

ADVANCED BANK OF ASIA LIMITED
(Registration No. 00010593)

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

ADVANCED BANK OF ASIA LIMITED

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

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The condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019 and any public announcements made by Advanced Bank of Asia Limited during the interim reporting period.

STATEMENT OF THE BOARD OF DIRECTORS

In the opinion of the Board of Directors, the accompanying condensed interim financial statements present fairly, in all material respects, the financial position of Advanced Bank of Asia Limited (the "Bank") as at 30 September 2020, its financial performance for the three-month and nine-month periods then ended, and its cash flows for the nine-month period then ended in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*, and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



Madi Akmambet
Executive Director

Phnom Penh, Kingdom of Cambodia
Date: 26 November 2020

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of Advanced Bank of Asia Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Advanced Bank of Asia Limited (the "Bank") as at 30 September 2020 and the related condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, changes in equity and cash flows for the nine-month period then ended, and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Cambodian International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements are not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Other matters

We draw attention to the fact that the Bank prepared and presented the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2019, and condensed interim statements of changes in equity and cash flows for the nine-month period then ended for comparative purposes only. These statements including related notes were neither reviewed nor audited.

For Deloitte (Cambodia) Co., Ltd.



Ung Kimsopheaktra
Director

Phnom Penh, Kingdom of Cambodia
Date: 26 November 2020

ADVANCED BANK OF ASIA LIMITED

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

	Note	30 September 2020		31 December 2019	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand	4	297,251,236	1,218,730,068	251,750,205	1,025,882,085
Balances with the NBC	5	1,459,725,902	5,984,876,198	1,151,654,239	4,692,991,024
Balances with other banks	6	356,469,092	1,461,523,277	93,411,689	380,652,633
Loans to customers	7	3,419,810,596	14,021,223,444	2,758,070,913	11,239,138,970
Investment securities	8	6,463,453	26,500,157	33,285,434	135,638,144
Property and equipment	9	42,488,890	174,204,449	40,448,758	164,828,689
Right-of-use assets	10	33,509,258	137,387,958	34,537,031	140,738,401
Intangible assets	11	7,866,271	32,251,711	7,174,737	29,237,053
Deferred tax assets, net	12	2,903,253	11,903,337	2,191,391	8,929,918
Other assets	13	31,243,942	128,100,162	22,363,972	91,133,185
TOTAL ASSETS		5,657,731,893	23,196,700,761	4,394,888,369	17,909,170,102
LIABILITIES					
Deposits from customers	14	4,485,657,010	18,391,193,741	3,395,343,449	13,836,024,555
Debt securities in issue	15	20,546,274	84,239,723	20,939,337	85,327,798
Borrowings	16	208,957,588	856,726,111	279,856,458	1,140,415,066
Subordinated debts	17	121,027,957	496,214,624	128,000,000	521,600,000
Current tax liabilities		26,914,543	110,349,626	12,231,453	49,843,171
Lease liabilities	18	35,311,730	144,778,093	36,513,407	148,792,134
Other liabilities	19	39,026,113	160,007,063	25,624,103	104,418,220
TOTAL LIABILITIES		4,937,441,215	20,243,508,981	3,898,508,207	15,886,420,944
EQUITY					
Share capital		335,000,000	1,373,500,000	215,000,000	876,125,000
Regulatory reserves		42,057,657	172,436,394	33,661,778	137,171,744
Retained earnings		343,233,021	1,399,192,038	247,718,384	999,343,312
Currency translation differences		-	8,063,348	-	10,109,102
TOTAL EQUITY		720,290,678	2,953,191,780	496,380,162	2,022,749,158
TOTAL LIABILITIES AND EQUITY		5,657,731,893	23,196,700,761	4,394,888,369	17,909,170,102

The accompanying notes from pages 9 to 40 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

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

	Note	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
		US\$	KHR'000	US\$	KHR'000
				(Unaudited and unreviewed)	
Interest income	20	88,509,590	362,446,771	69,480,041	283,964,928
Interest expense	20	(15,533,476)	(63,609,584)	(12,941,546)	(52,892,099)
Net interest income		72,976,114	298,837,187	56,538,495	231,072,829
Fee and commission income	21	13,228,688	54,171,477	10,855,555	44,366,653
Fee and commission expense	21	(3,940,906)	(16,138,010)	(3,518,737)	(14,381,078)
Net fee and commission income		9,287,782	38,033,467	7,336,818	29,985,575
Other operating income	22	721,591	2,954,915	497,018	2,031,313
Personnel expenses	23	(17,368,765)	(71,125,093)	(15,585,433)	(63,697,665)
Operating expenses	24	(7,358,535)	(30,133,201)	(6,144,167)	(25,111,211)
Depreciation and amortisation	25	(4,948,091)	(20,262,433)	(3,795,505)	(15,512,229)
Operating profit		53,310,096	218,304,842	38,847,226	158,768,612
Net impairment losses on financial assets	26	(4,135,537)	(16,935,024)	(748,143)	(3,057,660)
Profit before tax		49,174,559	201,369,818	38,099,083	155,710,952
Income tax expense		(10,818,000)	(44,299,710)	(6,013,212)	(24,575,997)
Profit for the period		38,356,559	157,070,108	32,085,871	131,134,955
Other comprehensive income		-	2,490,001	-	(3,921,638)
Total comprehensive income for the period		38,356,559	159,560,109	32,085,871	127,213,317
Profit attributable to shareholders		38,356,559	157,070,108	32,085,871	131,134,955
Total comprehensive income attributable to shareholders		38,356,559	159,560,109	32,085,871	127,213,317

The accompanying notes from pages 9 to 40 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

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

	Note	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
		US\$	KHR'000	US\$	KHR'000
				(Unaudited and unreviewed)	
Interest income	20	250,478,644	1,022,453,825	188,237,042	762,171,783
Interest expense	20	(44,203,138)	(180,437,209)	(37,872,685)	(153,346,502)
Net interest income		206,275,506	842,016,616	150,364,357	608,825,281
Fee and commission income	21	35,087,015	143,225,195	28,083,609	113,710,534
Fee and commission expense	21	(11,655,782)	(47,578,902)	(9,699,215)	(39,272,121)
Net fee and commission income		23,431,233	95,646,293	18,384,394	74,438,413
Other operating income	22	2,116,217	8,638,398	1,251,210	5,066,149
Personnel expenses	23	(53,275,505)	(217,470,611)	(40,477,867)	(163,894,883)
Operating expenses	24	(22,411,573)	(91,484,042)	(16,032,434)	(64,915,325)
Depreciation and amortisation	25	(13,996,029)	(57,131,790)	(10,568,586)	(42,792,205)
Operating profit		142,139,849	580,214,864	102,921,074	416,727,430
Net impairment losses on financial assets	26	(8,921,331)	(36,416,873)	(1,512,178)	(6,122,809)
Profit before tax		133,218,518	543,797,991	101,408,896	410,604,621
Income tax expense		(29,308,000)	(119,635,256)	(18,432,212)	(74,632,026)
Profit for the period		103,910,518	424,162,735	82,976,684	335,972,595
Other comprehensive income		-	8,063,348	-	14,030,740
Total comprehensive income for the period		103,910,518	432,226,083	82,976,684	350,003,335
Profit attributable to shareholders		103,910,518	424,162,735	82,976,684	335,972,595
Total comprehensive income attributable to shareholders		103,910,518	432,226,083	82,976,684	350,003,335

The accompanying notes from pages 9 to 40 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

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

	Share capital	Regulatory reserves	Retained earnings	Currency translation differences	Total
	US\$	US\$	US\$	US\$	US\$
Nine-month period ended 30 September 2019					
(Unaudited and unreviewed)					
At 1 January 2019	165,000,000	21,321,874	132,646,912	-	318,968,786
Issuance of share capital	50,000,000	-	-	-	50,000,000
Profit for the period	-	-	82,976,684	-	82,976,684
<hr/>					
Transfers from retained earnings to regulatory reserves	-	12,644,603	(12,644,603)	-	-
<hr/>					
At 30 September 2019	<u>215,000,000</u>	<u>33,966,477</u>	<u>202,978,993</u>	<u>-</u>	<u>451,945,470</u>
In KHR'000 equivalents	<u>880,425,000</u>	<u>139,092,722</u>	<u>817,168,238</u>	<u>14,030,740</u>	<u>1,850,716,700</u>
<hr/>					
Nine-month period ended 30 September 2020					
At 1 January 2020	215,000,000	33,661,778	247,718,384	-	496,380,162
Issuance of share capital	120,000,000	-	-	-	120,000,000
Profit for the period	-	-	103,910,518	-	103,910,518
<hr/>					
Transfers from retained earnings to regulatory reserves	-	8,395,881	(8,395,881)	-	-
<hr/>					
At 30 September 2020	<u>335,000,000</u>	<u>42,057,659</u>	<u>343,233,021</u>	<u>-</u>	<u>720,290,680</u>
In KHR'000 equivalents	<u>1,373,500,000</u>	<u>172,436,402</u>	<u>1,399,192,038</u>	<u>8,063,348</u>	<u>2,953,191,788</u>

The accompanying notes from pages 9 to 40 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

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

	Note	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
		US\$	KHR'000	US\$	KHR'000
(Unaudited and unreviewed)					
Cash flows from operating activities					
Profit before income tax		133,218,518	543,797,991	101,408,896	410,604,621
<i>Adjustments for:</i>					
Depreciation and amortisation	25	13,996,029	57,131,790	10,568,586	42,792,205
Net impairment losses on financial assets	26	8,921,331	36,416,873	1,512,178	6,122,809
(Gains)/losses on disposals of property and equipment		(22,305)	(91,049)	86,515	350,299
Net interest income	20	(206,275,506)	(842,016,616)	(150,364,357)	(608,825,281)
		(50,161,933)	(204,761,011)	(36,788,182)	(148,955,347)
<i>Changes in:</i>					
Balances with the NBC		(235,636,675)	(961,868,907)	(342,523,256)	(1,386,876,664)
Balances with other banks		(150,303,009)	(613,536,883)	(187,695,813)	(759,980,347)
Loans to customers		(664,624,495)	(2,712,997,189)	(677,716,038)	(2,744,072,238)
Other assets		(13,286,477)	(54,235,399)	(6,594,955)	(26,702,973)
Deposits from customers		1,087,293,805	4,438,333,312	1,110,552,389	4,496,626,623
Other liabilities		13,375,454	54,598,603	7,582,057	30,699,749
Cash used in operations		(13,343,330)	(54,467,474)	(133,183,798)	(539,261,197)
Interest received		246,058,998	1,004,412,830	184,357,369	746,462,987
Interest paid		(37,451,394)	(152,876,590)	(30,300,121)	(122,685,190)
Income tax paid		(12,091,374)	(49,356,989)	(18,169,701)	(73,569,119)
Net cash from operating activities		183,172,900	747,711,777	2,703,749	10,947,481
Cash flows from investing activities					
Purchase of investment securities		(3,202,049)	(13,070,764)	(222,838,872)	(902,274,593)
Sale proceeds from investment securities		29,800,162	121,644,261	175,024,135	708,672,723
Purchases of property and equipment		(10,698,813)	(43,672,555)	(10,834,021)	(43,866,951)
Purchases of intangible assets		(1,542,193)	(6,295,232)	(4,482,509)	(18,149,679)
Proceeds from disposals of property and equipment		22,882	93,404	19,651	79,567
Net cash from/(used in) investing activities		14,379,989	58,699,114	(63,111,616)	(255,538,933)

ADVANCED BANK OF ASIA LIMITED

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

Note	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Cash flows from financing activities				
Issuance of share capital	120,000,000	489,840,000	50,000,000	202,450,000
Issuance of corporate bond	-	-	20,707,806	83,845,906
Proceeds from borrowings	382,941,689	1,563,167,974	277,263,411	1,122,639,551
Repayments of borrowings	(454,742,844)	(1,856,260,289)	(172,606,089)	(698,882,054)
Repayments of subordinated debts	(9,000,000)	(36,738,000)	(3,000,000)	(12,147,000)
Principal elements of lease payments	(4,686,407)	(19,129,913)	(4,562,905)	(18,475,202)
Net cash from financing activities	34,512,438	140,879,772	167,802,223	679,431,201
Net increase in cash and cash equivalents	232,065,327	947,290,663	107,394,356	434,839,749
Cash and cash equivalents at the beginning of period	554,540,164	2,259,751,168	441,757,411	1,774,981,277
Currency translation differences	-	18,040,682	-	38,955,460
Cash and cash equivalents at the end of period	786,605,491	3,225,082,513	549,151,767	2,248,776,486
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The accompanying notes from pages 9 to 40 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

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

1. REPORTING ENTITY

Advanced Bank of Asia Limited (the “Bank”) was incorporated in Cambodia on 25 October 1996 under Registration No. Co. 322/97E (renewed to No. 00010593) dated 25 October 1996 granted by the Ministry of Commerce and commenced operations on 25 October 1996. On 28 November 2006, the Bank was granted a permanent banking license No. 14 from the National Bank of Cambodia (“NBC”).

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia. There have been no significant changes in the nature of these principal activities during the period.

The registered office of the Bank is located at No. 141, 146, 148, and 148 ABCD Preah Sihanouk Blvd., and No. 15 and 153 ABC, Street 278, Phum 4, Sangkat Boeng Keng Kang Ti Muoy, Khan Boeng Keng Kang, Phnom Penh, Kingdom of Cambodia.

The condensed interim financial statements of the Bank were authorised for issue by the Board of Directors on 26 November 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial statements have been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

The condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019 and any public announcements made by the Bank during the interim reporting period. The results of the three-month and nine-month periods ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

2.2 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the 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, and income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, significant judgements made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2019, except as disclosed in note 32.

2.3 Financial risk management

The Bank’s financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2019, except as disclosed in note 32.

ADVANCED BANK OF ASIA LIMITED

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

2. BASIS OF PREPARATION (continued)

2.4 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 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”).

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 Nine-month</i>	<i>Average rate three-month</i>
30 September 2020	4,100	4,082	4,095
31 December 2019	4,075	N/A	N/A
30 September 2019	4,095	4,049	4,087

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Bank’s annual financial statements for the year ended 31 December 2019, except as disclosed in Note 32 and for the adoption of new and amended standards as set out below.

3.1 New and amended CIFRSs that are effective for the current period

Amendments to CIFRS 3	<i>Definition of a business</i>
Amendments to CIAS 1 and CIAS 8	<i>Definition of material</i>
Conceptual Framework	<i>Amendments to References to the Conceptual Framework in CIFRS Standards</i>
Amendments to CIFRS 16	<i>COVID-19-Related Rent Concessions</i>

The Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

ADVANCED BANK OF ASIA LIMITED

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 New and revised CIFRSs in issue but not yet effective

CIFRS 17	<i>Insurance Contracts</i>
CIFRS 10 and CIAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to CIAS 1	<i>Presentation of Financial Statements</i>
Amendments to CIAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
Further amendments to CIFRS 3	<i>Business Combinations</i>
Amendments to CIAS 16,	<i>Property, Plant and Equipment (PPE) – Proceeds before Intended Use</i>
Annual Improvements to CIFRS standards 2018–2020 Cycle	- <i>Amendments to CIFRS 1, First-time Adoption of IFRS</i> - <i>Amendments to CIFRS 9, Financial Instruments</i> - <i>Amendments to Illustrative Examples accompanying CIFRS 16</i> - <i>Amendments to CIAS 41 Agriculture</i>

The Bank determined that there will be no material adjustments expected from the initial application for Amendments to CIAS 1, CIAS 37, CIAS 16, CIFRS 1, CIFRS 9, and CIFRS 16. CIFRS 17, CIFRS 10, CIFRS 3, CIAS 41 and CIAS 28 are not applicable to the Bank.

4. CASH ON HAND

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	279,663,046	1,146,618,489	237,592,862	968,190,913
Cash items in process of collection	17,588,190	72,111,579	14,157,343	57,691,172
	<u>297,251,236</u>	<u>1,218,730,068</u>	<u>251,750,205</u>	<u>1,025,882,085</u>

5. BALANCES WITH THE NBC

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Capital guarantee deposit (i)	33,507,579	137,381,074	21,553,770	87,831,613
Reserve requirement (ii)	304,624,439	1,248,960,200	413,991,945	1,687,017,176
Current account	145,831,067	597,907,375	235,691,886	960,444,435
Negotiable Certified Deposits (NCD)	975,762,817	4,000,627,549	480,416,638	1,957,697,800
	<u>1,459,725,902</u>	<u>5,984,876,198</u>	<u>1,151,654,239</u>	<u>4,692,991,024</u>

ADVANCED BANK OF ASIA LIMITED

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

5. BALANCES WITH THE NBC (continued)

(i) Capital guarantee deposits

Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit of 10% of its capital. This deposit is not available for use in the Bank's day-to-day operations and is only refundable should the Bank voluntarily cease its operations in Cambodia.

During the period, interest was earned at rates ranging from 0.09% to 0.47% per annum (2019: 0.54% to 0.72% per annum).

(ii) Reserve requirement

This is a reserve requirement which fluctuates depending on the level of the Bank's customers' deposits and non-residential borrowings. It is maintained in compliance with the National Bank of Cambodia's Prakas No. B7-020-230 dated 18 March 2020 at the rates of 7.00% of customers' deposits in KHR and currency other than KHR.

6. BALANCES WITH OTHER BANKS

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Balances with other banks at amortised cost	357,204,877	1,464,539,996	93,472,431	380,900,156
Impairment loss allowance	(735,785)	(3,016,719)	(60,742)	(247,523)
	<u>356,469,092</u>	<u>1,461,523,277</u>	<u>93,411,689</u>	<u>380,652,633</u>

ADVANCED BANK OF ASIA LIMITED

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

7. LOANS TO CUSTOMERS

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
At amortised cost				
Commercial loans:				
Short-term loans	11,999,810	49,199,221	8,642,654	35,218,815
Long-term loans	3,162,037,091	12,964,352,073	2,631,621,350	10,723,857,001
Overdrafts	215,713,043	884,423,476	95,217,125	388,009,784
Consumer loans:				
Housing loans	27,090,161	111,069,660	14,295,649	58,254,770
Vehicle loans	1,328,587	5,447,207	16,060	65,445
Staff loans	13,822,300	56,671,430	12,605,152	51,365,994
Credit cards	2,079,916	8,527,656	2,028,375	8,265,628
Total gross carrying amount	3,434,070,908	14,079,690,723	2,764,426,365	11,265,037,437
Impairment loss allowance	(14,260,312)	(58,467,279)	(6,355,452)	(25,898,467)
Net carrying amount	3,419,810,596	14,021,223,444	2,758,070,913	11,239,138,970

8. INVESTMENT SECURITIES

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Investment securities at amortised cost	6,494,557	26,627,684	33,307,014	135,726,083
Impairment loss allowance	(31,104)	(127,527)	(21,580)	(87,939)
	6,463,453	26,500,157	33,285,434	135,638,144

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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9. PROPERTY AND EQUIPMENT

	Leasehold improvement	Office equipment, furniture and fixture	Motor vehicles	Computers and IT equipment	Construction in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
31 December 2019							
Cost	22,538,767	12,179,042	1,632,835	22,932,667	279,908	59,563,219	242,720,117
Accumulated depreciation	5,589,733	4,751,982	992,461	7,780,285	-	19,114,461	77,891,428
Carrying amounts	16,949,034	7,427,060	640,374	15,152,382	279,908	40,448,758	164,828,689
	Leasehold improvement	Office equipment, furniture and fixture	Motor vehicles	Computers and IT equipment	Construction in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
30 September 2020							
Cost							
At 1 January 2020	22,538,767	12,179,042	1,632,835	22,932,667	279,908	59,563,219	242,720,117
Additions	82,365	1,733,719	66,660	6,680,054	2,177,393	10,740,191	43,841,460
Transfers	1,791,340	146,054	-	-	(1,937,394)	-	-
Disposals	-	(1,466)	(11,780)	(7,281)	-	(20,527)	(83,791)
Written off	(7,418)	(40,122)	-	(5,921)	-	(53,461)	(218,228)
Currency translation differences	-	-	-	-	-	-	1,681,072
At 30 September 2020	24,405,054	14,017,227	1,687,715	29,599,519	519,907	70,229,422	287,940,630
Accumulated depreciation							
At 1 January 2020	5,589,733	4,751,982	992,461	7,780,285	-	19,114,461	77,891,428
Depreciation	2,420,889	1,826,994	156,483	4,253,739	-	8,658,105	35,342,385
Disposals	-	(1,224)	(11,780)	(7,278)	-	(20,282)	(82,791)
Written off	(3,629)	(2,248)	-	(5,875)	-	(11,752)	(47,972)
Currency translation differences	-	-	-	-	-	-	633,131
At 30 September 2020	8,006,993	6,575,504	1,137,164	12,020,871	-	27,740,532	113,736,181
Carrying amounts							
At 30 September 2020	16,398,061	7,441,723	550,551	17,578,648	519,907	42,488,890	174,204,449

ADVANCED BANK OF ASIA LIMITED

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10. RIGHT-OF-USE ASSETS

The Bank leases assets including office buildings and motor vehicles. Information about leases for which the Bank is a lessee is presented below.

	Buildings	Motor vehicles	Total	
	US\$	US\$	US\$	KHR'000
31 December 2019				
Cost				
Cost	42,560,267	1,583,956	44,144,223	179,887,709
Accumulated depreciation	8,558,382	1,048,810	9,607,192	39,149,308
Carrying amount	<u>34,001,885</u>	<u>535,146</u>	<u>34,537,031</u>	<u>140,738,401</u>
30 September 2020				
Cost				
At 1 January 2020	42,560,267	1,583,956	44,144,223	179,887,709
Additions	3,061,132	398,360	3,459,492	14,121,646
Currency translation differences	-	-	-	1,165,876
At 30 September 2020	<u>45,621,399</u>	<u>1,982,316</u>	<u>47,603,715</u>	<u>195,175,231</u>
Accumulated depreciation				
At 1 January 2020	8,558,382	1,048,810	9,607,192	39,149,308
Depreciation	4,091,790	395,475	4,487,265	18,317,016
Currency translation differences	-	-	-	320,949
At 30 September 2020	<u>12,650,172</u>	<u>1,444,285</u>	<u>14,094,457</u>	<u>57,787,273</u>
Carrying amount				
At 30 September 2020	<u>32,971,227</u>	<u>538,031</u>	<u>33,509,258</u>	<u>137,387,958</u>

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10. RIGHT-OF-USE ASSETS (continued)

Amount recognised in profit and loss

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Depreciation expense on right-of-use assets	1,632,463	6,684,936	1,448,861	5,921,495
Interest expense on lease liabilities	456,155	1,867,955	421,623	1,723,173
Expense relating to leases of low value assets	849,353	3,478,101	694,391	2,837,976
	<u>2,937,971</u>	<u>12,030,992</u>	<u>2,564,875</u>	<u>10,482,644</u>
			(Unaudited and unreviewed)	
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
Depreciation expense on right-of-use assets	4,487,265	18,317,016	4,134,244	16,739,554
Interest expense on lease liabilities	1,194,822	4,877,263	1,224,663	4,958,660
Expense relating to leases of low value assets	3,189,405	13,019,151	1,879,398	7,609,683
	<u>8,871,492</u>	<u>36,213,430</u>	<u>7,238,305</u>	<u>29,307,897</u>

ADVANCED BANK OF ASIA LIMITED

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11. INTANGIBLE ASSETS

	31 December 2019	
	US\$	KHR'000
Software		
Cost	9,916,259	40,408,755
Accumulated amortisation	2,741,522	11,171,702
Carrying amounts	<u>7,174,737</u>	<u>29,237,053</u>
	30 September 2020	
	US\$	KHR'000
Software		
Cost		
At 1 January	9,916,259	40,408,755
Additions	1,542,193	6,295,232
Currency translation differences	-	275,666
	<u>11,458,452</u>	<u>46,979,653</u>
Accumulated amortisation		
At 1 January	2,741,522	11,171,702
Amortisation	850,659	3,472,389
Currency translation differences	-	83,851
	<u>3,592,181</u>	<u>14,727,942</u>
Carrying amounts	<u>7,866,271</u>	<u>32,251,711</u>

ADVANCED BANK OF ASIA LIMITED

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12. 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:

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Deferred tax assets	5,189,398	21,276,532	4,792,722	19,530,342
Deferred tax liabilities	(2,286,145)	(9,373,195)	(2,601,331)	(10,600,424)
Net deferred tax assets	<u>2,903,253</u>	<u>11,903,337</u>	<u>2,191,391</u>	<u>8,929,918</u>

Deferred tax assets arise mainly due to deferred revenue from processing fees and card fees and accrued management incentive.

13. OTHER ASSETS

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Deposits and advance payments Master/Visa Card and MoneyGram and other receivables	12,571,140	51,541,674	12,199,827	49,714,295
Prepayment	10,113,954	41,467,211	3,918,470	15,967,764
Card supplies	4,966,703	20,363,482	4,347,116	17,714,498
Investment – Credit Bureau	3,566,557	14,622,884	1,872,971	7,632,357
	25,588	104,911	25,588	104,271
	<u>31,243,942</u>	<u>128,100,162</u>	<u>22,363,972</u>	<u>91,133,185</u>

14. DEPOSITS FROM CUSTOMERS

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Demand deposits	870,028,560	3,567,117,096	613,709,129	2,500,864,701
Savings deposits	2,668,566,235	10,941,121,563	2,036,708,869	8,299,588,641
Fixed deposits	946,471,608	3,880,533,593	744,922,130	3,035,557,680
Margin deposits	590,607	2,421,489	3,321	13,533
	<u>4,485,657,010</u>	<u>18,391,193,741</u>	<u>3,395,343,449</u>	<u>13,836,024,555</u>

ADVANCED BANK OF ASIA LIMITED

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15. DEBT SECURITIES IN ISSUE

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Corporate bonds	<u>20,546,274</u>	<u>84,239,723</u>	<u>20,939,337</u>	<u>85,327,798</u>

On 31 May 2019, the Bank obtained an approval letter from the NBC on the corporate bond issuance.

On 7 August 2019, 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 65 investors on 14 August 2019 in aggregate principal amount KHR 84,821 billion (approximately USD 20.723 million) with tenor 3 years and coupon rate 7.75% per annum.

The Bank did not have any defaults of principal or interest or others breaches with respect to its debt securities during the period.

The interest is payable semi-annually. For the nine-month period ended 30 September 2020, the Bank has interest expenses on debt securities to investors in aggregate amounting to KHR 4,936 million (approximately US\$1,203,971). Interest expense for the three-month period ended 30 September 2020 amounted to KHR 1,649 million (approximately US\$400,939).

ADVANCED BANK OF ASIA LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020****16. BORROWINGS**

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Borrowing	<u>208,957,588</u>	<u>856,726,111</u>	<u>279,856,458</u>	<u>1,140,415,066</u>

During the nine-month period, the changes to the Bank's borrowing were as follows:

- 25 Liquidity-Providing Collateralised Operations (LPCOs) provided by the National Bank of Cambodia of US\$216,707,496 (equivalent to KHR884.6 billion) has been renewed and there were 13 new LPCO with total fund of US\$64,899,559 (equivalent to KHR265 billion). There were 22 LPCOs with total repayment amount of US\$149,828,515 (equivalent to KHR611.6 billion) reaching maturity date. The principal and interest are payable on maturities with 3 to 12 months term.
- The amount above included newly short-term loan obtained from AfrAsia Bank Limited, Mauritius, with the loan amount to US\$20,000,000 received on 19 May 2020. The principle and interest are payable on maturities.
- The amount above included Long term loan obtained from DEG-Deutsche Investitions und Entwicklungsgesellschaft Mbh with repayment amount US\$3,125,005 on 15 June 2020. The interest is payable semi-annually from the date of each drawdown.
- The amount above included long-term loan obtained from SME Bank of Cambodia with the committed limit loan amounting to US\$2,000,000. As at 30 September 2020, the bank has drawdown amounting to US\$1,192,500 and paid principle amount US\$103,780. The principle and interest are payable on a monthly basis.
- The bank paid principle and interest with International Finance Corporation (IFC) amount US\$714,286 on 15 June 2020 and paid off loan amount US\$2,857,143 on 24 August 2020.

ADVANCED BANK OF ASIA LIMITED

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17. SUBORDINATED DEBTS

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
National Bank of Canada	121,027,957	496,214,624	128,000,000	521,600,000

18. LEASE LIABILITIES

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Maturity Analysis				
Year 1	695,208	2,850,353	212,559	866,178
Year 2	1,660,457	6,807,874	1,133,181	4,617,713
Year 3	537,044	2,201,880	1,263,585	5,149,109
Year 4	1,631,007	6,687,129	745,657	3,038,552
Year 5	2,574,934	10,557,229	3,484,059	14,197,540
Year 6 onwards	35,295,566	144,711,821	37,251,232	151,798,771
	42,394,216	173,816,286	44,090,273	179,667,863
Less: Discounted value using IBR	(7,082,486)	(29,038,193)	(7,576,866)	(30,875,729)
	35,311,730	144,778,093	36,513,407	148,792,134

19. OTHER LIABILITIES

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Accrued expenses	22,623,504	92,756,366	17,980,104	73,268,924
Master/Visa Card and MoneyGram and other payables	10,229,816	41,942,246	4,236,999	17,265,771
Unearned income	2,964,784	12,155,614	2,261,643	9,216,195
Remittance in process	2,530,191	10,373,783	269,195	1,096,970
Other tax payable	632,349	2,592,631	857,246	3,493,277
Provision for off-balance sheets	45,469	186,423	18,916	77,083
	39,026,113	160,007,063	25,624,103	104,418,220

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20. NET INTEREST INCOME

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Interest income from:				
Loans to customers	86,510,291	354,259,642	65,866,557	269,196,618
Balances with banks	1,868,432	7,651,229	3,074,963	12,567,374
Investment securities	101,160	414,250	538,521	2,200,936
Unwinding of interest income	29,707	121,650	-	-
	<u>88,509,590</u>	<u>362,446,771</u>	<u>69,480,041</u>	<u>283,964,928</u>
Interest expense on:				
Deposits from customers	10,294,807	42,157,235	8,589,428	35,104,993
Subordinated debts	2,458,237	10,066,481	1,948,700	7,964,337
Borrowings	1,923,339	7,876,073	1,772,268	7,243,259
Lease liabilities	456,155	1,867,955	421,623	1,723,173
Debt securities in issue	400,938	1,641,840	209,527	856,337
	<u>15,533,476</u>	<u>63,609,584</u>	<u>12,941,546</u>	<u>52,892,099</u>
Net interest income	<u>72,976,114</u>	<u>298,837,187</u>	<u>56,538,495</u>	<u>231,072,829</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Interest income from:				
Loans to customers	243,016,540	991,993,516	180,782,595	731,988,727
Balances with banks	6,792,195	27,725,740	5,993,688	24,268,443
Investment securities	416,858	1,701,614	1,460,759	5,914,613
Unwinding of interest income	253,051	1,032,955	-	-
	<u>250,478,644</u>	<u>1,022,453,825</u>	<u>188,237,042</u>	<u>762,171,783</u>
Interest expense on:				
Deposits from customers	27,459,301	112,088,867	26,515,006	107,359,259
Subordinated debts	7,678,903	31,345,282	5,860,312	23,728,403
Borrowings	6,666,141	27,211,188	4,063,177	16,451,804
Lease liabilities	1,194,822	4,877,263	1,224,663	4,958,660
Debt securities in issue	1,203,971	4,914,609	209,527	848,376
	<u>44,203,138</u>	<u>180,437,209</u>	<u>37,872,685</u>	<u>153,346,502</u>
Net interest income	<u>206,275,506</u>	<u>842,016,616</u>	<u>150,364,357</u>	<u>608,825,281</u>

ADVANCED BANK OF ASIA LIMITED

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21. NET FEE AND COMMISSION INCOME

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Fee and commission income				
Loan commitment fees	3,484,816	14,270,322	3,708,704	15,157,473
Inward and outward remittances	1,854,239	7,593,109	1,604,229	6,556,484
MasterCard, Visa and UPI cards	4,024,871	16,481,847	4,108,406	16,791,055
Cable charges	191,040	782,309	181,280	740,891
Pin-less top up	826,050	3,382,675	431,100	1,761,906
Commission fee from insurance	687,033	2,813,400	226,032	923,793
Special account number fees	1,398,830	5,728,209	-	-
E-wallet	310,243	1,270,444	25,749	105,236
Other fees	451,566	1,849,162	570,055	2,329,815
	<u>13,228,688</u>	<u>54,171,477</u>	<u>10,855,555</u>	<u>44,366,653</u>
Fee and commission expense				
MasterCard	1,093,261	4,476,904	1,184,393	4,840,614
Visa card	2,361,106	9,668,729	1,912,151	7,814,961
Fees and commission paid to other banks and FIs	436,887	1,789,052	405,659	1,657,929
UnionPay (UPI) card	49,552	202,915	16,534	67,574
Others	100	410	-	-
	<u>3,940,906</u>	<u>16,138,010</u>	<u>3,518,737</u>	<u>14,381,078</u>
Net fee and commission income	<u>9,287,782</u>	<u>38,033,467</u>	<u>7,336,818</u>	<u>29,985,575</u>

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21. NET FEE AND COMMISSION INCOME (continued)

	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Fee and commission income				
Loan commitment fees	10,166,046	41,497,800	9,334,073	37,793,662
Inward and outward remittances	5,043,568	20,587,845	4,141,316	16,768,188
MasterCard, Visa and UPI cards	12,221,320	49,887,428	11,153,463	45,160,372
Cable charges	545,210	2,225,547	371,467	1,504,070
Pin-less top up	2,156,050	8,800,996	1,049,500	4,249,426
Commission fee from insurance	1,101,994	4,498,340	613,601	2,484,470
Special account number fees	1,494,343	6,099,908	-	-
E-wallet	720,971	2,943,004	59,584	241,256
Other fees	1,637,513	6,684,327	1,360,605	5,509,090
	<u>35,087,015</u>	<u>143,225,195</u>	<u>28,083,609</u>	<u>113,710,534</u>
Fee and commission expense				
MasterCard	3,613,397	14,749,887	3,461,091	14,013,957
Visa card	6,693,473	27,322,757	5,041,312	20,412,272
Fees and commission paid to other banks and FIs	1,273,173	5,197,092	1,144,761	4,635,137
UnionPay (UPI) card	75,439	307,942	52,051	210,755
Others	300	1,224	-	-
	<u>11,655,782</u>	<u>47,578,902</u>	<u>9,699,215</u>	<u>39,272,121</u>
Net fee and commission income	<u>23,431,233</u>	<u>95,646,293</u>	<u>18,384,394</u>	<u>74,438,413</u>

22. OTHER OPERATING INCOME

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Foreign exchange gains, net	701,851	2,874,080	493,688	2,017,703
Other income	19,740	80,835	3,330	13,610
	<u>721,591</u>	<u>2,954,915</u>	<u>497,018</u>	<u>2,031,313</u>

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22. OTHER OPERATING INCOME (continued)

	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Foreign exchange gains, net	2,084,747	8,509,937	1,115,717	4,517,538
Other income	31,470	128,461	135,493	548,611
	<u>2,116,217</u>	<u>8,638,398</u>	<u>1,251,210</u>	<u>5,066,149</u>

23. PERSONNEL EXPENSES

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Salaries and bonuses	16,362,583	67,004,777	14,354,479	58,666,756
Seniority payments	684,734	2,803,986	568,077	2,321,731
Other personnel expenses	321,448	1,316,330	662,877	2,709,178
	<u>17,368,765</u>	<u>71,125,093</u>	<u>15,585,433</u>	<u>63,697,665</u>

	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Salaries and bonuses	49,492,659	202,029,034	38,571,726	156,176,919
Seniority payments	2,508,553	10,239,913	353,330	1,430,633
Other personnel expenses	1,274,293	5,201,664	1,552,811	6,287,331
	<u>53,275,505</u>	<u>217,470,611</u>	<u>40,477,867</u>	<u>163,894,883</u>

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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24. OPERATING EXPENSES

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Repairs and maintenance	2,074,021	8,493,116	1,129,782	4,617,419
Office supplies	1,173,878	4,807,030	1,100,202	4,496,526
Vehicle rental expenses	590,820	2,419,408	449,242	1,836,052
Security expenses	568,600	2,328,417	452,594	1,849,752
Utilities expenses	525,133	2,150,420	474,116	1,937,712
Marketing and advertising	477,706	1,956,206	451,060	1,843,482
Office rental	258,533	1,058,693	245,149	1,001,924
Communication	390,901	1,600,740	316,633	1,294,079
Professional fees	340,825	1,395,678	484,602	1,980,568
Insurance expenses	229,237	938,726	120,154	491,069
Motor vehicle operation expenses	192,982	790,261	179,455	733,433
License fees	168,719	690,904	168,184	687,368
Board of Director fees	85,625	350,634	35,021	143,131
Travelling	89,783	367,661	123,586	505,096
Credit report (CBC) expenses	91,768	375,790	89,421	365,464
Business meal and entertainment	32,676	133,808	25,322	103,491
Membership fees	10,818	44,300	95,220	389,164
Other expenses	56,510	231,409	204,424	835,481
	<u>7,358,535</u>	<u>30,133,201</u>	<u>6,144,167</u>	<u>25,111,211</u>

ADVANCED BANK OF ASIA LIMITED

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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020

24. OPERATING EXPENSES (continued)

	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Repairs and maintenance	5,857,751	23,911,340	2,865,682	11,603,146
Office supplies	3,692,904	15,074,434	2,657,649	10,760,821
Vehicle rental expenses	1,829,023	7,466,072	1,212,694	4,910,198
Security expenses	1,752,203	7,152,493	1,332,242	5,394,248
Utilities expenses	1,603,945	6,547,303	1,346,185	5,450,703
Marketing and advertising	1,390,665	5,676,695	1,337,838	5,416,906
Office rental	1,360,382	5,553,079	666,704	2,699,484
Communication	1,153,803	4,709,824	852,757	3,452,813
Professional fees	974,573	3,978,207	961,049	3,891,287
Insurance expenses	607,553	2,480,031	364,688	1,476,622
Motor vehicle operation expenses	575,219	2,348,044	492,543	1,994,307
License fees	523,511	2,136,972	488,368	1,977,402
Board of Director fees	257,610	1,051,564	104,706	423,955
Travelling	248,531	1,014,504	306,701	1,241,832
Credit report (CBC) expenses	238,698	974,365	229,743	930,229
Business meal and entertainment	102,554	418,625	211,591	856,732
Membership fees	42,208	172,293	114,579	463,930
Other expenses	200,440	818,197	486,715	1,970,710
	<u>22,411,573</u>	<u>91,484,042</u>	<u>16,032,434</u>	<u>64,915,325</u>

25. DEPRECIATION AND AMORTISATION

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Property and equipment	3,010,133	12,326,495	2,112,421	8,633,465
Right-of-use assets	1,632,463	6,684,936	1,448,861	5,921,495
Intangible assets	305,495	1,251,002	234,223	957,269
	<u>4,948,091</u>	<u>20,262,433</u>	<u>3,795,505</u>	<u>15,512,229</u>

ADVANCED BANK OF ASIA LIMITED

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25. DEPRECIATION AND AMORTISATION (continued)

	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Property and equipment	8,658,105	35,342,385	5,846,464	23,672,333
Right-of-use assets	4,487,265	18,317,016	4,134,244	16,739,554
Intangible assets	850,659	3,472,389	587,878	2,380,318
	<u>13,996,029</u>	<u>57,131,790</u>	<u>10,568,586</u>	<u>42,792,205</u>

26. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Loans to customers	4,156,663	17,021,535	589,981	2,411,252
Balances with other banks	(45,281)	(185,426)	48,342	197,574
Investment securities	10,258	42,007	(2,681)	(10,957)
Rental deposit	483	1,978	1,238	5,059
Loan commitments and financial guarantee contracts	13,414	54,930	111,263	454,732
	<u>4,135,537</u>	<u>16,935,024</u>	<u>748,143</u>	<u>3,057,660</u>
	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
			(Unaudited and unreviewed)	
Loans to customers	8,218,680	33,548,652	1,392,613	5,638,690
Balances with other banks	675,043	2,755,526	23,833	96,500
Investment securities	9,524	38,877	(8,206)	(33,226)
Rental deposit	(8,472)	(34,583)	1,512	6,122
Loan commitments and financial guarantee contracts	26,556	108,401	102,426	414,723
	<u>8,921,331</u>	<u>36,416,873</u>	<u>1,512,178</u>	<u>6,122,809</u>

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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27. CASH AND CASH EQUIVALENTS

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

	30 September 2020		30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Cash on hand	297,251,236	1,218,730,068	246,690,695	1,010,198,396
Balances with the NBC	362,241,396	1,485,189,724	128,777,696	527,344,665
Balances with other banks	127,112,859	521,162,721	173,683,376	711,233,425
	<u>786,605,491</u>	<u>3,225,082,513</u>	<u>549,151,767</u>	<u>2,248,776,486</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in statement reporting position as shown above.

28. RELATED PARTIES

(a) Related party balances

	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Borrowings from National Bank of Canada	<u>121,027,957</u>	<u>496,214,624</u>	<u>128,000,000</u>	<u>521,600,000</u>
Deposits and placements by shareholders, directors and key management	<u>5,409,135</u>	<u>22,177,453</u>	<u>5,257,192</u>	<u>21,423,057</u>

(b) Other related party transactions

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Interest expenses to National Bank of Canada	<u>2,458,237</u>	<u>10,066,481</u>	<u>1,948,700</u>	<u>7,964,337</u>
Interest expenses to shareholders, directors and key management	<u>30,541</u>	<u>125,065</u>	<u>15,653</u>	<u>63,974</u>

ADVANCED BANK OF ASIA LIMITED

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28. RELATED PARTIES (continued)

(b) Other related party transactions (continued)

	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Interest expenses to National Bank of Canada	7,678,903	31,345,282	5,860,312	23,728,403
Interest expenses to shareholders, directors and key management	81,945	334,499	67,755	274,340

(c) Shareholders, directors, and key management personnel remuneration

	Three-month period ended 30 September 2020		Three-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Salaries and benefits	4,219,182	17,277,550	3,978,931	16,261,891

	Nine-month period ended 30 September 2020		Nine-month period ended 30 September 2019	
	US\$	KHR'000	US\$	KHR'000
	(Unaudited and unreviewed)			
Salaries and benefits	11,999,923	48,983,686	9,501,739	38,472,541

ADVANCED BANK OF ASIA LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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	30 September 2020		31 December 2019	
	US\$	KHR'000	US\$	KHR'000
Unused portion of overdrafts	104,508,337	428,484,182	50,342,438	205,145,435
Performance bonds	12,393,780	50,814,498	15,367,603	62,622,982
Letter of credits	6,545,977	26,838,506	8,724,349	35,551,722
Unused portion of credit cards	9,760,392	40,017,607	9,430,316	38,428,538
Securities	4,400,000	18,040,000	4,400,000	17,930,000
Payment guarantees	8,585,484	35,200,484	5,897,103	24,030,695
Bid bonds	4,500,945	18,453,874	5,213,899	21,246,638
Warranty bonds	53,667	220,035	15,201	61,944
Other guarantees	237,000	971,700	330,402	1,346,388
	<u>150,985,582</u>	<u>619,040,886</u>	<u>99,721,311</u>	<u>406,364,342</u>

30. SEGMENT REPORTING

Segment reporting is not required for the Bank as the majority of the income is from the same business segment, which is credit and lending, all activities are carried out in the Kingdom of Cambodia.

31. FINANCIAL RISK MANAGEMENT

Except as disclosed in note 32, the Bank's financial risk management policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2019.

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

Loss allowance - movement of ECL for loans to customers

The table below analyses the movement of the loss allowance for loan to customers during the period.

	30 September 2020				
	Stage 1	Stage 2	Stage 3	Total	
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL	US\$	KHR'000
	US\$	US\$	US\$	US\$	KHR'000
Loss allowance as at 1 January 2020	1,573,881	566,317	4,215,254	6,355,452	25,898,467
Changes in the loss allowance					
Transfer to stage 1	1,122	(1,122)	-	-	-
Transfer to stage 2	(10,816)	10,816	-	-	-
Transfer to stage 3	(5,793)	(214,724)	220,517	-	-
Net remeasurement of loss allowances (*)	13,138	1,762,913	6,085,833	7,861,884	32,233,724
New financial assets originated	809,441	7,782	-	817,223	3,350,614
Financial asset that has been derecognised	(296,739)	(31,410)	(70,073)	(398,222)	(1,632,710)
Other changes	(187)	(35,087)	(340,751)	(376,025)	(1,541,703)
Currency translation differences	-	-	-	-	158,887
Loss allowance as at 30 September 2020	<u>2,084,047</u>	<u>2,065,485</u>	<u>10,110,780</u>	<u>14,260,312</u>	<u>58,467,279</u>

(*) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volume and in the credit quality of existing loans.

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31. FINANCIAL RISK MANAGEMENT (continued)

Loss allowance - movement of ECL for loans to customers (continued)

	30 September 2019				
	Stage 1	Stage 2	Stage 3	Total	
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL	US\$	KHR'000
	US\$	US\$	US\$	US\$	KHR'000
Loss allowance as at 1 January 2019	1,100,909	782,334	2,975,843	4,859,086	19,523,806
Change in loss allowance					
Transfer to stage 1	77,893	(77,893)	-	-	-
Transfer to stage 2	(5,011)	54,942	(49,931)	-	-
Transfer to stage 3	(3,786)	(198,846)	202,632	-	-
Net remeasurement of loss allowance (*)	(210,655)	160,695	1,176,579	1,126,619	4,613,505
New financial assets originated	735,743	50,498	333,594	1,119,835	4,585,724
Financial asset that has been derecognised	(358,940)	(113,942)	(265,745)	(738,627)	(3,024,678)
Other changes	(577)	(42,422)	(581,958)	(624,957)	(2,559,199)
Currency translation differences	-	-	-	-	374,151
Loss allowance as at 30 September 2019	<u>1,335,576</u>	<u>615,366</u>	<u>3,791,014</u>	<u>5,741,956</u>	<u>23,513,309</u>

(*) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volume and in the credit quality of existing loans.

ADVANCED BANK OF ASIA LIMITED

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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Maturity analysis for financial assets and financial liabilities

The following tables set out the remaining contractual maturities of the Bank's financial assets and financial liabilities. The sum of the balances depicted in the maturity analysis do not reconcile with the carrying amount of the assets/liabilities as disclosed in the statement of financial position, This is because maturity analysis incorporates, on an undiscounted basis, all cash flow relating to principal. The amount for issued loan commitments and financial guarantees contract is the maximum amount that may be drawn down under the loan commitment, or called under the financial guarantees contract, both included in the earliest possible period under these could be paid. The undiscounted cash flows potentially payable under financial guarantees and similar contracts are classified on the basis of the earliest date they can be called.

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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities (continued)

	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
30 September 2020								
Financial assets by type								
Non-derivative assets								
Cash on hand	297,251,236	297,251,236	297,251,236	-	-	-	-	-
Balances with the NBC	1,459,725,902	1,460,642,867	193,435,708	314,776,227	614,306,493	-	-	338,124,439
Balances with other banks	356,469,092	361,095,446	173,753,815	56,514,465	130,827,166	-	-	-
Loans to customers	3,419,810,596	4,708,856,636	75,592,642	141,497,626	772,205,057	2,555,080,096	1,164,481,215	-
Investment securities	6,463,453	7,568,337	-	-	-	7,568,337	-	-
Other assets	17,503,959	17,503,959	6,981,890	10,490	6,869,777	857,637	2,784,165	-
	<u>5,557,224,238</u>	<u>6,852,918,481</u>	<u>747,015,291</u>	<u>512,798,808</u>	<u>1,524,208,493</u>	<u>2,563,506,070</u>	<u>1,167,265,380</u>	<u>338,124,439</u>
In US\$ equivalents	<u>5,557,224,238</u>	<u>6,852,918,481</u>	<u>747,015,291</u>	<u>512,798,808</u>	<u>1,524,208,493</u>	<u>2,563,506,070</u>	<u>1,167,265,380</u>	<u>338,124,439</u>
In KHR'000 equivalents	<u>22,784,619,376</u>	<u>28,096,965,772</u>	<u>3,062,762,693</u>	<u>2,102,475,113</u>	<u>6,249,254,821</u>	<u>10,510,374,887</u>	<u>4,785,788,058</u>	<u>1,386,310,200</u>

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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities (continued)

	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
30 September 2020								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	4,485,657,010	(4,519,284,503)	(3,661,589,399)	(225,293,667)	(591,048,502)	(41,352,935)	-	-
Debt securities in issue	20,546,274	(25,654,449)	(1,613,160)	-	(1,613,160)	(22,428,129)	-	-
Borrowings	208,957,588	(230,089,118)	(37,749,906)	(74,056,959)	(105,246,531)	(12,042,235)	(993,487)	-
Subordinated debts	121,027,957	(164,761,530)	-	-	-	(86,445,182)	(78,316,348)	-
Lease liabilities	35,311,730	(41,886,324)	(1,038,444)	(2,064,652)	(8,796,004)	(26,578,219)	(3,409,005)	-
Other liabilities	32,117,551	(32,117,551)	(632,349)	(22,271,521)	(6,788,166)	(11,416)	(340,567)	-
	<u>4,903,618,110</u>	<u>(5,013,793,475)</u>	<u>(3,702,623,258)</u>	<u>(323,686,799)</u>	<u>(713,492,363)</u>	<u>(188,858,116)</u>	<u>(83,059,407)</u>	<u>-</u>
Loan commitments and financial guarantee contracts	-	(120,814,706)	(3,078,115)	(10,368,843)	(91,856,428)	(8,965,343)	(6,545,977)	-
In US\$ equivalents	<u>4,903,618,110</u>	<u>(5,134,608,181)</u>	<u>(3,705,701,373)</u>	<u>(334,055,642)</u>	<u>(805,348,791)</u>	<u>(197,823,459)</u>	<u>(89,605,384)</u>	<u>-</u>
In KHR'000 equivalents	<u>20,104,834,251</u>	<u>(21,051,893,542)</u>	<u>(15,193,375,629)</u>	<u>(1,369,628,132)</u>	<u>(3,301,930,043)</u>	<u>(811,076,182)</u>	<u>(367,382,074)</u>	<u>-</u>

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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities (continued)

	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2019								
Financial assets by type								
Non-derivative assets								
Cash on hand	251,750,205	251,750,205	251,750,205	-	-	-	-	-
Balances with the NBC	1,151,654,239	1,152,756,349	357,106,106	168,088,439	192,016,089	-	-	435,545,715
Balances with other banks	93,411,689	94,817,433	24,823,416	12,699,983	57,294,034	-	-	-
Loans to customers	2,758,070,913	3,816,133,311	59,607,316	79,529,495	376,344,461	1,505,372,298	759,439,277	-
Investment securities	33,285,434	36,581,217	-	-	30,000,000	6,581,217	-	-
Other assets	9,432,070	9,432,070	5,915,499	10,340	47,247	651,599	2,807,385	-
	<u>4,297,604,550</u>	<u>5,361,470,585</u>	<u>699,202,542</u>	<u>260,328,257</u>	<u>655,701,831</u>	<u>1,512,605,114</u>	<u>762,246,662</u>	<u>435,545,715</u>
In US\$ equivalents	<u>4,297,604,550</u>	<u>5,361,470,585</u>	<u>699,202,542</u>	<u>260,328,257</u>	<u>655,701,831</u>	<u>1,512,605,114</u>	<u>762,246,662</u>	<u>435,545,715</u>
In KHR'000 equivalents	<u>17,512,738,541</u>	<u>21,847,992,634</u>	<u>2,849,250,359</u>	<u>1,060,837,647</u>	<u>2,671,984,961</u>	<u>6,163,865,840</u>	<u>3,106,155,148</u>	<u>1,774,848,789</u>

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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities (continued)

	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No Maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2019								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	3,395,343,449	(3,427,173,497)	(2,763,070,848)	(161,020,729)	(449,267,093)	(53,814,827)	-	-
Debt securities in issue	20,939,337	(25,654,450)	-	(806,580)	(806,580)	(24,041,290)	-	-
Borrowings	279,856,458	(285,744,023)	(42,962,054)	(88,606,830)	(148,206,410)	(5,968,729)	-	-
Subordinated debts	128,000,000	(178,440,382)	-	-	(20,126,904)	(70,708,880)	(87,604,598)	-
Lease liabilities	36,513,407	(44,090,273)	(559,558)	(1,066,053)	(4,999,773)	(22,954,837)	(14,510,052)	-
Other liabilities	23,386,944	(23,386,944)	(5,363,440)	(10,707,112)	-	(6,784,819)	(531,573)	-
	<u>3,884,039,595</u>	<u>(3,984,489,569)</u>	<u>(2,811,955,900)</u>	<u>(262,207,304)</u>	<u>(623,406,760)</u>	<u>(184,273,382)</u>	<u>(102,646,223)</u>	-
Loan commitments and financial guarantee contracts	-	(68,497,103)	(55,463,748)	(2,773,524)	(1,535,595)	(8,724,236)	-	-
In US\$ equivalents	<u>3,884,039,595</u>	<u>(4,052,986,672)</u>	<u>(2,867,419,648)</u>	<u>(264,980,828)</u>	<u>(624,942,355)</u>	<u>(192,997,618)</u>	<u>(102,646,223)</u>	-
In KHR'000 equivalents	<u>15,827,461,350</u>	<u>(16,515,920,688)</u>	<u>(11,684,735,066)</u>	<u>(1,079,796,874)</u>	<u>(2,546,640,097)</u>	<u>(786,465,293)</u>	<u>(418,283,359)</u>	-

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32. IMPACT OF COVID-19

The impact of the Coronavirus (“COVID-19”) pandemic has spread across various geographies globally. The World Health Organisation declared an international health emergency due to the outbreak of COVID-19 in January and has characterised the spread of COVID-19 as a global pandemic since March 2020. The continuing spread of COVID-19 has caught the world off-guard, with significant implications for personal health and business continuity.

To support the economy and the financial sector, the National Bank of Cambodia and the Royal Government of Cambodia have taken numerous steps primarily to help businesses during this unprecedented time such as loan restructuring directive and establishment of SME Bank to facilitate the SME Co-Financing Scheme (SCFS).

Management will continue to monitor the potential impact of COVID-19 and will take all steps to mitigate any effects on the Bank’s operations.

The Bank has performed assessments of COVID-19 impacts in the light of the available guidance of the National Bank of Cambodia and CIFRSs, which have resulted in the following:

i) **Expected credit losses**

Management has assessed and analysed events that can be identified and have correlations to the probability of defaults rates of the expected credit loss model of the bank. As at 30 September 2020, no correlations have been identified between current macroeconomic conditions adjusted for COVID-19 that are relevant for the Bank to use in making credit loss estimates.

However, in addition to the assumption outlined above, the Bank has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining significant increase in credit risk and assessing indicators for impairment for the exposure in the potentially affected sectors as highlighted by the NBC circular:

- Tourism
- Garment manufacturing
- Constructions
- Transportation and logistics sector.

As of 30 September 2020, there were loan restructured cases due to impact of COVID-19 which resulted in staging downgrade of certain exposures and recognition of relevant ECLs and impairment allowances are disclosed in note 31 to the condensed interim financial statements.

Management has further leveraged on industry delinquency data as of 31 May 2020 based on the overall industry report from Credit Bureau of Cambodia (“CBC”) and performed additional analysis on the Bank’s level of ECL. Industry delinquent loans from CBC database over 30 days are assumed under Stage 2 and over 90 days overdue are assumed under Stage 3. The Bank’s ECL is linearly scaled based on industry delinquency proportion of loans under stage 2 and 3. With this analysis the management decided to provide additional ECL of US\$4,000,000 in addition to existing ECL due to the impact of COVID-19. Management will continue to provide additional ECL if deemed necessary.

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32. IMPACT OF COVID-19 (continued)

i) Expected credit losses (continued)

Management is under the process of refining ECL model with the help of external consultant wherein the major revisions on Probability of Default, Loss Given Default and Forward-Looking element incorporating Macro Economic Variables will be made.

Management expects ECL calculation to be performed under refined model before 2021.

ii) Accounting for modified financial assets

Considering the economic factors, the Bank has delayed loan repayments for borrowers involved in all sectors whose businesses are affected by the COVID-19 outbreak up to 12 months. The modification gain and loss on those financial assets was not considered to be material.

iii) Valuations estimates and judgements

The Bank has considered potential impacts of the current economic volatility in determination of the reported amounts of the Bank's financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets, however, remain volatile and the recorded amounts remain sensitive to market fluctuations.

33. EVENTS AFTER THE REPORTING PERIOD

On 12 November 2020, the Bank obtained an approval from the National Bank of Cambodia on a share transfer of Mr. Damir Karassayev to Natcan Trust Company, a company incorporated in Canada. The detail of new shareholdings was as follows:

<u>Shareholder</u>	<u>Number of shares</u>	<u>Amount US\$</u>
National Bank of Canada	334,999	334,999,000
Natcan Trust Company	<u>1</u>	<u>1,000</u>
	<u>335,000</u>	<u>335,000,000</u>