

**HATTHA BANK PLC.
AND ITS SUBSIDIARY**
(Registration No. 00005355)

**CONDENSED CONSOLIDATED AND SEPARATE
INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED 30 SEPTEMBER 2021**

AND

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

HATTHA BANK PLC. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

CONTENTS

	Page
Statement of the Board of Directors	1
Independent Auditors' Report on review of condensed interim financial statements	2 – 3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of profit or loss and other comprehensive income	5 – 6
Condensed consolidated interim statement of changes in equity	7
Condensed consolidated interim statement of cash flows	8 – 9
Condensed separate interim statement of financial position	10
Condensed separate interim statement of profit or loss and other comprehensive income	11 – 12
Condensed separate interim statement of changes in equity	13
Condensed separate interim statement of cash flows	14 – 15
Notes to the condensed interim financial statements	16 – 57



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

STATEMENT OF THE BOARD OF DIRECTORS

In the opinion of the Board of Directors, the accompanying condensed consolidated interim financial statements of HATTHA Bank Plc. ("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
12 November 2021





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Independent Auditors' Report on review of condensed interim financial statements

**To the shareholder of
HATTHA Bank Plc.**

Introduction

We have reviewed the accompanying 30 September 2021 condensed consolidated interim financial statements of HATTHA Bank Plc. 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 September 2021;
- The condensed consolidated and separate interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2021;
- The condensed consolidated and separate interim statements of changes in equity for the nine-month period ended 30 September 2021;
- The condensed consolidated and separate interim statements of cash flows for the nine-month period ended 30 September 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

12 November 2021

HATTHA BANK PLC. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	Notes	30 September 2021		31 December 2020	
		US\$	KHR'000	US\$	KHR'000
			(Note 2.3)		(Note 2.3)
ASSETS					
Cash on hand		36,376,570	148,380,029	37,160,689	150,314,987
Balances with the NBC	4	109,374,952	446,140,429	135,341,678	547,457,088
Balances with other banks	5	117,667,054	479,963,913	41,729,838	168,797,195
Loans to customers	6	1,485,789,005	6,060,533,351	1,288,824,168	5,213,293,760
Investment securities		20,000	81,580	20,000	80,900
Derivatives held for risk management	16	7,355	30,001	242,274	979,998
Property and equipment	7	35,014,063	142,822,363	34,892,318	141,139,426
Right-of-use assets	8	11,642,451	47,489,558	11,357,556	45,941,314
Intangible assets	9	4,674,592	19,067,661	3,775,164	15,270,538
Deferred tax assets, net	10(a)	9,325,858	38,040,175	7,991,149	32,324,198
Other assets	11	24,140,005	98,467,080	13,659,106	55,251,084
TOTAL ASSETS		<u>1,834,031,905</u>	<u>7,481,016,140</u>	<u>1,574,993,940</u>	<u>6,370,850,488</u>
LIABILITIES					
Deposits from customers and financial institutions	12	876,217,452	3,574,090,987	803,893,453	3,251,749,017
Debt securities issued	13	30,353,477	123,811,833	29,767,039	120,407,673
Borrowings	14	544,003,891	2,218,991,871	431,708,838	1,746,262,250
Subordinated debts	15	19,795,081	80,744,135	11,895,729	48,118,224
Derivatives held for risk management	16	4,895,739	19,969,719	7,283,277	29,460,855
Current income tax liabilities	10(b)	9,425,273	38,445,689	8,492,313	34,351,406
Lease liabilities	17	12,752,904	52,019,095	12,325,496	49,856,631
Provisions	18	26,667	108,775	77,369	312,958
Other liabilities	19	17,161,511	70,001,803	9,914,890	40,105,731
TOTAL LIABILITIES		<u>1,514,631,995</u>	<u>6,178,183,907</u>	<u>1,315,358,404</u>	<u>5,320,624,745</u>
EQUITY					
Share capital	20	140,000,000	571,060,000	115,000,000	465,175,000
Share premium		19,082,502	77,837,526	19,082,502	77,188,721
Reserves	21	285,781	6,214,123	(1,968,634)	(6,393,069)
Non-distributable reserve	22	50,000,000	203,950,000	30,000,000	121,350,000
Retained earnings		110,031,627	443,770,584	97,521,668	392,905,091
TOTAL EQUITY		<u>319,399,910</u>	<u>1,302,832,233</u>	<u>259,635,536</u>	<u>1,050,225,743</u>
TOTAL LIABILITIES AND EQUITY		<u>1,834,031,905</u>	<u>7,481,016,140</u>	<u>1,574,993,940</u>	<u>6,370,850,488</u>

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

HATTHA BANK PLC. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Notes	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	55,439,495	225,930,827	42,742,391	174,975,691
Interest expense	23	(22,053,141)	(89,885,008)	(17,863,315)	(73,123,287)
Net interest income		33,386,354	136,045,819	24,879,076	101,852,404
Fee and commission income	24	2,308,097	9,399,918	1,539,263	6,296,399
Fee and commission expense	24	(262,412)	(1,068,946)	(178,863)	(731,762)
Net fee and commission income		2,045,685	8,330,972	1,360,400	5,564,637
Net losses from other financial instruments at FVTPL	25	(64,236)	(263,185)	(113,814)	(468,392)
Other income		173,981	707,081	84,934	347,236
Net impairment gains on financial instruments	26	10,915,310	44,282,212	3,638,446	14,735,503
Personnel expenses	27	(12,153,182)	(49,531,629)	(9,974,157)	(40,832,156)
Depreciation and amortisation		(1,536,236)	(6,260,506)	(1,320,302)	(5,405,086)
Other expenses	28	(2,710,487)	(11,047,586)	(2,431,586)	(9,953,487)
Profit before income tax		30,057,189	122,263,178	16,122,997	65,840,659
Income tax expense	10(c)	(5,997,946)	(24,397,297)	(3,235,663)	(13,213,646)
Profit for the period		24,059,243	97,865,881	12,887,334	52,627,013
Other comprehensive income					
Cash flow hedge reserve		532,916	2,179,830	314,022	1,240,778
Income tax relating to components of other comprehensive income		(106,584)	(435,969)	(62,804)	(248,154)
Currency translation differences		-	717,870	-	883,291
		426,332	2,461,731	251,218	1,875,915
Total comprehensive income for the period		24,485,575	100,327,612	13,138,552	54,502,928
Profit attributable to shareholder		24,059,243	97,865,881	12,887,334	52,627,013
Total comprehensive income attributable to shareholder		24,485,575	100,327,612	13,138,552	54,502,928

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

HATTHA BANK PLC. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Notes	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	158,207,640	643,272,264	126,284,121	515,491,782
Interest expense	23	(65,440,409)	(266,080,703)	(52,069,032)	(212,545,789)
Net interest income		92,767,231	377,191,561	74,215,089	302,945,993
Fee and commission income	24	5,347,202	21,741,723	3,727,083	15,213,953
Fee and commission expense	24	(658,167)	(2,676,107)	(452,680)	(1,847,840)
Net fee and commission income		4,689,035	19,065,616	3,274,403	13,366,113
Net losses from other financial instruments at FVTPL	25	(464,509)	(1,888,694)	(747,607)	(3,051,732)
Other income		108,854	442,600	174,092	710,644
Net impairment losses on financial instruments	26	(8,972,378)	(36,481,689)	(15,800,575)	(64,497,947)
Personnel expenses	27	(35,511,414)	(144,389,409)	(29,581,972)	(120,753,610)
Depreciation and amortisation		(4,370,384)	(17,769,981)	(3,922,447)	(16,011,429)
Other expenses	28	(8,059,652)	(32,770,545)	(7,057,226)	(28,807,595)
Profit before income tax		40,186,783	163,399,459	20,553,757	83,900,437
Income tax expense	10(c)	(7,927,671)	(32,233,910)	(4,180,471)	(17,064,683)
Profit for the period		32,259,112	131,165,549	16,373,286	66,835,754
Other comprehensive income/(loss)					
Cash flow hedge reserve		3,131,578	12,732,996	(6,529,246)	(26,652,382)
Income tax relating to components of other comprehensive income/(loss)		(626,316)	(2,546,601)	1,305,850	5,330,480
Currency translation differences		-	5,080,991	-	6,656,200
		2,505,262	15,267,386	(5,223,396)	(14,665,702)
Total comprehensive income for the period		34,764,374	146,432,935	11,149,890	52,170,052
Profit attributable to shareholder		32,259,112	131,165,549	16,373,286	66,835,754
Total comprehensive income attributable to shareholder		34,764,374	146,432,935	11,149,890	52,170,052

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

HATTHA BANK PLC. AND ITS SUBSIDIARY

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

	Attributable to shareholder					Total US\$
	Share capital US\$	Share premium US\$	Reserves US\$	Non- distributable reserve US\$	Retained earnings US\$	
Nine-month period ended 30 September 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	-	-	-	-	16,373,286	16,373,286
Other comprehensive loss	-	-	(5,223,396)	-	-	(5,223,396)
Total comprehensive (loss)/income for the period	-	-	(5,223,396)	-	16,373,286	11,149,890
Transfers	-	-	23,933,702	-	(23,933,702)	-
At 30 September 2020	115,000,000	19,082,502	27,528,698	-	87,898,712	249,509,912
In KHR'000 equivalents (Note 2.3)	471,500,000	78,238,258	119,617,884	-	353,634,498	1,022,990,640
Nine-month period ended 30 September 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	-	-	-	-	32,259,112	32,259,112
Other comprehensive income	-	-	2,505,262	-	-	2,505,262
Total comprehensive income for the period	-	-	2,505,262	-	32,259,112	34,764,374
Transfers	-	-	(250,847)	20,000,000	(19,749,153)	-
At 30 September 2021	140,000,000	19,082,502	285,781	50,000,000	110,031,627	319,399,910
In KHR'000 equivalents (Note 2.3)	571,060,000	77,837,526	6,214,123	203,950,000	443,770,584	1,302,832,233

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

HATTHA BANK PLC. AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Notes	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from operating activities					
Profit before income tax		40,186,783	163,399,459	20,553,757	83,900,437
<i>Adjustments for:</i>					
Net interest income	23	(92,767,231)	(377,191,561)	(74,215,089)	(302,945,993)
Net losses from other financial instruments at FVTPL	25	464,509	1,888,694	747,607	3,051,732
Net impairment losses on financial instruments	26	8,972,378	36,481,689	15,800,575	64,497,947
Dividends on equity securities at FVOCI		(15,533)	(63,157)	-	-
Depreciation and amortisation		4,370,384	17,769,981	3,922,447	16,011,429
Provision for employee benefits		1,397,421	5,681,914	1,147,607	4,684,532
Losses on disposals of property and equipment		839	3,411	931	3,800
Asset written-off		93,183	378,882	-	-
Effect of currency translation of monetary items		(5,408,575)	(21,991,266)	(2,496,135)	(10,189,223)
		(42,705,842)	(173,641,954)	(34,538,300)	(140,985,339)
<i>Changes in:</i>					
Balances with the NBC		442,452	1,799,010	(31,254,138)	(127,579,391)
Balances with other banks		(304,513)	(1,238,150)	-	-
Loans to customers		(204,122,137)	(829,960,609)	(87,742,424)	(358,164,575)
Other assets		(9,632,916)	(39,167,436)	3,397,905	13,870,248
Deposits from customers and financial institutions		71,692,335	291,501,034	76,570,113	312,559,201
Other liabilities		7,246,622	29,464,765	(25,472,457)	(103,978,569)
Cash used in operations		(177,383,999)	(721,243,340)	(99,039,301)	(404,278,425)
Interest received		155,450,728	632,062,660	125,268,062	511,344,229
Interest paid		(63,470,956)	(258,072,907)	(50,388,048)	(205,684,012)
Income tax paid	10(b)	(8,955,970)	(36,414,974)	(2,988,212)	(12,197,881)
Net cash used in operating activities		(94,360,197)	(383,668,561)	(27,147,499)	(110,816,089)
Cash flows from investing activities					
Purchases of property and equipment	7	(1,757,310)	(7,145,222)	(30,595,502)	(124,890,839)
Purchases of intangible assets	9	(1,373,032)	(5,582,748)	(2,422,170)	(9,887,298)
Proceeds from disposals of property and equipment		524	2,131	1,652	6,743
Dividend received		15,533	63,157	-	-
Net cash used in investing activities		(3,114,285)	(12,662,682)	(33,016,020)	(134,771,394)

HATTHA BANK PLC. AND ITS SUBSIDIARY

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

	Notes	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from financing activities					
Proceeds from borrowings		278,748,211	1,133,390,226	265,870,406	1,085,282,997
Proceeds from subordinated debts		10,000,000	40,660,000	-	-
Repayments of borrowings		(160,885,320)	(654,159,711)	(174,056,928)	(710,500,380)
Repayments of subordinated debts		(2,000,000)	(8,132,000)	(4,500,000)	(18,369,000)
Principal elements of lease payments		(2,909,254)	(11,829,027)	(2,745,149)	(11,749,286)
Issuance of share capital		25,000,000	101,650,000	40,000,000	163,280,000
Net cash from financing activities		147,953,637	601,579,488	124,568,329	507,944,331
Net increase in cash and cash equivalents		50,479,155	205,248,245	64,404,810	262,356,848
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		-	3,592,482	-	3,670,389
Cash and cash equivalents at the end of period	29	136,839,559	558,168,561	143,105,440	586,732,304
Significant non-cash transaction:					
Conversion of amount due to shareholder to share capital		25,000,000	101,650,000	40,000,000	163,280,000

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

HATTHA BANK PLC.

**CONDENSED SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	Notes	30 September 2021		31 December 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
ASSETS					
Cash on hand		36,376,570	148,380,029	37,160,689	150,314,987
Balances with the NBC	4	109,374,952	446,140,429	135,341,678	547,457,088
Balances with other banks	5	117,617,296	479,760,950	41,656,629	168,501,064
Loans to customers	6	1,485,789,005	6,060,533,351	1,288,824,168	5,213,293,760
Investment securities		20,000	81,580	20,000	80,900
Investment in subsidiary		490	1,999	490	1,982
Derivatives held for risk management	16	7,355	30,001	242,274	979,998
Property and equipment	7	5,584,175	22,777,850	5,462,161	22,094,441
Right-of-use assets	8	21,794,973	88,901,695	21,706,157	87,801,405
Intangible assets	9	4,674,592	19,067,661	3,775,164	15,270,538
Deferred tax assets, net	10(a)	9,254,760	37,750,166	7,976,643	32,265,521
Other assets	11	24,638,773	100,501,557	14,156,297	57,262,221
TOTAL ASSETS		<u>1,815,132,941</u>	<u>7,403,927,268</u>	<u>1,556,322,350</u>	<u>6,295,323,905</u>
LIABILITIES					
Deposits from customers and financial institutions	12	876,839,148	3,576,626,885	804,484,026	3,254,137,885
Debt securities issued	13	30,353,477	123,811,833	29,767,039	120,407,673
Borrowings	14	514,504,808	2,098,665,112	402,208,119	1,626,931,841
Subordinated debts	15	19,795,081	80,744,135	11,895,729	48,118,224
Derivatives held for risk management	16	4,895,739	19,969,719	7,283,277	29,460,855
Current income tax liabilities	10(b)	9,385,895	38,285,066	8,472,025	34,269,341
Lease liabilities	17	23,356,235	95,270,083	22,833,647	92,362,102
Provisions	18	26,667	108,775	77,369	312,958
Other liabilities	19	17,151,390	69,960,520	9,904,708	40,064,544
TOTAL LIABILITIES		<u>1,496,308,440</u>	<u>6,103,442,128</u>	<u>1,296,925,939</u>	<u>5,246,065,423</u>
EQUITY					
Share capital	20	140,000,000	571,060,000	115,000,000	465,175,000
Share premium		19,082,502	77,837,526	19,082,502	77,188,721
Reserves	21	285,781	6,209,512	(1,968,634)	(6,385,180)
Non-distributable reserve	22	50,000,000	203,950,000	30,000,000	121,350,000
Retained earnings		109,456,218	441,428,102	97,282,543	391,929,941
TOTAL EQUITY		<u>318,824,501</u>	<u>1,300,485,140</u>	<u>259,396,411</u>	<u>1,049,258,482</u>
TOTAL LIABILITIES AND EQUITY		<u>1,815,132,941</u>	<u>7,403,927,268</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.

CONDENSED SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Notes	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	55,439,495	225,930,827	42,742,391	174,975,691
Interest expense	23	(22,111,566)	(90,123,134)	(17,994,102)	(73,657,159)
Net interest income		33,327,929	135,807,693	24,748,289	101,318,532
Fee and commission income	24	2,308,097	9,399,918	1,539,263	6,296,399
Fee and commission expense	24	(262,412)	(1,068,946)	(178,863)	(731,762)
Net fee and commission income		2,045,685	8,330,972	1,360,400	5,564,637
Net losses from other financial instruments at FVTPL	25	(64,236)	(263,185)	(113,814)	(468,392)
Other income		184,123	748,417	84,914	347,154
Net impairment gains on financial instruments	26	10,915,310	44,282,212	3,638,446	14,735,503
Personnel expenses	27	(12,151,175)	(49,523,448)	(9,972,823)	(40,826,700)
Depreciation and amortisation		(1,601,505)	(6,526,543)	(1,363,784)	(5,582,578)
Other expenses	28	(2,709,549)	(11,043,741)	(2,427,870)	(9,938,277)
Profit before income tax		29,946,582	121,812,377	15,953,758	65,149,879
Income tax expense	10(c)	(6,001,431)	(24,411,505)	(3,206,148)	(13,093,165)
Profit for the period		23,945,151	97,400,872	12,747,610	52,056,714
Other comprehensive income					
Cash flow hedge reserve		532,916	2,179,830	314,022	1,240,778
Income tax relating to components of other comprehensive income		(106,584)	(435,969)	(62,804)	(248,154)
Currency translation differences		-	715,653	-	880,850
		426,332	2,459,514	251,218	1,873,474
Total comprehensive income for the period		24,371,483	99,860,386	12,998,828	53,930,188
Profit attributable to shareholder		23,945,151	97,400,872	12,747,610	52,056,714
Total comprehensive income attributable to shareholder		24,371,483	99,860,386	12,998,828	53,930,188

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

HATTHA BANK PLC.

CONDENSED SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Notes	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	23	158,207,640	643,272,264	126,284,121	515,491,782
Interest expense	23	(65,612,828)	(266,781,759)	(52,199,832)	(213,079,714)
Net interest income		92,594,812	376,490,505	74,084,289	302,412,068
Fee and commission income	24	5,347,202	21,741,723	3,727,083	15,213,953
Fee and commission expense	24	(658,167)	(2,676,107)	(452,680)	(1,847,840)
Net fee and commission income		4,689,035	19,065,616	3,274,403	13,366,113
Net losses from other financial instruments at FVTPL	25	(464,509)	(1,888,694)	(747,607)	(3,051,732)
Other income		138,712	564,003	174,072	710,562
Net impairment losses on financial instruments	26	(8,972,378)	(36,481,689)	(15,800,575)	(64,497,947)
Personnel expenses	27	(35,505,348)	(144,364,745)	(29,578,902)	(120,741,078)
Depreciation and amortisation		(4,566,194)	(18,566,145)	(3,965,809)	(16,188,432)
Other expenses	28	(8,052,547)	(32,741,656)	(7,046,361)	(28,763,246)
Profit before income tax		39,861,583	162,077,195	20,393,510	83,246,308
Income tax expense	10(c)	(7,938,755)	(32,278,978)	(4,150,956)	(16,944,202)
Profit for the period		31,922,828	129,798,217	16,242,554	66,302,106
Other comprehensive income/(loss)					
Cash flow hedge reserve		3,131,578	12,732,996	(6,529,246)	(26,652,382)
Income tax relating to components of other comprehensive income/(loss)		(626,316)	(2,546,601)	1,305,850	5,330,480
Currency translation differences		-	5,076,380	-	6,654,302
		2,505,262	15,262,775	(5,223,396)	(14,667,600)
Total comprehensive income for the period		34,428,090	145,060,992	11,019,158	51,634,506
Profit attributable to shareholder		31,922,828	129,798,217	16,242,554	66,302,106
Total comprehensive income attributable to shareholder		34,428,090	145,060,992	11,019,158	51,634,506

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

HATTHA BANK PLC.

**CONDENSED SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

	Attributable to shareholder					
	Share capital	Share premium	Reserves	Non-distributable reserve	Retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Nine-month period ended 30 September 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	-	-	-	-	16,242,554	16,242,554
Other comprehensive loss	-	-	(5,223,396)	-	-	(5,223,396)
Total comprehensive (loss)/income for the period	-	-	(5,223,396)	-	16,242,554	11,019,158
Transfers	-	-	23,933,702	-	(23,933,702)	-
At 30 September 2020	115,000,000	19,082,502	27,528,698	-	87,777,455	249,388,655
In KHR'000 equivalents (Note 2.3)	471,500,000	78,238,258	119,615,986	-	353,139,242	1,022,493,486
Nine-month period ended 30 September 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	-	-	-	-	31,922,828	31,922,828
Other comprehensive income	-	-	2,505,262	-	-	2,505,262
Total comprehensive income for the period	-	-	2,505,262	-	31,922,828	34,428,090
Transfers	-	-	(250,847)	20,000,000	(19,749,153)	-
At 30 September 2021	140,000,000	19,082,502	285,781	50,000,000	109,456,218	318,824,501
In KHR'000 equivalents (Note 2.3)	571,060,000	77,837,526	6,209,512	203,950,000	441,428,102	1,300,485,140

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

HATTHA BANK PLC.

**CONDENSED SEPARATE INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

Notes	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from operating activities				
	39,861,583	162,077,195	20,393,510	83,246,308
<i>Adjustments for:</i>				
Net interest income	23 (92,594,812)	(376,490,505)	(74,084,289)	(302,412,068)
Net losses from other financial instruments at FVTPL	25 464,509	1,888,694	747,607	3,051,732
Net impairment losses on financial instruments	26 8,972,378	36,481,689	15,800,575	64,497,947
Dividends on equity securities at FVOCI	(15,533)	(63,157)	-	-
Depreciation and amortisation	4,566,194	18,566,145	3,965,809	16,188,432
Provision for employee benefits	1,397,421	5,681,914	1,147,607	4,684,532
Losses on disposals of property and equipment	839	3,411	931	3,800
Written-off of fixed asset	93,183	378,882	-	-
Effect of currency translation of monetary items	(5,408,575)	(21,991,266)	(2,496,135)	(10,189,223)
	(42,662,813)	(173,466,998)	(34,524,385)	(140,928,540)
<i>Changes in:</i>				
Balances with the NBC	442,452	1,799,010	(31,254,138)	(127,579,391)
Balances with other banks	(304,513)	(1,238,150)	-	-
Loans to customers	(204,122,137)	(829,960,609)	(87,742,424)	(358,164,575)
Other assets	(9,634,492)	(39,173,844)	(13,740,309)	(56,087,941)
Deposits from customers and financial institutions	71,723,458	291,627,580	76,570,113	312,559,201
Other liabilities	7,246,682	29,465,009	(37,767,799)	(154,168,156)
Cash used in operations	(177,311,363)	(720,948,002)	(128,458,942)	(524,369,402)
Interest received	155,425,089	631,958,412	125,268,062	511,344,229
Interest paid	(63,022,662)	(256,250,144)	(50,388,048)	(205,684,012)
Income tax paid	10(b) (8,929,552)	(36,307,558)	(2,987,658)	(12,195,620)
Net cash used in operating activities	(93,838,488)	(381,547,292)	(56,566,586)	(230,904,805)
Cash flows from investing activities				
Purchases of property and equipment	7 (1,757,310)	(7,145,222)	(1,165,044)	(4,755,710)
Purchases of intangible assets	9 (1,373,032)	(5,582,748)	(2,422,170)	(9,887,298)
Proceeds from disposals of property and equipment	524	2,131	1,652	6,743
Dividend received	15,533	63,157	-	-
Net cash used in investing activities	(3,114,285)	(12,662,682)	(3,585,562)	(14,636,265)

HATTHA BANK PLC.

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

Notes	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from financing activities				
Proceeds from borrowings	278,748,211	1,133,390,226	265,870,406	1,085,282,997
Proceeds from subordinated debts	10,000,000	40,660,000	-	-
Repayments of borrowings	(160,885,320)	(654,159,711)	(174,056,928)	(710,500,380)
Repayments of subordinated debts	(2,000,000)	(8,132,000)	(4,500,000)	(18,369,000)
Principal elements of lease payments	(3,407,512)	(13,854,944)	(2,878,316)	(11,749,286)
Issuance of share capital	25,000,000	101,650,000	40,000,000	163,280,000
Net cash from financing activities	147,455,379	599,553,571	124,435,162	507,944,331
Net increase in cash and cash equivalents	50,502,606	205,343,597	64,283,014	262,403,261
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	-	3,590,297	-	3,124,612
Cash and cash equivalents at the end of period	29 136,789,801	557,965,598	142,983,644	586,232,940
Significant non-cash transaction:				
Conversion of amount due to shareholder to share capital	25,000,000	101,650,000	40,000,000	163,280,000

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

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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 12 November 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. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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 September 2021	4,079	4,066
30 September 2020	4,100	4,082
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.

Change of ECL methodology

The Group and the Bank has changed the ECL methodology from Proxy Model to their own model which implemented from September 2021 onward. This own model was estimated by using the Group and the Bank historical data in developing the Expected Credit Loss modelling in accordance to CIFRS 9 requirements.

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. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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 (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. 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.

To monitor and identify the Significant Increase in Credit Risk for impairment, the Group and the Bank applied below approaches and criteria:

1. Quantitative criteria: this is supposed to compare the Change in PD at reporting date from the origination date (Change in cumulative residual unbiased PD, or Change in unbiased PD comparing origination unbiased PD expected at the reporting date with the current PD at reporting). However, these quantitative criteria will be incorporated when the Group and the Bank has enough data.

2. Qualitative criteria: the Group and the Bank has established the procedure of credit review. The independent credit review shall be conducted to review the facility quality and signal of Significant Increase in Credit Risk by applying the prudential criteria from National Bank of Cambodia.

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.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

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

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.

Probability of default (PD)

The Probability of Default ("PD") is defined as an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon, usually in the course of one year. The estimation of ECL under the CIFRS 9 requires a 12-month PD and lifetime PD estimation. 12-month ECLs represent a portion of lifetime ECLs and the probability of a default occurring in the 12 months after the reporting date. On the other hand, for lifetime ECLs, the Group and the Bank would need to estimate the risk of a default occurring throughout the expected lifetime of a financial instrument. Hence, a lifetime PD table is required to be computed based on Hattha Bank's past historical data. In addition, the lifetime PD model is required to incorporate the seasonal changes and rating migration of the portfolio as well.

CIFRS 9 requires the application of forward-looking adjustments to the PD estimation to reflect the future macroeconomic scenarios. A term structure will be constructed using a statistical approach depending on data availability for the lifetime PD computation purpose.

Loss Given Default (LGD)

The Loss Given Default ("LGD") is defined as the percentage of exposure the financial institution might lose in case the borrower defaults. These losses are usually shown as a percentage of Exposure at Default ("EAD"), and depend, amongst others, on the type and amount of collateral as well as the type of borrower and the expected proceeds from the workout of the assets.

Exposure at Default (EAD)

Exposure at Default ("EAD") is defined as an estimation of the extent to which the Group and the Bank may be exposed to its counterparty at the time of default. For defaulted accounts, EAD is simply the outstanding balance at the point of default.

Forward Looking

With the change of standard from CIAS 39 to CIFRS 9 from an incurred loss model to an expected loss model, the analysis of the relationship between the historical default experience and the macroeconomic conditions is required. From thereon, using the related Macro Economic Variables ("MEVs"), the Group and the Bank can assign an appropriate amount of ECL according to the changes in the relevant economic condition.

In the event that there is a new product or insufficient data for a portfolio, the Group and the Bank shall leverage on other portfolios with similar characteristics until sufficient default data is available for forward-looking analysis.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

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

Key sources of estimation uncertainty (continued)

Forward Looking (continued)

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (Covid-19) outbreak has spread globally, 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.

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.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

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

Fair value hierarchy (continued)

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.

4. BALANCES WITH THE NBC

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Statutory deposits				
Capital guarantee deposit	14,001,412	57,111,760	11,500,877	46,521,047
Reserve requirement	84,030,487	342,760,356	86,972,939	351,805,538
	98,031,899	399,872,116	98,473,816	398,326,585
Current accounts	11,243,266	45,861,282	32,706,758	132,298,837
Negotiable Certificate of Deposit ("NCD")	99,787	407,031	4,161,104	16,831,666
	109,374,952	446,140,429	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 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	118,898,349	484,986,366	41,896,868	169,472,831
Impairment loss allowance	(1,231,295)	(5,022,453)	(167,030)	(675,636)
	117,667,054	479,963,913	41,729,838	168,797,195

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

5. BALANCE WITH OTHER BANKS (continued)

Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	118,848,591	484,783,403	41,823,659	169,176,700
Impairment loss allowance	(1,231,295)	(5,022,453)	(167,030)	(675,636)
	<u>117,617,296</u>	<u>479,760,950</u>	<u>41,656,629</u>	<u>168,501,064</u>

The above amounts are analysed as follows:

As at 30 September 2021

Group	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	85,267,579	(1,171,410)	84,096,169	343,028,273
Savings accounts	3,873,567	(56,909)	3,816,658	15,568,148
Term deposits	29,757,203	(2,976)	29,754,227	121,367,492
	<u>118,898,349</u>	<u>(1,231,295)</u>	<u>117,667,054</u>	<u>479,963,913</u>

Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	85,267,579	(1,171,410)	84,096,169	343,028,273
Savings accounts	3,823,809	(56,909)	3,766,900	15,365,185
Term deposits	29,757,203	(2,976)	29,754,227	121,367,492
	<u>118,848,591</u>	<u>(1,231,295)</u>	<u>117,617,296</u>	<u>479,760,950</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>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

5. BALANCE WITH OTHER BANKS (continued)

As at 31 December 2020

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>

6. LOANS TO CUSTOMERS

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers at amortised cost	1,514,478,801	6,177,559,029	1,312,160,841	5,307,690,602
Impairment loss allowance(*)	<u>(28,689,796)</u>	<u>(117,025,678)</u>	<u>(23,336,673)</u>	<u>(94,396,842)</u>
	<u>1,485,789,005</u>	<u>6,060,533,351</u>	<u>1,288,824,168</u>	<u>5,213,293,760</u>

(*) On 29th September 2021, the Board of Directors of the Group and the Bank approved to apply a management overlay on CIFRS 9's ECL amounting to US\$1.9 million. The Group and the Bank use the overlay approach by making the assessment over the credit performance of the loan restructured portfolio.

The above amounts are analysed as follows:

As at 30 September 2021

Group and Bank	Gross carrying amounts	ECL allowance	Carrying amounts	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Individual loans				
External customers				
Mortgage lending	141,584,800	(728,083)	140,856,717	574,554,549
Personal lending	1,366,130,577	(27,956,573)	1,338,174,004	5,458,411,762
Staff loans	<u>6,763,424</u>	<u>(5,140)</u>	<u>6,758,284</u>	<u>27,567,040</u>
	<u>1,514,478,801</u>	<u>(28,689,796)</u>	<u>1,485,789,005</u>	<u>6,060,533,351</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

6. LOANS TO CUSTOMERS (continued)

As at 31 December 2020

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

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 September 2021				KHR'000 (Note 2.3)
	Stage 1 US\$	Stage 2 US\$	Stage 3 US\$	Total US\$	
Loans to customers					
Normal	1,460,898,089	-	-	1,460,898,089	5,959,003,305
Special mention	-	30,279,709	-	30,279,709	123,510,933
Substandard	-	-	12,056,895	12,056,895	49,180,075
Doubtful	-	-	9,090,470	9,090,470	37,080,027
Loss	-	-	2,153,638	2,153,638	8,784,689
	<u>1,460,898,089</u>	<u>30,279,709</u>	<u>23,301,003</u>	<u>1,514,478,801</u>	<u>6,177,559,029</u>
Impairment loss allowance	<u>(24,225,437)</u>	<u>(1,858,284)</u>	<u>(2,606,075)</u>	<u>(28,689,796)</u>	<u>(117,025,678)</u>
Carrying amounts	<u>1,436,672,652</u>	<u>28,421,425</u>	<u>20,694,928</u>	<u>1,485,789,005</u>	<u>6,060,533,351</u>
Loan commitments					
Normal	2,025,489	-	-	2,025,489	8,261,970
Special mention	-	-	-	-	-
Substandard	-	-	1,679	1,679	6,849
Doubtful	-	-	-	-	-
Loss	-	-	-	-	-
	<u>2,025,489</u>	<u>-</u>	<u>1,679</u>	<u>2,027,168</u>	<u>8,268,819</u>
Impairment loss allowance (Note 18)	<u>(26,296)</u>	<u>-</u>	<u>(371)</u>	<u>(26,667)</u>	<u>(108,775)</u>
Carrying amounts	<u>1,999,193</u>	<u>-</u>	<u>1,308</u>	<u>2,000,501</u>	<u>8,160,044</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

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 September 2021				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Current	1,447,611,080	24,548,954	13,392,070	1,485,552,104	6,059,567,032
Overdue ≤ 30 days	13,287,009	2,379,987	1,498,149	17,165,145	70,016,626
Overdue > 30 days	-	3,350,768	8,410,784	11,761,552	47,975,371
Total	<u>1,460,898,089</u>	<u>30,279,709</u>	<u>23,301,003</u>	<u>1,514,478,801</u>	<u>6,177,559,029</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

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
Overdue ≤ 30 days	1,146,273	47,487	44,864	1,238,624
Overdue > 30 days	-	1,284,469	8,073,387	9,357,856
Total	1,288,642,698	5,749,442	17,768,701	1,312,160,841
				5,307,690,602
Group and Bank	30 September 2021		31 December 2020	
	Gross carrying amounts	Loss allowance	Gross carrying amounts	Loss allowance
	US\$	US\$	US\$	US\$
Loans to customers				
0-29 days	1,502,448,479	27,522,492	1,302,778,328	14,516,247
30-59 days	2,773,822	199,948	692,086	411,414
60-89 days	1,953,759	144,287	735,585	454,170
90-180 days	2,560,658	287,075	1,806,188	1,806,188
More than 180 days	4,742,083	535,994	6,148,654	6,148,654
Total	1,514,478,801	28,689,796	1,312,160,841	23,336,673
In KHR'000 equivalents (Note 2.3)	6,177,559,029	117,025,678	5,307,690,602	94,396,842

7. PROPERTY AND EQUIPMENT

During the nine-month period ended 30 September 2021, the Group and the Bank acquired property and equipment amounting to US\$1,757,310 (Group and Bank: nine-month period ended 30 September 2020: US\$30,595,502 and US\$1,165,044 respectively), and the depreciation expense amounting to US\$1,623,673 and US\$1,623,404 (Group and Bank: nine-month period ended 30 September 2020: US\$1,484,597 and US\$1,484,386) were charged to condensed consolidated and separate interim statement of profit or loss during the period.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

8. RIGHT-OF-USE ASSETS

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

Group

30 September 2021	Buildings	ATM	Total	
	US\$	premises US\$	US\$	KHR'000
				(Note 2.3)
Cost				
At 1 January 2021	19,179,344	658,613	19,837,957	80,244,536
Additions	2,587,144	127,476	2,714,620	11,037,645
Reversals	(147,102)	-	(147,102)	(598,117)
Currency translation differences	-	-	-	707,869
At 30 September 2021	21,619,386	786,089	22,405,475	91,391,933
Less: Accumulated amortisation				
At 1 January 2021	8,051,334	429,067	8,480,401	34,303,222
Amortisation	2,228,469	127,293	2,355,762	9,578,528
Reversals	(73,139)	-	(73,139)	(297,383)
Currency translation differences	-	-	-	318,008
At 30 September 2021	10,206,664	556,360	10,763,024	43,902,375
Carrying amounts				
At 30 September 2021	11,412,722	229,729	11,642,451	47,489,558

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

Bank

30 September 2021	Land	Buildings	ATM	Total	
	US\$	US\$	premises US\$	US\$	KHR'000
	(Note 30)				(Note 2.3)
Cost					
At 1 January 2021	10,457,534	19,179,344	658,613	30,295,491	122,545,261
Additions	-	2,587,144	127,476	2,714,620	11,037,645
Reversals	-	(147,102)	-	(147,102)	(598,117)
Currency translation differences	-	-	-	-	1,063,425
At 30 September 2021	10,457,534	21,619,386	786,089	32,863,009	134,048,214
Less: Accumulated amortisation					
At 1 January 2021	108,933	8,051,334	429,067	8,589,334	34,743,856
Amortisation	196,079	2,228,469	127,293	2,551,841	10,375,786
Reversals	-	(73,139)	-	(73,139)	(297,383)
Currency translation differences	-	-	-	-	324,260
At 30 September 2021	305,012	10,206,664	556,360	11,068,036	45,146,519
Carrying amounts					
At 30 September 2021	10,152,522	11,412,722	229,729	21,794,973	88,901,695

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

8. RIGHT-OF-USE ASSETS (continued)

Group

31 December 2020	Buildings US\$	ATM premises US\$	Total 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 September	1,478,515	154,376	1,632,891	6,665,461
1 October to 31 December	457,171	27,185	484,356	1,966,555
Reversals	(50,622)	(27,673)	(78,295)	(319,209)
Currency translation differences	-	-	-	(599,216)
At 31 December 2020	<u>19,179,344</u>	<u>658,613</u>	<u>19,837,957</u>	<u>80,244,536</u>
Less: Accumulated amortisation				
At 1 January 2020	5,246,053	271,695	5,517,748	22,484,823
Amortisation				
1 January to 30 September	2,101,258	129,346	2,230,604	9,105,326
1 October to 31 December	719,782	41,863	761,645	3,094,073
Reversals	(15,759)	(13,837)	(29,596)	(120,663)
Currency translation differences	-	-	-	(260,337)
At 31 December 2020	<u>8,051,334</u>	<u>429,067</u>	<u>8,480,401</u>	<u>34,303,222</u>
Carrying amounts				
At 31 December 2020	<u>11,128,010</u>	<u>229,546</u>	<u>11,357,556</u>	<u>45,941,314</u>

Bank

31 December 2020	Land US\$	Buildings US\$	ATM premises US\$	Total 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 September	10,457,534	1,478,515	154,376	12,090,425	49,353,115
1 October to 31 December	-	457,171	27,185	484,356	1,914,267
Reversals	-	(50,622)	(27,673)	(78,295)	(319,209)
Currency translation differences	-	-	-	-	(933,857)
At 31 December 2020	<u>10,457,534</u>	<u>19,179,344</u>	<u>658,613</u>	<u>30,295,491</u>	<u>122,545,261</u>
Less: Accumulated amortisation					
At 1 January 2020	-	5,246,053	271,695	5,517,748	22,484,823
Amortisation					
1 January to 30 September	43,573	2,101,258	129,346	2,274,177	9,283,191
1 October to 31 December	65,360	719,782	41,863	827,005	3,360,328
Reversals	-	(15,759)	(13,837)	(29,596)	(120,663)
Currency translation differences	-	-	-	-	(263,823)
At 31 December 2020	<u>108,933</u>	<u>8,051,334</u>	<u>429,067</u>	<u>8,589,334</u>	<u>34,743,856</u>
Carrying amounts					
At 31 December 2020	<u>10,348,601</u>	<u>11,128,010</u>	<u>229,546</u>	<u>21,706,157</u>	<u>87,801,405</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

9. INTANGIBLE ASSETS

During the nine-month period ended 30 September 2021, the Group and the Bank acquired the intangible assets of US\$1,373,032 which is currently under progress amounting to US\$989,417 (nine-month period ended 30 September 2020: addition amounting to US\$2,422,170 and asset under progress amounting to US\$2,374,896), and the amortisation expense amounting to US\$392,209 (nine-month period ended 30 September 2020: US\$207,246) 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 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred tax assets	13,607,287	55,504,124	12,340,473	49,917,213
Deferred tax liabilities	(4,281,429)	(17,463,949)	(4,349,324)	(17,593,015)
Net deferred tax assets	9,325,858	38,040,175	7,991,149	32,324,198
Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred tax assets	13,352,417	54,464,509	12,255,863	49,574,966
Deferred tax liabilities	(4,097,657)	(16,714,343)	(4,279,220)	(17,309,445)
Net deferred tax assets	9,254,760	37,750,166	7,976,643	32,265,521

The movement of net deferred tax assets was as follows:

Group	30 September 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 30 September	1,961,025	7,973,529	2,454,258	10,018,281
1 October to 31 December	-	-	533,260	2,161,830
Credited to other comprehensive income				
1 January to 30 September	(626,316)	(2,546,601)	1,305,850	5,330,480
1 October to 31 December	-	-	(204,902)	(841,915)
Currency translation differences	-	289,049	-	(247,911)
At the end of period	9,325,858	38,040,175	7,991,149	32,324,198

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

10 INCOME TAX (continued)

(a) Deferred tax assets, net (continued)

Bank	30 September 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 30 September	1,904,433	7,743,425	2,466,988	10,070,245
1 October to 31 December	-	-	506,024	2,050,725
Credited to other comprehensive income				
1 January to 30 September	(626,316)	(2,546,601)	1,305,850	5,330,480
1 October to 31 December	-	-	(204,902)	(841,915)
Currency translation differences	-	287,821	-	(247,447)
At the end of period	<u>9,254,760</u>	<u>37,750,166</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 follows:

Group	30 September 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 30 September	9,888,696	40,207,439	6,634,729	27,082,964
1 October to 31 December	-	-	2,125,929	8,634,239
Current income tax paid				
1 January to 30 September	(8,955,970)	(36,414,974)	(2,988,212)	(12,197,881)
1 October to 31 December	-	-	86,968	369,509
Currency translation differences	234	301,818	-	(266,488)
At the end of period	<u>9,425,273</u>	<u>38,445,689</u>	<u>8,492,313</u>	<u>34,351,406</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

10. INCOME TAX (continued)

(b) Current income tax liabilities (continued)

Bank	30 September 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 30 September	9,843,188	40,022,403	6,617,944	27,014,447
1 October to 31 December	-	-	2,120,147	8,610,750
Current income tax paid				
1 January to 30 September	(8,929,552)	(36,307,558)	(2,987,658)	(12,195,620)
1 October to 31 December	-	-	88,693	376,540
Currency translation differences	234	300,880	-	(265,839)
At the end of period	9,385,895	38,285,066	8,472,025	34,269,341

(c) Income tax expense

Group	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	3,755,651	15,301,143	2,014,560	8,251,155
Deferred tax	2,242,295	9,096,154	1,221,103	4,962,491
Income tax benefit	5,997,946	24,397,297	3,235,663	13,213,646

Group	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	9,888,696	40,207,439	6,634,729	27,082,964
Deferred tax	(1,961,025)	(7,973,529)	(2,454,258)	(10,018,281)
Income tax expense	7,927,671	32,233,910	4,180,471	17,064,683

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

10. INCOME TAX (continued)

(c) Income tax expense (continued)

Bank	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	3,740,350	15,238,778	1,997,775	8,182,638
Deferred tax	2,261,081	9,172,727	1,208,373	4,910,527
Income tax expense	<u>6,001,431</u>	<u>24,411,505</u>	<u>3,206,148</u>	<u>13,093,165</u>
Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	9,843,188	40,022,403	6,617,944	27,014,447
Deferred tax	(1,904,433)	(7,743,425)	(2,466,988)	(10,070,245)
Income tax expense	<u>7,938,755</u>	<u>32,278,978</u>	<u>4,150,956</u>	<u>16,944,202</u>

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

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.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

11. OTHER ASSETS

Group	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred employee expense	9,038,337	36,867,377	8,190,353	33,129,978
Prepaid construction building	7,061,522	28,803,948	-	-
Deposits for leases	1,582,859	6,456,482	1,444,375	5,842,497
Prepaid maintenance services	575,817	2,348,758	526,076	2,127,977
Other receivables	5,881,470	23,990,515	3,498,302	14,150,632
	<u>24,140,005</u>	<u>98,467,080</u>	<u>13,659,106</u>	<u>55,251,084</u>
Bank				
		(Note 2.3)		(Note 2.3)
Deferred employee expense	9,038,337	36,867,377	8,190,353	33,129,978
Prepaid construction building	7,061,522	28,803,948	-	-
Deposits for leases	2,081,117	8,488,876	1,942,633	7,857,950
Prepaid maintenance services	575,817	2,348,758	526,076	2,127,977
Other receivables	5,881,980	23,992,598	3,497,235	14,146,316
	<u>24,638,773</u>	<u>100,501,557</u>	<u>14,156,297</u>	<u>57,262,221</u>

12. DEPOSITS FROM CUSTOMERS AND FINANCIAL INSTITUTIONS

Group	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At amortised cost				
Current deposits	12,463,915	50,840,309	3,792	15,339
Savings deposits	202,602,679	826,416,328	156,079,132	631,340,088
Term deposits	661,150,858	2,696,834,350	647,810,529	2,620,393,590
	<u>876,217,452</u>	<u>3,574,090,987</u>	<u>803,893,453</u>	<u>3,251,749,017</u>
Bank				
		(Note 2.3)		(Note 2.3)
At amortised cost				
Current deposits	12,463,915	50,840,309	3,792	15,339
Savings deposits	202,652,399	826,619,136	156,669,705	633,728,956
Term deposits	661,722,834	2,699,167,440	647,810,529	2,620,393,590
	<u>876,839,148</u>	<u>3,576,626,885</u>	<u>804,484,026</u>	<u>3,254,137,885</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

13. DEBT SECURITIES ISSUED

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Debt securities issued at amortised cost	30,353,477	123,811,833	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 KHR120 billion. The Bonds have a tenor of 3 years with the coupon rate of 8.50% per annum. The bonds will be expired on 14 November 2021.

14. BORROWINGS

Group	30 September 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At amortised cost				
Floating rate	50,197,271	204,754,668	26,153,300	105,790,099
Fixed rate	493,806,620	2,014,237,203	405,555,538	1,640,472,151
	544,003,891	2,218,991,871	431,708,838	1,746,262,250
Bank				
At amortised cost				
Floating rate	50,197,271	204,754,668	26,153,300	105,790,099
Fixed rate	464,307,537	1,893,910,444	376,054,819	1,521,141,742
	514,504,808	2,098,665,112	402,208,119	1,626,931,841

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

15. SUBORDINATED DEBTS

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At amortised cost				
Fixed rate	19,795,081	80,744,135	11,895,729	48,118,224

During the nine-month period, subordinated debt amounting to US\$1,000,000 and US\$1,000,000 were repaid to the lender with the approval from the National Bank of Cambodia on 24 February 2021 and 16 June 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 for a period of seven years with the maturity date on 15 December 2027 following the approval by the National Bank of Cambodia on 28 December 2020.

16. DERIVATIVES HELD FOR RISK MANAGEMENT

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Derivative assets				
Foreign exchange swap – Note 32 (iii)	7,355	30,001	242,274	979,998
Derivative liabilities				
Interest rate swap designated in cash flow hedges – Note 32 (i)	4,570,548	18,643,265	6,632,592	26,828,835
Interest rate swap not designated in cash flow hedges – Note 32 (ii)	325,191	1,326,454	650,685	2,632,020
	4,895,739	19,969,719	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\$3,131,578 and its related deferred tax assets amounting US\$626,316 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. Contractual outstanding balance of interest rate swap as of 30 September 2019 is US\$15,715,000.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

16. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

- (iii) On 29 June 2020, the Group and the Bank entered into foreign exchange 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 foreign exchange agreement with J Trust Royal Bank with the amount of US\$10 million, effective from 12 August 2020 to 12 March 2021. On 6 September 2021, the Group and the Bank entered into foreign exchange agreement with J Trust Royal Bank with the amount of US\$15 million, effective from 6 September to 8 November 2021.

17. LEASE LIABILITIES

Group	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Not later than 1 year	3,010,729	12,280,764	2,681,850	10,848,083
Later than 1 year and not later than 5 years	8,359,545	34,098,584	7,865,184	31,814,669
Later than 5 years	1,382,630	5,639,747	1,778,462	7,193,879
	<u>12,752,904</u>	<u>52,019,095</u>	<u>12,325,496</u>	<u>49,856,631</u>

Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Not later than 1 year	2,875,228	11,728,055	2,553,738	10,329,870
Later than 1 year and not later than 5 years	7,828,006	31,930,436	7,332,966	29,661,847
Later than 5 years	12,653,001	51,611,592	12,946,943	52,370,385
	<u>23,356,235</u>	<u>95,270,083</u>	<u>22,833,647</u>	<u>92,362,102</u>

18. PROVISIONS

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loan commitments	<u>26,667</u>	<u>108,775</u>	<u>77,369</u>	<u>312,958</u>

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

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

19. OTHER LIABILITIES

Group	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Amounts due to related party	108,219	441,425	52,492	212,330
Short-term employee benefits	8,602,822	35,090,911	4,784,270	19,352,372
Provident benefits	4,053,590	16,534,594	2,786,304	11,270,600
Creditors and accruals	584,924	2,385,905	675,601	2,732,806
Others	3,811,956	15,548,968	1,616,223	6,537,623
	<u>17,161,511</u>	<u>70,001,803</u>	<u>9,914,890</u>	<u>40,105,731</u>
Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Amounts due to related party	108,219	441,425	52,492	212,330
Short-term employee benefits	8,600,912	35,083,120	4,783,344	19,348,626
Provident benefits	4,053,187	16,532,950	2,786,137	11,269,924
Creditors and accruals	582,299	2,375,198	671,751	2,717,233
Others	3,806,773	15,527,827	1,610,984	6,516,431
	<u>17,151,390</u>	<u>69,960,520</u>	<u>9,904,708</u>	<u>40,064,544</u>

20. SHARE CAPITAL

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Registered, issued and fully paid ordinary share of US\$1 each	<u>140,000,000</u>	<u>571,060,000</u>	<u>115,000,000</u>	<u>465,175,000</u>

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

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

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

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

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.

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

21. RESERVES

Group	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,783,750	682,459	2,760,547
Regulatory reserves	-	-	250,847	1,014,676
Other reserves	1,501,845	6,126,026	1,501,845	6,074,962
Cash flow hedge reserve	(1,898,523)	(7,776,644)	(4,403,785)	(17,954,231)
Currency translation differences	-	5,080,991	-	1,710,977
	<u>285,781</u>	<u>6,214,123</u>	<u>(1,968,634)</u>	<u>(6,393,069)</u>
Bank				
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,783,750	682,459	2,760,547
Regulatory reserves	-	-	250,847	1,014,676
Other reserves	1,501,845	6,126,026	1,501,845	6,074,962
Cash flow hedge reserve	(1,898,523)	(7,776,644)	(4,403,785)	(17,954,231)
Currency translation differences	-	5,076,380	-	1,718,866
	<u>285,781</u>	<u>6,209,512</u>	<u>(1,968,634)</u>	<u>(6,385,180)</u>

22. Non-distribution reserve

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

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).

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

23. NET INTEREST INCOME

Group	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income				
Loans to customers	55,292,622	225,332,462	42,695,379	174,783,438
Balances with other banks	145,185	591,467	39,924	163,069
Balances with the NBC	1,688	6,898	7,088	29,184
	<u>55,439,495</u>	<u>225,930,827</u>	<u>42,742,391</u>	<u>174,975,691</u>
Interest expense				
Deposits from customers and financial institutions	13,448,162	54,809,364	10,191,644	41,713,524
Borrowings	7,263,944	29,609,648	6,534,315	26,751,841
Debt securities issued	694,769	2,831,826	699,417	2,863,816
Subordinated debts	414,189	1,688,225	198,730	814,764
Lease liabilities	232,077	945,945	239,209	979,342
	<u>22,053,141</u>	<u>89,885,008</u>	<u>17,863,315</u>	<u>73,123,287</u>
Net interest income	<u>33,386,354</u>	<u>136,045,819</u>	<u>24,879,076</u>	<u>101,852,404</u>
Group	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income				
Loans to customers	157,824,835	641,715,779	126,178,806	515,061,886
Balances with other banks	374,086	1,521,034	56,539	230,792
Balances with the NBC	8,719	35,451	48,776	199,104
	<u>158,207,640</u>	<u>643,272,264</u>	<u>126,284,121</u>	<u>515,491,782</u>
Interest expense				
Deposits from customers and financial institutions	39,275,610	159,694,630	28,730,500	117,277,901
Borrowings	22,154,223	90,079,071	19,662,185	80,261,039
Debt securities issued	2,073,777	8,431,977	2,165,264	8,838,608
Subordinated debts	1,240,794	5,045,068	789,985	3,224,719
Lease liabilities	696,005	2,829,957	721,098	2,943,522
	<u>65,440,409</u>	<u>266,080,703</u>	<u>52,069,032</u>	<u>212,545,789</u>
Net interest income	<u>92,767,231</u>	<u>377,191,561</u>	<u>74,215,089</u>	<u>302,945,993</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

23. NET INTEREST INCOME (continued)

Bank	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income				
Loans to customers	55,292,622	225,332,462	42,695,379	174,783,438
Balances with other banks	145,185	591,467	39,924	163,069
Balances with the NBC	1,688	6,898	7,088	29,184
	<u>55,439,495</u>	<u>225,930,827</u>	<u>42,742,391</u>	<u>174,975,691</u>
Interest expense				
Deposits from customers and financial institutions	13,458,702	54,852,295	10,191,649	41,713,544
Borrowings	7,113,422	28,996,144	6,534,315	26,751,841
Debt securities issued	694,769	2,831,826	699,417	2,863,816
Subordinated debts	414,189	1,688,225	198,730	814,764
Lease liabilities	430,484	1,754,644	369,991	1,513,194
	<u>22,111,566</u>	<u>90,123,134</u>	<u>17,994,102</u>	<u>73,657,159</u>
Net interest income	<u>33,327,929</u>	<u>135,807,693</u>	<u>24,748,289</u>	<u>101,318,532</u>
Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income				
Loans to customers	157,824,835	641,715,779	126,178,806	515,061,886
Balances with other banks	374,086	1,521,034	56,539	230,792
Balances with the NBC	8,719	35,451	48,776	199,104
	<u>158,207,640</u>	<u>643,272,264</u>	<u>126,284,121</u>	<u>515,491,782</u>
Interest expense				
Deposits from customers and financial institutions	39,301,249	159,798,878	28,730,518	117,277,974
Borrowings	21,707,565	88,262,959	19,662,185	80,261,039
Debt securities issued	2,073,777	8,431,977	2,165,264	8,838,608
Subordinated debts	1,240,794	5,045,068	789,985	3,224,719
Lease liabilities	1,289,443	5,242,877	851,880	3,477,374
	<u>65,612,828</u>	<u>266,781,759</u>	<u>52,199,832</u>	<u>213,079,714</u>
Net interest income	<u>92,594,812</u>	<u>376,490,505</u>	<u>74,084,289</u>	<u>302,412,068</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

24. NET FEE AND COMMISSION INCOME

Group and Bank	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Fee and commission income				
Referral fees	1,167,481	4,753,701	622,019	2,542,914
Other fees and commissions on loans	1,028,394	4,188,773	810,284	3,315,486
Service charges on deposit accounts	68,375	278,662	61,271	250,860
Remittance fees	13,617	55,521	19,481	79,789
Other fee income	30,230	123,261	26,208	107,350
	<u>2,308,097</u>	<u>9,399,918</u>	<u>1,539,263</u>	<u>6,296,399</u>
Fee and commission expense				
Borrowing fees	139,194	566,829	108,815	444,891
Bank charges	104,006	423,836	54,247	222,193
Referral fees	12,561	51,171	9,688	39,651
Debt securities fees	5,391	21,972	4,793	19,624
Subordinated debts fees	1,260	5,138	1,320	5,403
	<u>262,412</u>	<u>1,068,946</u>	<u>178,863</u>	<u>731,762</u>
Net fee and commission income	<u>2,045,685</u>	<u>8,330,972</u>	<u>1,360,400</u>	<u>5,564,637</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

24. NET FEE AND COMMISSION INCOME (continued)

Group and Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Fee and commission income				
Referral fees	2,512,072	10,214,085	1,260,768	5,146,455
Other fees and commissions on loans	2,492,891	10,136,095	2,128,212	8,687,361
Service charges on deposit accounts	198,231	806,007	186,646	761,889
Remittance fees	44,311	180,169	64,139	261,815
Other fee income	99,697	405,367	87,318	356,433
	<u>5,347,202</u>	<u>21,741,723</u>	<u>3,727,083</u>	<u>15,213,953</u>
Fee and commission expense				
Borrowing fees	312,549	1,270,824	226,763	925,647
Bank charges	293,255	1,192,375	180,403	736,405
Referral fees	32,196	130,909	26,983	110,145
Debt securities fees	15,991	65,019	14,599	59,593
Subordinated debts fees	4,176	16,980	3,932	16,050
	<u>658,167</u>	<u>2,676,107</u>	<u>452,680</u>	<u>1,847,840</u>
Net fee and commission income	<u>4,689,035</u>	<u>19,065,616</u>	<u>3,274,403</u>	<u>13,366,113</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

25. NET LOSSES FROM OTHER FINANCIAL INSTRUMENTS AT FVTPL

Group and Bank	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate	71,591	291,879	62,557	259,409
Foreign exchange	(7,355)	(28,694)	51,257	208,983
	<u>64,236</u>	<u>263,185</u>	<u>113,814</u>	<u>468,392</u>
Group and Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate	229,590	933,513	737,792	3,011,667
Foreign exchange	234,919	955,181	9,815	40,065
	<u>464,509</u>	<u>1,888,694</u>	<u>747,607</u>	<u>3,051,732</u>

26. NET IMPAIRMENT (GAINS)/LOSSES ON FINANCIAL INSTRUMENTS

Group and Bank	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers (*)	(11,820,183)	(47,961,972)	(3,921,445)	(15,891,502)
Balances with other banks	885,100	3,599,716	254,847	1,040,818
Loan commitments	19,773	80,044	28,152	115,181
	<u>(10,915,310)</u>	<u>(44,282,212)</u>	<u>(3,638,446)</u>	<u>(14,735,503)</u>
Group and Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers (*)	7,958,168	32,357,911	15,384,646	62,800,125
Balances with other banks	1,064,858	4,329,713	343,555	1,402,392
Loan commitments	(50,648)	(205,935)	72,374	295,430
	<u>8,972,378</u>	<u>36,481,689</u>	<u>15,800,575</u>	<u>64,497,947</u>

(*) This includes the recoveries of loans previously written off amounting to US\$786,488 (30 September 2020: US\$560,735).

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

27. PERSONNEL EXPENSES

Group	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	10,273,474	41,869,361	8,465,589	34,654,422
Provident benefits	439,726	1,792,269	382,744	1,566,829
Seniority payments	410,854	1,675,676	350,248	1,435,079
Other personnel expenses	1,029,128	4,194,323	775,576	3,175,826
	<u>12,153,182</u>	<u>49,531,629</u>	<u>9,974,157</u>	<u>40,832,156</u>
Group	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	29,756,385	120,989,462	24,780,205	101,152,797
Provident benefits	1,308,320	5,319,630	1,127,415	4,602,108
Seniority payments	1,439,562	5,853,259	1,244,612	5,080,506
Other personnel expenses	3,007,147	12,227,058	2,429,740	9,918,199
	<u>35,511,414</u>	<u>144,389,409</u>	<u>29,581,972</u>	<u>120,753,610</u>
Bank	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	10,271,755	41,862,354	8,464,255	34,648,966
Provident benefits	439,646	1,791,943	382,744	1,566,829
Seniority payments	410,782	1,675,382	350,248	1,435,079
Other personnel expenses	1,028,992	4,193,769	775,576	3,175,826
	<u>12,151,175</u>	<u>49,523,448</u>	<u>9,972,823</u>	<u>40,826,700</u>
Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	29,751,298	120,968,778	24,777,271	101,140,820
Provident benefits	1,308,084	5,318,670	1,127,415	4,602,108
Seniority payments	1,439,303	5,852,206	1,244,476	5,079,951
Other personnel expenses	3,006,663	12,225,091	2,429,740	9,918,199
	<u>35,505,348</u>	<u>144,364,745</u>	<u>29,578,902</u>	<u>120,741,078</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

28. OTHER EXPENSES

Group	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Travelling and transportation	573,721	2,339,319	648,824	2,656,587
Repairs and maintenance	559,008	2,277,120	422,394	1,727,646
License fee, patent and other taxes	339,052	1,381,604	199,756	817,543
Utilities	247,540	1,008,641	200,236	819,819
Security	197,704	805,827	191,833	785,321
Communication	183,407	747,564	173,681	710,995
Office supplies and non-capitalised purchases	153,125	624,671	158,642	650,372
Leases and rental	137,531	560,626	135,929	556,272
Marketing and advertising	92,823	378,493	99,520	406,977
Professional services	79,744	325,219	87,439	358,471
Board fees and meetings	17,039	69,483	17,815	72,969
Others	129,793	529,019	95,517	390,515
	<u>2,710,487</u>	<u>11,047,586</u>	<u>2,431,586</u>	<u>9,953,487</u>
Group	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Travelling and transportation	1,887,579	7,674,896	1,996,760	8,150,774
Repairs and maintenance	1,397,665	5,682,906	994,758	4,060,602
License fee, patent and other taxes	942,854	3,833,644	556,501	2,271,637
Utilities	676,274	2,749,730	609,603	2,488,399
Security	590,274	2,400,054	568,322	2,319,890
Communication	549,643	2,234,848	511,840	2,089,331
Office supplies and non-capitalised purchases	566,168	2,302,039	624,596	2,549,601
Leases and rental	422,490	1,717,844	370,837	1,513,757
Marketing and advertising	307,679	1,251,023	222,216	907,086
Professional services	275,772	1,121,289	344,900	1,407,882
Board fees and meetings	57,561	234,043	59,071	241,128
Others	385,693	1,568,229	197,822	807,508
	<u>8,059,652</u>	<u>32,770,545</u>	<u>7,057,226</u>	<u>28,807,595</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

28. OTHER EXPENSES (continued)

Bank	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Travelling and transportation	573,721	2,339,319	648,824	2,656,587
Repairs and maintenance	559,008	2,277,120	422,394	1,727,646
License fee, patent and other taxes	339,052	1,381,604	199,756	817,543
Utilities	247,540	1,008,641	200,236	819,819
Security	197,704	805,827	191,833	785,321
Communication	183,407	747,564	173,681	710,995
Office supplies and non-capitalised purchases	153,125	624,671	158,642	650,372
Leases and rental	137,531	560,626	135,929	556,272
Marketing and advertising	92,823	378,493	99,520	406,977
Professional services	78,869	321,654	86,177	353,279
Board fees and meetings	17,039	69,483	17,815	72,969
Others	129,730	528,739	93,063	380,497
	<u>2,709,549</u>	<u>11,043,741</u>	<u>2,427,870</u>	<u>9,938,277</u>

Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Travelling and transportation	1,887,579	7,674,896	1,996,760	8,150,774
Repairs and maintenance	1,397,665	5,682,906	994,758	4,060,602
License fee, patent and other taxes	942,557	3,832,438	556,206	2,270,433
Utilities	676,274	2,749,730	609,603	2,488,399
Security	590,274	2,400,054	568,322	2,319,890
Communication	549,643	2,234,848	511,840	2,089,331
Office supplies and non-capitalised purchases	566,168	2,302,039	624,596	2,549,601
Leases and rental	422,490	1,717,844	370,837	1,513,757
Marketing and advertising	307,679	1,251,023	222,216	907,086
Professional services	273,477	1,111,957	336,861	1,375,067
Board fees and meetings	57,561	234,043	59,071	241,128
Others	381,180	1,549,878	195,291	797,178
	<u>8,052,547</u>	<u>32,741,656</u>	<u>7,046,361</u>	<u>28,763,246</u>

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

29. CASH AND CASH EQUIVALENTS

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

Group	30 September 2021		30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balances with other banks	89,120,692	363,523,303	101,740,775	417,137,177
Cash on hand	36,376,570	148,380,029	32,499,686	133,248,713
Balances with the NBC	11,342,297	46,265,229	8,864,979	36,346,414
	<u>136,839,559</u>	<u>558,168,561</u>	<u>143,105,440</u>	<u>586,732,304</u>

Bank	30 September 2021		30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balances with other banks	89,070,934	363,320,340	101,618,979	416,637,813
Cash on hand	36,376,570	148,380,029	32,499,686	133,248,713
Balances with the NBC	11,342,297	46,265,229	8,864,979	36,346,414
	<u>136,789,801</u>	<u>557,965,598</u>	<u>142,983,644</u>	<u>586,232,940</u>

30. RELATED PARTIES BALANCES AND TRANSACTIONS

(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
Trust Committee of Hattha Kaksekar	Related party

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

30. RELATED PARTIES (continued)

(b) Directors and key management compensation

Group and Bank	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Board of Directors				
Fees and related expenses	16,589	67,646	17,815	72,969
Key management				
Salaries and short-term benefits	451,283	1,842,575	430,011	1,763,640
Provident benefits	31,177	127,078	25,806	105,645
	<u>482,460</u>	<u>1,969,653</u>	<u>455,817</u>	<u>1,869,285</u>
Group and Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Board of Directors				
Fees and related expenses	55,765	226,740	59,071	241,128
Key management				
Salaries and short-term benefits	1,983,080	8,063,203	1,819,213	7,426,027
Provident benefits	93,701	380,988	76,701	313,093
	<u>2,076,781</u>	<u>8,444,191</u>	<u>1,895,914</u>	<u>7,739,120</u>
	30 September 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Provident benefits payable	<u>288,843</u>	<u>1,178,191</u>	<u>200,255</u>	<u>810,031</u>

(c) Loans to key management and interest income

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Loans outstanding to key management	<u>486,070</u>	<u>1,982,680</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).

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

30. RELATED PARTIES (continued)

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

Group and Bank	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income from key management	10,060	41,023	10,155	41,559
Group and Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income from key management	33,796	137,415	27,876	113,790

(d) Deposits from and interest expense to key management

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deposits from key management	2,878,927	11,743,143	2,828,058	11,439,495

Deposits from key management of the Group and the Bank bear interest rates ranging from 0% to 8.25% 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 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to key management	42,518	173,372	43,040	176,075
Group and Bank	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to key management	141,144	573,892	107,202	437,599

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

30. RELATED PARTIES (continued)

(e) Deposits from and interest expense to Directors

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deposits from Board of Directors	684,681	2,792,814	625,520	2,530,228

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

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to the Board of Directors	12,364	50,393	(98,207)	(400,112)

	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to the Board of Directors	36,684	149,157	29,928	122,166

(f) Office rental from key management

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Right-of-use assets	345,763	1,410,367	215,640	872,264
Lease liabilities	372,038	1,517,543	222,417	899,677

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense	4,978	20,283	4,741	19,413
Depreciation	15,379	62,669	13,778	56,407
Lease payment	17,431	71,044	16,980	69,516

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

30. RELATED PARTIES (continued)

(f) Office rental from key management (continued)

	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense	13,392	54,452	14,894	60,797
Depreciation	42,936	174,578	41,335	168,729
Lease payment	51,391	208,956	50,940	207,937

(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 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Proceeds received for borrowings from Krungsri	35,000,000	142,485,000	-	-
Repayment of borrowings from Krungsri	15,000,000	61,165,000	25,000,000	102,110,000
Interest and fee expenses	708,145	2,888,131	941,950	7,637,875
Net loss from other financial instruments at FVTPL	71,591	291,879	62,557	259,409
Other comprehensive income of cash flow hedge	532,916	2,179,830	314,022	1,240,778
Other expenses related to IT	37	164	-	-
<i>Subsidiary</i>				
Interest expense on deposit	10,540	42,931	131,098	535,142
Depreciation on right-of-use of land	65,360	266,407	43,573	177,865
Lease payment	166,086	676,967	110,724	451,975
Management fee	10,249	41,772	-	-
<i>Related party</i>				
Interest expense on borrowing	154,937	631,505	(22,992)	(93,469)
Secundee expense with MUFG	46,810	190,408	-	-

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

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	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Proceeds received for capital injection	25,000,000	101,650,000	-	-
Repayments of borrowing via IFC (*)	2,857,143	11,617,143	2,857,143	11,662,858
Proceeds received for borrowings from Krungsri	70,000,000	284,620,000	15,000,000	61,230,000
Repayment of borrowings from Krungsri	50,000,000	203,300,000	35,000,000	142,870,000
Interest and fee expenses	2,470,675	10,045,765	2,651,689	10,824,194
Net loss from other financial instruments at FVTPL	229,589	933,509	(737,792)	(3,011,667)
Other comprehensive income/(loss) of cash flow hedge	3,131,578	12,732,996	(6,529,246)	(26,652,382)
Other expenses related to IT	2,666	10,840	-	-
<i>Subsidiary</i>				
Interest expense on deposit	25,639	104,248	131,111	535,195
Depreciation on right-of-use of land	196,079	797,257	43,573	177,865
Lease payment	498,258	2,025,917	110,724	451,975
Management fee	30,213	122,846	-	-
<i>Related party</i>				
Interest expense on borrowing	461,295	1,875,625	41,062	167,615
Secundee expense with MUFG	62,674	254,832	-	-

(ii) Balances with shareholder, subsidiary and related party

Group and Bank	30 September 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Derivative liabilities on interest rate SWAP	4,895,739	19,969,719	7,283,277	29,460,855
Amount payable on payment on behalf of the Bank's expense	53,903	219,870	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	390,421,485	106,429,143	430,505,883
Borrowing (***)	20,000,000	81,580,000	-	-
Interest and fee payable on borrowing	34,483	140,656	1,944	7,863
Deposit to shareholder	99,840	407,247	-	-

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

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 September 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)	10,152,522	41,412,137	10,348,601	41,860,091
Lease liability	10,603,331	43,250,987	10,508,151	42,505,471
Deposit from Hattha Services Co., Ltd	621,696	2,535,898	590,573	2,388,868
Refundable deposit to Hattha Services Co., Ltd	498,258	2,032,394	498,258	2,015,454
<i>Related party</i>				
Amount payable on MUFG's payment on behalf of Hattha Bank	53,899	219,854	-	-
Borrowing (***)	7,729,319	31,527,892	7,729,319	31,265,095
Accrued interest payable	50,523	206,083	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.

(****) On 22 December 2017, the Group and the Bank entered into borrowing agreements with Krungsri with the amount of US\$ 20 million with the interest rate of 4.54%, effective from 16 September to 21 October 2021, which was disbursed on 16 September 2021.

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.

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

32. FINANCIAL INSTRUMENTS

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

**Group and Bank
30 September 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
Currency swap – Note 16	-	-	7,355	7,355	-	7,355	-	7,355
Total	20,000	-	7,355	27,355	-	7,355	20,000	27,355
In KHR'000 equivalents (Note 2.3)	81,580	-	30,001	111,581	-	30,001	81,580	111,581
<i>Financial liabilities measured at fair value</i>								
Interest rate swaps – Note 16	-	4,570,548	325,191	4,895,739	-	4,895,739	-	4,895,739
In KHR'000 equivalents (Note 2.3)	-	18,643,265	1,326,454	19,969,719	-	19,969,719	-	19,969,719

HATTHA BANK PLC. AND ITS SUBSIDIARY

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

32. FINANCIAL INSTRUMENTS (continued)

**Group and Bank
31 December 2020**

	Carrying amounts				Fair value			
	FVOCI – equity instruments	Fair value - hedging instrument	FVTPL	Total	Level 1	Level 2	Level 3	Total
	US\$	\$US	US\$	US\$	US\$	US\$	US\$	US\$
<i>Financial assets measured at fair value</i>								
Equity securities	20,000	-	-	20,000	-	-	20,000	20,000
Currency swap – Note 16	-	-	242,274	242,274	-	242,274	-	242,274
Total	20,000	-	242,274	262,274	-	242,274	20,000	262,274
In KHR'000 equivalents (Note 2.3)	80,900	-	979,998	1,060,898	-	979,998	80,900	1,060,898
<i>Financial liabilities measured at fair value</i>								
Interest rate swaps – Note 16	-	6,632,592	650,685	7,283,277	-	7,283,277	-	7,283,277
In KHR'000 equivalents (Note 2.3)	-	26,828,835	2,632,020	29,460,855	-	29,460,855	-	29,460,855

HATTHA BANK PLC. AND ITS SUBSIDIARY

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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. As per advice from tax advisor, the Committee in charge of Tax Dispute Resolution (under the Ministry of Economy and Finance) admits that the ground of protesting of HTB is valid. The committee is currently preparing the report to the Minister for final resolution. The Group and the Bank have not recorded any provision tax liability as at 30 September 2021. The outcome of the ultimate tax liabilities for this assessment is unknown.