



# The Fourth Quarterly Report

31 December 2020

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Advanced Bank of Asia Limited  
(ABA Bank)

## Financial Highlights

Financial Situation (in KHR million)	Quarter 4 2020	31 December 2019	31 December 2018
Total Assets	24,804,289	17,909,170	11,020,503
Total Liabilities	21,687,639	15,886,421	9,738,887
Total Equity	3,116,650	2,022,749	1,281,617
Financial Results (in KHR million)	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018
Total Income	450,828	361,371	239,521
Profit before Tax	242,419	156,854	96,223
Profit after Tax	204,028	171,282	72,732
Total Comprehensive Income	183,601	167,255	69,562
Financial Ratio (%)	Quarter 4 2020	31 December 2019	31 December 2018
Solvency Ratio	17.34	19.94	19.95
Debt to Equity Ratio	695.86	785.39	759.89
Liquidity Coverage Ratio	166.64	162.32	132.51
Non-performing Credit Ratio	0.80	0.70	0.78
Loan to Deposit Ratio	78.69	81.42	83.91
Profitability Ratio (%)	Quarter 4 2020	Quarter 4 2019	Quarter 4 2018
Return on Average Assets (ROAA) <sup>[1]</sup>	0.76	0.96	0.68
Return on Average Equity (ROAE) <sup>[1]</sup>	6.05	8.58	5.94
Interest Coverage Ratio <sup>[1]</sup>	503.36	394.33	284.96
Earnings per Share (for equity listed entity)	N/A	N/A	N/A
Dividend per Share (for equity listed entity)	N/A	N/A	N/A
Other Important Ratios (if any)	N/A	N/A	N/A

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

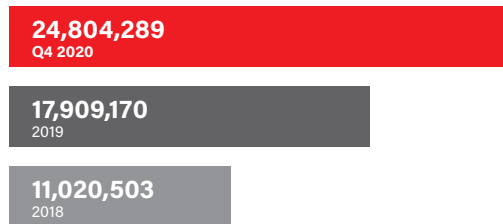
# Graphs of Financial Highlights

## TOTAL ASSETS

in KHR Millions

+38.5%▲

FROM 2019

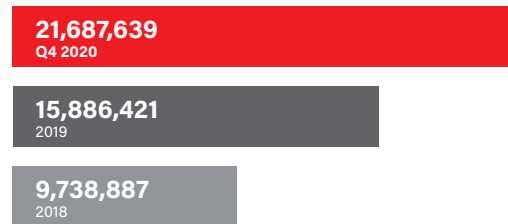


## TOTAL LIABILITIES

in KHR Millions

+36.5%▲

FROM 2019



## TOTAL EQUITY

in KHR Millions

+54.1%▲

FROM 2019



## TOTAL COMPREHENSIVE INCOME

in KHR Millions

+9.8%▲

FROM Q4 2019



## RETURN ON AVERAGE ASSETS

in percentage

-20 BPS  
(basis points)

FROM Q4 2019



## RETURN ON AVERAGE EQUITY

in percentage

-253 BPS  
(basis points)

FROM Q4 2019



# Composition of the Board of Directors



**Yves Jacquot**  
Chairman



**Dominic Jacques**  
Non-Executive Director



**Madi Akmambet**  
Executive Director



**Martin Ouellet**  
Non-Executive Director



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



**Paolo Pizzuto**  
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 ABA Bank's performance in Q4 2020 following the requirement of the Securities and Exchange Commission of Cambodia.

So far, Cambodia has one of the lowest Covid-19 numbers in the region, with around 400 infected cases as of December 2020 end and zero fatality rate. However, during the reporting period, the country experienced two incidents of the virus outbreak that led to the implementation by the government of strict measures to mitigate the spread of the virus and track down those involved in the incidents. All this, coupled with the dramatic dropdown in international flights and tourists, negatively impacted local businesses, especially in the hospitality, garment, and construction sectors.

The situation worsened with the most severe flood Cambodia experienced in a decade. It has negatively impacted certain parts of the country, damaging crops and infrastructure, but the saddest thing is that it claimed tenths of lives. I want to mention here that the Bank management and staff empathized with the people affected by the floods and, following its Corporate Social Responsibility principles, donated several tons of emergency food supplies to those in need.

To play its essential part in supporting borrowers who were severely affected by the pandemic crisis, ABA continued restructuring the loans following the National Bank of Cambodia Circular dated 27 March 2020. At the end of Q4, the total number of restructured loans reached 10,768, amounting to USD 551 million. The share of restructured loans in the total portfolio dropped from 16% to 14% quarter to quarter. At the same time, ABA considers the restructured loans to be of high quality, as almost 90% of them requested the grace period for the loan principal only and continue to pay the interest. ABA will continue helping its borrowers to overcome the time of hardship through its Loan Restructuring Policy.

In addition to restructuring, the Bank continued distributing new loans to its customers as the access to capital is vital for people and businesses not only in the growing economy, but also in times of crisis. In Q4, 11,331 loans worth USD 724.2 million were disbursed. It increased the gross loan portfolio by 12%, amounting to USD 3.8 billion in total.

The Bank kept participating in the SME Co-Financing Scheme 2020 (SCFS), an initiative of the Royal Government of Cambodia to provide affordable loans to SMEs. Under this loan scheme, ABA disburses loans for capital expenditure and working capital with a special interest rate of 7% per annum and a term of up to 7 years. As of the end of Q4 2020, ABA gave out loans worth USD 1.4 million via SCFS.

On the funding side, ABA Bank witnessed the continuous growth of its deposit portfolio that equaled USD 4.9 billion in Q4, representing 9% growth against the third quarter of 2020. As more customers choose ABA as their bank, the customer base in Q4 2020 grew by 12% and the number of ABA clients reached 1.4 million.

The main financial performance indicators of ABA also showed stable growth during the reporting period:

- As of the end of Q4 2020, the total assets grew 8.4% compared to Q3 and totaled USD 6.1 billion.
- The shareholder's equity of the Bank also grew and reached USD 770.5 million in the reporting period.
- The Bank managed to secure USD 50.2 million in net profit in Q4 2020.

These results rest primarily upon the Bank's leverage on its state-of-art digital banking and self-banking platforms. In the period, ABA continued improving its mobile banking application, ABA Mobile, by bringing new convenient services

and features, such as MoneyGram international money transfers, Bakong local money transfers, higher limits for Instant Loan available for Fixed Deposit account holders, support of the Chinese language, to name the few.

The Bank launched the PayWay Mobile application for businesses of any size to accept cashless payments in USD and KHR from their customers using their smartphones by generating QR codes. This application solves merchants' daily routines related to keeping sales records while reducing cash contact. ABA is already well-known in the market with its network of 60,000 merchants who accept payments from ABA Mobile users via QR codes, and PayWay Mobile is expected to strengthen the Bank's position in this segment.

Having observed these advancements, Asiamoney financial magazine (Hong Kong) honored ABA with the "Best Digital Bank in Cambodia 2020" award. Besides, the PayWay online payment platform was named the "Best eCommerce Payment Solution" for the second year in a row by Asia eCommerce magazine (Singapore).

ABA's physical network also expanded and improved. The Bank opened a branch in the Preah Vihear province, launched two new ABA 24/7 self-banking spots in the high-traffic areas in Phnom Penh, and expanded existing premises to bring more self-banking areas as a response to the steadily growing clientele.

In December, S&P Global Ratings Agency reaffirmed ABA Bank's credit rating at 'B+' with Stable outlook. The S&P experts specifically mentioned ABA's stable business position and its potential for further growth.

Being the first Cambodian commercial bank to issue corporate bonds for the total amount of KHR 84.8 billion, ABA also played its role in developing the securities market and promotion of the Khmer Riel.

ABA continues to implement its business strategy, focusing on digital finance products and productive loans to businesses in real sectors of the economy. While continuously innovating for banking solutions, the Bank applies a robust risk management culture strengthened by audit and compliance functions.

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 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 my gratitude to the National Bank of Cambodia and the Securities and Exchange Commission of Cambodia for their guidance and support.

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

29 January 2021



**Yves Jacquot**  
*Chairman*

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# PART 1

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## GENERAL INFORMATION OF THE LISTED ENTITY



## A. IDENTIFICATION OF THE LISTED ENTITY

Entity Name in Khmer	ធនាគារវឌ្ឍនៈអាស៊ី បំកាត់
In Latin	Advanced Bank of Asia Limited
Standard Code	KH2000091986
Address	N°141, 146, 148, and 148 ABCD, Preah Sihanouk Blvd, and N°15 and 153 ABC, street 278, Phum 4, Sangkat Boeng Keng Kang 1, Khan Boeng Keng Kang, Phnom Penh, Kingdom of 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 the National Bank of Cambodia dated 29 November 2019
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 the Cambodian 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](http://www.nbc.ca)), a financial institution with around US\$260 billion in assets as of October 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 December 2020, ABA Bank manages the total assets of US\$ 6.1 billion and serves more than 1.4 million customers through the extensive network of 79 branches, 600+ self-banking spots, and advanced online banking and mobile banking platforms.

The Bank owns the long-term issuer credit rating "B+" with Stable outlook from Standard&Poor's Global Ratings Agency (S&P). The rating was reaffirmed in December 2020.

## C. QUARTERLY KEY EVENTS OF LISTED ENTITY

The fourth quarter of 2020 witnessed the further strengthening of ABA's operations and market position.

### *SELF-BANKING PLATFORM ENHANCEMENT*

In the reported period, ABA Bank continued enhancing its self-banking facilities to allow customers to transact more seamlessly and conveniently at any time of the day through its digital platform.

In particular, the award-winning mobile banking application of the Bank, ABA Mobile, received a bunch of new features:

- MoneyGram international instant money transfers;
- Higher limits of the Instant Loan feature;
- Local transfers from/to ABA account via Bakong payment and transfer system;
- Application interface in the Chinese language.

The network of the Bank's self-banking machines also received an upgrade to make the cash transaction process easy and secure. As such, Cash Recycling Machines (CRM) and Cash-in Machines (CiM) of ABA Bank started allowing customers to deposit cash to any ABA account in addition to the cash deposit to customer's own accounts.

With this upgrade of CRM and CiM, ABA customers can initiate the process of cash deposit by just scanning a QR code on the screen with their ABA Mobile app or by inserting their ABA card (for CRM only). After identification, customer needs to follow the on-screen instructions.

The network of ABA 24/7 self-banking spots received two more spots in Q4 located in Phnom Penh's Pet Long Sang and Chak Angre Krom areas. ABA 24/7 is one of the Bank's core components to provide extensive banking services around-the-clock and seven days a week that help customers perform cash deposits and cash withdrawals without having to wait in line at bank branches. ABA 24/7 also offers Check Deposit service through a self-service machine. The machine accepts ABA checks as well as checks from other local banks.

### *SHAPING THE E-COMMERCE LANDSCAPE*

In Q4, ABA Bank launched the PayWay Mobile application developed to support local businesses in accepting instant cashless payments.

The PayWay Mobile app is a 'mobile point of sale' (mPOS) solution that allows businesses to accept instant payments in KHR and USD with their smartphones by generating QR codes. With PayWay Mobile, merchants can monitor their sales volume in real-time, see transaction history, make refunds when necessary, and share e-receipt.

Not only that, but PayWay Mobile allows businesses with multiple outlets to manage their sales points and track the cashier's sales performance in each location. The application is designed to solve micro- and small merchants' daily routines related to keeping sales records and reducing cash contact.

ABA is already well-known in the market with its network of 60,000 merchants who accept payments from ABA Mobile users via QR codes, and PayWay Mobile is expected to strengthen the Bank's position in the segment.

### *SPREADING HELP TO COMMUNITIES*

The fourth quarter of 2020 was marked with extremely severe floods in some parts of the country. The natural disaster damaged crops and infrastructure and claimed several people's lives. With the strong guidance by its Corporate Values, the Bank immediately reacted to the initiative of the Association of Banks in Cambodia and donated several tons of emergency food supplies to those in need. The donation was made through the Cabinet of the Prime Minister and accepted by H.E. Seng Tieng, Deputy Director of the Cabinet on 19 October 2020.

In December, the fight against Covid-19 received another impulse after the Prime Minister announced the opportunity to gather funds for buying the vaccine for Cambodian people. The Bank was delighted to learn that its ABA Mobile banking platform helped running a fundraising campaign to purchase the vaccine with thousands of ABA customers transferring funds to a designated bank account. At ABA, we are always ready to provide Cambodia and its people with reliable digital finance solutions to overcome modern challenges. Also, to support the great initiative, the ABA team donated \$100,000 for purchasing the vaccine.

*INTERNATIONAL RECOGNITION*

The international community highly praised the continual efforts of ABA Bank to bring modern financial solutions to the market.

In November, ABA Bank received the Quality Recognition Award 2020 from JP Morgan Chase Bank N.A. for its operational excellence in processing international transfers and payments in US Dollars.

The award is based on the quality and accuracy of MT103 SWIFT payment messages routed through JP Morgan. ABA Bank processed 99.56% of its US Dollars denominated fund transfers and commercial payments via JP Morgan automatically using Straight-Through Processing (STP).

Becoming the first Cambodian bank to receive this award from JP Morgan, ABA exceeded the STP performance standards and qualified for the award, which recognized that almost all Bank transactions were error-free with a limited number of returns and rejections, fully complying with the world's most stringent accuracy criteria.

In December, the Bank's online payment gateway, PayWay, has received a top recognition at the third annual edition of the Asia eCommerce Awards.

The award is bestowed on PayWay for providing the best eCommerce payment solution to local businesses in Cambodia. The judges applauded the convenience of PayWay for collecting and managing online payments and specifically praised one of the new features added to the gateway this year.

The "Credentials on File" feature helps to process recurring or future payments automatically. With this feature, PayWay merchants can store with consumers' consent their credit card or ABA account credentials for the next regular or scheduled purchases. Merchant can only see the encrypted details of consumer's credit card or bank account while the real details are securely stored on PayWay servers.

Also in December, Standard & Poor's Global Ratings Agency (S&P) reaffirmed ABA Bank's credit rating at 'B+' with Stable outlook.

The Stable outlook reflects S&P's view that the Bank will sustainably manage rapid loan and deposit growth despite the COVID-19 pandemic. The researchers also expressed the opinion that ABA's business franchise trajectory, capitalization, risk profile, and funding and liquidity will remain stable over the next 12 months. The S&P experts specifically mentioned the stable business position of ABA and its potential for further growth.



## PART 2

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INFORMATION ON BUSINESS  
OPERATIONS PERFORMANCE

## A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENTS INFORMATION

Key Achievement	Quarter 4 2020	31 December 2019	31 December 2018
<b>Loan</b>			
Loan Accounts	81,568	66,513	49,295
Total Gross Loans (in KHR million)	15,505,988	11,265,037	7,373,806
<b>Deposit</b>			
Deposit Accounts	1,382,401	828,651	426,089
Total Deposits (in KHR million)	19,705,090	13,836,025	8,787,296
<b>Others</b>			
Operating Branches	79	77	66
Number of Staffs	6,266	6,410	4,213
ATMs	471	418	274
POS Terminals	1,627	1,214	777

## B. INCOME STRUCTURE

No	Source of Income	Quarter 4 2020		Quarter 4 2019		Quarter 4 2018	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	395,933	87.82	313,567	86.77	219,492	91.64
2	Fee and Commission Income	49,746	11.03	45,969	12.72	17,640	7.36
3	Other Income	5,149	1.14	1,835	0.51	2,389	1.00
<b>Total Income</b>		<b>450,828</b>	<b>100</b>	<b>361,371</b>	<b>100</b>	<b>239,521</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 December 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 4 2020		Quarter 4 2019		Quarter 4 2018	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	395,933	87.82	313,567	86.77	219,492	91.64
2	Fee and Commission Income	49,746	11.03	45,969	12.72	17,640	7.36
3	Other Income	5,149	1.14	1,835	0.51	2,389	1.00
<b>Total Income</b>		<b>450,828</b>	<b>100</b>	<b>361,371</b>	<b>100</b>	<b>239,521</b>	<b>100</b>

ABA Bank earns most income from interest income representing 88% of total income in the fourth quarter of 2020, among which 98% of the interest income are from the 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 before Tax Analysis*.

#### 4. PROFIT BEFORE TAX ANALYSIS

##### i) Profit before Tax for the Period Analysis

Statement of Profit before Tax	Quarter 4 2020 (in KHR million)	Quarter 4 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest Income	395,933	313,567	82,366	26.27
Interest Expense	(60,100)	(53,292)	(6,808)	12.77
<b>Net Interest Income</b>	<b>335,833</b>	<b>260,275</b>	<b>75,558</b>	<b>29.03</b>
Fee and Commission Income	49,746	45,969	3,777	8.22
Fee and Commission Expense	(18,097)	(17,089)	(1,008)	5.90
<b>Net Fee and Commission Income</b>	<b>31,649</b>	<b>28,880</b>	<b>2,769</b>	<b>9.59</b>
Other Operating Income	5,149	1,835	3,314	180.60
Personal Expenses	(78,396)	(78,806)	410	-0.52
Other Expenses	(28,447)	(35,555)	7,108	-19.99
Depreciation and Amortization	(22,853)	(16,911)	(5,942)	35.14
<b>Operating Profit</b>	<b>242,935</b>	<b>159,718</b>	<b>83,217</b>	<b>52.10</b>
Net Impairment Losses on Financial Instruments	(516)	(2,864)	2,348	-81.98
<b>Profit before Tax</b>	<b>242,419</b>	<b>156,854</b>	<b>85,565</b>	<b>54.55</b>

In Q4 2020, the profit before tax reached KHR242,419 million with 55% increment compared to Q4 2019 equivalent to KHR85,565 million. This significant increase of the profit is mainly from the Interest Income with 26% growth, Fee and Commission Income with 8% growth, and the optimization of operating expenses with 20% decrease compared to Q4 2019.

ii) Profit before Tax for the Prior Period Analysis

Statement of Profit before Tax	Quarter 4 2019 (in KHR million)	Quarter 4 2018 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest Income	313,567	219,492	94,075	42.86
Interest Expense	(53,292)	(52,024)	(1,268)	2.44
<b>Net Interest Income</b>	<b>260,275</b>	<b>167,468</b>	<b>92,807</b>	<b>55.42</b>
Fee and Commission Income	45,969	17,640	28,329	160.60
Fee and Commission Expense	(17,089)	(10,372)	(6,717)	64.76
<b>Net Fee and Commission Income</b>	<b>28,880</b>	<b>7,268</b>	<b>21,612</b>	<b>297.36</b>
Other Operating Income	1,835	2,389	(554)	-23.19
Personal Expenses	(78,806)	(46,750)	(32,056)	68.57
Other Expenses	(35,555)	(19,917)	(15,638)	78.52
Depreciation and Amortization	(16,911)	(11,778)	(5,133)	43.58
<b>Operating Profit</b>	<b>159,718</b>	<b>98,680</b>	<b>61,038</b>	<b>61.85</b>
Net Impairment Losses on Financial Instruments	(2,864)	(2,457)	(407)	16.56
<b>Profit before Tax</b>	<b>156,854</b>	<b>96,223</b>	<b>60,631</b>	<b>63.01</b>

In Q4 2019, the profit before tax reached KHR 156,854 million with 63% increment compared to Q4 2018 equivalent to KHR 60,631 million. This significant increase of the profit is mainly from the Interest Income with 43% growth and Fee and Commission Income with 161% growth compared to Q4 2018.

## 5. NET PROFIT ANALYSIS

### i) Net Profit for the Period Analysis

Statement of Net Profit	Quarter 4 2020 <i>(in KHR million)</i>	Quarter 4 2019 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit before Tax	242,419	156,854	85,565	54.55
Income Tax Expense	(38,391)	14,427	(52,818)	-366.11
<b>Net Profit for the Period</b>	<b>204,028</b>	<b>171,281</b>	<b>32,747</b>	<b>19.12</b>

In Q4 2020, the net profit for the period was KHR204,028 million, which is 19% higher than in Q4 2019, showing the growth of the Bank. As a result, ABA achieved the Return on Average Equity of 6.05% and the Return on Average Assets of 0.76% as at 31 December 2020.

### ii) Net Profit for the Prior Period Analysis

Statement of Net Profit	Quarter 4 2019 <i>(in KHR million)</i>	Quarter 4 2018 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit before Tax	156,854	96,223	60,631	63.01
Income Tax Expense	14,427	(23,492)	37,919	(161.41)
<b>Net Profit for the Period</b>	<b>171,281</b>	<b>72,731</b>	<b>98,550</b>	<b>135.5</b>

In Q4 2019, the net profit for the period was KHR 171,281 million with 135.50% higher than Q4 2018. As a result, ABA Bank achieved the Return on Average Equity of 8.58% and the Return on Average Assets of 0.96% as of 31 December 2019.

## 6. TOTAL COMPREHENSIVE INCOME ANALYSIS

### i) Total Comprehensive Income for the Period Analysis

Statement of Total Comprehensive Income	Quarter 4 2020 <i>(in KHR million)</i>	Quarter 4 2019 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Net Profit for the Period	204,028	171,281	32,747	19.12
Other Comprehensive (Loss)	(20,427)	(4,026)	(16,401)	407.38
<b>Total Comprehensive Income</b>	<b>183,601</b>	<b>167,255</b>	<b>16,346</b>	<b>9.77</b>

ii) *Total Comprehensive Income for the Prior Period Analysis*

Statement of Total Comprehensive Income	Quarter 4 2019 (in KHR million)	Quarter 4 2018 (in KHR million)	Variance (in KHR million)	Variance (%)
Net Profit for the Period	171,281	72,731	98,550	135.50
Other Comprehensive (Loss)	(4,026)	(3,169)	(857)	27.04
<b>Total Comprehensive Income</b>	<b>167,255</b>	<b>69,562</b>	<b>97,693</b>	<b>140.44</b>

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

As at 31 December 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 convenient financial products and services.

The Bank also significantly invested in the enhancement of its self-banking facilities by installing additional ATMs, CRMs, Cash-in Machines, Check Deposit Machines, 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, ABA Bank also plays a role as a contributor to the Cambodian society and economic growth. For good practice on tax compliance, ABA was awarded "GOLD" certificate of tax compliance from GDT on 25 December 2020 with the 2-year validity period for financial years 2021 and 2022.

#### 4. EXCEPTIONAL AND EXTRAORDINARY ITEMS ANALYSIS

As at 31 December 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 on the global economy. At the same time, the management has assessed the impact of COVID-19 on the Bank and concluded that there is no material impact to the Bank's financial statements.

## C. SIGNIFICANT CHANGES IN SALE AND REVENUE

In Q4 2020, ABA Bank recorded growth in revenue, securing 335.8 billion KHR in net interest income, which represents 29% growth compared to the same period in 2019. The operating profit totalled 242.9 billion KHR that is 52% higher than in Q4 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 stood at 2.9% in the year of 2020 according to Annual report 2020 from the National Bank of Cambodia. Therefore, in Q4 2020, there was no material impact of inflation on the Bank's operational expenses.

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

In the reporting period, Cambodian economy continued experiencing the impact of the Covid-19 outbreak. Among the others, tourism, garment manufacturing, and construction sectors of the economy were primarily affected.

To minimize the impact on society and economy, the Royal Government and National Bank of Cambodia have continuously launched the measures to support the prioritized sectors:

- Direct money support of unemployed garment and tourism workers and for the most disadvantaged population.
- Tax holidays for garment, tourism, and airlines provided and then extended till the end of 2020.
- Simplification of rules for logistics, import and export; discount on electricity bills for the most impacted industries.
- Stimulation of a wide restructuring of loan to borrowers affected by the COVID-19 crisis.
- Prudential support of banks in order to further stimulate the financial support to the economy via capital ratio, minimum reserve requirements and loan restructuring.
- Launch of the national SME Bank (\$150M capital) and Agriculture Bank (\$100M capital) to support impacted borrowers by providing loans with special conditions.

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

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

*(Signature page follows)*

Signatures of Directors of the Listed Entity  
February 12, 2021  
Seen and Agreed



**Madi Akmambet**  
*Executive Director*

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



**Madi Akmambet**  
*Executive Director*



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