



The Fourth Quarterly Report

31 December 2019

Advanced Bank of Asia Limited
(ABA Bank)

Financial Highlights

Financial Situation (in KHR million)	Quarter 4 2019	2018
Total Assets	17,909,170	11,020,503
Total Liabilities	15,886,421	9,738,887
Total Equities	2,022,749	1,281,617
Financial Results (in KHR million)	Quarter 4 2019	Quarter 4 2018
Total revenues	361,371	239,521
Profit/(Loss) before tax	156,854	96,223
Profit/(Loss) after tax	171,282	72,732
Total comprehensive income	171,787	72,407
Financial ratio (%) (for Banks and Financial Institutions)	Quarter 4 2019	2018
Solvency ratio ^[1]	19.94	19.95
Debt to Equity Ratio	785.39	759.89
Liquidity Ratio	162.32	132.51
Non-performing Credit Ratio	0.70	0.78
Loan to Deposit Ratio	81.42	83.91
Profitability Ratio (%)	Quarter 4 2019	Quarter 4 2018
Returns on average asset ^[2]	0.98	0.70
Returns on average equity ^[2]	8.79	6.17
Interest coverage ratio ^[2]	394.33	284.96
Earnings per share (for equity listed entity)	N/A	N/A
Dividend per share (for equity listed entity)	N/A	N/A
Other Important Ratios (if any)	N/A	N/A

[1] On 21 November 2019, ABA Bank has requested to National Bank of Cambodia (NBC) to inject additional capital of USD 120 million equivalent to KHR 480 billion. On 2 January 2020, the Bank received approval letter dated 31 December 2019 from NBC. Having received the approval letter, National Bank of Cambodia injected the capital on the same day, boosting ABA Bank's solvency ratio to 21.11% on 2 January 2020.

[2] These ratios are not annualized and were calculated using the three-month period of profit or loss figures from 1 October to 31 December 2019.

Graphs of Financial Highlights

TOTAL ASSET

in KHR Millions

62.5%

INCREASE FROM 2018

17,909,170
Q4 2019

11,020,503
2018

TOTAL LIABILITIES

in KHR Millions

63.1%

INCREASE FROM 2018

15,886,421
Q4 2019

9,738,887
2018

TOTAL EQUITY

in KHR Millions

57.8%

INCREASE FROM 2018

2,022,749
Q4 2019

1,281,617
2018

TOTAL COMPREHENSIVE INCOME

in KHR Millions

137.3%

INCREASE FROM 2018

171,787
Q4 2019

72,407
2018

RETURNS ON AVERAGE ASSET

in percentage

40.0%

INCREASE FROM 2018

0.98
Q4 2019

0.70
Q4 2018

RETURNS ON AVERAGE EQUITY

in percentage

42.5%

INCREASE FROM 2018

8.79
Q4 2019

6.17
Q4 2018

Composition of the Board of Directors



Yves Jacquot
Chairman



Dominic Jacques
Non-Executive Director



Madi Akmambet
Executive Director



Martin Ouellet
Non-Executive Director



Lionel Pimpin
Non-Executive Director



Christian St-Arnaud
Non-Executive Director



Guy Quaden
Independent Director



Henri Calvet
Independent Director



Etienne Chenevier
Independent Director

Chairman Statement

It gives me a pleasure to address you with regards to the financial performance of ABA Bank in Q4 2019 following the requirements of the Securities and Exchange Commission of Cambodia (SECC).

ABA once again has demonstrated a strong growth on all main parameters, including total assets, deposits and loans, as well as the customer base. As of 31 December 2019, the total assets grew 60% compared to the end of 2018 and equaled USD 4.39 billion, while the deposit portfolio increased 55% to USD 3.40 billion and loan portfolio mounted up to USD 2.76 billion, representing 50% growth since 31 December 2018.

The shareholder's equity of the Bank also grew and reached USD 496 million in the reported period. The shareholder, National Bank of Canada has committed the additional capital injection of USD 120 million, which will be done in January 2020. Respective approval by the National Bank of Cambodia was obtained in December 2019. This tranche will support the further growth of the Bank, keeping its solvency ratio in the full compliance with the regulatory requirement.

ABA has secured a solid USD 42.2 million in net profit in Q4 alone and USD 127.41 million in full 2019 financial year. The Bank remains on top among commercial banks in terms of profitability, with its ROAE ratio at 31.3% as of Q4 2019 end.

In general, ABA successfully continues to implement its business strategy with focus on digital finance products as well as on productive loans to businesses in real sectors of the economy. The bank implements a strong risk management culture strengthened by audit and compliance functions across its businesses.

The reporting period was marked with notable milestones for ABA. In October, National Bank of Canada has successfully finished the purchase of the last stake in ABA, bringing its total shareholding to 99.99%. Through this acquisition, National Bank of Canada once again displayed its confidence in ABA and in the Cambodian banking industry as a whole.

The bank's strong growth across its businesses brought a credit rating upgrade from S&P Global Ratings, which assigned the Bank 'B+' long-term credit rating with "Stable" outlook in December 2019. At the same time, in the reported period ABA received three top-level awards from various industry magazines, which include the "Bank of the Year 2019 in Cambodia" and the "Best Digital Bank 2019 in Cambodia" titles.

The Board of Directors is delighted with the Bank's strong performance in the last quarter of 2019 and will keep playing an active role in overseeing of the Bank's strategy execution based on the best practices and standards. For that, The Board has full capacity of its dedicated members who put forth their backgrounds and solid expertise in finance, risk management, and corporate governance.

On behalf of the Board, I would like to thank the executive team of ABA for their strong leadership and dedication. I would also like to extend gratitude to the National Bank of Cambodia and the Securities and Exchange Commission of Cambodia for their guidance and support. Being the first Cambodian commercial bank to issue corporate bonds for the total amount of KHR 84.821 billion, ABA feels full commitment to further development of the securities market and promotion of the Khmer Riel.

Ultimately, I thank all customers for their trust in the Bank and other stakeholders for the confidence they demonstrate in ABA.

January 27, 2020



Yves Jacquot
Chairman

CONTENTS

Financial Highlights	II
Graphs of Financial Highlights	III
Composition of the Board of Directors	IV
Chairman Statement	V
PART 1. GENERAL INFORMATION OF THE LISTED ENTITY	2
A. Identification of the Listed Entities	3
B. Nature of Business	3
C. Quarterly Key Events of Listed Entity	4
PART 2. INFORMATION ON BUSINESS OPERATIONS PERFORMANCE	5
A. Business Operation Performance including business segments information	6
B. Revenue Structure	6
PART 3. FINANCIAL STATEMENT REVIEWED BY INDEPENDENT AUDITOR	7
PART 4. MANAGEMENT'S DISCUSSION AND ANALYSIS	9
A. OPERATIONAL OVERVIEW	10
B. Significant Factors Affecting Profit	12
C. Significant Changes in Sale and Revenue	13
D. Impact of Foreign Exchange, Interest Rates and Commodity Prices	13
E. Impact of Inflation	13
F. Economic, Fiscal and Monetary Policy of Royal Government	13
Signature of Directors of the Listed Entity	13

PART 1

GENERAL INFORMATION OF THE LISTED ENTITY

A. IDENTIFICATION OF THE LISTED ENTITIES

Entity Name in Khmer	ធនាគារវឌ្ឍនៈអាស៊ី បំរែកតំ
In Latin	Advanced Bank of Asia Limited
Standard Code	KH2000091986
Address	141, 146, 148 and 148 ABCD Preah Sihanouk Blvd, Sangkat Boeung Keng Kang I, Khan Boeung Keng Kang, Phnom Penh, Cambodia
Phone	(+855) 23 225 333
Fax	(+855) 23 216 333
Website	www.ababank.com
Email	info@ababank.com
Registration Number	00010593 dated 29 December, 2010
License Number	B14 issued by National Bank of Cambodia dated 22 October, 2018
Authorization and registered document number	155/19 SECC dated 07 August, 2019
Name of Listed Entity's Representative	Mr. Askhat Azhikhanov

B. NATURE OF BUSINESS

ABA Bank is Cambodia's leading private financial institution founded in 1996 as the Advanced Bank of Asia Limited. In more than 20 years of development and growth, ABA has significantly strengthened its position in the market and broke into the Top 3 commercial banks of the country. Today, ABA offers the entire spectrum of services to customer segments covering SMEs, micro businesses, and individuals.

ABA is a subsidiary of National Bank of Canada (www.nbc.ca), a financial institution with around US\$209.1 billion in assets as of July 31, 2019, and huge network of correspondent banks all over the world. Being a shareholder of ABA Bank from 2014, National Bank of Canada becomes the first major financial institution from the North American continent to enter the Cambodian banking sector. Headquartered in Montreal, it has branches in almost every Canadian province with 2.5 million personal clients. It is the sixth largest bank in Canada and the leading bank in Quebec where it is the partner of choice among SMEs.

As of 31 December 2019, ABA Bank manages the total assets of US\$ 4.41 billion and serves more than 730,000 customers through the extensive network of 77 branches, 550+ self-banking spots, and advanced online banking and mobile banking platforms.

The Bank owns long-term issuer credit rating "B+" from Standard&Poor's Global Ratings Agency (S&P). The rating was upgraded from "B" in December 2019.

C. QUARTERLY KEY EVENTS OF LISTED ENTITY

In the last quarter of 2019, ABA Bank was bestowed on a few awards, namely the Bank of the Year 2019 in Cambodia by world's premier financial magazine The Banker; the Best Digital Bank in Cambodia 2019 award from Asiamoney, a regional arm of Euromoney magazine; and two awards for ABA's online payment gateway, PayWay, from Marketing magazine.

In the same quarter, the Bank has expanded its branch network by adding six new branches across the country, bringing the total of branches to 77.

In October, National Bank of Canada has acquired the remaining stake in ABA, bringing the total share in ABA to 99.99%. With this acquisition, National Bank of Canada displayed its highest level of confidence in ABA Bank and in the Cambodian banking market.

Also, in December, Standard&Poor's Global Ratings Agency (S&P) upgraded ABA's long-term credit rating from 'B' to 'B+' with the Stable outlook due to the Bank's material and growing market share of loans and deposits with above-average profitability.



"Bank of the Year 2019"
by The Banker magazine



"Best Bank in Cambodia 2019"
by Euromoney magazine



"Best eCommerce brand"
and "Best eCommerce platform in Cambodia"
by Asia Marketing magazine

PART 2

INFORMATION ON BUSINESS
OPERATIONS PERFORMANCE

A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENTS INFORMATION

Key Achievement	Quarter 4 2019	2018
Loan		
Loan Accounts	66,513	49,295
Total Gross Loans (in KHR million)	11,265,037	7,373,806
Deposit		
Deposit Accounts	828,651	426,089
Total Deposits (in KHR million)	13,836,025	8,787,296
Others		
Operating Branches	77	66
Number of Staffs	6,410	4,213
ATMs	418	274
POS Terminals	1,214	777

B. REVENUE STRUCTURE

No	Source of Revenue	Quarter 4 2019		2018	
		Amount (in KHR million)	%	Amount (in KHR million)	%
1	Interest Income	305,034	84.41	210,379	87.83
2	Fee and commission income	54,502	15.08	26,753	11.17
3	Other Income	1,835	0.51	2,389	1.00
Total Revenue		361,371	100	239,521	100

PART 3

FINANCIAL STATEMENT REVIEWED BY
INDEPENDENT AUDITOR

Please refer to the Annex for Interim Financial Statements Reviewed by Independent Auditor

PART 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussions and analyses focus on the operational and financial results based on Interim Financial Statement as of 31 December 2019 reviewed by Independent Auditors. The Interim Financial Statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) and follows regulations and guidelines of National Bank of Cambodia. Only the key components of the Interim Financial Statements and key factors that affect ABA’s profitability are discussed and analysed.

A. OPERATIONAL OVERVIEW

1. REVENUE ANALYSIS

ABA Bank has three main types of income including Interest Income, Fees and Commissions Income and Other Income.

- Interest Income includes the interest income from loan to customers, deposit with banks and investment securities.
- Fee and Commission Income mainly includes loan commission, inward and outward remittance and card income.
- Other Income includes foreign exchange gains and other income.

2. REVENUE BY SEGMENT ANALYSIS

No	Income Category	Quarter 4 2019		Quarter 4 2018	
		Amount <i>(in KHR million)</i>	%	Amount <i>(in KHR million)</i>	%
1	Interest Income	305,034	84.41	210,379	87.83
2	Fee and Commission Income	54,502	15.08	26,753	11.17
3	Other Income	1,835	0.51	2,389	1.00
Total Income		361,371	100	239,521	100

ABA Bank earns its most income from the interest income representing 84% of total income in Quarter 4, 2019, among which 96% of interest income are from loans to customers.

3. GROSS PROFIT MARGIN ANALYSIS

ABA Bank prepares its Statement of Profit or Loss and Other Comprehensive Income in which the format did not present the gross profit margin, but it did present the operating profit which resulted from total income less operating expenses discussed under the next section on the *Analysis of Profit/(Loss) before tax*.

4. PROFIT/ (LOSS) BEFORE TAX ANALYSIS

Statement of Profit or Loss before Tax (in KHR million)	Quarter 4 2019 (in KHR million)	Quarter 4 2018 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	305,034	210,379	94,655	44.99
Interest expense	(53,292)	(52,024)	(1,268)	2.44
Net interest income	251,742	158,355	93,387	58.97
Fee and commission income	54,502	26,753	27,749	103.72
Fee and commission expense	(17,089)	(10,372)	(6,717)	64.76
Net fee and commission Income	37,413	16,381	21,032	128.39
Other operating income	1,835	2,389	(554)	-23.19
Personal expenses	(78,806)	(46,750)	(32,056)	68.57
Other expenses	(35,555)	(19,917)	(15,638)	78.52
Depreciation and amortization	(16,911)	(11,778)	(5,133)	43.58
Operating profit	159,718	98,680	61,038	61.85
Net impairment losses on financial instruments	(2,864)	(2,457)	(407)	16.56
Profit before tax	156,854	96,223	60,631	63.01

In Q4 2019, the profit before tax reached KHR 156,854 million with 63% increment compared to Q4 2018 equivalent to KHR 60,631 million. This significant increase of the profit is mainly from the Interest Income with 45% growth and Fee and Commission Income with 104% growth compared to Q4 2018.

5. PROFIT/ (LOSS) AFTER TAX ANALYSIS

Statement of Profit or Loss after tax	Quarter 4 2019 (in KHR million)	Quarter 4 2018 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	156,854	96,223	60,631	63.01
Income tax expense	14,427	(23,492)	37,919	-161.41
Net profit for the period	171,281	72,731	98,550	135.50

In Q4 2019, the net profit for the period was KHR 171,281 million with 135.50% higher than Q4 2018 showing rapid growth of ABA Bank. Another factor contributes to this significant growth was from the tax incentives granted to ABA by General Department of Taxation (GDT) on 11 March 2020 by reducing 50% of tax on income for the fiscal year 2019 as the Bank has been listed on Cambodian Stock Exchange for corporate bond issuance on 14 August 2019. As a result, ABA Bank achieved the Return on Average Equity of 31.25% and the Return on Average Assets of 3.57% as of 31 December 2019.

6. TOTAL COMPREHENSIVE INCOME/(LOSS) ANALYSIS

Total Comprehensive Income	Quarter 4 2019 (in KHR million)	Quarter 4 2018 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	171,281	72,731	98,550	135.50
Other comprehensive income	506	(324)	830	-256.17
Total comprehensive income	171,787	72,407	99,380	137.25

7. FACTORS AND TRENDS ANALYSIS AFFECTING FINANCIAL CONDITIONS AND RESULTS

As at 31 December 2019, the management acknowledges that ABA Bank did not have any significant factors and trends that would affect ABA financial situation and results.

B. SIGNIFICANT FACTORS AFFECTING PROFIT

1. DEMAND AND SUPPLY CONDITIONS ANALYSIS

ABA Bank is one of Cambodia's leading private financial institutions with B+ long-term and short-term issuer credit rating, with the vision to be the country's number one supplier of dependable, easy-to-use, technologically advanced and easily accessible banking services to bring the very best to its clients.

During these few years, ABA Bank has received significant support from our clients due to introducing our digital and best innovative banking to our valued customers. We have upgraded our core banking system that allows us to steadily serve our growing client base, moving Cambodia to a cashless society that enables clients to pay for goods and services by scanning the QR codes with the help of their smartphone; fast and secured.

2. FLUCTUATIONS IN PRICES OF RAW MATERIALS ANALYSIS

ABA Bank is the service providing industry; therefore, the fluctuations on raw material price does not have any effect to the Bank.

3. TAX ANALYSIS

ABA Bank is under the governance of Commercial Law on Taxation; therefore, the Bank is obligated to pay taxes according to the applicable laws and regulations as determined by the General Department of Taxation. Paying relevant taxes to the General Department of Taxation also plays a role as a contributor to Cambodian society and economic growth. For good practice on tax compliance, ABA Bank was awarded "GOLD" certificate of tax compliance from GDT on 2 September 2019 with 2 years validity period for the tax year 2019 and 2020.

4. EXCEPTIONAL AND EXTRAORDINARY ITEMS ANALYSIS

As at 31 December 2019, the management acknowledged that ABA was not substantially affected by any items, transactions or events of a material and unusual nature.

C. SIGNIFICANT CHANGES IN SALE AND REVENUE

As at 31 December 2019, the management acknowledged that ABA Bank did not have any significant changes in sales and revenue.

D. IMPACT OF FOREIGN EXCHANGE, INTEREST RATES AND COMMODITY PRICES

The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored and managed against the customers' foreign exchange needs and the bank's balance sheet management, ensuring the sustainability of profits to the bank.

E. IMPACT OF INFLATION

The Cambodia's inflation rate in 2019 stood at 1.9%, according to NBC's notification on the opening of an annual general meeting on Jan 16, 2020. The inflation rate did not impact on bank's financial profitability due to the bank did not adjust interest rate based on inflation. Instead, we adjust the interest rate based on competitive environment in the market, while maintaining the long-term value for the shareholders.

F. ECONOMIC, FISCAL AND MONETARY POLICY OF ROYAL GOVERNMENT

The royal government maintains the monetary policy aimed at achieving price stability to facilitate economic development, within the framework of the country's economic and financial policy. Currently, the monetary policy instruments are setting reserve requirement rate and conducting foreign exchange intervention. At the same time, the National Bank of Cambodia is developing additional monetary policy instruments to enhance monetary policy effectiveness through issuing Negotiable Certificates of Deposit (NCDs), developing interbank and monetary markets, promoting the use of riel, and so on. This will enable the bank to have more options to use to find source of funds to support loan growth in riel and enable the bank to invest or borrow short term funds in the interbank market.

Signature of Directors of the Listed Entity

March 30, 2020

Seen and Agreed



Madi Akmambet
Executive Director

For Dominic Jacques

Non-Executive Director



Madi Akmambet
Executive Director



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and No. 15 and 153 ABC, Street 278, Sangkat Boeung Keng Kang I,
Khan Boeung Keng Kang, Phnom Penh, Kingdom of Cambodia

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