



# The First Quarterly Report

31 March 2020

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Advanced Bank of Asia Limited  
(ABA Bank)

## Financial Highlights

Financial Situation (in KHR million)	Quarter 1 2020	2019
Total Assets	18,925,015	17,909,170
Total Liabilities	16,279,829	15,886,421
Total Equity	2,645,186	2,022,749
Financial Results (in KHR million)	Quarter 1 2020	Quarter 1 2019
Total income	377,430	262,637
Profit (Loss) before tax	174,767	123,023
Profit (Loss) after tax	136,317	99,095
Total comprehensive income	135,280	98,920
Financial ratio (%)	Quarter 1 2020	2019
Solvency Ratio	22.22	19.94
Debt to Equity Ratio	615.45	785.39
Liquidity Coverage Ratio	144.53	162.32
Non-performing Credit Ratio	0.70	0.70
Loan to Deposit Ratio	86.78	81.42
Profitability Ratio (%)	Quarter 1 2020	Quarter 1 2019
Return on average assets (ROAA) <sup>[1]</sup>	0.73	0.84
Return on average equity (ROAE) <sup>[1]</sup>	5.80	7.43
Interest coverage ratio <sup>[1]</sup>	416.48	340.40
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] The ratio is not annualized and was calculated using the three-month period of profit or loss figures from 1 January to 31 March of each reporting period.

# Graphs of Financial Highlights

## TOTAL ASSETS

in KHR Millions

+5.7%▲

FROM 2019

18,925,015  
Q1 2020

17,909,170  
2019

## TOTAL LIABILITIES

in KHR Millions

+2.5%▲

FROM 2019

16,279,829  
Q1 2020

15,886,421  
2019

## TOTAL EQUITIES

in KHR Millions

+30.8%▲

FROM 2019

2,645,186  
Q1 2020

2,022,749  
2019

## TOTAL COMPREHENSIVE INCOME

in KHR Millions

+36.8%▲

FROM Q1 2019

135,280  
Q1 2020

98,920  
Q1 2019

## RETURN ON AVERAGE ASSETS

in percentage

-11 BPS  
(basis points)

FROM Q1 2019

0.73  
Q1 2020

0.84  
Q1 2019

## RETURN ON AVERAGE EQUITY

in percentage

-163 BPS  
(basis points)

FROM Q1 2019

5.80  
Q1 2020

7.43  
Q1 2019

# Composition of the Board of Directors

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**Yves Jacquot**  
Chairman



**Dominic Jacques**  
Non-Executive Director



**Madi Akmambet**  
Executive Director



**Martin Ouellet**  
Non-Executive Director



**Christian St-Arnaud**  
Non-Executive Director



**Etienne Chenevier**  
Independent Director



**Henri Calvet**  
Independent Director



**Guy Quaden**  
Independent Director

# Chairman Statement

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Dear investors, let me discuss here on the financial performance of ABA Bank in Q1 2020 following the requirements of the Securities and Exchange Commission of Cambodia (SECC).

As you are aware, the beginning of the year brought profound changes in the business environment due to the COVID-19 outbreak worldwide. Being an integral part of the world market, Cambodia was also significantly impacted, experiencing difficulties in the garment industry, service sector, tourism, to name the few.

The government has been undertaking numerous activities and initiatives to support the economy and the financial sector in particular. As such, the National Bank of Cambodia issued in March a circular on providing grace periods and loan repayment restructuring to businesses affected by COVID-19. Fully understanding its role in supporting the local economy, ABA has followed the circular helping its customers, mostly in the micro- and SME segment, to get through this crisis.

Despite this time of uncertainty, ABA continued to grow in all key areas, including the total assets, deposits and loans, as well as profit.

As of the end of Q1 2020, the total assets grew 5.7% compared to Q4 2019 and equaled USD 4.6 billion. The deposit portfolio increased to USD 3.5 billion, and the gross loan portfolio mounted up to USD 3.0 billion, representing 1.7% and 8.4% growth against the end of 2019, respectively. In terms of profitability, the Bank managed to secure USD 33.5 million in net profit in Q1 2020.

The shareholder's equity of the Bank also grew and reached USD 650 million in the reported period. The shareholder, National Bank of Canada, has committed the additional capital injection of USD 120 million, which ABA received in January. This tranche supported the further growth of the Bank, keeping its solvency ratio in the full compliance with the regulatory requirement.

In the reporting period, ABA expanded its geographical presence through the partnership with Wing Cambodia Specialized Bank, partnered with the SECC to provide online payment solutions to investors, and enhanced further its digital platform and mobile banking application, bringing additional convenience to its valued customers.

In February, it fulfilled its obligations and transferred in full the first coupon payment to its corporate bondholders. In total, 68 investors received almost 3.3 billion Khmer Riels in interest.

Also in Q1 2020, ABA Bank was bestowed on the "Best Bank in Cambodia 2020" title by Global Finance international magazine.

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

As we expect the slowdown of the economy to continue, resulting in lower demand, job cuts, and recession, it will have further implications on the ABA Bank performance in the rest of 2020. We are confident though that the Bank is well-positioned to overcome the expected decline thanks to its sound business strategy and financial resilience.

The Board of Directors will keep playing an active role in overseeing the Bank's strategy execution based on the best practices and standards. For that, the Board has the 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 thank the executive team of ABA for their 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 the 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 at all times.

May 18, 2020



**Yves Jacquot**  
*Chairman*

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# PART 1

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## GENERAL INFORMATION OF THE LISTED ENTITY



## A. IDENTIFICATION OF THE LISTED ENTITIES

Entity Name 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	(+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\$219 billion in assets as of January 31, 2020, 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 March 2020, ABA Bank manages the total assets of US\$ 4.6 billion and serves more than 930,000 customers through the extensive network of 77 branches, 600+ self-banking spots, and advanced online banking and mobile banking platforms.

The Bank owns the 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 first quarter of 2020, ABA Bank was bestowed on the "Best Bank in Cambodia 2020" award by Global Finance international magazine.

In the same quarter, the Bank continued to expand its service portfolio and improve its mobile banking experience.

In particular, the Bank introduced free of charge upgrade of its Mastercard and Visa cards to contactless cards, giving its customers the possibility to pay for goods or services with just a tap of their card on POS terminal.

In continuous efforts to improve customers' mobile banking experience, ABA launched the receiving of Ria money transfers and crediting it directly into ABA accounts 24/7 using the ABA Mobile app. Additionally, ABA introduced Canadian Dollars (CAD) and Australian Dollars (AUD) to the list of currencies for its SWIFT transfers.

The ABA Mobile app also received a new important function in Q1 2020, which is Instant Loan against Fixed Deposit. The function helps app users get microloan for their emergency cash needs without breaking their Fixed Deposit and losing the accrued interest. ABA has become the first bank in Cambodia who allows its mobile banking app users to receive loan instantly. The new function allows to issue a loan against customer's ABA Fixed Deposit in USD or KHR with no processing fee. The borrower can settle the loan any time without penalty for early loan repayment and pay interest only for the days they borrowed.

To provide additional convenience for its loan customers in replenishing their accounts with ABA, the Bank officially partnered with Wing Cambodia Specialized Bank. Under this partnership, the customers of ABA and Wing are able to transfer their funds from ABA account to Wing account and vice versa.

In January, the Agreement on providing online payment solutions to investors was signed between H.E. Sou Socheat, Director-General of SECC and Mr. Askhat Azhikhanov, CEO of ABA Bank. Based on the Agreement and following successful integration, investors who wish to start investing in Cambodian securities market will be able to pay their Investor ID registration fee in Khmer riels using ABA PAY, cashless payment solution of ABA Bank, or their Visa, Mastercard or UnionPay cards on the SECC website.

Fulfilling its obligations before the ABA bondholders, ABA Bank in February transferred in full the first coupon payment of Corporate Bond to its bondholders through ACLEDA Bank Plc. acting as the Paying Agent. In total, 68 bondholders received 3,286,813,750 Khmer riels in interest payment. ABA issued Corporate Bond worth KHR 84.821 billion with the nominal amount of KHR 100,000 per bond and the maturity of three years. The coupon rate is 7.75% p.a. with the semi-annual coupon payment.



## PART 2

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INFORMATION ON BUSINESS  
OPERATIONS PERFORMANCE

## A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENTS INFORMATION

Key Achievement	Quarter 1 2020	2019
<b>Loan</b>		
Loan Accounts	71,002	66,513
Total Gross Loans (in KHR million)	12,195,077	11,265,037
<b>Deposit</b>		
Deposit Accounts	939,231	828,651
Total Deposits (in KHR million)	14,052,059	13,836,025
<b>Others</b>		
Operating Branches	77	77
Number of Staffs	6,758	6,410
ATMs	430	418
POS Terminals	1,317	1,214

## B. INCOME STRUCTURE

No	Source of Income	Quarter 1 2020		Quarter 1 2019	
		Amount <i>(in KHR million)</i>	Percentage (%)	Amount <i>(in KHR million)</i>	Percentage (%)
1	Interest Income	325,168	86.15	226,061	86.07
2	Fee and commission Income	49,137	13.02	34,347	13.08
3	Other Income	3,125	0.83	2,229	0.85
<b>Total Income</b>		<b>377,430</b>	<b>100</b>	<b>262,637</b>	<b>100</b>

# PART 3

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FINANCIAL STATEMENT REVIEWED BY  
INDEPENDENT AUDITOR

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

# PART 4

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## 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 March 2020 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. INCOME 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. INCOME BY SEGMENT ANALYSIS

No	Income Category	Quarter 1 2020		Quarter 1 2019	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	325,168	86.15	226,061	86.07
2	Fee and Commission Income	49,137	13.02	34,347	13.08
3	Other Income	3,125	0.83	2,229	0.85
<b>Total Income</b>		<b>377,430</b>	<b>100</b>	<b>262,637</b>	<b>100</b>

ABA Bank earns most income from interest income representing 86% of total income in Quarter 1, 2020, 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 presented the net interest income which resulted from the total interest income less interest expenses discussed under the next section on the *Profit (Loss) before Tax Analysis*.



#### 4. PROFIT (LOSS) BEFORE TAX ANALYSIS

Statement of Profit or Loss before Tax	Quarter 1 2020 (in KHR million)	Quarter 1 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	325,167	226,061	99,106	43.84
Interest expense	(55,222)	(51,174)	(4,048)	7.91
<b>Net interest income</b>	<b>269,945</b>	<b>174,887</b>	<b>95,058</b>	<b>54.35</b>
Fee and commission income	49,137	34,347	14,790	43.06
Fee and commission expense	(18,042)	(12,023)	(6,019)	50.06
<b>Net fee and commission Income</b>	<b>31,095</b>	<b>22,324</b>	<b>8,771</b>	<b>39.29</b>
Other operating income	3,125	2,229	896	40.20
Personal expenses	(73,315)	(40,901)	(32,414)	79.25
Other expenses	(31,799)	(19,217)	(12,582)	65.47
Depreciation and amortization	(16,303)	(12,963)	(3,340)	25.77
<b>Operating profit</b>	<b>182,748</b>	<b>126,359</b>	<b>56,389</b>	<b>44.63</b>
Net impairment losses on financial instruments	(7,981)	(3,336)	(4,645)	139.24
<b>Profit before tax</b>	<b>174,767</b>	<b>123,023</b>	<b>51,744</b>	<b>42.06</b>

In Q1 2020, the profit before tax reached KHR174,767 million with 42.06% increment compared to Q1 2019 equivalent to KHR123,023 million. This significant increase of the profit is mainly from the Interest Income with 43.84% growth and Fee and Commission Income with 43.06% growth compared to Q1 2019.

## 5. PROFIT (LOSS) AFTER TAX ANALYSIS

Statement of Profit or Loss after tax	Quarter 1 2020 (in KHR million)	Quarter 1 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	174,767	123,023	51,744	42.06
Income tax expense	(38,450)	(23,928)	(14,522)	60.69
<b>Net profit for the period</b>	<b>136,317</b>	<b>99,095</b>	<b>37,222</b>	<b>37.56</b>

In Q1 2020, the net profit for the period was KHR136,317 million with 37.56% higher than Q1 2019 showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 5.80% and the Return on Average Assets of 0.73% as of 31 March 2020.

## 6. TOTAL COMPREHENSIVE INCOME (LOSS) ANALYSIS

Total Comprehensive Income	Quarter 1 2020 (in KHR million)	Quarter 1 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	136,317	99,095	37,222	37.56
Other comprehensive loss	(1,037)	(175)	(862)	492.57
<b>Total comprehensive income</b>	<b>135,280</b>	<b>98,920</b>	<b>36,360</b>	<b>36.76</b>

## 7. FACTORS AND TRENDS ANALYSIS AFFECTING FINANCIAL CONDITIONS AND RESULTS

As at 31 March 2020, 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 considers the following key factors successfully affecting its profitability:

- The growth of funding due to demand in the market for the Bank's deposits and other transactional products and services;
- The growth of loan portfolio due to high demand in the market for the Bank's loan products especially in the MSME segment.

These two factors are coupled with the continuous development of the Bank's digital platform that provides customers with innovative and modern financial products and services.

As such, in Q1 2020 the ABA Mobile app, the Bank's flagship retail solution, received a new important function, Instant Loan against Fixed Deposit. The function helps app users get microloan for their emergency cash needs without breaking their Fixed Deposit and losing the accrued interest. ABA has become the first bank in Cambodia who allows its mobile banking app users to receive loan instantly.

The Bank also significantly invested in the enhancement of its self-banking facilities by installing additional ATMs, CRMs, cash-in kiosks, POS-terminals, and expanding its network of QR code payments.

## 2. FLUCTUATIONS IN PRICES OF RAW MATERIALS ANALYSIS

ABA Bank operates in the service industry, therefore, the fluctuations on raw material price are not applicable 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 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 a 2-year validity period for the tax year 2019 and 2020.

## 4. EXCEPTIONAL AND EXTRAORDINARY ITEMS ANALYSIS

As at 31 March 2020, the management acknowledged that ABA did not experience any items, transactions or events of a material and unusual nature.

With the COVID-19 outbreak, there is a significant decline in the global economy. At the same time, the management has assessed the impact of COVID-19 on the Bank and concluded that there was no material impact to the Bank’s financial statements.

## C. SIGNIFICANT CHANGES IN SALE AND REVENUE

In Q1 2020, ABA Bank recorded significant growth in revenue, securing 269.9 billion KHR in net interest income, which represents 54.35% growth compared to the same period in 2019. The operating profit totaled 182.7 billion KHR that is 44.63% higher than in Q1 2019.

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

ABA adheres to the strategy 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.

In terms of interest rates, the Bank maintains the policy of fixed interest rates for its deposits and loans. Therefore, it didn’t experience significant changes in interest rates during the reporting period.

The impact of commodity prices is not applicable to the Bank.

## E. IMPACT OF INFLATION

The Cambodia’s inflation rate forecasted at 2.1% in 2020, according to Asian Development Bank. In Q1 2020, there is no material impact of inflation on the Bank’s operational expenses.

## F. ECONOMIC, FISCAL AND MONETARY POLICY OF ROYAL GOVERNMENT

The beginning of 2020 exposed Cambodia to certain economic challenges due to the expected partial withdrawal of the EU’s “Everything But Arms” agreement (EBA) and the COVID-19 outbreak. Cambodia’s garment industry, service sector, tourism, and other vital sectors of the economy started experiencing difficulties in this regard.

On 17 March 2020, the National Bank of Cambodia (NBC) issued a press release No. B13-020-002 on the additional measures to facilitate and urge financial institutions to have stronger liquidity. The NBC deferred the implementation of the Capital Conservation Buffer (CCB) by 50%, reduced the minimum interest rate

on Liquidity-Providing Collateralized Operation (LPCO) to 0.5%, the interest rate on Negotiable Certificate of Deposits (NCD) to appropriate rate, and also the interest rate on the reserve requirement (RRR) in local and foreign currencies from 8% and 12.5%, respectively, to 7% in both currencies for six months starting from April 2020. In addition, the NBC would reduce the liquidity coverage ratio (LCR) to an appropriate level if it is necessary.

On 27 March 2020, the NBC issued a circular to all financial institutions to restructure loans in order to maintain financial stability, support economic activity, and ease the burden of borrowers who may find it difficult to repay loans during the COVID-19 outbreak. This circular requires financial institutions to establish a policy and procedure on loan restructuring and pay close attention to clients, with particular attention given to clients engaged in tourism, garments, construction, and transportation.

These measures, along with other initiatives of the Royal Government of Cambodia, were aimed at supporting the economy and the financial sector in particular.

As a result, the management of the Bank assessed the current situation and concluded that there was minimal impact to the Bank's financial results in the first quarter of 2020.

Signature of Directors of the Listed Entity  
May 28, 2020  
Seen and Agreed



**Madi Akmambet**  
*Executive Director*

**For Dominic Jacques**  
*Non-Executive Director*



**Madi Akmambet**  
*Executive Director*



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Khan Boeung Keng Kang, Phnom Penh, Kingdom of Cambodia

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