	-
Lease payment	332,172	1,348,950	-	-
Management fee	19,964	81,074	-	-
<i>Related party</i>				
Interest expense on borrowing	306,358	1,244,120	64,054	261,084

(ii) Balances with shareholder, subsidiary and related party

Group and Bank	30 June 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	5,056,982	20,607,202	7,283,277	29,460,855
Amount payable on payment on behalf of the Bank's expense	-	-	50,548	204,467
Borrowing via IFC (*)	-	-	2,857,143	11,557,143
Interest payable on borrowing via IFC	-	-	20,999	84,941
Commitment given and received on interest rate SWAP (**)	95,715,000	390,038,625	106,429,143	430,505,883
Interest and fee payable on borrowing	972	3,961	1,944	7,863

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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	30 June 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)	10,217,882	41,637,869	10,348,601	41,860,091
Lease liability	10,571,009	43,076,862	10,508,151	42,505,471
Deposit from Hattha Services Co., Ltd	498,258	2,030,401	498,258	2,015,454
Refundable deposit to Hattha Services Co., Ltd	597,687	2,435,575	590,573	2,388,868
<i>Related party</i>				
Amount payable on MUFG's payment on behalf of Hattha	13,643	55,595	-	-
Borrowing (***)	7,729,319	31,496,975	7,729,319	31,265,095
Accrued interest payable	50,523	205,881	13,851	56,027

(*) 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 1 July 2017, the Group and the Bank entered into borrowing agreement with Trust Committee of Hattha Kaksekar amounting to US\$729,319 with an interest of 7.5% for the period of 10 years. On 25 December 2020, the Group and the Bank entered into another borrowing agreement with Hattha Kaksekar Financial Trust amounting to US\$7,000,000 with an interest rate of 8.00% per annum 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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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
30 June 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\$
<i>Financial assets measured at fair value</i>								
Equity securities	20,000	-	-	20,000	-	-	20,000	20,000
In KHR'000 equivalents (Note 2.3)	81,500	-	-	81,500	-	-	81,500	81,500
<i>Financial liabilities measured at fair value</i>								
Interest rate swaps – Note 16	-	4,736,057	320,925	5,056,982	-	5,056,982	-	5,056,982
In KHR'000 equivalents (Note 2.3)	-	19,299,432	1,307,770	20,607,202	-	20,607,202	-	20,607,202

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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\$
Financial assets measured at fair value								
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
Financial liabilities measured at fair value								
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 AND SIX-MONTH PERIODS ENDED 30 JUNE 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 provision tax liability as at 30 June 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 ("RGC") 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. On 28 July 2021, the RGC made an announcement to lockdown some provinces excluding Phnom Penh Capital and limiting the movements of people within the whole country for 14 days until 12 August. 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.