



Annual Report 2019

ended 31 December 2019

Advanced Bank of Asia Limited
(ABA Bank)

Vision

The vision of our Bank is to be the country's number one supplier of dependable, easy-to-use, technologically advanced and easily accessible banking services. We want to be the bank that Cambodians trust to take care of all their personal and business banking needs.

Mission

Our mission is to help Cambodia, Cambodian businesses and people to build a bigger and brighter future by providing highly professional, technologically-advanced banking services for all.

We see ourselves as working in partnership with the Cambodian community as well as with private businesses and individuals. We are here to serve Cambodia.

Values

Our values form the cornerstone of our business. We believe in the importance of:

Honesty & Respect

At ABA we make it our responsibility to treat each and every customer with honesty and respect. Strictly following this value, we earn respect and trust from our customers.

Trust & Partnership

At ABA we are always there to offer help and assistance. We see ourselves as dependable partner that our customer can always trust and rely on with their financial needs.

Ethics & Morals

At ABA we apply the highest ethical and moral standards to each and everything that we do – inside and outside the Bank. It is these homegrown principles that form the basis of every relationship, with the customers and communities we serve as well as with our staff.

Service Quality

At ABA we strive to find solutions to all our banking needs. Our aim is to provide the most technologically advanced and reliable banking services to all our customers – be they personal or business account holders.

Contribution

At ABA we aim to make a positive contribution to Cambodia. We want to play a beneficial role in the lives of our customers as well as for the future of the country as a whole.

Sustainability & Growth

At ABA we are always thinking about the future of our Bank, the Cambodian people and the country. We show the same level of commitment to our staff as we do to our customers. It is with this approach that we ensure the sustainable growth of the Bank.

Financial Highlights

Description	2019	2018
Financial Situation (in KHR million)		
Total assets	17,909,170	11,020,503
Total liabilities	15,886,421	9,738,887
Total shareholders' equity	2,022,749	1,281,617
Profit/(Loss) (in KHR million)		
Total revenue	1,243,537	859,783
Profit/(Loss) before tax	576,997	376,725
Profit/(Loss) after tax	516,653	300,029
Total comprehensive income	526,767	296,860
Financial Ratios (%)		
Solvency ratio ^[1]	19.94	19.95
Debt to equity ratio	785.39	759.89
Liquidity Coverage Ratio	162.32	132.51
Non-performing Loan Ratio	0.70	0.78
Loan to Deposit Ratio	81.42	83.91
Profitability Ratios (%)		
Returns on Average Assets (ROAA)	3.57	3.37
Returns on Average Equity (ROAE)	31.27	28.33
Interest Coverage Ratio	379.08	293.15
Profit per Share (if listed as stock)	N/A	N/A
Dividend per Stock (if listed as stock)	N/A	N/A
Other Key Financial 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 Canada injected the capital on the same day, boosting ABA Bank's solvency ratio to 21.11% on 2 January 2020.

Graphs of Financial Highlights

TOTAL ASSETS

in KHR Millions

62.5%

INCREASE FROM 2018

17,909,170
2019

11,020,503
2018

TOTAL LIABILITIES

in KHR Millions

63.1%

INCREASE FROM 2018

15,886,421
2019

9,738,887
2018

TOTAL EQUITY

in KHR Millions

57.8%

INCREASE FROM 2018

2,022,749
2019

1,281,617
2018

TOTAL COMPREHENSIVE INCOME

in KHR Millions

77.4%

INCREASE FROM 2018

526,767
2019

296,860
2018

RETURNS ON AVERAGE ASSET

in percentage

5.9%

INCREASE FROM 2018

3.57
2019

3.37
2018

RETURNS ON AVERAGE EQUITY

in percentage

10.4%

INCREASE FROM 2018

31.27
2019

28.33
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

Message from Chairman

It gives me a pleasure to address you with regards to the financial performance of ABA Bank in 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 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

Message from CEO

Let me deliver you the results of ABA Bank performance in 2019. It was another solid year filled with milestones and significant achievements that positively changed the Cambodian financial sector. ABA has demonstrated strong growth in all main parameters, including total assets, deposits and loans, as well as the customer base.

I will now briefly highlight the most significant achievements ABA experienced during the year.

I start with National Bank of Canada acquiring the remaining 10% stake in ABA Bank. As a result of this additional investment, its ownership in ABA increased to nearly 100%. The final transaction displayed the highest level of confidence in ABA Bank and the Cambodian financial sector. This capital injection helps us boost geographical expansion and introduce best-in-class products to a broader clientele.

Our branch network has expanded by getting 11 new branches, with nine of them on the provincial/district level. Of course, we continued to renovate and expand our existing premises where the traffic has increased and where we needed more space and self-banking facilities to keep serving our valued customers with the highest level of service. Here, six existing branches received extended working hours and joined the list of other seven offices working seven days a week and 12 hours a day.

At the same time, our expansion was not limited to the branches, as we created a more extensive network of our services by partnering with TrueMoney, leading payment service provider with the largest agent network in Cambodia. Under this partnership, the loan repayment becomes more comfortable for our borrowers who live or work closer to a TrueMoney agent than to the ABA branch. Additionally, our customers can transfer money between TrueMoney and ABA using mobile applications anytime and from anywhere.

In terms of digitalization of our services, we continue our exciting journey of bringing innovative solutions and reliable self-banking facilities to customers to make their life easier.

Our flagship product in the retail segment, ABA Mobile application, has grown in terms of its user base to 550,000 at the end of 2019 compared to just 241,000 a year before. We also see that our customers use the app actively: in a year, the number of transactions has increased more than three-fold! To achieve that, ABA Mobile was significantly enhanced, and several new useful features were introduced. We launched international SWIFT money transfers and DBP transfers, introduced Savings Accounts, Fixed Accounts, and E-Cash service in Khmer Riels to support the use of the local currency. We also enhanced our QR-code cashless payment, ABA PAY, by enabling static QR payments, added new merchants in the Payments section. Hence, our customers enjoy greater flexibility and comfort in managing their finances with ABA Mobile.

PayWay, our successful e-commerce platform, gained more popularity in the market thanks to its seamless integration, convenience, and extensive support. PayWay now helps hundreds of businesses to enhance their online sales and boost revenue. What is more, state agencies and public service providers also trust this service: PayWay is now used to pay for Cambodian eVisa, to purchase e-tickets to magnificent Angkor Wat, and is expected to be utilized by Security Exchange Commission of Cambodia and the Ministry of Land Management. It is our distinct contribution to the transformation of Cambodia towards a cashless society. These efforts were highly praised by Asia Marketing magazine, who awarded PayWay with the "Best eCommerce brand" and the "Best eCommerce platform in Cambodia" titles in November.

At the same time, our customers still need cash for everyday transactions, which means that we need to keep our self-banking facilities modern and up-to-date. This year, we reinforced our branches with more ATMs and Cash-in Machines. We also launched a new facility – Cash Recycling Machines that allows to deposit and withdraw money. The number of such facilities will only grow with the plan to build modern self-banking spots in high-traffic areas.

ABA also has made significant steps in enhancing its anti-money laundering and sanction programs via the implementation of Coral and Temenos software solutions. Here, the Compliance Division and IT Division demonstrated a high level of commitment, collaboration, and agility to deliver exceptional value for the Bank.

In the corporate segment, ABA became a frontrunner by launching a dedicated Business Banking Center to provide quality banking services to the growing SME segment, large companies, and multinational and emerging local corporations. With the help of professional business advisors as well as the comprehensive business banking solutions we provide, many large companies like Coca-Cola Cambodia and Honda Cambodia choose ABA as their primary banking partner.

In August, we successfully issued Corporate Bonds for the total amount of around USD 21 million and listed it on Cambodia Securities Exchange. Here, ABA again demonstrated its pioneer spirit, because ABA Bond became the first corporate bond available for retail investors in addition to corporates. It also became the first offer of debt securities from a commercial bank in the country and the first Cambodian bond with the international rating from S&P.

Our international recognition this year goes far beyond the two awards I mentioned earlier, as *The Banker*, *Euromoney*, and *Global Finance* magazines named ABA the “Best Bank in Cambodia 2019”! This full acknowledgment of our excellence is based on the strategic focus on technologies, robust growth, and innovation in digital banking and eCommerce.

There is another significant milestone in the international appraisal of ABA. In December, S&P Global Ratings Agency upgraded our long-term credit rating to “B+” from “B”. The researchers noted as the competitive advantage ABA's digital platform and management capabilities supported by oversight from National Bank of Canada.

Our financial performance in 2019 is remarkable as we continued to show strong growth in all main areas:

- Total assets grew 60% compared to the end of 2018 and reached USD 4.39 billion.
- We increased our deposit portfolio by 55%, and it equaled USD 3.40 billion at the end of 2019.
- Our loan portfolio reached USD 2.76 billion, representing 44% growth from 2018.
- The net profit for the year reached USD 127.41 million that is 72% higher than a year ago.
- The number of valued customers almost doubled within the year and reached 779,000 compared to just 426,000 we had in 2018.
- This rapid development is rested upon the 55% growth of our equity to USD 496 million as of 2019 end. At the same time, ABA still has the best ROAE in the market of 31.25%, which makes us the most effective Bank in the sector.

These results became possible thanks to the continuous dedication of our staff, coupled with the prudent risk approach and elaborate strategy.

As we move in 2020, ABA is securely settled to continue its exciting journey. The Bank experiences sound growth with good credit quality and healthy capital ratios.

In 2020, we will intensify our work on delivering reliable and unique digital solutions. ABA has been recognized as the market leader in introducing modern user-centric products, and we will continue to do so with our full dedication.

On the lending side, we stick to our strategy of providing productive loans, but with a strong focus on transactional lending based on the advanced analytics and business intelligence models. At the same time,

the uncertainty with “Everything but Arms” (EBA) agreement coupled with the outbreak of Coronavirus disease, overall economic slowdown, and adverse weather conditions may impact the business activity of our customers. Therefore, we will dedicate more efforts to the balanced growth of our loan portfolio in line with prudent risk appetite as we continue to support local MSMEs and entrepreneurs, contributing to their development.

All in all, we are set to use the opportunities our current successes open for us, and we are confident that ABA is well-positioned to bring further value to the stakeholders.

In conclusion, I wish to thank the management team of ABA for shaping our future and more than 6,000 employees for their hard work to achieve it. I also sincerely thank our shareholders for their confidence in our strategy and full support for our development.

Ultimately, I thank all the customers for their trust in ABA and contribution to our development in 2019.

January 27, 2020



Askhat Azhikhanov

Chief Executive Officer

CONTENTS

Vision, Mission, Values	II
Financial Highlights	III
Graphs of Financial Highlights	IV
Composition of the Board of Directors	V
Message from Chairman	VI
Message from CEO	VII
PART 1. GENERAL INFORMATION OF THE LISTED ENTITY	3
A. Identify of Listed Entity	4
B. Nature of Business	4
C. The Listed Entity's Milestones	5
D. Marketing Situation	5
E. Competitive Situation	6
F. Future Plan	6
G. Risk Factors	6
PART 2. INFORMATION ON PERFORMANCE OF BUSINESS OPERATIONS	8
A. Business Operation Performance including business segment	9
B. Revenue Structure	9
PART 3. INFORMATION ON CORPORATE GOVERNANCE	10
A. Organizational Structure	11
B. Board of Directors	13
C. Senior Staffs	13
PART 4. INFORMATION ON SECURITIES TRADING AND SHAREHOLDER OF THE LISTED ENTITY	14
A. Information on Securities	15
B. Securities' Price and Trading Volume	15
C. List of Controlling Shareholders (from 30% onwards)	16
D. List of Substantial Shareholders (from 5% to less than 30%)	16
E. Information on Dividend Distribution in the last 3 years	16
PART 5. INTERNAL CONTROL AUDIT REPORT BY INTERNAL AUDITOR	17
PART 6. FINANCIAL STATEMENT AUDITED BY INDEPENDENT AUDITOR	20

PART 7. INFORMATION ON RELATED-PARTY TRANSACTION AND CONFLICT OF INTEREST	21
A. Material Transactions with Shareholder(s) who hold at least 5% or more shares of outstanding equity securities	22
B. Material Transaction with Director(s) and Senior Staff(s)	22
C. Transactions with Director(s) and Shareholder(s) related to buy/sell asset and service	22
D. Material Transaction with Immediate Family Member of Director(s), Senior Staff(s) and Shareholder(s) holding at least 5% or more shares	22
E. Material transactions with the person, who associated with director of the listed entity, its Subsidiary or Holding Company, whose relationship has occurred in any transactions or have been made by the listed entity	22
F. Material Transaction with Former Director(s) or Person involving with the Former Director(s)	22
G. Material Transaction with Director(s) holding any position in a non-profit organization or in any other companies other than the listed entity	22
H. Material Transaction with Directors getting benefits either financial or non-financial from the listed entity	22
 PART 8. MANAGEMENT'S DISCUSSION AND ANALYSIS	 23
A. Operational Overview	24
B. Significant Factors Affecting Profitability	26
C. Significant Change in Sale and Revenue	26
D. Impact of foreign exchange, interest rates and commodity prices	27
E. Impact of Inflation	27
F. Economic, fiscal and monetary policy of Royal Government	27
 Signatures of Directors of the Listed Entity	 28

SECTION 1

GENERAL INFORMATION
OF THE LISTED ENTITY

A. IDENTIFY OF LISTED ENTITY

Name of the listed entity in Khmer	ធនាគារវឌ្ឍនៈអាស៊ី បំកាត់
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 number	(+855) 23 225 333
Fax	(+855) 23 216 333
Website	www.ababank.com
Email	info@ababank.com
Company registration number	00010593 dated 29 December 2010
License Number	B14 issued by National Bank of Cambodia dated 22 October 2018
Disclosure document registration number by SECC	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 (not state-owned enterprise) 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.

With 77 branches, 550+ ATM and Cash-in spots across the country, advanced online banking and mobile banking platforms ABA Bank reaches out to a large number of customers with an array of modern financial services.

ABA is a subsidiary of National Bank of Canada (www.nbc.ca), a financial institution with around USD 214.2 billion in assets as of October 31, 2019, and huge network of correspondent banks all over the world. 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. 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.

C. THE LISTED ENTITY'S MILESTONES

Since its incorporation in 1996, ABA Bank has gone through numerous considerable stages of its development. Here are the major milestones from 2019:

- ABA successfully listed its corporate bonds in the total amount of 84.8 billion KHR on the Cambodia Securities Exchange.
- National Bank of Canada acquired the remaining 10% stake in ABA Bank and increased its ownership to 99.99%.
- ABA opened 11 new branches, bringing the total number of branches on offices to 77.
- S&P Global Ratings Agency upgraded the long-term credit rating of ABA to "B+" from "B".
- ABA was named the Bank of the Year 2019 in Cambodia by The Banker magazine.
- Euromoney financial magazine named ABA the "Best Bank in Cambodia 2019", making it the sixth consecutive award.
- Three new products in Khmer Riels were launched to promote the use of the national currency - Mobile Savings Account, Mobile Riel Flexi Deposit, and E-Cash service.
- The Bank opened a dedicated Business Banking Center in its Head Office to provide quality banking services to the growing segment of SMEs, multinational, and emerging local corporations.
- ABA Bank received the "Best Bank in Cambodia" award from Global Finance for the five times in a row.
- The Bank extended its loan repayment facilities via partnership with TrueMoney.

D. MARKETING SITUATION

In our current business strategy, we aim to become the bank of customer's choice in the market and to retain the customer for the longer-term relationship. For that, the Bank has been intensively focusing on the development of new products and services such as listed below:

- Convenient loan products tailored for micro-, small and medium enterprises (MSMEs) that form the backbone of Cambodian economy;
- Further introduction and development of the technologically advanced solutions, especially our full-scale mobile banking application, account opening solutions (online account opening service, Off-Site account opening project), PayWay online payment gateway, and others.
- Further development of card products and modern cashless payment methods, deeper cooperation with the world's leading payment systems to expand the opportunities for the clients;
- The branch expansion (mostly on provincial and district level), as well as expansion of ATM, cash-in kiosks, and POS terminals in the market.
- Further improvement of the service quality in order to cater to the needs of the clients and provide them with a pleasant and seamless experience with ABA.
- Significant development of banking solutions for business customers to tap on the growing amount of enterprises, large companies and multinational corporations as reflection of growth of Cambodian economy.

The Bank has scheduled all the main marketing activities to increase awareness of ABA Bank to the people, especially in provincial and rural areas, to build its brand stronger, to improve its service quality in line with the new products & sales development.

E. COMPETITIVE SITUATION

Cambodian market remains highly potential for financial institutions to tap for the growth not only in Phnom Penh, but also in provinces.

The competition in the Banking and Finance sector is high due to the continuous introduction of the new entrants. As of the end of 2019, Cambodia had 46 commercial banks, 15 specialized banks, and 82 microfinancial Institutions (MFIs). Nevertheless, the level of penetration of banking services remains comparatively low, and banks are constantly looking for new possibilities to expand the financial inclusion of the public.

Committed to being a bank Cambodians trust, ABA earns reputation as a reliable bank with strong balance sheet and stable funding position. With this, we are capable of offering the entire spectrum of modern financial services to SMEs, micro businesses, and individuals while steadily moving forward to reach our goal – become the country’s number one supplier of dependable, easy-to-use, technologically advanced and easily accessible banking services.

F. FUTURE PLAN

As financial activities become more sophisticated and customers demand more flexibility and efficiency, the Bank must have wide-ranging innovative services and products to enable its customers to avail themselves of emerging opportunities. That is why ABA’s immense attention will be focused to the further development of the fundamental advantage – modern digital (remote) banking solutions and 24/7 customer support.

On the lending side, the Bank sticks to its strategy of providing productive loans, but with a strong focus on transactional lending based on the advanced analytics and business intelligence models.

G. RISK FACTORS

1. Analysis

We observe 2 key risk factors for Cambodian economy and ABA Bank:

1. Risk of overheating of economy, bubbles on real estate, construction and financial markets which can lead sharp drop of land prices, massive losses, defaults and bankruptcies in these sectors.
2. Risk of western sanction, cancelation of current support for Cambodian Import to European Union and United States. It can lead massive losses defaults and bankruptcies and manufacturing (first of all garment) and agriculture sector. Significant growth of unemployment can lead social issues.

2. Management Opinion and Risk Mitigation

We believe that mentioned risks are manageable and can be mitigated by comprehensive measures, implemented in our Bank:

Credit Risk Management measures.

1. We have very strict credit policy, which requires potential borrowers to have sufficient (with significant buffer) and confirmed incomes.
2. We have very strict requirements to collateral – all loans are collateralized with significant buffer by liquid assets.
3. We do not finance speculative deals with land, startup projects or other high risky sectors.
4. We do not have significant concentration on risky industries (such as construction or real estate operations).

5. We have very high diversification by borrowers – average amount of a single loan is about \$50K, strategical focus of lending is micro business.
6. Efficiency of these measures is confirmed by high quality of the loan portfolio – NPL ratio is about 0.7% - 3 times less than average market level.

Liquidity Risk Management measures.

We realize that serious economic issues can lead to certain social turbulence and depositors' panic as well. To mitigate this risk, the Bank has created and maintains significant liquidity buffer (high-liquid assets) to provide even sharp deposits run-off.

Also, the Bank has developed Contingency Funding Plan and Liquidity Crisis Action Plan to solve liquidity issues in case of any crisis events.

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SECTION 2

INFORMATION ON PERFORMANCE
OF BUSINESS OPERATIONS

A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENT

Key Achievement	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

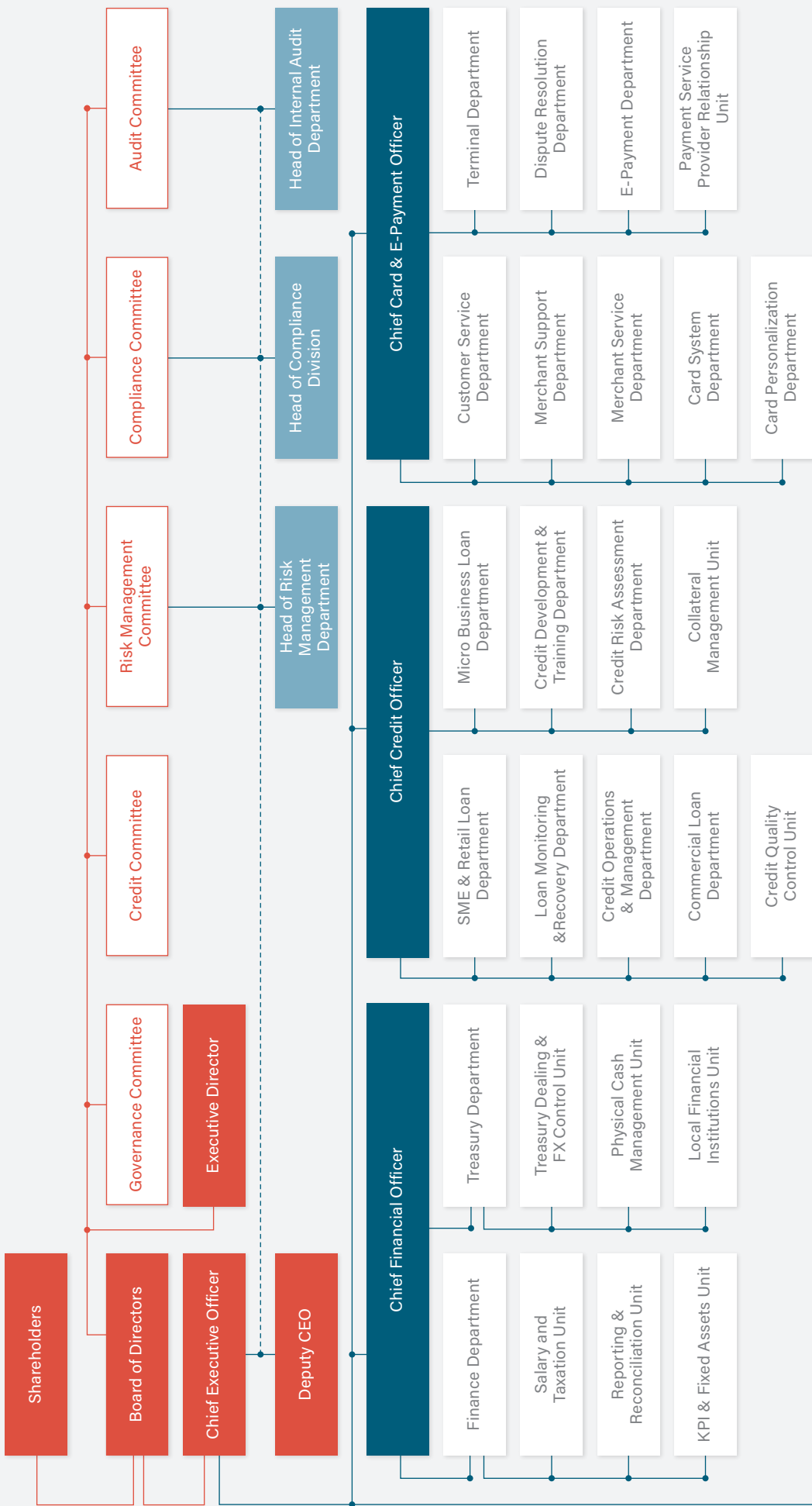
B. REVENUE STRUCTURE

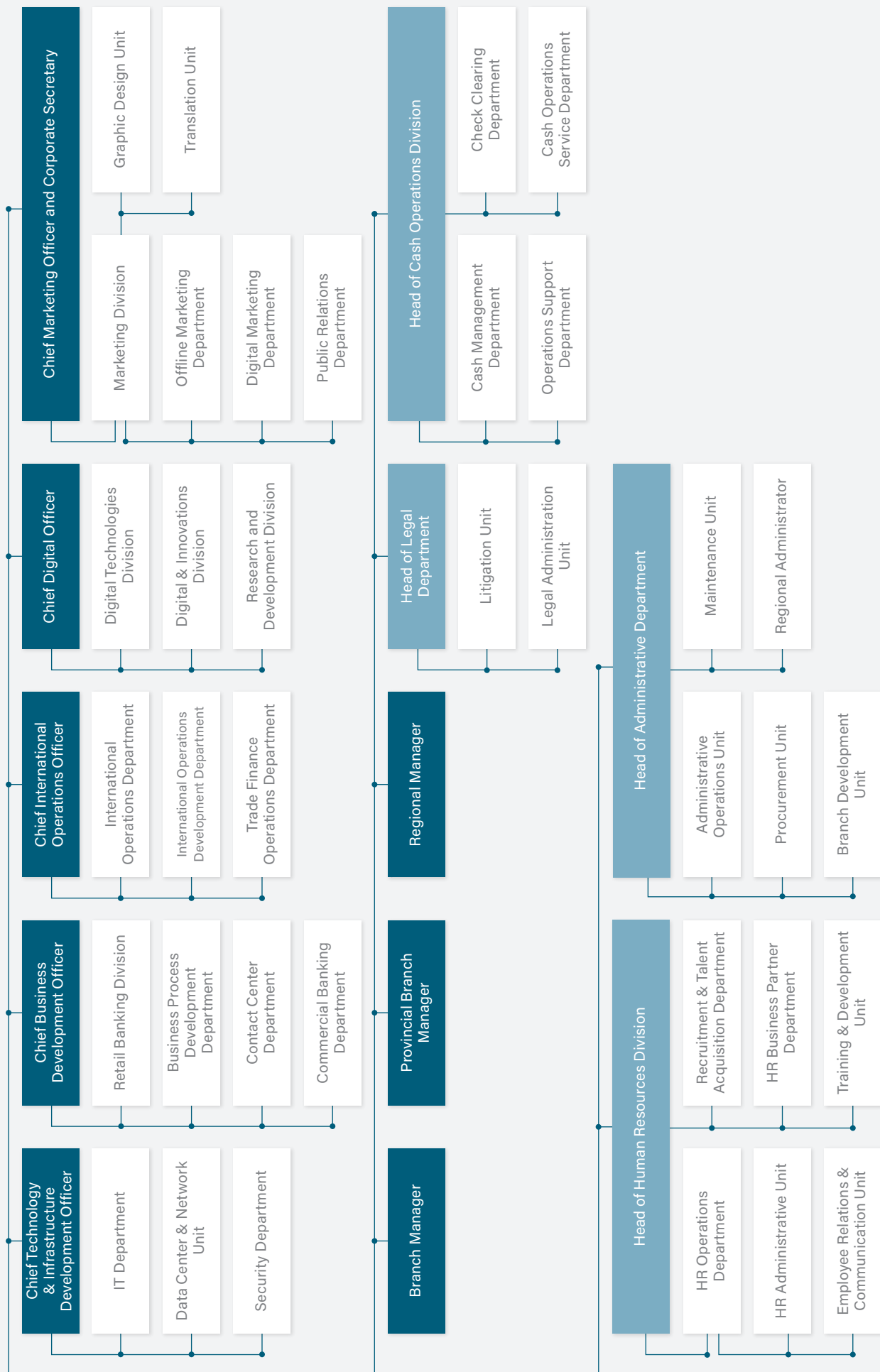
No	Income category	2019		2018	
		Amount (in KHR million)	%	Amount (in KHR million)	%
1	Interest Income	1,067,904	85.88	744,924	86.64
2	Fee and commission income	168,728	13.57	108,910	12.67
3	Other Income	6,905	0.56	5,949	0.69
Total Revenue		1,243,537	100	859,783	100

SECTION 3

INFORMATION ON CORPORATE GOVERNANCE

A. ORGANIZATIONAL STRUCTURE





B. BOARD OF DIRECTORS

Compositions of the Board of Directors

No	Name of Directors	Position	Start Date in Position	End Date in Position ^[1]
1	Yves Jacquot	Chairman	29 March 2016	29 March 2022
2	Dominic Jacques	Non-executive director	29 March 2016	29 March 2022
3	Madi Akmambet	Executive Director	26 July 2012	26 July 2021
4	Martin Ouellet	Non-executive director	4 November 2019	4 November 2022
5	Lionel Pimpin	Non-executive director (Resigned)	7 May 2019	8 January 2020
6	Christian St-Arnaud	Non-executive director (New appointed)	31 December 2019	31 December 2022
7	Etienne Chenevier	Independent Director	26 June 2014	26 June 2020
8	Henri Calvet	Independent Director	29 March 2016	29 March 2022
9	Guy Quaden	Independent Director	19 June 2019	19 June 2022

^[1] As stipulated in the Terms of Reference of the ABA Board Governance, the term of office of each member of the Board of Directors shall be three (3) years and will be extended automatically until and unless otherwise determined by the decision of shareholders of the Bank.

C. SENIOR STAFFS

Composition of Senior Staffs

No.	Name	Gender	Position
1	Askhat Azhikhanov	Male	Chief Executive Officer
2	Lee Young Ho	Male	Deputy Chief Executive Officer
3	Babu Ram Gyawali	Male	Chief Financial Officer
4	Galymzhan Temirov	Male	Chief Technology & Infrastructure Development Officer
5	Bibhu Pandey	Male	Chief Credit Officer
6	Sanzhar Abdullayev	Male	Chief Card and E-Banking Officer
7	Zokhir Rasulov	Male	Chief Digital Officer
8	Zhiger Atchabarov	Male	Chief International Operations Officer
9	Polin Mey	Male	Chief Business Development Officer
10	Jonathan Roy Gibeault	Male	Chief Compliance Advisor to CEO
11	Igor Zimarev	Male	Chief Marketing Officer and Corporate Secretary

Note: For detailed information related to the corporate governance, please see the attached appendix.

SECTION 4

INFORMATION ON SECURITIES
TRADING AND SHAREHOLDER
OF THE LISTED ENTITY

A. INFORMATION ON SECURITIES

1. Information on Equity Securities

■ Name of equity securities:	N/A
■ Equity securities' symbol:	N/A
■ Class of equity securities:	N/A
■ Par value per equity securities:	N/A
■ Selling price per unit of stock (IPO Price)	N/A
■ Total number of outstanding shares:	N/A
■ Market Capitalization	N/A
■ Permitted Securities Market	N/A
■ Date Listed:	N/A

2. Information on Debt Securities

Information	Description
Debt securities' type	Corporate Bond
Symbol	ABAA22A
Issuing Date	14 August 2019
Total amount of debt securities	KHR 84,821,000,000
Total amount of outstanding debt securities	N/A
Maturity date	14 August 2022
Coupon payment schedule	Semester
Coupon rate (%)	7.75% p.a
Total amount of coupon payment	None
Credit ratings (If any)	B+

B. SECURITIES' PRICE AND TRADING VOLUME

Securities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Trading Price (in KHR)	Maximum					N/A						100,200
	Average					N/A						100,050
	Minimum					N/A						100,000

Securities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Trading Volume (Units)	Maximum					N/A		80				
	Average					N/A		45				
	Minimum					N/A		23				

C. LIST OF CONTROLLING SHAREHOLDERS (FROM 30% ONWARDS)

No.	Name	Nationality	Number of Shares	Percentage
1	National Bank of Canada	Non-Cambodian	214,999	99.99
Total			214,999	99.99

D. LIST OF SUBSTANTIAL SHAREHOLDERS (FROM 5% TO LESS THAN 30%)

No.	Name	Nationality	Number of Shares	Percentage
1	N/A	N/A	N/A	N/A

E. INFORMATION ON DIVIDEND DISTRIBUTION IN THE LAST 3 YEARS

Detailed Information on Dividend Distribution	2019	2018	2017
Net Profit			
Total cash dividend			
Total share dividend			
Other dividends		N/A	
Dividend payout ratio (%)			
Dividend yield (%)			
Dividend per share			

SECTION 5

INTERNAL CONTROL AUDIT REPORT
BY INTERNAL AUDITOR

INTERNAL AUDIT REPORT ON THE INTERNAL CONTROL SYSTEM OF ABA BANK FOR 2019

I. INTRODUCTION

The internal audit of the Bank is an independent from the day-to-day operations appraisal function established to examine and evaluate the Bank's operational activities from the internal control, risk management, and corporate governance perspectives.

The internal audit shall assist senior management in effective fulfillment of their responsibilities by equipping them with comprehensive examination, assessments, and recommendations regarding the Bank's activities and operations.

II. SCOPE OF THE INTERNAL AUDIT FUNCTION

The main scope of the internal audit is to examine and evaluate the effectiveness and efficiency of ABA Bank's systems of internal control management and the quality of performance of business units in carrying out their ultimate business and strategic goals. During the year, the Internal Audit Department performed the examination of effectiveness and efficiency in the following areas:

- Internal control environment and procedures;
- Reliability and accuracy of financial and operating information;
- Assets quality and safeguarding of assets;
- Use of resources;
- Compliance with laws, regulations, policies, procedures and contracts;
- Special investigation, including on internal/external fraud or other breaches of trust by internal staff;
- Internal control system tools such as procedures and processes of segregation of duties, dual control, authorization, approval, audit trails, reporting, information security, and others;
- Risk management system, including tools in risks identification, measurement, monitoring, and mitigation;
- Corporate governance and compliance control function, including adherence to the Code of Business Conduct and Ethics, other internal documents and regulations;
- AML/CFT compliance function, including tools in identifying suspicious and high-risk transactions, customer due-diligence, corrective actions or termination of relations with risky customers, reporting to regulators and senior management.

III. SUMMARY OF THE INTERNAL AUDIT ACTIVITIES IN 2019

- The Internal Audit Department performs its function following the annual Audit Plan, which was approved by the Audit Committee of the Board. The internal audit reports were presented to the Audit Committee every quarterly.
- In 2019, the Internal Audit Department conducted audits of 26 branches and 13 audit mandates in Head Office as per the Planned Audit. Additionally, it covered 72 branches with the Surprised Audit. The month-wise audit schedule and number of audit mandates are as below:

No	Month	# of Branch Audits (Planned Audit)	# of Head Office Audits (Planned Audit)	# of Branches (Surprised Audit)
1	Jan-2019	3		
2	Feb-2019	3	2	9
3	Mar-2019	3	1	9
4	Apr-2019	3		
5	May-2019		1	13
6	Jun-2019	4	3	
7	Jul-2019	3		14
8	Aug-2019			10
9	Sep-2019	2		
10	Oct-2019	3	3	11
11	Nov-2019		3	6

- Each final internal audit report contained detailed information about the audit finding, risk implication and audit recommendation to mitigate the risk along with the precise action plan and realistic deadline inputted by the audit partners.
- The Internal Audit Department is continuously monitoring the status of action plan implementation until all the actions are executed. The follow-up audit activities are performed on monthly with the proper testing technique before closing each action plan.

IV. CONCLUSION

- The Internal Audit Department strictly implemented the audit risk-based approaches for all types of its activities throughout the year. There are several types of risk that the Internal Audit Department covered and notified during 2019, such as Credit Risk, Operational Risk, Compliance Risk, Reputational Risk, IT Security Risk, and others.
- As per the result of internal audit activities in 2019 for both branch and Head Office, several audit findings and recommendations were issued. All corrective action plans were put in place by Branch Managers and Heads of Department in the Head Office from time to time.
- Generally, we conclude that the internal control system, governance, and risk management are adequately designed and effectively implemented in ABA Bank based on the covered audit scopes and objectives in 2019.

Seen and Agreed

17 March 2020



Etienne Chenevier
Audit Committee Chairman

17 March 2020



CheaUy Po
Head of Internal Audit

SECTION 6

FINANCIAL STATEMENT AUDITED BY INDEPENDENT AUDITOR

Please refer to the Annex for Audited Financial Statements by Independent Auditor

SECTION 7

INFORMATION ON RELATED-PARTY
TRANSACTION AND CONFLICT OF INTEREST

Listed entity shall disclose the material transaction information with related parties in the last 2 years, specifying name, relation between the listed entity and related parties, size of transaction and the type of interest which arise from that relationship as follows:

A. MATERIAL TRANSACTIONS WITH SHAREHOLDER(S) WHO HOLD AT LEAST 5% OR MORE SHARES OF OUTSTANDING EQUITY SECURITIES

None

B. MATERIAL TRANSACTION WITH DIRECTOR(S) AND SENIOR STAFF(S)

Please refer to attached Audited Financial Statement reviewed by Independent Auditor for detail information as shown in Note 32 on "Related Parties".

C. TRANSACTIONS WITH DIRECTOR(S) AND SHAREHOLDER(S) RELATED TO BUY/SELL ASSET AND SERVICE

None

D. MATERIAL TRANSACTION WITH IMMEDIATE FAMILY MEMBER OF DIRECTOR(S), SENIOR STAFF(S) AND SHAREHOLDER(S) HOLDING AT LEAST 5% OR MORE SHARES

None

E. MATERIAL TRANSACTIONS WITH THE PERSON, WHO ASSOCIATED WITH DIRECTOR OF THE LISTED ENTITY, ITS SUBSIDIARY OR HOLDING COMPANY, WHOSE RELATIONSHIP HAS OCCURRED IN ANY TRANSACTIONS OR HAVE BEEN MADE BY THE LISTED ENTITY

None

F. MATERIAL TRANSACTION WITH FORMER DIRECTOR(S) OR PERSON INVOLVING WITH THE FORMER DIRECTOR(S)

None

G. MATERIAL TRANSACTION WITH DIRECTOR(S) HOLDING ANY POSITION IN A NON-PROFIT ORGANIZATION OR IN ANY OTHER COMPANIES OTHER THAN THE LISTED ENTITY

None

H. MATERIAL TRANSACTION WITH DIRECTORS GETTING BENEFITS EITHER FINANCIAL OR NON-FINANCIAL FROM THE LISTED ENTITY

Please refer to attached Audited Financial Statement by Independent Auditor for detail information as shown in Note 32 "Related Parties".

SECTION 8

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussions and analyses focus on the operational and financial results based on Audited Financial Statement as of 31 December 2019. The Audited 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 Audited 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 segments analysis

No	Income Category	2019		2018	
		Amount (in KHR million)	%	Amount (in KHR million)	%
1	Interest Income	1,067,904	85.88	744,924	86.64
2	Fee and Commission Income	168,728	13.57	108,910	12.67
3	Other Income	6,905	0.56	5,949	0.69
Total Income		1,243,537	100	859,783	100

ABA Bank earns most income from interest income representing 85.88% of total income in 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 on Profit/(Loss) before Tax.

4. Profit/(Loss) before tax analysis

Statement Of Profit Or Loss Before Tax	2019 (in KHR Million)	2018 (in KHR Million)	Variance (in KHR Million)	Variance (%)
Interest income	1,067,904	744,924	322,980	43.36
Interest expense	(206,750)	(195,045)	(11,705)	6.00
Net interest income	861,154	549,879	311,275	56.61
Fee and commission income	168,728	108,910	59,818	54.92
Fee and commission expense	(56,386)	(33,793)	(22,593)	66.86
Net fee and commission Income	112,342	75,117	37,225	49.56
Other operating income	6,905	5,949	956	16.07
Personal expenses	(234,571)	(142,762)	(91,809)	64.31
Other expenses	(100,570)	(64,713)	(35,857)	55.41
Depreciation and amortisation	(59,666)	(36,715)	(22,951)	62.51
Operating profit	585,594	386,755	198,839	51.41
Net impairment losses on financial instruments	(8,597)	(10,030)	1,433	-14.29
Profit before tax	576,997	376,725	200,272	53.16

In 2019, the profit before tax reached KHR 576,997 million with 53.16% increment compared to 2018 equivalent to KHR 200,272 million. This significant increase of the profit is mainly from the Interest Income with 43.36% growth and Fee and Commission Income with 54.92% growth compared to 2018.

5. Profit/(Loss) after tax analysis

Statement of Profit or Loss after Tax	2019 (in KHR Million)	2018 (in KHR Million)	Variance (in KHR Million)	Variance (%)
Profit before tax	576,997	376,725	200,272	53.16
Income tax expense	(60,344)	(76,696)	16,352	-21.32
Net profit for the period	516,653	300,029	216,624	72.20

In 2019, the net profit for the period was KHR 516,653 million with 72.20% higher than 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	2019 (in KHR million)	2018 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	516,653	300,029	216,624	72.20
Other comprehensive income	10,114	(3,169)	13,283	-419.15
Total comprehensive income	526,767	296,860	229,907	77.45

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 PROFITABILITY

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 CHANGE 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.

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SIGNATURES OF DIRECTORS OF THE LISTED ENTITY

Read and Approved

March 30, 2020



Madi Akmambet

Executive Director

For Yves Jacquot

Chairman



Madi Akmambet

Executive Director

For Dominic Jacques

Non-Executive Director



Madi Akmambet

Executive Director

For Martin Ouellet

Non-Executive Director



Madi Akmambet

Executive Director

For Christian St-Arnaud

Non-Executive Director



Madi Akmambet

Executive Director

For Guy Quaden

Independent Director



Madi Akmambet

Executive Director

For Henri Calvet

Independent Director



Madi Akmambet

Executive Director

For Etienne Chenevier

Independent Director



Madi Akmambet

Executive Director



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