

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

**CONDENSED CONSOLIDATED AND SEPARATE
INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND NINE-MONTH
PERIOD ENDED 30 SEPTEMBER 2020
AND
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

STATEMENT OF THE BOARD OF DIRECTORS

In the opinion of the Board of Directors, the accompanying condensed consolidated interim financial statements of HATTHA Bank Plc. (formerly known as Hattha Kaksekar Limited) ("the Bank") and its subsidiary (collectively referred to as "the Group") and condensed separate interim financial statements of the Bank, set out on pages 4 to 54 are prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, 'Interim Financial Reporting'.

On behalf of the Board of Directors, *ហត្ថា*



Mr. Hout Ieng Tong
President and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
13 November 2020



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

**CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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Independent Auditors' Report on review of condensed interim financial statements

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

Introduction

We have reviewed the accompanying 30 September 2020 condensed consolidated interim financial statements of HATTHA Bank Plc. (formerly known as Hattha Kaksekar Limited) and its subsidiary (together referred to as "the Group") and the condensed separate interim financial statements of the HATTHA Bank Plc. ("the Bank"), which comprise:

- the condensed consolidated and separate interim statements of financial position as at 30 September 2020;
- 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 2020;
- The condensed consolidated and separate interim statements of changes in equity for the nine-month period ended 30 September 2020;
- The condensed consolidated and separate interim statements of cash flows for the nine-month period ended 30 September 2020; and
- Other explanatory notes to the condensed interim financial statements as set out on pages 4 to 54.

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 this interim financial statements based on our review.

Scope of review

We conducted our review in accordance with *Cambodian International Standard on Review Engagements 2400, 'Engagement to Review Historical Financial Statements'*. 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 30 September 2020 condensed interim financial statements is not prepared, in all material respects, in accordance with *Cambodian International Accounting Standard 34, "Interim Financial Reporting"*.

Other matters

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

The condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the Bank for the three-month and nine-month period ended 30 September 2019 were reviewed by another auditor who expressed an unmodified conclusion on this condensed interim financial statements on 14 November 2019.

For **KPMG Cambodia Ltd**



Nge Huy
Partner

Phnom Penh, Kingdom of Cambodia

13 November 2020

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Notes	30 September 2020		31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
ASSETS					
Cash on hand		32,499,686	133,248,713	34,190,445	139,326,063
Balances with the NBC	4	101,155,431	414,737,267	95,934,585	390,933,434
Balances with other banks	5	101,388,226	415,691,727	9,657,803	39,355,547
Loans to customers	6	1,107,982,377	4,542,727,746	1,036,272,930	4,222,812,190
Investment securities	31	20,000	82,000	20,000	81,500
Property and equipment	7	33,309,451	136,568,748	4,201,129	17,119,601
Right-of-use assets	8	11,642,833	47,735,615	12,281,257	50,046,122
Intangible assets	9	4,515,395	18,513,120	2,300,471	9,374,419
Deferred tax assets, net	10(a)	7,662,791	31,417,443	3,902,683	15,903,433
Other assets	11	12,578,346	51,571,219	28,066,516	114,371,054
TOTAL ASSETS		1,412,754,536	5,792,293,598	1,226,827,819	4,999,323,363
LIABILITIES					
Deposits from customers	12	685,637,868	2,811,115,259	610,098,327	2,486,150,683
Debt securities issued	13	29,878,107	122,500,239	29,196,072	118,973,993
Borrowings	14	402,239,838	1,649,183,336	311,485,982	1,269,305,377
Subordinated debts	15	7,372,190	30,225,979	11,974,921	48,797,803
Derivatives held for risk management	16	9,289,591	38,087,323	1,887,584	7,691,905
Current income tax liabilities	10(b)	6,279,416	25,745,606	2,632,899	10,729,063
Lease liabilities	17	12,550,896	51,458,674	13,005,210	52,996,231
Provisions	18	75,078	307,820	2,717	11,072
Other liabilities	19	9,921,640	40,678,722	48,184,085	196,350,146
TOTAL LIABILITIES		1,163,244,624	4,769,302,958	1,028,467,797	4,191,006,273
EQUITY					
Share capital	20	115,000,000	471,500,000	75,000,000	305,625,000
Share premium		19,082,502	78,238,258	19,082,502	77,761,196
Reserves	21	27,528,698	119,617,884	8,818,392	40,434,778
Retained earnings		87,898,712	353,634,498	95,459,128	384,496,116
TOTAL EQUITY		249,509,912	1,022,990,640	198,360,022	808,317,090
TOTAL LIABILITIES AND EQUITY		1,412,754,536	5,792,293,598	1,226,827,819	4,999,323,363

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Notes	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	22	42,742,391	174,975,691	36,599,661	149,406,359
Interest expense	22	(17,863,315)	(73,123,287)	(15,436,534)	(63,022,777)
Net interest income		24,879,076	101,852,404	21,163,127	86,383,582
Fee and commission income	23	1,539,263	6,296,399	1,430,042	5,832,964
Fee and commission expense	23	(178,863)	(731,762)	(174,632)	(713,956)
Net fee and commission income		1,360,400	5,564,637	1,255,410	5,119,008
Net losses from other financial instruments at FVTPL	24	(113,814)	(468,392)	(13,440)	(70,036)
Other income		84,934	347,236	50,363	207,902
Net impairment gains/(losses) on financial instruments	25	3,638,446	14,735,503	(147,338)	(603,650)
Personnel expenses	26	(9,974,157)	(40,832,156)	(8,674,436)	(35,423,423)
Depreciation and amortisation		(1,320,302)	(5,405,086)	(1,330,787)	(5,437,281)
Other expenses	27	(2,431,586)	(9,953,487)	(2,406,044)	(9,816,017)
Profit before income tax		16,122,997	65,840,659	9,896,855	40,360,085
Income tax expense	10(c)	(3,235,663)	(13,213,646)	(1,986,899)	(8,105,920)
Profit for the period		12,887,334	52,627,013	7,909,956	32,254,165
Other comprehensive income					
Cash flow hedge reserve		314,022	1,240,778	-	-
Income tax relating to components of other comprehensive income		(62,804)	(248,154)	-	-
Currency translation difference		-	883,291	-	2,397,995
		251,218	1,875,915	-	2,397,995
Total comprehensive income for the period		13,138,552	54,502,928	7,909,956	34,652,160
Profit attributable to shareholder		12,887,334	52,627,013	7,909,956	32,254,165
Total comprehensive income attributable to shareholder		13,138,552	54,502,928	7,909,956	34,652,160

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Notes	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	22	126,284,121	515,491,782	102,438,125	414,669,530
Interest expense	22	(52,069,032)	(212,545,789)	(43,630,625)	(176,616,770)
Net interest income		74,215,089	302,945,993	58,807,500	238,052,760
Fee and commission income	23	3,727,083	15,213,953	3,753,936	15,195,933
Fee and commission expense	23	(452,680)	(1,847,840)	(545,440)	(2,207,941)
Net fee and commission income		3,274,403	13,366,113	3,208,496	12,987,992
Net losses from other financial instruments at FVTPL	24	(747,607)	(3,051,732)	(836,100)	(3,384,533)
Other income		174,092	710,644	262,623	1,063,098
Net impairment losses on financial instruments	25	(15,800,575)	(64,497,947)	(527,644)	(2,135,903)
Personnel expenses	26	(29,581,972)	(120,753,610)	(24,953,691)	(101,012,541)
Depreciation and amortisation		(3,922,447)	(16,011,429)	(3,975,821)	(16,094,123)
Other expenses	27	(7,057,226)	(28,807,595)	(6,424,493)	(26,006,348)
Profit before income tax		20,553,757	83,900,437	25,560,870	103,470,402
Income tax expense	10(c)	(4,180,471)	(17,064,683)	(5,300,189)	(21,455,165)
Profit for the period		16,373,286	66,835,754	20,260,681	82,015,237
Other comprehensive (loss)/ income					
Cash flow hedge reserve		(6,529,246)	(26,652,382)	-	-
Income tax relating to components of other comprehensive income		1,305,850	5,330,480	-	-
Currency translation difference		-	6,656,200	-	6,035,617
		(5,223,396)	(14,665,702)	-	6,035,617
Total comprehensive income for the period		11,149,890	52,170,052	20,260,681	88,050,854
Profit attributable to shareholder		16,373,286	66,835,754	20,260,681	82,015,237
Total comprehensive income attributable to shareholder		11,149,890	52,170,052	20,260,681	88,050,854

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

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Attributable to shareholder				Total US\$
	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	
	US\$	US\$	US\$	US\$	
Nine-month period ended 30 September 2019					
At 1 January 2019	75,000,000	19,082,502	4,389,186	67,772,665	166,244,353
Profit for the period	-	-	-	20,260,681	20,260,681
Total comprehensive income for the period	-	-	-	20,260,681	20,260,681
Transfers	-	-	2,875,075	(2,875,075)	-
At 30 September 2019	75,000,000	19,082,502	7,264,261	85,158,271	186,505,034
In KHR'000 equivalents (Note 2.3)	307,125,000	78,142,846	35,782,766	342,687,501	763,738,113
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

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Notes	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from operating activities					
Profit before income tax		20,553,757	83,900,437	25,560,870	103,470,402
<i>Adjustments for:</i>					
Net interest income	22	(74,215,089)	(302,945,993)	(58,807,500)	(238,052,760)
Net losses from other financial instruments at FVTPL	24	747,607	3,051,732	836,100	3,384,533
Net impairment losses on financial instruments	25	15,800,575	64,497,947	527,644	2,135,903
Depreciation and amortisation		3,922,447	16,011,429	3,975,821	16,094,123
Provision for employee benefits		1,147,607	4,684,532	917,706	3,714,874
Losses on disposals of property and equipment		931	3,800	613	2,481
Effect of currency translation of monetary items		(2,496,135)	(10,189,223)	(253,400)	(1,025,763)
		<u>(34,538,300)</u>	<u>(140,985,339)</u>	<u>(27,242,146)</u>	<u>(110,276,207)</u>
<i>Changes in:</i>					
Balances with the NBC		(31,254,138)	(127,579,391)	(12,705,263)	(51,430,905)
Loans to customers		(87,742,424)	(358,164,575)	(191,860,867)	(776,652,790)
Other assets		3,397,905	13,870,248	(2,267,954)	(9,180,678)
Deposits from customers		76,570,113	312,559,201	103,446,305	418,750,643
Other liabilities		<u>(25,472,457)</u>	<u>(103,978,569)</u>	<u>2,261,393</u>	<u>9,154,119</u>
Cash used in operations		(99,039,301)	(404,278,425)	(128,368,532)	(519,635,818)
Interest received		125,268,062	511,344,229	102,576,789	415,230,842
Interest paid		(50,388,048)	(205,684,012)	(40,891,417)	(165,528,456)
Income tax paid	10(b)	<u>(2,988,212)</u>	<u>(12,197,881)</u>	<u>(6,023,945)</u>	<u>(24,384,929)</u>
Net cash used in operating activities		<u>(27,147,499)</u>	<u>(110,816,089)</u>	<u>(72,707,105)</u>	<u>(294,318,361)</u>

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Notes	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from investing activities					
Purchases of property and equipment	7	(30,595,502)	(124,890,839)	(1,255,428)	(5,081,973)
Purchases of intangible assets	9	(2,422,170)	(9,887,298)	(1,353,616)	(5,479,438)
Proceeds from disposals of property and equipment		1,652	6,743	729	2,951
Net cash used in investing activities		(33,016,020)	(134,771,394)	(2,608,315)	(10,558,460)
Cash flows from financing activities					
Proceeds from borrowings		265,870,406	1,085,282,997	113,329,180	458,756,521
Repayments of borrowings		(174,056,928)	(710,500,380)	(44,413,384)	(179,785,378)
Repayments of subordinated debts		(4,500,000)	(18,369,000)	(8,500,000)	(34,408,000)
Principal elements of lease payments		(2,745,149)	(11,749,286)	(2,627,209)	(10,634,942)
Issuance of share capital		40,000,000	163,280,000	-	-
Net cash from financing activities		124,568,329	507,944,331	57,788,587	233,928,201
Net increase/(decrease) in cash and cash equivalents		64,404,810	262,356,848	(17,526,833)	(70,948,620)
Cash and cash equivalents at the beginning of the period		78,700,630	320,705,067	106,976,320	429,830,854
Currency translation differences		-	3,670,389	-	7,413,415
Cash and cash equivalents at the end of period	28	143,105,440	586,732,304	89,449,487	366,295,649

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

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

**CONDENSED SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	Notes	30 September 2020		31 December 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
ASSETS					
Cash on hand		32,499,686	133,248,713	34,190,445	139,326,063
Balances with the NBC	4	101,155,431	414,737,267	95,934,585	390,933,434
Balances with other banks	5	101,266,430	415,192,363	9,657,803	39,355,547
Loans to customers	6	1,107,982,377	4,542,727,746	1,036,272,930	4,222,812,190
Investment securities	31	20,000	82,000	20,000	81,500
Investment in subsidiary		490	2,009	490	1,997
Property and equipment	7	3,879,204	15,904,736	4,201,129	17,119,601
Right-of-use assets	8	22,056,794	90,432,855	12,281,257	50,046,122
Intangible assets	9	4,515,395	18,513,120	2,300,471	9,374,419
Deferred tax assets, net	10(a)	7,675,521	31,469,636	3,902,683	15,903,433
Other assets	11	42,534,151	174,390,020	28,071,676	114,392,081
TOTAL ASSETS		<u>1,423,585,479</u>	<u>5,836,700,465</u>	<u>1,226,833,469</u>	<u>4,999,346,387</u>
LIABILITIES					
Deposits from customers	12	685,638,886	2,811,119,433	610,099,327	2,486,154,758
Debt securities issued	13	29,878,107	122,500,239	29,196,072	118,973,993
Borrowings	14	402,239,838	1,649,183,336	311,485,982	1,269,305,377
Subordinated debts	15	7,372,190	30,225,979	11,974,921	48,797,803
Derivatives held for risk management	16	9,289,591	38,087,323	1,887,584	7,691,905
Current income tax liabilities	10(b)	6,263,185	25,679,059	2,632,899	10,729,063
Lease liabilities	17	23,028,488	94,416,801	13,005,210	52,996,231
Provisions	18	75,078	307,820	2,717	11,072
Other liabilities	19	10,411,461	42,686,989	48,179,260	196,330,485
TOTAL LIABILITIES		<u>1,174,196,824</u>	<u>4,814,206,979</u>	<u>1,028,463,972</u>	<u>4,190,990,687</u>
EQUITY					
Share capital	20	115,000,000	471,500,000	75,000,000	305,625,000
Share premium		19,082,502	78,238,258	19,082,502	77,761,196
Reserves	21	27,528,698	119,615,986	8,818,392	40,434,996
Retained earnings		87,777,455	353,139,242	95,468,603	384,534,508
TOTAL EQUITY		<u>249,388,655</u>	<u>1,022,493,486</u>	<u>198,369,497</u>	<u>808,355,700</u>
TOTAL LIABILITIES AND EQUITY		<u>1,423,585,479</u>	<u>5,836,700,465</u>	<u>1,226,833,469</u>	<u>4,999,346,387</u>

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

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

CONDENSED SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Notes	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	22	42,742,391	174,975,691	36,599,661	149,406,359
Interest expense	22	(17,994,102)	(73,657,159)	(15,436,534)	(63,022,777)
Net interest income		24,748,289	101,318,532	21,163,127	86,383,582
Fee and commission income	23	1,539,263	6,296,399	1,430,042	5,832,964
Fee and commission expense	23	(178,863)	(731,762)	(174,632)	(713,956)
Net fee and commission income		1,360,400	5,564,637	1,255,410	5,119,008
Net losses from other financial instruments at FVTPL	24	(113,814)	(468,392)	(13,440)	(70,036)
Other income		84,914	347,154	50,363	207,902
Net impairment gains/(losses) on financial instruments	25	3,638,446	14,735,503	(147,338)	(603,650)
Personnel expenses	26	(9,972,823)	(40,826,700)	(8,674,436)	(35,423,423)
Depreciation and amortisation		(1,363,784)	(5,582,578)	(1,330,787)	(5,437,281)
Other expenses	27	(2,427,870)	(9,938,277)	(2,406,044)	(9,816,017)
Profit before income tax		15,953,758	65,149,879	9,896,855	40,360,085
Income tax expense	10(c)	(3,206,148)	(13,093,165)	(1,986,899)	(8,105,920)
Profit for the period		12,747,610	52,056,714	7,909,956	32,254,165
Other comprehensive income					
Cash flow hedge reserve		314,022	1,240,778	-	-
Income tax relating to components of other comprehensive income		(62,804)	(248,154)	-	-
Currency translation difference		-	880,850	-	2,397,995
		251,218	1,873,474	-	2,397,995
Total comprehensive income for the period		12,998,828	53,930,188	7,909,956	34,652,160
Profit attributable to shareholder		12,747,610	52,056,714	7,909,956	32,254,165
Total comprehensive income attributable to shareholder		12,998,828	53,930,188	7,909,956	34,652,160

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

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

CONDENSED SEPARATE INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Notes	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income	22	126,284,121	515,491,782	102,438,125	414,669,530
Interest expense	22	(52,199,832)	(213,079,714)	(43,630,625)	(176,616,770)
Net interest income		74,084,289	302,412,068	58,807,500	238,052,760
Fee and commission income	23	3,727,083	15,213,953	3,753,936	15,195,933
Fee and commission expense	23	(452,680)	(1,847,840)	(545,440)	(2,207,941)
Net fee and commission income		3,274,403	13,366,113	3,208,496	12,987,992
Net losses from other financial instruments at FVTPL	24	(747,607)	(3,051,732)	(836,100)	(3,384,533)
Other income		174,072	710,562	262,623	1,063,098
Net impairment losses on financial instruments	25	(15,800,575)	(64,497,947)	(527,644)	(2,135,903)
Personnel expenses	26	(29,578,902)	(120,741,078)	(24,953,691)	(101,012,541)
Depreciation and amortisation		(3,965,809)	(16,188,432)	(3,975,821)	(16,094,123)
Other expenses	27	(7,046,361)	(28,763,246)	(6,424,493)	(26,006,348)
Profit before income tax		20,393,510	83,246,308	25,560,870	103,470,402
Income tax expense	10(c)	(4,150,956)	(16,944,202)	(5,300,189)	(21,455,165)
Profit for the period		16,242,554	66,302,106	20,260,681	82,015,237
Other comprehensive (loss)/income					
Cash flow hedge reserve		(6,529,246)	(26,652,382)	-	-
Income tax relating to components of other comprehensive income		1,305,850	5,330,480	-	-
Currency translation difference		-	6,654,302	-	6,035,617
		(5,223,396)	(14,667,600)	-	6,035,617
Total comprehensive income for the period		11,019,158	51,634,506	20,260,681	88,050,854
Profit attributable to shareholder		16,242,554	66,302,106	20,260,681	82,015,237
Total comprehensive income attributable to shareholder		11,019,158	51,634,506	20,260,681	88,050,854

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

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

**CONDENSED SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Attributable to shareholder				Total US\$
	Share capital	Share premium	Reserves	Retained earnings	
	US\$	US\$	US\$	US\$	
Nine-month period ended 30 September 2019					
At 1 January 2019	75,000,000	19,082,502	4,389,186	67,772,665	166,244,353
Profit for the period	-	-	-	20,260,681	20,260,681
Total comprehensive income for the period	-	-	-	20,260,681	20,260,681
Transfers	-	-	2,875,075	(2,875,075)	-
At 30 September 2019	75,000,000	19,082,502	7,264,261	85,158,271	186,505,034
In KHR'000 equivalents (Note 2.3)	307,125,000	78,142,846	35,782,766	342,687,501	763,738,113
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

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

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

**CONDENSED SEPARATE INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Notes	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from operating activities					
Profit before income tax		20,393,510	83,246,308	25,560,870	103,470,402
<i>Adjustments for:</i>					
Net interest income	22	(74,084,289)	(302,412,068)	(58,807,500)	(238,052,760)
Net losses from other financial instruments at FVTPL	24	747,607	3,051,732	836,100	3,384,533
Net impairment losses on financial instruments	25	15,800,575	64,497,947	527,644	2,135,903
Depreciation and amortisation		3,965,809	16,188,432	3,975,821	16,094,123
Provision for employee benefits		1,147,607	4,684,532	917,706	3,714,874
Losses on disposals of property and equipment		931	3,800	613	2,481
Effect of currency translation of monetary items		(2,496,135)	(10,189,223)	(253,400)	(1,025,763)
		(34,524,385)	(140,928,540)	(27,242,146)	(110,276,207)
<i>Changes in:</i>					
Balances with the NBC		(31,254,138)	(127,579,391)	(12,705,263)	(51,430,905)
Loans to customers		(87,742,424)	(358,164,575)	(191,860,867)	(776,652,790)
Other assets		(13,740,309)	(56,087,941)	(2,267,954)	(9,180,678)
Deposits from customers		76,570,113	312,559,201	103,446,305	418,750,643
Other liabilities		(37,767,799)	(154,168,156)	2,261,393	9,154,119
Cash used in operations		(128,458,942)	(524,369,402)	(128,368,532)	(519,635,818)
Interest received		125,268,062	511,344,229	102,576,789	415,230,842
Interest paid		(50,388,048)	(205,684,012)	(40,891,417)	(165,528,456)
Income tax paid	10(b)	(2,987,658)	(12,195,620)	(6,023,945)	(24,384,929)
Net cash used in operating activities		(56,566,586)	(230,904,805)	(72,707,105)	(294,318,361)

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

**CONDENSED SEPARATE INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Notes	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
		US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Cash flows from investing activities					
Purchases of property and equipment	7	(1,165,044)	(4,755,710)	(1,255,428)	(5,081,973)
Purchases of intangible assets	9	(2,422,170)	(9,887,298)	(1,353,616)	(5,479,438)
Proceeds from disposals of property and equipment		1,652	6,743	729	2,951
Net cash used in investing activities		(3,585,562)	(14,636,265)	(2,608,315)	(10,558,460)
Cash flows from financing activities					
Proceeds from borrowings		265,870,406	1,085,282,997	113,329,180	458,756,521
Repayments of borrowings		(174,056,928)	(710,500,380)	(44,413,384)	(179,785,378)
Repayments of subordinated debts		(4,500,000)	(18,369,000)	(8,500,000)	(34,408,000)
Principal elements of lease payments		(2,878,316)	(11,749,286)	(2,627,209)	(10,634,942)
Issuance of share capital		40,000,000	163,280,000	-	-
Net cash from financing activities		124,435,162	507,944,331	57,788,587	233,928,201
Net increase/(decrease) in cash and cash equivalents		64,283,014	262,403,261	(17,526,833)	(70,948,620)
Cash and cash equivalents at the beginning of the period		78,700,630	320,705,067	106,976,320	429,830,854
Currency translation differences		-	3,124,612	-	7,413,415
Cash and cash equivalents at the end of period	28	142,983,644	586,232,940	89,449,487	366,295,649

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

1. REPORTING ENTITY

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

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

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

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

The principal activity of the Bank includes commercial bank activities.

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

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 2019 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group and the Bank's financial position and performance since the last annual financial statements.

The condensed interim financial statements of the Group and the Bank were authorised for issue by the Board of Directors on 13 November 2020.

2.2 Functional and presentation currency

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

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

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

2.3 Presentation in Khmer Riel

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

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

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

2. BASIS OF ACCOUNTING (continued)

2.3 Presentation in Khmer Riel (continued)

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

	<i>Closing rate</i>	<i>Average rate</i>
30 September 2020	4,100	4,082
30 September 2019	4,095	4,048
31 December 2019	<u>4,075</u>	<u>4,052</u>

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying the accounting policies

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

Business model assessment

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

Critical judgments in applying the accounting policies (continued)

Significant increase of credit risk

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

Establishing groups of assets with similar credit risk characteristics

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

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

Models and assumptions used

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

Key sources of estimation uncertainty

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

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

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

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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

Key sources of estimation uncertainty (continued)

Probability of default (PD)

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

Loss Given Default (LGD)

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

Incorporation of forward-looking information

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

The Group and the Bank formulate three economic scenarios: a base case, which is the median scenario assigned a 35% probability of occurring, and two less likely scenarios, one upside 25% and one downside assigned a 40% probability of occurring. The base case is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies (National Bank of Cambodia) and international bodies such as World Bank and Bloomberg.

Weightage scenario	Base	Bad	Good
	35%	40%	25%

Based on the forward-looking analysis, the Bank applied the forward-looking scalar in year one (1.42) for 12-month and lifetime ECL.

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

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

Fair value of financial assets and liabilities

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

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

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

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

Fair value hierarchy

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

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

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

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

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

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

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

4. BALANCES WITH THE NBC

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Statutory deposits				
Capital guarantee deposit	11,502,602	47,160,668	11,531,305	46,990,068
Reserve requirement	80,779,081	331,194,232	49,524,943	201,814,143
	92,281,683	378,354,900	61,056,248	248,804,211
Current accounts	4,716,198	19,336,412	30,652,582	124,909,272
Negotiable Certificate of Deposit ("NCD")	4,157,550	17,045,955	4,225,755	17,219,951
	<u>101,155,431</u>	<u>414,737,267</u>	<u>95,934,585</u>	<u>390,933,434</u>

5. BALANCE WITH OTHER BANKS

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

Group	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	101,746,225	417,159,523	9,672,795	39,416,639
Impairment loss allowance	(357,999)	(1,467,796)	(14,992)	(61,092)
	<u>101,388,226</u>	<u>415,691,727</u>	<u>9,657,803</u>	<u>39,355,547</u>

Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balance with other banks at amortised cost	101,624,429	416,660,159	9,672,795	39,416,639
Impairment loss allowance	(357,999)	(1,467,796)	(14,992)	(61,092)
	<u>101,266,430</u>	<u>415,192,363</u>	<u>9,657,803</u>	<u>39,355,547</u>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

5. BALANCE WITH OTHER BANKS (continued)

The above amounts are analysed as follows:

As at 30 September 2020

Group	Gross carrying amount	ECL allowance	Carrying amount	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	28,637,719	(107,600)	28,530,119	116,973,487
Savings accounts	43,655,843	(106,081)	43,549,762	178,554,025
Term deposits	29,452,663	(144,318)	29,308,345	120,164,215
	<u>101,746,225</u>	<u>(357,999)</u>	<u>101,388,226</u>	<u>415,691,727</u>

Bank	Gross carrying amount	ECL allowance	Carrying amount	
	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Current accounts	28,637,719	(107,600)	28,530,119	116,973,487
Savings accounts	43,534,047	(106,081)	43,427,966	178,054,661
Term deposits	29,452,663	(144,318)	29,308,345	120,164,215
	<u>101,624,429</u>	<u>(357,999)</u>	<u>101,266,430</u>	<u>415,192,363</u>

As at 31 December 2019

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

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6. LOANS TO CUSTOMERS

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Loans to customers at amortised cost	1,127,949,689	4,624,593,725	1,041,441,228	4,243,873,004
Impairment loss allowance	(19,967,312)	(81,865,979)	(5,168,298)	(21,060,814)
	<u>1,107,982,377</u>	<u>4,542,727,746</u>	<u>1,036,272,930</u>	<u>4,222,812,190</u>

The above amounts are analysed as follows:

As at 30 September 2020

Group and Bank	Gross carrying amount	ECL allowance	Carrying amount	
	US\$		US\$	US\$
Individual loans				
External customers				
Mortgage lending	67,957,500	(2,037,433)	65,920,067	270,272,276
Personal lending	1,053,700,418	(17,919,097)	1,035,781,321	4,246,703,415
Staff loans	6,291,771	(10,782)	6,280,989	25,752,055
	<u>1,127,949,689</u>	<u>(19,967,312)</u>	<u>1,107,982,377</u>	<u>4,542,727,746</u>

As at 31 December 2019

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

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6. LOANS TO CUSTOMERS (continued)

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

Group and Bank	30 September 2020				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Normal	1,107,978,663	-	-	1,107,978,663	4,542,712,519
Special mention	5,929	6,493,297	-	6,499,226	26,646,827
Substandard	-	10,727	8,219,568	8,230,295	33,744,210
Doubtful	-	285	4,263,066	4,263,351	17,479,739
Loss	-	-	978,154	978,154	4,010,430
	<u>1,107,984,592</u>	<u>6,504,309</u>	<u>13,460,788</u>	<u>1,127,949,689</u>	<u>4,624,593,725</u>
Loss allowance	<u>(2,232,727)</u>	<u>(4,273,797)</u>	<u>(13,460,788)</u>	<u>(19,967,312)</u>	<u>(81,865,979)</u>
Carrying amount	<u>1,105,751,865</u>	<u>2,230,512</u>	<u>-</u>	<u>1,107,982,377</u>	<u>4,542,727,746</u>
Loan commitments					
Normal	1,321,840	-	-	1,321,840	5,419,544
Special mention	-	-	-	-	-
Substandard	-	-	3,671	3,671	15,051
Doubtful	-	-	68,800	68,800	282,080
Loss	-	-	-	-	-
	<u>1,321,840</u>	<u>-</u>	<u>72,471</u>	<u>1,394,311</u>	<u>5,716,675</u>
Loss allowance (Note 18)	<u>(2,607)</u>	<u>-</u>	<u>(72,471)</u>	<u>(75,078)</u>	<u>(307,820)</u>
Carrying amount	<u>1,319,233</u>	<u>-</u>	<u>-</u>	<u>1,319,233</u>	<u>5,408,855</u>

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6. LOANS TO CUSTOMERS (continued)

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

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 2020				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Current	1,096,295,291	1,202,701	1,673,826	1,099,171,818	4,506,604,453
Overdue ≤ 30 days	11,689,301	300,431	375,323	12,365,055	50,696,726
Overdue > 30 days	-	5,001,177	11,411,639	16,412,816	67,292,546
Total	1,107,984,592	6,504,309	13,460,788	1,127,949,689	4,624,593,725
	31 December 2019				
	Stage 1	Stage 2	Stage 3	Total	
	US\$	US\$	US\$	US\$	KHR'000
					(Note 2.3)
Loans to customers					
Current	1,036,407,510	664,633	566,285	1,037,638,428	4,228,376,594
Overdue ≤ 30 days	366,393	57,439	7,666	431,498	1,758,354
Overdue > 30 days	-	620,042	2,751,260	3,371,302	13,738,056
Total	1,036,773,903	1,342,114	3,325,211	1,041,441,228	4,243,873,004

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6. LOANS TO CUSTOMERS (continued)

Group and Bank	30 September 2020		31 December 2019	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	US\$	US\$	US\$	US\$
Loans to customers				
0-29 days	1,111,346,376	5,138,715	1,038,025,227	1,952,803
30-59 days	3,725,632	2,523,832	370,050	256,832
60-89 days	1,855,778	1,282,862	344,079	256,791
90-180 days	6,143,244	6,143,244	876,674	876,674
More than 180 days	4,878,659	4,878,659	1,825,198	1,825,198
Total	1,127,949,689	19,967,312	1,041,441,228	5,168,298
In KHR'000 equivalents (Note 2.3)	4,624,593,725	81,865,979	4,243,873,004	21,060,814

7. PROPERTY AND EQUIPMENT

During the nine-month period ended 30 September 2020, the Group and the Bank acquired property and equipment amounting to US\$30,595,502 and US\$1,165,044 (Group and Bank: nine-month period ended 30 September 2019: US\$1,255,428) respectively, and the depreciation expense amounting to US\$1,484,597 and US\$1,484,386 (Group and Bank: nine-month period ended 30 September 2019: US\$1,651,827) were charged to condensed consolidated and separate interim statement of profit or loss during the period.

8. RIGHT-OF-USE ASSETS

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

Group	Buildings	ATM premises	Total	
	US\$	US\$	US\$	KHR'000
30 September 2020				(Note 2.3)
Cost				
At 1 January 2020	17,294,280	504,725	17,799,005	72,530,945
Additions	1,478,515	154,376	1,632,891	6,665,461
Reversals	(50,622)	(27,673)	(78,295)	(319,600)
Currency translation differences	-	-	-	472,958
At 30 September 2020	18,722,173	631,428	19,353,601	79,349,764
Less: Accumulated amortisation				
At 1 January 2020	5,246,053	271,695	5,517,748	22,484,823
Amortisation	2,101,258	129,346	2,230,604	9,105,326
Reversals	(23,747)	(13,837)	(37,584)	(153,418)
Currency translation differences	-	-	-	177,418
At 30 September 2020	7,323,564	387,204	7,710,768	31,614,149
Carrying amounts				
At 30 September 2020	11,398,609	244,224	11,642,833	47,735,615

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8. RIGHT-OF-USE ASSETS (continued)

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

Bank	Land	Buildings	ATM premises	Total	
30 September 2020	US\$	US\$	US\$	US\$	KHR'000
	(Note 29)				(Note 2.3)
Cost					
At 1 January 2020	-	17,294,280	504,725	17,799,005	72,530,945
Additions	10,457,534	1,478,515	154,376	12,090,425	49,353,115
Reversals	-	(50,622)	(27,673)	(78,295)	(319,600)
Currency translation differences	-	-	-	-	661,193
At 30 September 2020	<u>10,457,534</u>	<u>18,722,173</u>	<u>631,428</u>	<u>29,811,135</u>	<u>122,225,653</u>
Less: Accumulated amortisation					
At 1 January 2020	-	5,246,053	271,695	5,517,748	22,484,823
Amortisation	43,573	2,101,258	129,346	2,274,177	9,283,191
Reversals	-	(23,747)	(13,837)	(37,584)	(153,418)
Currency translation differences	-	-	-	-	178,202
At 30 September 2020	<u>43,573</u>	<u>7,323,564</u>	<u>387,204</u>	<u>7,754,341</u>	<u>31,792,798</u>
Carrying amounts					
At 30 September 2020	<u>10,413,961</u>	<u>11,398,609</u>	<u>244,224</u>	<u>22,056,794</u>	<u>90,432,855</u>

Group and Bank

	Buildings	ATM premises	Total	
31 December 2019	US\$	US\$	US\$	KHR'000
				(Note 2.3)
Cost				
At 1 January 2019	15,095,835	346,830	15,442,665	62,048,628
Additions				
1 January to 30 September	1,513,253	175,973	1,689,226	6,837,987
1 October to 31 December	720,862	9,735	730,597	2,967,136
Reversals	(35,670)	(27,813)	(63,483)	(257,233)
Currency translation differences	-	-	-	934,427
At 31 December 2019	<u>17,294,280</u>	<u>504,725</u>	<u>17,799,005</u>	<u>72,530,945</u>
Less: Accumulated amortisation				
At 1 January 2019	2,540,401	113,999	2,654,400	10,665,379
Amortisation				
1 January to 30 September	2,026,894	134,457	2,161,351	8,749,149
1 October to 31 December	691,732	43,211	734,943	2,986,634
Reversals	(12,974)	(19,972)	(32,946)	(133,497)
Currency translation differences	-	-	-	217,158
At 31 December 2019	<u>5,246,053</u>	<u>271,695</u>	<u>5,517,748</u>	<u>22,484,823</u>
Carrying amounts				
At 31 December 2019	<u>12,048,227</u>	<u>233,030</u>	<u>12,281,257</u>	<u>50,046,122</u>

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9. INTANGIBLE ASSETS

During the nine-month period ended 30 September 2020, the Group and the Bank acquired the intangible assets US\$2,422,170 which is currently under progress amounting to US\$2,374,896 (nine-month period 30 September 2019: addition amounting to US\$122,860 and asset under progress amounting to US\$1,230,756), and the amortisation expense amounting to US\$207,246 (nine-month period ended 30 September 2019: US\$162,643) 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 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred tax assets	11,805,589	48,402,915	6,141,196	25,025,373
Deferred tax liabilities	(4,142,798)	(16,985,472)	(2,238,513)	(9,121,940)
Net deferred tax assets	<u>7,662,791</u>	<u>31,417,443</u>	<u>3,902,683</u>	<u>15,903,433</u>
Bank				
		(Note 2.3)		(Note 2.3)
Deferred tax assets	11,840,460	48,545,886	6,141,196	25,025,373
Deferred tax liabilities	(4,164,939)	(17,076,250)	(2,238,513)	(9,121,940)
Net deferred tax assets	<u>7,675,521</u>	<u>31,469,636</u>	<u>3,902,683</u>	<u>15,903,433</u>

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10 INCOME TAX (continued)

(a) Deferred tax assets, net (continued)

The movement of net deferred tax assets was as follows:

Group	30 September 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At the beginning of period	3,902,683	15,903,433	3,100,212	12,456,652
Credited to profit or loss				
1 January to 30 September	2,454,258	10,018,281	551,399	2,232,064
1 October to 31 December	-	-	251,072	1,019,549
Credited to other comprehensive income				
1 January to 30 September	1,305,850	5,330,480	-	-
Currency translation differences	-	165,249	-	195,168
At the end of period	<u>7,662,791</u>	<u>31,417,443</u>	<u>3,902,683</u>	<u>15,903,433</u>
Bank				
	30 September 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
At the beginning of period	3,902,683	15,903,433	3,100,212	12,456,652
Credited to profit or loss				
1 January to 30 September	2,466,988	10,070,245	551,399	2,232,064
1 October to 31 December	-	-	251,072	1,019,549
Credited to other comprehensive income				
1 January to 30 September	1,305,850	5,330,480	-	-
Currency translation differences	-	165,478	-	195,168
At the end of period	<u>7,675,521</u>	<u>31,469,636</u>	<u>3,902,683</u>	<u>15,903,433</u>

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10. INCOME TAX (continued)

(b) Current income tax liabilities

The movement of current income tax liabilities was as follow:

Group	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	2,632,899	10,729,063	4,862,542	19,537,694
Current income tax expense				
1 January to 30 September	6,634,729	27,082,964	5,851,588	23,687,229
1 October to 31 December	-	-	(1,672,629)	(6,754,087)
Current income tax paid				
1 January to 30 September	(2,988,212)	(12,197,881)	(6,023,945)	(24,384,929)
1 October to 31 December	-	-	(384,657)	(1,582,726)
Currency translation differences	-	131,460	-	225,882
At the end of period	<u>6,279,416</u>	<u>25,745,606</u>	<u>2,632,899</u>	<u>10,729,063</u>

Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At the beginning of period	2,632,899	10,729,063	4,862,542	19,537,694
Current income tax expense				
1 January to 30 September	6,617,944	27,014,447	5,851,588	23,687,229
1 October to 31 December	-	-	(1,672,629)	(6,754,087)
Current income tax paid				
1 January to 30 September	(2,987,658)	(12,195,620)	(6,023,945)	(24,384,929)
1 October to 31 December	-	-	(384,657)	(1,582,726)
Currency translation differences	-	131,169	-	225,882
At the end of period	<u>6,263,185</u>	<u>25,679,059</u>	<u>2,632,899</u>	<u>10,729,063</u>

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10. INCOME TAX (continued)

(c) Income tax expense

Group	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	2,014,560	8,251,155	2,118,913	8,648,281
Deferred tax	1,221,103	4,962,491	(132,014)	(542,361)
Income tax expense	3,235,663	13,213,646	1,986,899	8,105,920
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	6,634,729	27,082,964	5,851,588	23,687,229
Deferred tax	(2,454,258)	(10,018,281)	(551,399)	(2,232,064)
Income tax expense	4,180,471	17,064,683	5,300,189	21,455,165
	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
Bank	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	1,997,775	8,182,638	2,118,913	8,648,281
Deferred tax	1,208,373	4,910,527	(132,014)	(542,361)
Income tax expense	3,206,148	13,093,165	1,986,899	8,105,920
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Current income tax	6,617,944	27,014,447	5,851,588	23,687,229
Deferred tax	(2,466,988)	(10,070,245)	(551,399)	(2,232,064)
Income tax expense	4,150,956	16,944,202	5,300,189	21,455,165

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

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10. INCOME TAX (continued)

(c) Income tax expense (continued)

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

For fiscal years 2020 and 2021, the Bank shall implement the new Prakas No. 183 on Implementation Guidelines on Tax Incentives on Tax on Income to New Securities Issuing Enterprises issued by the Ministry of Economy and Finance. On 4 November 2020, the Bank submitted a letter to the SECC requesting tax incentive over tax on income for the fiscal year 2020 and the prepayment of tax on income 1% for the fiscal year 2021. To date of these financial statements, the Bank has not received the approval letter from the SECC yet.

11. OTHER ASSETS

Group	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deferred employee expense	7,735,857	31,717,014	7,013,693	28,580,799
Deposits for leases	1,442,710	5,915,111	1,356,808	5,528,993
Prepaid maintenance services	458,160	1,878,456	381,799	1,555,831
Deposits for purchase of land	-	-	17,661,416	71,970,270
Other receivables	2,941,619	12,060,638	1,652,800	6,735,161
	<u>12,578,346</u>	<u>51,571,219</u>	<u>28,066,516</u>	<u>114,371,054</u>
Bank				
		(Note 2.3)		(Note 2.3)
Amounts due from related party (Note 29)	29,459,538	120,784,106	17,666,066	71,989,219
Deferred employee expense	7,735,857	31,717,014	7,013,693	28,580,799
Deposits for leases	1,941,478	7,960,060	1,356,808	5,528,993
Prepaid maintenance services	458,160	1,878,456	381,799	1,555,831
Other receivables	2,939,118	12,050,384	1,653,310	6,737,239
	<u>42,534,151</u>	<u>174,390,020</u>	<u>28,071,676</u>	<u>114,392,081</u>

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

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12. DEPOSITS FROM CUSTOMERS

Group	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At amortised cost				
Savings deposits	125,942,872	516,365,775	142,895,495	582,299,143
Term deposits	559,694,996	2,294,749,484	467,202,832	1,903,851,540
	<u>685,637,868</u>	<u>2,811,115,259</u>	<u>610,098,327</u>	<u>2,486,150,683</u>
Bank				
		(Note 2.3)		(Note 2.3)
At amortised cost				
Savings deposits	125,943,890	516,369,949	142,896,495	582,303,218
Term deposits	559,694,996	2,294,749,484	467,202,832	1,903,851,540
	<u>685,638,886</u>	<u>2,811,119,433</u>	<u>610,099,327</u>	<u>2,486,154,758</u>

13. DEBT SECURITIES ISSUED

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Debt securities issued at amortised cost	<u>29,878,107</u>	<u>122,500,239</u>	<u>29,196,072</u>	<u>118,973,993</u>

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

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

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

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

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14. BORROWINGS

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At amortised cost				
Floating rate	37,293,639	152,903,920	47,403,299	193,168,443
Fixed rate	364,946,199	1,496,279,416	264,082,683	1,076,136,934
	<u>402,239,838</u>	<u>1,649,183,336</u>	<u>311,485,982</u>	<u>1,269,305,377</u>

15. SUBORDINATED DEBTS

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
At amortised cost				
Floating rate	2,589,566	10,617,221	5,047,841	20,569,952
Fixed rate	4,782,624	19,608,758	6,927,080	28,227,851
	<u>7,372,190</u>	<u>30,225,979</u>	<u>11,974,921</u>	<u>48,797,803</u>

During the nine months period, subordinated debts amounting to US\$2,500,000, US\$1,000,000 and US\$1,000,000 were repaid to the lender with an approval from the National Bank of Cambodia on 07 May 2020, 03 February 2020 and 24 June 2020 respectively.

16. DERIVATIVES HELD FOR RISK MANAGEMENT

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate swap designated in cash flow hedges – Note 31	8,130,526	33,335,157	-	-
Interest rate swap not designated in cash flow hedges – Note 31	1,129,796	4,632,164	1,868,132	7,612,638
Currency swap – Note 31	29,269	120,002	19,452	79,267
	<u>9,289,591</u>	<u>38,087,323</u>	<u>1,887,584</u>	<u>7,691,905</u>

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16. DERIVATIVES HELD FOR RISK MANAGEMENT (continued)

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

Interest rate designated in cash flow hedges was applied on 1 January 2020. The designated hedged exposure is US\$80,000,000 layer of the Bank's US\$ fixed deposits portfolio. The amount is exactly matched notional amount of the hedging instrument and this results in a hedge ratio of 1:1 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\$6,529,246 and its related deferred tax assets amounting US\$1,305,850 were recognised in OCI.

17. LEASE LIABILITIES

Group	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Not later than 1 year	2,659,362	10,903,384	2,543,796	10,365,969
Later than 1 year and not later than 5 years	7,981,662	32,724,814	7,687,866	31,328,054
Later than 5 years	1,909,872	7,830,476	2,773,548	11,302,208
	<u>12,550,896</u>	<u>51,458,674</u>	<u>13,005,210</u>	<u>52,996,231</u>
Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Not later than 1 year	2,533,623	10,387,854	2,543,796	10,365,969
Later than 1 year and not later than 5 years	7,451,098	30,549,502	7,687,866	31,328,054
Later than 5 years	13,043,767	53,479,445	2,773,548	11,302,208
	<u>23,028,488</u>	<u>94,416,801</u>	<u>13,005,210</u>	<u>52,996,231</u>

18. PROVISIONS

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loan commitments	<u>75,078</u>	<u>307,820</u>	<u>2,717</u>	<u>11,072</u>

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

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19. OTHER LIABILITIES

Group	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Amounts due to related party (*)	42,410	173,881	40,080,966	163,329,936
Short-term employee benefits	5,122,270	21,001,307	4,767,591	19,427,933
Provident benefits	2,387,719	9,789,648	1,266,489	5,160,943
Creditors and accruals	628,356	2,576,260	526,472	2,145,373
Others	1,740,885	7,137,626	1,542,567	6,285,961
	<u>9,921,640</u>	<u>40,678,722</u>	<u>48,184,085</u>	<u>196,350,146</u>
Bank				
		(Note 2.3)		(Note 2.3)
Amounts due to related party (*)	42,410	173,881	40,080,966	163,329,936
Short-term employee benefits	5,122,270	21,001,307	4,767,591	19,427,933
Provident benefits	2,387,719	9,789,648	1,266,489	5,160,943
Creditors and accruals	625,469	2,564,423	521,647	2,125,712
Others	2,233,593	9,157,730	1,542,567	6,285,961
	<u>10,411,461</u>	<u>42,686,989</u>	<u>48,179,260</u>	<u>196,330,485</u>

(*) During the nine-month period ended 30 September 2020, the Group and the Bank converted US\$40,000,000 to the share capital (Note 20).

20. SHARE CAPITAL

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Registered, issued and fully paid ordinary share of US\$1 each	115,000,000	471,500,000	75,000,000	305,625,000

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

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

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

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21. RESERVES

Group	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,798,082	682,459	2,781,020
Regulatory reserves	658,191	2,698,583	6,724,489	27,402,293
Other reserves	31,411,444	128,786,921	1,411,444	5,751,634
Cash flow hedge reserve	(5,223,396)	(21,321,902)	-	-
Currency translation differences	-	6,656,200	-	4,499,831
	<u>27,528,698</u>	<u>119,617,884</u>	<u>8,818,392</u>	<u>40,434,778</u>

Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Legal reserves	682,459	2,798,082	682,459	2,781,020
Regulatory reserves	658,191	2,698,583	6,724,489	27,402,293
Other reserves	31,411,444	128,786,921	1,411,444	5,751,634
Cash flow hedge reserve	(5,223,396)	(21,321,902)	-	-
Currency translation differences	-	6,654,302	-	4,500,049
	<u>27,528,698</u>	<u>119,615,986</u>	<u>8,818,392</u>	<u>40,434,996</u>

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FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

22. NET INTEREST INCOME

Group	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income				
Loans to customers	42,695,379	174,783,438	36,548,615	149,197,111
Balances with the NBC	7,088	29,184	35,024	143,036
Balances with other banks	39,924	163,069	16,022	66,212
	<u>42,742,391</u>	<u>174,975,691</u>	<u>36,599,661</u>	<u>149,406,359</u>
Interest expense				
Deposits from customers	10,191,644	41,713,524	9,327,244	38,082,501
Borrowings	6,534,315	26,751,841	4,742,663	19,350,600
Debt securities issued	699,417	2,863,816	700,827	2,863,366
Subordinated debts	198,730	814,764	421,888	1,729,818
Lease liabilities	239,209	979,342	243,912	996,492
	<u>17,863,315</u>	<u>73,123,287</u>	<u>15,436,534</u>	<u>63,022,777</u>
Net interest income	<u>24,879,076</u>	<u>101,852,404</u>	<u>21,163,127</u>	<u>86,383,582</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income				
Loans to customers	126,178,806	515,061,886	102,249,499	413,905,972
Balances with the NBC	48,776	199,104	101,298	410,054
Balances with other banks	56,539	230,792	87,328	353,504
	<u>126,284,121</u>	<u>515,491,782</u>	<u>102,438,125</u>	<u>414,669,530</u>
Interest expense				
Deposits from customers	28,730,500	117,277,901	26,475,546	107,173,010
Borrowings	19,662,185	80,261,039	12,758,508	51,646,440
Debt securities issued	2,165,264	8,838,608	2,091,261	8,465,425
Subordinated debts	789,985	3,224,719	1,580,600	6,398,269
Lease liabilities	721,098	2,943,522	724,710	2,933,626
	<u>52,069,032</u>	<u>212,545,789</u>	<u>43,630,625</u>	<u>176,616,770</u>
Net interest income	<u>74,215,089</u>	<u>302,945,993</u>	<u>58,807,500</u>	<u>238,052,760</u>

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22. NET INTEREST INCOME (continued)

Bank	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income				
Loans to customers	42,695,379	174,783,438	36,548,615	149,197,111
Balances with the NBC	7,088	29,184	35,024	143,036
Balances with other banks	39,924	163,069	16,022	66,212
	<u>42,742,391</u>	<u>174,975,691</u>	<u>36,599,661</u>	<u>149,406,359</u>
Interest expense				
Deposits from customers	10,191,649	41,713,544	9,327,244	38,082,501
Borrowings	6,534,315	26,751,841	4,742,663	19,350,600
Debt securities issued	699,417	2,863,816	700,827	2,863,366
Subordinated debts	198,730	814,764	421,888	1,729,818
Lease liabilities	369,991	1,513,194	243,912	996,492
	<u>17,994,102</u>	<u>73,657,159</u>	<u>15,436,534</u>	<u>63,022,777</u>
Net interest income	<u>24,748,289</u>	<u>101,318,532</u>	<u>21,163,127</u>	<u>86,383,582</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Interest income				
Loans to customers	126,178,806	515,061,886	102,249,499	413,905,972
Balances with the NBC	48,776	199,104	101,298	410,054
Balances with other banks	56,539	230,792	87,328	353,504
	<u>126,284,121</u>	<u>515,491,782</u>	<u>102,438,125</u>	<u>414,669,530</u>
Interest expense				
Deposits from customers	28,730,518	117,277,974	26,475,546	107,173,010
Borrowings	19,662,185	80,261,039	12,758,508	51,646,440
Debt securities issued	2,165,264	8,838,608	2,091,261	8,465,425
Subordinated debts	789,985	3,224,719	1,580,600	6,398,269
Lease liabilities	851,880	3,477,374	724,710	2,933,626
	<u>52,199,832</u>	<u>213,079,714</u>	<u>43,630,625</u>	<u>176,616,770</u>
Net interest income	<u>74,084,289</u>	<u>302,412,068</u>	<u>58,807,500</u>	<u>238,052,760</u>

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23. NET FEE AND COMMISSION INCOME

Group and Bank	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Fee and commission income				
Other fees and commissions on loans	810,284	3,315,486	837,206	3,415,621
Referral fees	622,019	2,542,914	463,578	1,889,223
Service charges on deposit accounts	61,271	250,860	57,938	236,855
Remittance fees	19,481	79,789	30,424	124,428
Other fee income	26,208	107,350	40,896	166,837
	<u>1,539,263</u>	<u>6,296,399</u>	<u>1,430,042</u>	<u>5,832,964</u>
Fee and commission expense				
Borrowing fees	108,815	444,891	117,783	480,828
Bank charges	54,247	222,193	39,156	160,744
Debt securities fees	4,793	19,624	4,554	18,605
Referral fees	9,688	39,651	11,819	48,386
Subordinated debts fees	1,320	5,403	1,320	5,393
	<u>178,863</u>	<u>731,762</u>	<u>174,632</u>	<u>713,956</u>
Net fee and commission income	<u>1,360,400</u>	<u>5,564,637</u>	<u>1,255,410</u>	<u>5,119,008</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Fee and commission income				
Other fees and commissions on loans	2,128,212	8,687,361	2,237,812	9,058,663
Referral fees	1,260,768	5,146,455	1,129,885	4,573,774
Service charges on deposit accounts	186,646	761,889	180,118	729,118
Remittance fees	64,139	261,815	97,336	394,016
Other fee income	87,318	356,433	108,785	440,362
	<u>3,727,083</u>	<u>15,213,953</u>	<u>3,753,936</u>	<u>15,195,933</u>
Fee and commission expense				
Borrowing fees	226,763	925,647	330,563	1,338,119
Bank charges	180,403	736,405	157,024	635,633
Referral fees	26,983	110,145	40,424	163,636
Debt securities fees	14,599	59,593	13,511	54,693
Subordinated debts fees	3,932	16,050	3,918	15,860
	<u>452,680</u>	<u>1,847,840</u>	<u>545,440</u>	<u>2,207,941</u>
Net fee and commission income	<u>3,274,403</u>	<u>13,366,113</u>	<u>3,208,496</u>	<u>12,987,992</u>

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24. NET LOSSES FROM OTHER FINANCIAL INSTRUMENTS AT FVTPL

Group and Bank	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate	62,557	259,409	35,370	158,921
Foreign exchange	51,257	208,983	(21,930)	(88,885)
	<u>113,814</u>	<u>468,392</u>	<u>13,440</u>	<u>70,036</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest rate	737,792	3,011,667	863,958	3,497,302
Foreign exchange	9,815	40,065	(27,858)	(112,769)
	<u>747,607</u>	<u>3,051,732</u>	<u>836,100</u>	<u>3,384,533</u>

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

Group and Bank	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers (*)	(3,921,445)	(15,891,502)	127,808	523,517
Balances with other banks	254,847	1,040,818	42,590	173,046
Loan commitments	28,152	115,181	(23,060)	(92,913)
	<u>(3,638,446)</u>	<u>(14,735,503)</u>	<u>147,338</u>	<u>603,650</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Loans to customers (*)	15,384,646	62,800,125	451,473	1,827,563
Balances with other banks	343,555	1,402,392	76,409	309,303
Loan commitments	72,374	295,430	(238)	(963)
	<u>15,800,575</u>	<u>64,497,947</u>	<u>527,644</u>	<u>2,135,903</u>

(*) This includes the recoveries of loans previously written off amounting to US\$560,735 (30 September 2019: US\$633,672).

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26. PERSONNEL EXPENSES

Group	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	8,465,589	34,654,422	7,336,995	29,958,800
Provident benefits	382,744	1,566,829	330,813	1,350,716
Seniority payments	350,248	1,435,079	308,241	1,261,036
Other personnel expenses	775,576	3,175,826	698,387	2,852,871
	<u>9,974,157</u>	<u>40,832,156</u>	<u>8,674,436</u>	<u>35,423,423</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	24,780,205	101,152,797	20,949,834	84,804,928
Provident benefits	1,127,415	4,602,108	940,517	3,807,213
Seniority payments	1,244,612	5,080,506	1,006,980	4,076,255
Other personnel expenses	2,429,740	9,918,199	2,056,360	8,324,145
	<u>29,581,972</u>	<u>120,753,610</u>	<u>24,953,691</u>	<u>101,012,541</u>
	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	8,464,255	34,648,966	7,336,995	29,958,800
Provident benefits	382,744	1,566,829	330,813	1,350,716
Seniority payments	350,248	1,435,079	308,241	1,261,036
Other personnel expenses	775,576	3,175,826	698,387	2,852,871
	<u>9,972,823</u>	<u>40,826,700</u>	<u>8,674,436</u>	<u>35,423,423</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Salaries and bonuses	24,777,271	101,140,820	20,949,834	84,804,928
Provident benefits	1,127,415	4,602,108	940,517	3,807,213
Seniority payments	1,244,476	5,079,951	1,006,980	4,076,255
Other personnel expenses	2,429,740	9,918,199	2,056,360	8,324,145
	<u>29,578,902</u>	<u>120,741,078</u>	<u>24,953,691</u>	<u>101,012,541</u>

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27. OTHER EXPENSES

Group	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Travelling and transportation	648,824	2,656,587	594,863	2,426,868
Repairs and maintenance	422,394	1,727,646	310,284	1,267,324
Utilities	200,236	819,819	210,094	857,180
License fee, patent and other taxes	199,756	817,543	174,095	710,957
Security	191,833	785,321	183,415	749,074
Communication	173,681	710,995	165,703	676,843
Office supplies and non-capitalised purchases	158,642	650,372	189,160	771,483
Leases and rental	135,929	556,272	108,890	444,666
Marketing and advertising	99,520	406,977	319,324	1,298,485
Professional services	87,439	358,471	63,397	258,764
Board fees and meetings	17,815	72,969	23,015	94,082
Others	95,517	390,515	63,804	260,291
	<u>2,431,586</u>	<u>9,953,487</u>	<u>2,406,044</u>	<u>9,816,017</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Travelling and transportation	1,996,760	8,150,774	1,587,675	6,426,908
Repairs and maintenance	994,758	4,060,602	904,707	3,662,254
Office supplies and non-capitalised purchases	624,596	2,549,601	492,510	1,993,680
Utilities	609,603	2,488,399	563,768	2,282,133
Security	568,322	2,319,890	531,315	2,150,763
License fee, patent and other taxes	556,501	2,271,637	501,489	2,030,027
Communication	511,840	2,089,331	485,536	1,965,450
Leases and rental	370,837	1,513,757	313,089	1,267,384
Professional services	344,900	1,407,882	175,674	711,128
Marketing and advertising	222,216	907,086	627,814	2,541,391
Board fees and meetings	59,071	241,128	71,318	288,695
Others	197,822	807,508	169,598	686,535
	<u>7,057,226</u>	<u>28,807,595</u>	<u>6,424,493</u>	<u>26,006,348</u>

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28. CASH AND CASH EQUIVALENTS

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

Group	30 September 2020		30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balances with other banks	101,740,775	417,137,177	61,965,642	253,749,304
Cash on hand	32,499,686	133,248,713	20,510,085	83,988,798
Balances with the NBC	8,864,979	36,346,414	6,973,760	28,557,547
	<u>143,105,440</u>	<u>586,732,304</u>	<u>89,449,487</u>	<u>366,295,649</u>

Bank	30 September 2020		30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Balances with other banks	101,618,979	416,637,813	61,965,642	253,749,304
Cash on hand	32,499,686	133,248,713	20,510,085	83,988,798
Balances with the NBC	8,864,979	36,346,414	6,973,760	28,557,547
	<u>142,983,644</u>	<u>586,232,940</u>	<u>89,449,487</u>	<u>366,295,649</u>

29. RELATED PARTIES

(a) Related parties and relationships

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

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

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29. RELATED PARTIES (continued)

(b) Directors and key management compensation

Group and Bank	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Board of Directors				
Fees and related expenses	17,815	72,969	23,015	94,082
Key management				
Salaries and short-term benefits	430,011	1,763,640	376,806	1,547,018
Provident benefits	25,806	105,645	22,264	91,033
	<u>455,817</u>	<u>1,869,285</u>	<u>399,070</u>	<u>1,638,051</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Board of Directors				
Fees and related expenses	59,071	241,128	71,318	288,695
Key management				
Salaries and short-term benefits	1,819,213	7,426,027	1,519,292	6,150,094
Provident benefits	76,701	313,093	70,077	283,672
	<u>1,895,914</u>	<u>7,739,120</u>	<u>1,589,369</u>	<u>6,433,766</u>
	30 September 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Provident benefits payable	173,963	713,248	94,190	383,824

(c) Loans to key management and interest income

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000 (Note 2.3)	US\$	KHR'000 (Note 2.3)
Loans outstanding to key management	677,268	2,776,799	470,249	1,916,265

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29. RELATED PARTIES (continued)

(c) Loans to key management and interest income

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

Group and Bank	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income from key management	10,155	41,559	14,087	57,391
Group and Bank	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest income from key management	27,876	113,790	33,375	135,102

(d) Deposits from and interest expense to key management

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deposits from key management	2,494,409	10,227,077	2,054,009	8,370,087

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

Group and Bank	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to key management	43,040	176,075	16,462	67,289
Group and Bank	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to key management	107,202	437,599	50,721	205,319

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29. RELATED PARTIES (continued)

(e) Deposits from and interest expense to Directors

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Deposits from Board of Directors	604,382	2,477,966	4,607,061	18,773,774

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

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to the Board of Directors	(98,207)	(400,112)	13,929	58,344

	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Interest expense to the Board of Directors	29,928	122,166	117,033	473,750

(f) Office rental from key management

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Office rental expenses	16,980	69,516	16,980	69,380

Group and Bank	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
Office rental expenses	50,940	207,937	50,940	206,205

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29. RELATED PARTIES (continued)

(g) Transactions and balances with shareholder and affiliate

(i) Transactions with shareholder and affiliate

Group and Bank	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Repayment of borrowings from Krungsri	(25,000,000)	(102,110,000)	-	-
Interest and fee expenses	(941,950)	(3,855,298)	(1,983,561)	(8,014,602)
<i>Affiliate</i>				
Land rental expense	(110,724)	(451,975)	-	-
Group and Bank	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Repayments of borrowing via IFC (*)	(2,857,143)	(11,662,858)	(2,857,143)	(11,565,715)
Proceeds received for borrowings from Krungsri	15,000,000	61,230,000	-	-
Repayment of borrowings from Krungsri	(35,000,000)	(142,870,000)	-	-
Interest and fee expenses	(2,651,689)	(10,824,194)	(1,201,834)	(4,865,024)
<i>Affiliate</i>				
Land rental expense	(110,724)	(451,975)	-	-

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29. RELATED PARTIES (continued)

(g) Transactions and balances with shareholder and affiliate (continued)

(ii) Balances with shareholder and affiliate

Group and Bank	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
		(Note 2.3)		(Note 2.3)
<i>Shareholder</i>				
Interest payable on interest rate SWAP	775,846	3,180,969	28,868	117,637
Interest receivable on interest rate SWAP	1,341	5,498	74	302
Amount payable on payment on behalf of the Bank's expense	41,438	169,896	80,132	326,538
Amount payable for share capital injection	-	-	40,000,000	163,000,000
Borrowing via IFC (*)	5,714,286	23,428,573	8,571,429	34,928,573
Interest payable on borrowing via IFC	136,264	558,682	83,067	338,498
Commitment given on interest rate SWAP (**)	119,643,286	490,537,473	132,857,429	541,394,023
Commitment received on interest rate SWAP (**)	(119,643,286)	(490,537,473)	(132,857,429)	(541,394,023)
Borrowing	-	-	20,000,000	81,500,000
Interest and fee payable on borrowing	972	3,985	833	3,394
	<u>6,670,147</u>	<u>27,347,603</u>	<u>68,764,403</u>	<u>280,214,942</u>
<i>Affiliate</i>				
Amount receivable from Hattha Services Co., Ltd (Note 11)	29,459,538	120,784,106	17,666,066	71,989,219
Deposit from Hattha Services Co., Ltd	(1,018)	(4,174)	-	-
Amount payable to Hattha Services Co., Ltd	(498,258)	(2,042,858)	-	-
Refundable deposit to Hattha Services Co., Ltd	498,258	2,042,858	-	-
	<u>29,458,520</u>	<u>120,779,932</u>	<u>17,666,066</u>	<u>71,989,219</u>

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

(**) On 12 January 2017, the Group and the Bank entered into agreements with Krungsri for interest rate swap totalling US\$54 million, effective from 15 May 2017. 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. 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. This is to manage the Group and the Bank's exposure to interest rate risk of its funding.

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30. SEASONALITY

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

31. FINANCIAL INSTRUMENTS

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

**Group and Bank
30 September 2020**

	Carrying amount				Fair value			
	FVOCI – equity instruments	Fair value - hedging instrument	FVTPL	Total	Level 1	Level 2	Level 3	Total
	US\$	\$US	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets measured at fair value								
Equity securities	20,000	-	-	20,000	-	-	20,000	20,000
In KHR'000 equivalents (Note 2.3)	82,000	-	-	82,000	-	-	82,000	82,000
Financial liabilities measured at fair value								
Interest rate swaps – Note 16	-	8,130,526	1,129,796	9,260,322	-	9,260,322	-	9,260,322
Currency swap – Note 16	-	-	29,269	29,269	-	29,269	-	29,269
Total	-	8,130,526	1,159,065	9,289,591	-	9,289,591	-	9,289,591
In KHR'000 equivalents (Note 2.3)	-	33,335,157	4,752,166	38,087,323	-	38,087,323	-	38,087,323

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31. FINANCIAL INSTRUMENTS (continued)

Group and Bank
31 December 2019

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

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32. TAX CONTINGENCIES

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

On 11 April 2019, the Group and the Bank filed a tax objection letter to the GDT protesting to the reassessed taxes. As a result, the Bank received the 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 have 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 litigation department. The letter was signed on 23 January 2020 and submitted to the tax agent for further process to the GDT. The Group and the Bank have not recorded any contingent tax liability as at 30 September 2020. The outcome of the ultimate tax liabilities for this assessment is unknown.

33. SIGNIFICANT EVENT

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

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