



The Second Quarterly Report

For the period ended 30 June 2021

Advanced Bank of Asia Limited
(ABA Bank)

Financial Highlights

Financial Situation (in KHR million)	Quarter 2 2021	31 December 2020	31 December 2019
Total Assets	28,397,732	24,788,906	17,909,170
Total Liabilities	24,890,209	21,683,202	15,886,421
Total Equity	3,507,523	3,105,704	2,022,749
Financial Results (in KHR million)	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019
Total Income	501,187	377,437	288,422
Profit before Tax	234,235	167,731	127,606
Profit after Tax	184,784	130,829	101,487
Total Comprehensive Income	195,248	137,441	109,871
Financial Ratio (%)	Quarter 2 2021	31 December 2020	31 December 2019
Solvency Ratio	17.67	18.08	19.94
Debt to Equity Ratio	709.62	695.86	785.39
Liquidity Coverage Ratio	167.16	166.62	162.32
Non-performing Credit Ratio	0.78	0.80	0.70
Loan to Deposit Ratio	80.96	78.69	81.42
Profitability Ratio (%)	Quarter 2 2021	Quarter 2 2020	Quarter 2 2019
Return on Average Assets (ROAA) ^[1]	0.67	0.67	0.74
Return on Average Equity (ROAE) ^[1]	5.43	4.81	7.04
Interest Coverage Ratio ^[1]	460.03	372.12	359.05
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 April to 30 June of each reporting period.

Graphs of Financial Highlights

TOTAL ASSETS

in KHR Millions

+14.6%
▲

FROM 2020

28,397,732
Q2 2021

24,788,906
2020

17,909,170
2019

TOTAL LIABILITIES

in KHR Millions

+14.8%
▲

FROM 2020

24,890,209
Q2 2021

21,683,202
2020

15,886,421
2019

TOTAL EQUITY

in KHR Millions

+12.9%
▲

FROM 2020

3,507,523
Q2 2021

3,105,704
2020

2,022,749
2019

TOTAL COMPREHENSIVE INCOME

in KHR Millions

+42.1%
▲

FROM Q1 2020

195,248
Q2 2021

137,441
Q2 2020

109,871
Q2 2019

RETURN ON AVERAGE ASSETS

in percentage

+0 BPS
(basis points)

FROM Q2 2020

0.67
Q2 2021

0.67
Q2 2020

0.74
Q2 2019

RETURN ON AVERAGE EQUITY

in percentage

+62 BPS
(basis points)

FROM Q2 2020

5.43
Q2 2021

4.81
Q2 2020

7.04
Q2 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

Dear investors, let me discuss ABA Bank's performance in Q2 2021 following the requirement of the Securities and Exchange Regulator of Cambodia.

In the second quarter of the year, the pandemic situation in Cambodia worsened as the so-called "February 20 community outbreak" brought the country to an outburst of infection cases. At a certain point, the event resulted in a lockdown of the Phnom Penh and Takhmao areas for three weeks, which seriously affected the overall business environment. These factors continued to impact local businesses, especially in the hospitality, tourism, garment, and construction sectors.

As an active member of the business community, ABA provided feasible contribution to people and businesses of Cambodia. In April, the Bank donated USD 1 million (approximately 4 billion Khmer Riels) to support the Royal Government's efforts to stop the spread of the virus. The proposal for donation was considered and appreciated by Samdech Techo Hun Sen, who issued Appreciation Letter to the Bank's top management and staff.

To play its essential part in supporting borrowers severely affected by the pandemic crisis, ABA continued restructuring the loans following the National Bank of Cambodia guidelines. As of the second quarter of 2021, there are 13,806 restructured loans with USD 704 million outstanding. The share of restructured loans in the total portfolio stood at 16%. At the same time, the restructured loans are of good quality, as more than 75% 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 Q2 2021, 7,828 loans worth USD 271.2 million were disbursed. It increased the Bank's gross loan portfolio by 6%, amounting to USD 4.5 billion in total.

ABA 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, the Bank disbursed loans worth USD 2.3 million for capital expenditure and working capital with a special interest rate of 7% per annum and a term of up to 7 years.

On the funding side, ABA witnessed the continuous growth of its deposit portfolio that equalled USD 5.5 billion in the second quarter of 2021, representing 6% growth against the first quarter of the year. As more people choose ABA as their bank, the customer base in the second quarter grew by another 10% and the number of ABA customers' accounts reached 1.7 million.

The main financial performance metrics also showed growth during the reporting period:

- As of the end of Q2 2021, the total assets grew 6.3% compared to Q1 and equalled USD 7 billion.
- The shareholder's equity of ABA also grew and reached USD 861 million in the reporting period.
- The Bank's net profit continued to rise steadily, recording USD 93 million in total comprehensive income since the beginning of the year.

These results rest upon the Bank's leverage on its state-of-art digital banking and self-banking platforms. These platforms provided ABA customers with solid and reliable access to their accounts, especially during lockdown when some branches were forced to close.

The Bank continued improving its ABA Mobile banking application in the reporting quarter by bringing new convenient services and features. The Bank's initiative to bring modern financial services to unbanked Cambodians via the launch of the Instant Account feature received a very positive response in the market,

given that strict health protocols and social distancing were enhanced, making branch visits challenging. In Q2 alone, 63,000 ABA Instant Accounts were opened by customers remotely and without visiting bank branches.

ABA's physical network also continued to improve. The Bank launched four new ABA 24/7 self-banking spots in Phnom Penh and Sihanoukville and expanded existing premises to bring more self-banking areas to respond to the steadily growing clientele.

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

Overall, 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 continue 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 appreciate 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 Regulator 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.

2 August 2021



Yves Jacquot
Chairman

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PART 1

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, and N°171, Street Trasak Paem, 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 25 January 2021
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 25 years of development and growth, ABA has significantly strengthened its position in the market and broke into the top commercial banks of the country. Today, ABA offers the entire spectrum of services to customer segments covering individuals, micro-businesses, and SMEs.

ABA is a subsidiary of the National Bank of Canada (www.nbc.ca), a financial institution with around US\$274 billion in assets as of April 30, 2021, and a huge network of correspondent banks all over the world. Being a shareholder of ABA Bank from 2014, the 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 30 June 2021, ABA Bank manages the total assets of US\$ 7 billion and serves 1.5 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

ABA's market position strengthened further in the second quarter of 2021 due to the continuous work of the Bank in the introduction of modern financial solutions to its customers.

ONLINE BANKING AND SELF-BANKING PLATFORMS ENHANCEMENT

Through its digital platforms, ABA Bank continued to offer customers the opportunity to manage their finances seamlessly and conveniently at any time of the day. ABA Mobile, the Bank's flagship mobile banking app, received several new features and enhancements:

- Ria Inward Money Transfer via Cash Pick-up feature, where even if the sender chose the 'Cash Pick-up' option when sending, ABA customers can still receive the transfer directly into their ABA account. This new functionality allows clients to receive any Ria transfer without having to visit a branch;
- Opening of Trading Account for securities trading activities right in the app. The Mobile Trading Account is opened instantly and then can be used to fund customer's accounts at brokerage firms partnered with ABA. The usage of each Trading Account is set in the regulatory requirements to segregate securities transactions from regular banking transactions.
- Account opening and card management tools for Instant Account holders. Through these enhancements, Instant Account holders can now open Savings and Deposit Accounts and issue Instant Loans. They also got an opportunity to issue virtual cards and order plastic cards in just a few taps. These new features come with the card management tools, which allow users to manage card transaction limits, change the card's linked account, and more.

Additionally, the Bank improved its proposition to entrepreneurs, having introduced several enhancements to its award-winning PayWay online payment platform. In Q2, the PayWay Mobile app received the iOS version. This improvement means that iPhone users can now accept instant cashless payments in KHR and USD for their businesses via smartphones. All they need is an active ABA account, and after a simple activation process, they can start generating QR codes to collect payments from customers right away.

To help businesses increase their online sales, ABA introduced the Payment Link feature to the PayWay Mobile app. The Payment Link feature allows any seller or service provider to create a Payment Link in PayWay Mobile and share it with their customer to get an instant payment. During the creation of the Payment Link, the PayWay Mobile user can add information such as the item/service price, photo, and description. Once the Payment Link is created, seller can share it with the buyer using any instant messaging app or social media platforms such as Telegram, Facebook, Instagram, and others. Upon receiving the link, the buyer can tap on it and complete the payment with the ABA Mobile app seamlessly on their smartphone.

To develop its physical footprint, ABA Bank this quarter introduced four new ABA 24/7 self-banking spots in high-traffic areas of Phnom Penh and Sihanoukville. ABA 24/7 provides comprehensive banking services 24 hours a day, seven days a week, allowing consumers to make cash deposits / withdrawals and check deposits without having to queue at bank branches. Thanks to the latest upgrade of the self-banking machines, ABA customers can now deposit cash to any ABA account in Khmer riels in addition to US dollars.

PROMOTING DIGITAL PAYMENTS TO BUSINESSES

In June, ABA Bank and Total Cambodge, an affiliate of TotalEnergies which is a broad energy company that produces and markets energies on a global scale, have signed a partnership agreement to enrich customers' experience in digital payment at service stations of TotalEnergies.

With this partnership, customers will be able to make cashless payments through ABA PAY QR codes or contactless cards each time they fill gasoline or make non-fuel purchases at any of more than 100 TotalEnergies stations across the country.

Additionally, TotalEnergies dealers will be able to settle their payments for products and services via the ABA Mobile app, while the TotalEnergies Card members can top-up their fuel cards also with the help of the mobile banking app.

As part of the agreement, Total Cambodge will also use our Internet Banking for Business platform as a comprehensive company finance management tool and the Virtual Accounts feature to process large volume of transactions from different sources and to automate reconciliation.

SPREADING HELP TO COMMUNITIES

ABA Bank is committed to supporting initiatives to tackle COVID-19 in accordance with its Mission and Corporate Values. Since the beginning of the pandemic in Cambodia, the Bank has been coordinating fundraising activities and contributing funds through the National Bank of Cambodia, the Cambodian Association of Banks, and the Royal Government of Cambodia.

In April, ABA Bank announced its charitable contribution of 1 million USD (approximately equivalent to 4 billion KHR) to support the Royal Government's efforts to stop the spread of the outbreak caused by the "February 20 community incident". The proposal for donation was considered and appreciated by Prime Minister Hun Sen who issued Appreciation Letter to the Bank's top management and staff.

INTERNATIONAL RECOGNITION

In May, ABA Bank received six Leadership Awards from VISA, the world's leading digital payment service provider, for superiority in payment volume and card growth in Cambodia in 2020. The awards were presented at the virtual event organized by Visa Cambodia to recognize and celebrate the participating banks for their contribution to the growth of VISA products, especially the introduction and promotion of contactless payments during the global pandemic. ABA was selected among other 32 banks in Cambodia offering VISA products.



Appreciation Letter from Prime Minister Hun Sen for donating USD 1 million to support the government in curbing the spread of Covid-19

PART 2

INFORMATION ON BUSINESS
OPERATIONS PERFORMANCE

A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENTS INFORMATION

Key Achievement	Quarter 2 2021	31 December 2020	31 December 2019
Loan			
Loan Accounts	86,283	81,568	66,513
Total Gross Loans (in KHR million)	18,284,894	15,505,988	11,265,037
Deposit			
Deposit Accounts	1,686,603	1,382,401	828,651
Total Deposits (in KHR million)	22,585,302	19,705,090	13,836,025
Others			
Operating Branches	79	79	77
Number of Staffs	6,392	6,266	6,410
ATMs	508	471	418
POS Terminals	2,162	1,627	1,214

B. INCOME STRUCTURE

No	Source of Income	Quarter 2 2021		Quarter 2 2020		Quarter 2 2019	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	443,938	88.58	344,108	91.17	259,424	89.95
2	Fee and Commission Income	52,165	10.41	30,772	8.15	28,197	9.78
3	Other Income	5,084	1.01	2,557	0.68	801	0.28
Total Income		501,187	100	377,437	100	288,422	100

PART 3

FINANCIAL STATEMENT REVIEWED BY
INDEPENDENT AUDITOR

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

PART 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussions and analyses focus on the operational and financial results based on Interim Financial Statement as of 30 June 2021 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 2 2021		Quarter 2 2020		Quarter 2 2019	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	443,938	88.58	344,108	91.17	259,424	89.95
2	Fee and Commission Income	52,165	10.41	30,772	8.15	28,197	9.78
3	Other Income	5,084	1.01	2,557	0.68	801	0.28
Total Income		501,187	100	377,437	100	288,422	100

ABA Bank earns most income from interest income representing 89% of total income in the second quarter of 2021, 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 2 2021 (in KHR million)	Quarter 2 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest Income	443,938	344,108	99,830	29.01
Interest Expense	(65,059)	(61,638)	(3,421)	5.55
Net Interest Income	378,879	282,470	96,409	34.13
Fee and Commission Income	52,165	30,772	21,393	69.52
Fee and Commission Expense	(19,583)	(13,387)	(6,196)	46.28
Net Fee and Commission Income	32,582	17,385	15,197	87.41
Other operating income	5,084	2,557	2,527	98.83
Personal expenses	(84,036)	(73,021)	(11,015)	15.08
Depreciation and Amortization	(18,621)	(20,584)	1,963	(9.54)
Other expenses	(32,398)	(29,543)	(2,855)	9.66
Net impairment losses on financial instruments	(47,255)	(11,533)	(35,722)	309.74
Profit before tax	234,235	167,731	66,504	39.65

In Q2 2021, the profit before tax reached KHR243,235 million with 40% increment compared to Q2 2020 equivalent to KHR66,504 million. This significant increase of the profit is mainly from the Interest Income with 29% growth and Fee and Commission Income with 70% growth compared to Q2 2020.

ii) Profit Before Tax For The Prior Period Analysis

Statement of Profit before Tax	Quarter 2 2020 (in KHR million)	Quarter 2 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	344,108	259,424	84,684	32.64
Interest expense	(61,638)	(49,259)	(12,379)	25.13
Net interest income	282,470	210,165	72,305	34.40
Fee and commission income	30,772	28,197	2,575	9.13
Fee and commission expense	(13,387)	(12,890)	(497)	3.86
Net fee and commission Income	17,385	15,307	2,078	13.58
Other operating income	2,557	801	1,756	219.23
Personal expenses	(73,021)	(59,494)	(13,527)	22.74
Depreciation and Amortization	(20,584)	(14,333)	(6,251)	43.61
Other expenses	(29,543)	(20,630)	(8,913)	43.20
Net impairment losses on financial instruments	(11,533)	(4,210)	(7,323)	173.94
Profit before tax	167,731	127,606	40,125	31.44

In Q2 2020, the profit before tax reached KHR 167,731 million with 31.44% increment compared to Q2 2019 equivalent to KHR 127,606 million. This significant increase of the profit is mainly from the Interest Income with 32.64% growth and Fee and Commission Income with 9.13% growth compared to Q2 2019.

5. NET PROFIT ANALYSIS

i) Net Profit For The Period Analysis

Statement of Net Profit	Quarter 2 2021 <i>(in KHR million)</i>	Quarter 2 2020 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit Before Tax	234,235	167,731	66,504	39.65
Income Tax Expense	(49,451)	(36,902)	(12,549)	34.01
Net Profit for the Period	184,784	130,829	53,955	41.24

In Q2 2021, the net profit for the period was KHR184,784 million with 41% higher than Q2 2020 showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 5.43% and the Return on Average Assets of 0.67% as of 30 June 2021.

ii) Net Profit For The Prior Period Analysis

Statement of Net Profit	Quarter 2 2020 <i>(in KHR million)</i>	Quarter 2 2019 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit before tax	167,731	127,606	40,125	31.44
Income tax expense	(36,902)	(26,119)	(10,783)	41.28
Net profit for the period	130,829	101,487	29,342	28.91

In Q2 2020, the net profit for the period was KHR130,829 million with 28.91% higher than Q2 2019 showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 4.81% and the Return on Average Assets of 0.67% as of 30 June 2020.

6. TOTAL COMPREHENSIVE INCOME ANALYSIS

i) Total Comprehensive Income For The Period Analysis

Statement of Total Comprehensive Income	Quarter 2 2021 <i>(in KHR million)</i>	Quarter 2 2020 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Net profit for the period	184,784	130,829	53,955	41.24
Other comprehensive income	10,464	6,612	3,852	58.26
Total comprehensive income	195,248	137,441	57,807	42.06

ii) Total Comprehensive Income For The Prior Period Analysis

Statement of Total Comprehensive Income	Quarter 2 2020 (in KHR million)	Quarter 2 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	130,829	101,487	29,342	28.91
Other comprehensive income	6,612	8,384	(1,772)	(21.14)
Total comprehensive income	137,441	109,871	27,570	25.09

7. FACTORS AND TRENDS ANALYSIS AFFECTING FINANCIAL CONDITIONS AND RESULTS

As at 30 June 2021, 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 demand in the market for the Bank's loan products especially in the MSME segment.

These two factors are coupled with the continuous development of the Bank's digital platform that provides customers with innovative and modern financial products and services. 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 to the General Department of Taxation also plays a role as a contributor to Cambodian society and economic growth. For good practice on tax compliance, ABA Bank was awarded "GOLD" certificate of tax compliance from GDT on 25 December 2020 with 2-year validity period for the tax year 2021 and 2022.

4. EXCEPTIONAL AND EXTRAORDINARY ITEMS ANALYSIS

As at 30 June 2021, the management acknowledged that ABA did not experience any items, transactions or events of a material and unusual nature except the impact of the pandemic Coronavirus (COVID-19).

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 2020 and has characterized 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 NBC 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). The Bank has performed assessment of COVID-19 impact in light of the available guidance of the NBC and CIFRs and estimated expected credit losses based on the reviewed and enhanced ECL Model. The Bank will continue to monitor the potential impact of COVID-19 and will take all steps to mitigate any effects on the Bank’s operations in future.

C. SIGNIFICANT CHANGES IN SALE AND REVENUE

In Q2 2021, ABA Bank recorded significant growth in revenue, securing 379 billion KHR in net interest income, which represents 34% growth compared to the same period in 2020.

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 Q2 2021, 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 has 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.
- 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 and Agriculture Bank 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.

Signatures of Directors of the Listed Entity

August 13, 2021

Seen and Agreed



Madi Akmambet

Executive Director

For Dominic Jacques

Non-Executive Director



Madi Akmambet

Executive Director



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