

ADVANCED BANK OF ASIA LIMITED
(Registration No. 00010593)

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2021**

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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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 2020 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 June 2021, its financial performance for the three-month and six-month periods then ended, and its cash flows for the six-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: 11 August 2021

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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 June 2021 and the related condensed interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six-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*.

For Deloitte (Cambodia) Co., Ltd.



Ung Kimsopheaktra
Partner

Phnom Penh, Kingdom of Cambodia
Date: 11 August 2021

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	30 June 2021		31 December 2020	
		US\$	KHR Million	US\$	KHR Million
ASSETS					
Cash on hand	4	506,438,749	2,063,738	378,101,373	1,529,420
Balances with the NBC	5	1,358,733,649	5,536,840	1,481,626,701	5,993,180
Balances with other banks	6	508,128,398	2,070,623	325,956,497	1,318,494
Loans to customers	7	4,452,809,956	18,145,201	3,814,599,414	15,430,055
Investment securities	8	7,615,809	31,034	7,434,086	30,071
Property and equipment	9	42,579,016	173,509	41,731,890	168,805
Right-of-use assets	10	35,596,403	145,055	33,719,074	136,394
Intangible assets	11	13,728,350	55,943	8,931,430	36,128
Deferred tax assets, net	12	8,059,941	32,844	5,668,114	22,928
Other assets	13	35,078,579	142,945	30,514,392	123,431
TOTAL ASSETS		6,968,768,850	28,397,732	6,128,282,971	24,788,906
LIABILITIES					
Deposits from customers	14	5,542,405,476	22,585,302	4,871,468,376	19,705,090
Debt securities in issue	15	21,214,189	86,448	21,282,088	86,086
Borrowings	16	328,541,592	1,338,807	242,004,091	978,907
Subordinated debts	17	113,122,283	460,973	117,023,035	473,358
Current tax liabilities		23,619,908	96,251	36,217,048	146,498
Lease liabilities	18	37,872,027	154,329	35,721,902	144,496
Other liabilities	19	41,251,570	168,099	36,778,120	148,767
TOTAL LIABILITIES		6,108,027,045	24,890,209	5,360,494,660	21,683,202
EQUITY					
Share capital		450,000,000	1,833,750	335,000,000	1,355,075
Regulatory reserves		40,588,470	165,398	42,141,887	170,464
Retained earnings		370,153,335	1,499,131	390,646,424	1,582,330
Currency translation differences		-	9,244	-	(2,165)
TOTAL EQUITY		860,741,805	3,507,523	767,788,311	3,105,704
TOTAL LIABILITIES AND EQUITY		6,968,768,850	28,397,732	6,128,282,971	24,788,906

The accompanying notes from pages 9 to 38 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 JUNE 2021**

	Note	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
		US\$	KHR Million	US\$	KHR Million
Interest income	20	109,263,583	443,938	84,195,723	344,108
Interest expense	20	(16,012,504)	(65,059)	(15,081,521)	(61,638)
Net interest income		93,251,079	378,879	69,114,202	282,470
Fee and commission income	21	12,838,990	52,165	7,529,194	30,772
Fee and commission expense	21	(4,819,895)	(19,583)	(3,275,400)	(13,387)
Net fee and commission income		8,019,095	32,582	4,253,794	17,385
Other operating income	22	1,251,232	5,084	625,570	2,557
Personnel expenses	23	(20,683,259)	(84,036)	(17,866,567)	(73,021)
Depreciation and amortisation	24	(4,583,017)	(18,621)	(5,036,340)	(20,584)
Operating expenses	25	(7,973,819)	(32,398)	(7,228,491)	(29,543)
Net impairment losses on financial assets	26	(11,630,465)	(47,255)	(2,821,865)	(11,533)
Profit before tax		57,650,846	234,235	41,040,303	167,731
Income tax expense		(12,171,000)	(49,451)	(9,029,000)	(36,902)
Profit for the period		45,479,846	184,784	32,011,303	130,829
Other comprehensive income		-	10,464	-	6,612
Total comprehensive income for the period		45,479,846	195,248	32,011,303	137,441

The accompanying notes from pages 9 to 38 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 SIX-MONTH PERIOD ENDED 30 JUNE 2021**

	Note	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
		US\$	KHR Million	US\$	KHR Million
Interest income	20	212,206,202	861,769	166,733,203	679,605
Interest expense	20	(31,492,403)	(127,891)	(28,669,662)	(116,858)
Net interest income		180,713,799	733,878	138,063,541	562,747
Fee and commission income	21	25,464,631	103,412	17,094,179	69,676
Fee and commission expense	21	(9,356,016)	(37,995)	(7,714,876)	(31,446)
Net fee and commission income		16,108,615	65,417	9,379,303	38,230
Other operating income	22	2,415,841	9,811	1,394,626	5,684
Personnel expenses	23	(40,489,714)	(164,429)	(35,906,740)	(146,356)
Depreciation and amortisation	24	(9,026,470)	(36,656)	(9,047,938)	(36,880)
Operating expenses	25	(16,186,224)	(65,731)	(15,053,038)	(61,356)
Net impairment losses on financial assets	26	(15,791,353)	(64,129)	(4,785,794)	(19,507)
Profit before tax		117,744,494	478,161	84,043,960	342,562
Income tax expense		(24,791,000)	(100,675)	(18,490,000)	(75,365)
Profit for the period		92,953,494	377,486	65,553,960	267,197
Other comprehensive income		-	11,409	-	5,575
Total comprehensive income for the period		92,953,494	388,895	65,553,960	272,772

The accompanying notes from pages 9 to 38 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

	Share capital		Regulatory reserves		Retained earnings		Currency translation differences	Total	
	US\$	KHR Million	US\$	KHR Million	US\$	KHR Million	KHR Million	US\$	KHR Million
Six-month period ended 30 June 2020									
At 1 January 2020	215,000,000	876,125	33,661,778	137,172	247,718,384	999,343	10,109	496,380,162	2,022,749
Issuance of share capital	120,000,000	489,120	-	-	-	-	-	120,000,000	489,120
	335,000,000	1,365,245	33,661,778	137,172	247,718,384	999,343	10,109	616,380,162	2,511,869
Profit for the period	-	-	-	-	65,553,960	267,197	-	65,553,960	267,197
Other comprehensive income – currency translation differences	-	-	-	-	-	-	5,575	-	5,575
	-	-	-	-	65,553,960	267,197	5,575	65,553,960	272,772
Transfers from retained earnings to regulatory reserves	-	-	6,566,862	26,878	(6,566,862)	(26,878)	-	-	-
Currency translation difference	-	5,910	-	606	-	-	-	-	6,516
At 30 June 2020	335,000,000	1,371,155	40,228,640	164,656	306,705,482	1,239,662	15,684	681,934,122	2,791,157
Six-month period ended 30 June 2021									
At 1 January 2021	335,000,000	1,355,075	42,141,887	170,464	390,646,424	1,582,330	(2,165)	767,788,311	3,105,704
Conversion of retained earnings	115,000,000	467,015	-	-	(115,000,000)	(467,015)	-	-	-
	450,000,000	1,822,090	42,141,887	170,464	275,646,424	1,115,315	(2,165)	767,788,311	3,105,704
Profit for the period	-	-	-	-	92,953,494	377,486	-	92,953,494	377,486
Other comprehensive income – currency translation differences	-	-	-	-	-	-	11,409	-	11,409
	-	-	-	-	92,953,494	377,486	11,409	92,953,494	388,895
Transfers from retained earnings to regulatory reserves	-	-	(1,553,417)	(6,330)	1,553,417	6,330	-	-	-
Currency translation difference	-	11,660	-	1,264	-	-	-	-	12,924
At 30 June 2021	450,000,000	1,833,750	40,588,470	165,398	370,153,335	1,499,131	9,244	860,741,805	3,507,523

The accompanying notes from pages 9 to 38 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

	Note	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
		US\$	KHR Million	US\$	KHR Million
Cash flows from operating activities					
Profit before income tax		117,744,494	478,161	84,043,960	342,562
<i>Adjustments for:</i>					
Depreciation and amortisation	24	9,026,470	36,656	9,047,938	36,880
Net impairment losses on financial assets	26	15,791,353	64,129	4,785,794	19,507
Gains on disposals of property and equipment		(103,398)	(420)	(22,430)	(91)
Gains on lease modification		(43,604)	(177)	-	-
Net interest income	20	(180,713,799)	(733,878)	(138,063,541)	(562,747)
		(38,298,484)	(155,529)	(40,208,279)	(163,889)
<i>Changes in:</i>					
Balances with the NBC		121,858,372	494,867	(6,934,015)	(28,263)
Balances with other banks		(40,045,463)	(162,625)	(69,465,078)	(283,140)
Loans to customers		(648,806,020)	(2,634,801)	(362,685,688)	(1,478,307)
Other assets		(4,698,128)	(19,079)	(4,355,106)	(17,751)
Deposits from customers		671,363,446	2,726,407	427,871,649	1,744,005
Other liabilities		4,394,754	17,846	7,052,642	28,747
Cash generated from/(used in) operations		65,768,477	267,086	(48,723,875)	(198,598)
Interest received		205,855,359	835,979	164,061,508	668,715
Interest paid		(29,262,171)	(118,834)	(28,512,721)	(116,218)
Income tax paid		(39,779,967)	(161,546)	(12,091,374)	(49,284)
Net cash from operating activities		202,581,698	822,685	74,733,538	304,615
Cash flows from investing activities					
Proceeds on sale of investment securities		-	-	29,760,358	121,303
Purchases of property and equipment		(5,484,656)	(22,274)	(9,382,585)	(38,244)
Purchases of intangible assets		(5,661,898)	(22,993)	(924,032)	(3,766)
Proceeds on disposals of property and equipment		103,398	420	22,882	93
Net cash (used in)/from investing activities		(11,043,156)	(44,847)	19,476,623	79,386

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (continued)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

	Note	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
		US\$	KHR Million	US\$	KHR Million
Cash flows from financing activities					
Issuance of share capital		-	-	120,000,000	489,120
Proceeds from borrowings		287,464,049	1,167,392	362,272,170	1,476,621
Repayments of borrowings		(202,721,922)	(823,254)	(403,013,755)	(1,642,684)
Repayments of subordinated debts		(3,900,000)	(15,838)	(2,700,000)	(11,005)
Principal elements of lease payments		(4,010,057)	(16,285)	(2,878,285)	(11,732)
Net cash from financing activities		76,832,070	312,015	73,680,130	300,320
Net increase in cash and cash equivalents		268,370,612	1,089,853	167,890,291	684,321
Cash and cash equivalents at the beginning of period		595,220,388	2,407,666	711,881,699	2,900,918
Currency translation differences		-	21,614	-	15,668
Cash and cash equivalents at the end of period	27	863,591,000	3,519,133	879,771,990	3,600,907

Significant non-cash transactions

On 19 March 2021, the National Bank of Cambodia approved the conversion of US\$115 million of the Bank's retained earnings to share capital, bringing the total share capital to US\$450 million, which is equivalent to 450,000 shares.

The accompanying notes from pages 9 to 38 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 SIX-MONTH PERIODS ENDED 30 JUNE 2021

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. 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, and No. 171, Street Preah Trasak Paem, 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 11 August 2021.

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 2020 and any public announcements made by the Bank during the interim reporting period.

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 2020.

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 2020.

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

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 NBC.

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 six-month</i>	<i>Average rate three-month</i>
30 June 2021	4,075	4,061	4,063
31 December 2020	4,045	N/A	N/A
30 June 2020	4,093	4,076	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 2020 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

Amendment to CIFRS 16	<i>COVID-19-Related Rent Concessions</i>
Amendments to CIFRS 9, CIAS 39, CIFRS 7, CIFRS 4 and CIFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to CIFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>

The adoption of these amended standards does not have any significant impact on the financial statements of the Bank.

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 New and revised CIFRSs in issue but not yet effective

Amendments to CIAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to CIFRS standards 2018–2020 Cycle	- <i>Amendments to CIFRS 1, First-time Adoption of CIFRSs</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>
Amendments to CIAS 16	<i>Property, Plant and Equipment (PPE) – Proceeds before Intended Use</i>
Amendments to CIFRS 3	<i>Reference to Conceptual Framework</i>
Amendments to CIAS 1	<i>Classification of Liabilities as Current or Non-current</i>
CIFRS 17	<i>Insurance Contracts</i>
Amendments to CIFRS 10 and CIAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to CIAS 8	<i>Definition of Accounting Estimates</i>
Amendments to CIAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to CIAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

Management does not expect that the adoption of the Standards listed above will have a significant impact on the financial statements of the Bank in future periods.

4. CASH ON HAND

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Cash on hand	487,571,989	1,986,856	360,160,946	1,456,851
Cash items in process of collection	18,866,760	76,882	17,940,427	72,569
	<u>506,438,749</u>	<u>2,063,738</u>	<u>378,101,373</u>	<u>1,529,420</u>

5. BALANCES WITH THE NBC

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Capital guarantee deposit (i)	45,011,801	183,423	33,515,158	135,569
Reserve requirement (ii)	384,251,104	1,565,823	349,501,480	1,413,733
Current account	132,750,716	540,959	138,612,043	560,686
Negotiable Certified Deposits (NCD)	796,720,028	3,246,635	959,998,020	3,883,192
	<u>1,358,733,649</u>	<u>5,536,840</u>	<u>1,481,626,701</u>	<u>5,993,180</u>

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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 registered 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 0.06% per annum (2020: 0.06% to 0.47% 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 NBC 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. On 26 May 2021, NBC issued a notification letter no. B13-021-363 on the result of 55th meeting of Monetary Policy Committee confirming on the extension of reserve requirement maintenance at the rates of 7.00% for both KHR and USD currency.

6. BALANCES WITH OTHER BANKS

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Balances with other banks at amortised cost	509,005,834	2,074,199	326,725,625	1,321,605
Impairment loss allowance	(877,436)	(3,576)	(769,128)	(3,111)
	508,128,398	2,070,623	325,956,497	1,318,494

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

7. LOANS TO CUSTOMERS

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
At amortised cost				
Commercial loans:				
Short-term loans	13,042,963	53,150	10,305,471	41,686
Long-term loans	3,956,681,202	16,123,476	3,470,263,818	14,037,216
Overdrafts	424,783,165	1,730,991	288,643,431	1,167,563
Consumer loans:				
Housing loans	68,445,673	278,916	43,933,942	177,712
Vehicle loans	6,802,362	27,720	3,813,475	15,426
Staff loans	15,366,069	62,617	14,722,847	59,554
Personal Loans	733,109	2,987	452,047	1,829
Credit cards	1,236,025	5,037	1,236,518	5,002
Total gross carrying amount	<u>4,487,090,568</u>	<u>18,284,894</u>	<u>3,833,371,549</u>	<u>15,505,988</u>
Impairment loss allowance	<u>(34,280,612)</u>	<u>(139,693)</u>	<u>(18,772,135)</u>	<u>(75,933)</u>
	<u>4,452,809,956</u>	<u>18,145,201</u>	<u>3,814,599,414</u>	<u>15,430,055</u>

8. INVESTMENT SECURITIES

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Investment securities at amortised cost	7,651,476	31,180	7,467,591	30,206
Impairment loss allowance	<u>(35,667)</u>	<u>(146)</u>	<u>(33,505)</u>	<u>(135)</u>
	<u>7,615,809</u>	<u>31,034</u>	<u>7,434,086</u>	<u>30,071</u>

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9. PROPERTY AND EQUIPMENT

	Leasehold improvement	Office equipment, furniture and fixture	Motor vehicles	Computers and IT equipment	Work in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR Million
31 December 2020							
Cost	25,270,673	14,326,772	1,729,615	31,042,869	145,801	72,515,730	293,326
Accumulated depreciation	8,859,653	7,196,606	1,190,907	13,536,674	-	30,783,840	124,521
Carrying amounts	16,411,020	7,130,166	538,708	17,506,195	145,801	41,731,890	168,805

	Leasehold improvement	Office equipment, furniture and fixture	Motor vehicles	Computers and IT equipment	Work in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR Million
30 June 2021							
Cost							
At 1 January 2021	25,270,673	14,326,772	1,729,615	31,042,869	145,801	72,515,730	293,326
Additions	42,584	397,309	285,925	3,124,832	1,634,006	5,484,656	22,274
Transfers	511,186	77,315	-	-	(588,501)	-	-
Disposals	-	-	(219,369)	(59,353)	-	(278,722)	(1,132)
Currency translation differences	-	-	-	-	-	-	2,248
At 30 June 2021	25,824,443	14,801,396	1,796,171	34,108,348	1,191,306	77,721,664	316,716
Accumulated depreciation							
At 1 January 2021	8,859,653	7,196,606	1,190,907	13,536,674	-	30,783,840	124,521
Depreciation	1,748,406	1,256,566	124,983	1,507,575	-	4,637,530	18,833
Disposals	-	-	(219,369)	(59,353)	-	(278,722)	(1,132)
Currency translation differences	-	-	-	-	-	-	985
At 30 June 2021	10,608,059	8,453,172	1,096,521	14,984,896	-	35,142,648	143,207
Carrying amounts							
At 30 June 2021	15,216,384	6,348,224	699,650	19,123,452	1,191,306	42,579,016	173,509

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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 Million
31 December 2020				
Cost	47,852,233	2,203,204	50,055,437	202,474
Accumulated depreciation	14,695,437	1,640,926	16,336,363	66,080
Carrying amounts	33,156,796	562,278	33,719,074	136,394
30 June 2021				
Cost				
At 1 January 2021	47,852,233	2,203,204	50,055,437	202,474
Additions	5,498,899	582,596	6,081,495	24,685
Lease modification	(589,780)	(90,424)	(680,204)	(2,761)
Currency translation differences	-	-	-	1,588
At 30 June 2021	52,761,352	2,695,376	55,456,728	225,986
Accumulated depreciation				
At 1 January 2021	14,695,437	1,640,926	16,336,363	66,080
Depreciation	3,240,390	352,647	3,593,037	14,584
Lease modification	(26,232)	(42,843)	(69,075)	(280)
Currency translation differences	-	-	-	547
At 30 June 2021	17,909,595	1,950,730	19,860,325	80,931
Carrying amounts				
At 30 June 2021	34,851,757	744,646	35,596,403	145,055

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10. RIGHT-OF-USE ASSETS (continued)

Amounts recognised in profit and loss

	30 June 2021		30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Depreciation expense on right-of-use assets (Note 24)	3,523,962	14,311	2,854,802	11,636
Interest expense on lease liabilities (Note 20)	929,855	3,776	738,667	3,011
Expense relating to leases of low value assets and short-term lease	1,719,874	6,984	2,340,052	9,538
	<u>6,173,691</u>	<u>25,071</u>	<u>5,933,521</u>	<u>24,185</u>

11. INTANGIBLE ASSETS

	31 December 2020	
	US\$	KHR Million
Software		
Cost	12,853,839	51,994
Accumulated amortisation	3,922,409	15,866
Carrying amounts	<u>8,931,430</u>	<u>36,128</u>
	30 June 2021	
	US\$	KHR Million
Software		
Cost		
At 1 January	12,853,839	51,994
Additions	5,661,898	22,993
Currency translation differences	-	465
	<u>18,515,737</u>	<u>75,452</u>
Accumulated amortisation		
At 1 January	3,922,409	15,866
Amortisation	864,978	3,513
Currency translation differences	-	130
	<u>4,787,387</u>	<u>19,509</u>
Carrying amounts	<u>13,728,350</u>	<u>55,943</u>

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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 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Deferred tax assets	9,534,065	38,851	7,082,970	28,651
Deferred tax liabilities	(1,474,124)	(6,007)	(1,414,856)	(5,723)
Net deferred tax assets	<u>8,059,941</u>	<u>32,844</u>	<u>5,668,114</u>	<u>22,928</u>

Net deferred tax assets is arising from the components of deferred tax asset such as impairment loss of allowance, deferred revenue from processing fees and card fees and accrual management incentives, and components of deferred tax liability such as depreciable assets and interest in suspense.

13. OTHER ASSETS

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Deposits and advance payments Master/Visa Card and MoneyGram and other receivables	14,159,085	57,698	13,333,496	53,934
Prepayment	11,690,011	47,637	10,108,141	40,887
Card supplies	4,975,414	20,275	3,961,188	16,023
Other investments	4,177,884	17,025	3,085,979	12,483
	76,185	310	25,588	104
	<u>35,078,579</u>	<u>142,945</u>	<u>30,514,392</u>	<u>123,431</u>

14. DEPOSITS FROM CUSTOMERS

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Savings deposits	3,494,520,788	14,240,172	3,038,599,194	12,291,134
Demand deposits	1,064,324,918	4,337,124	868,648,938	3,513,685
Fixed deposits	981,283,200	3,998,729	964,147,674	3,899,977
Margin deposits	2,276,570	9,277	72,570	294
	<u>5,542,405,476</u>	<u>22,585,302</u>	<u>4,871,468,376</u>	<u>19,705,090</u>

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15. DEBT SECURITIES IN ISSUE

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Corporate bonds	21,214,189	86,448	21,282,088	86,086

The interest is payable semi-annually. As at 30 June 2021, the Bank incurred interest expenses on debt securities to investors in aggregate amounting to KHR 3,295 million or approximately US\$808,614 (2020: KHR 3,287 million or approximately US\$806,428).

16. BORROWINGS

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
<i>Borrowings at amortised cost</i>				
LPCO (i)	276,073,346	1,124,999	225,853,501	913,577
Bank loans (ii)	52,468,246	213,808	16,150,590	65,330
	328,541,592	1,338,807	242,004,091	978,907

- (i) This represents 24 Liquidity-Providing Collateralised Operations (LPCOs) provided by the NBC. The principal and interest are payable on maturities with terms ranging from 3 to 12 months.
- (ii) This represents bank loans obtained from various banks with terms ranging from 4 months to 7 years (2020: 2 months to 7 years).

The NCD in US dollars fully collateralise the LPCOs acquired from the NBC. Other borrowings are unsecured. All the borrowings bear fixed interest rates ranging from 0.42% to 6.84% per annum (2020: 0.42% to 6.84%).

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17. SUBORDINATED DEBTS

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
National Bank of Canada	113,122,283	460,973	117,023,035	473,358

18. LEASE LIABILITIES

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Maturity analysis:				
Year 1	8,028,791	32,717	7,505,622	30,360
Year 2	6,948,993	28,317	6,470,534	26,173
Year 3	6,793,218	27,682	6,262,674	25,333
Year 4	6,113,308	24,912	5,965,129	24,129
Year 5	5,778,310	23,547	5,490,824	22,210
Onwards	10,943,955	44,597	10,898,970	44,087
	44,606,575	181,772	42,593,753	172,292
Less: Unearned interest	(6,734,548)	(27,443)	(6,871,851)	(27,796)
	<u>37,872,027</u>	<u>154,329</u>	<u>35,721,902</u>	<u>144,496</u>

19. OTHER LIABILITIES

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Accrued expenses	25,025,395	101,978	27,732,108	112,176
Remittance in process	8,793,345	35,833	1,592,606	6,442
Master/Visa Card and MoneyGram and other payables	4,714,113	19,209	3,790,716	15,333
Unearned income	1,514,753	6,173	2,814,586	11,385
Other tax payable	990,869	4,038	713,705	2,887
Provision for off-balance sheets	213,095	868	134,399	544
	<u>41,251,570</u>	<u>168,099</u>	<u>36,778,120</u>	<u>148,767</u>

ADVANCED BANK OF ASIA LIMITED

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20. NET INTEREST INCOME

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Interest income from:				
Loans to customers	107,177,381	435,462	81,724,003	334,006
Balances with the NBC and other banks	1,891,986	7,687	2,153,619	8,802
Investment securities	165,243	671	94,757	387
Others	28,973	118	223,344	913
	<u>109,263,583</u>	<u>443,938</u>	<u>84,195,723</u>	<u>344,108</u>
Interest expense on:				
Deposits from customers	9,472,836	38,488	9,239,910	37,764
Subordinated debts	2,292,777	9,316	2,567,496	10,493
Borrowings	3,377,149	13,721	2,427,255	9,920
Lease liabilities	465,902	1,893	447,612	1,829
Debt securities in issue	403,840	1,641	399,248	1,632
	<u>16,012,504</u>	<u>65,059</u>	<u>15,081,521</u>	<u>61,638</u>
Net interest income	<u>93,251,079</u>	<u>378,879</u>	<u>69,114,202</u>	<u>282,470</u>
	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Interest income from:				
Loans to customers	208,152,705	845,308	161,270,398	657,339
Balances with the NBC and other banks	3,668,992	14,900	4,923,763	20,069
Investment securities	319,917	1,299	315,698	1,287
Others	64,588	262	223,344	910
	<u>212,206,202</u>	<u>861,769</u>	<u>166,733,203</u>	<u>679,605</u>
Interest expense on:				
Deposits from customers	18,853,179	76,563	17,164,494	69,963
Subordinated debts	4,586,572	18,626	5,220,666	21,279
Borrowings	6,314,183	25,642	4,742,802	19,332
Lease liabilities	929,855	3,776	738,667	3,011
Debt securities in issue	808,614	3,284	803,033	3,273
	<u>31,492,403</u>	<u>127,891</u>	<u>28,669,662</u>	<u>116,858</u>
Net interest income	<u>180,713,799</u>	<u>733,878</u>	<u>138,063,541</u>	<u>562,747</u>

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21. NET FEE AND COMMISSION INCOME

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Fee and commission income				
Loan commissions	1,411,874	5,736	676,613	2,765
Inward and outward remittances	2,414,217	9,809	1,576,503	6,443
MasterCard, Visa and UPI cards	5,414,208	21,998	3,350,703	13,694
Cable charges	189,457	770	167,110	683
Pin-less top up	1,147,500	4,662	709,000	2,898
Commission fee from insurance	291,557	1,185	159,829	653
Special account number fees	768,521	3,123	95,513	390
E-wallet	532,606	2,164	278,213	1,137
Other fees	669,050	2,718	515,710	2,109
	<u>12,838,990</u>	<u>52,165</u>	<u>7,529,194</u>	<u>30,772</u>
Fee and commission expense				
MasterCard, Visa and UPI cards	3,770,575	15,320	2,909,491	11,892
Fees and commission paid to other banks and FIs	1,003,257	4,076	365,809	1,495
Other fees	46,063	187	100	-
	<u>4,819,895</u>	<u>19,583</u>	<u>3,275,400</u>	<u>13,387</u>
Net fee and commission income	<u>8,019,095</u>	<u>32,582</u>	<u>4,253,794</u>	<u>17,385</u>

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21. NET FEE AND COMMISSION INCOME (continued)

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Fee and commission income				
Loan commissions	3,078,166	12,500	1,917,081	7,814
Inward and outward remittances	4,720,516	19,170	3,189,329	13,000
MasterCard, Visa and UPI cards	10,200,987	41,426	8,196,449	33,409
Cable charges	392,172	1,593	354,170	1,444
Pin-less top up	2,280,224	9,260	1,330,000	5,421
Commission fee from insurance	696,314	2,828	414,962	1,691
Special account number fees	1,305,694	5,302	95,513	389
E-wallet	939,571	3,816	410,728	1,674
Other fees	1,850,987	7,517	1,185,947	4,834
	<u>25,464,631</u>	<u>103,412</u>	<u>17,094,179</u>	<u>69,676</u>
Fee and commission expense				
MasterCard, Visa and UPI cards	7,465,960	30,319	6,878,390	28,036
Fees and commission paid to other banks and FIs	1,818,929	7,387	836,286	3,409
Other fees	71,127	289	200	1
	<u>9,356,016</u>	<u>37,995</u>	<u>7,714,876</u>	<u>31,446</u>
Net fee and commission income	<u>16,108,615</u>	<u>65,417</u>	<u>9,379,303</u>	<u>38,230</u>

22. OTHER OPERATING INCOME

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Foreign exchange gains, net	1,188,223	4,828	614,940	2,513
Other income	63,009	256	10,630	44
	<u>1,251,232</u>	<u>5,084</u>	<u>625,570</u>	<u>2,557</u>

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22. OTHER OPERATING INCOME (continued)

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Foreign exchange gains, net	2,351,120	9,548	1,382,896	5,637
Other income	64,721	263	11,730	47
	<u>2,415,841</u>	<u>9,811</u>	<u>1,394,626</u>	<u>5,684</u>

23. PERSONNEL EXPENSES

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Salaries and bonuses	18,795,088	76,364	15,952,388	65,197
Seniority payments	1,079,158	4,385	893,767	3,653
Other personnel expenses	809,013	3,287	1,020,412	4,171
	<u>20,683,259</u>	<u>84,036</u>	<u>17,866,567</u>	<u>73,021</u>

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Salaries and bonuses	36,752,639	149,252	32,545,476	132,655
Seniority payments	2,228,851	9,051	1,823,819	7,434
Other personnel expenses	1,508,224	6,126	1,537,445	6,267
	<u>40,489,714</u>	<u>164,429</u>	<u>35,906,740</u>	<u>146,356</u>

24. DEPRECIATION AND AMORTISATION

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Property and equipment	2,293,428	9,318	2,908,875	11,889
Right-of-use assets	1,811,833	7,362	1,848,295	7,554
Intangible assets	477,756	1,941	279,170	1,141
	<u>4,583,017</u>	<u>18,621</u>	<u>5,036,340</u>	<u>20,584</u>

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24. DEPRECIATION AND AMORTISATION (continued)

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Property and equipment	4,637,530	18,833	5,647,972	23,022
Right-of-use assets	3,523,962	14,311	2,854,802	11,636
Intangible assets	864,978	3,512	545,164	2,222
	<u>9,026,470</u>	<u>36,656</u>	<u>9,047,938</u>	<u>36,880</u>

25. OPERATING EXPENSES

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Repairs and maintenance	1,629,170	6,619	2,012,146	8,224
Office supplies	1,077,225	4,377	1,264,733	5,169
Donation	1,023,356	4,158	25,389	104
Rental expenses	842,380	3,423	858,422	3,508
Security expenses	678,284	2,756	607,240	2,482
Communication	519,691	2,112	378,187	1,546
Marketing and advertising	425,114	1,727	391,572	1,600
Utilities expenses	566,719	2,303	573,531	2,344
Professional fees	312,181	1,268	312,509	1,277
Insurance expenses	255,021	1,036	192,185	785
Motor vehicle operation expenses	183,821	747	165,133	675
License fees	174,102	707	169,703	694
Credit report (CBC) expenses	49,519	201	55,696	228
Travelling	55,921	227	62,506	255
Board of Director fees	85,626	348	85,625	350
Membership fees	20,085	82	12,650	52
Business meal and entertainment	13,567	55	16,196	66
Other expenses	62,037	252	45,068	184
	<u>7,973,819</u>	<u>32,398</u>	<u>7,228,491</u>	<u>29,543</u>

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25. OPERATING EXPENSES (continued)

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Repairs and maintenance	3,719,136	15,103	3,783,730	15,422
Office supplies	2,580,829	10,481	2,519,026	10,268
Donation	1,029,806	4,182	28,940	118
Rental expenses	1,719,874	6,984	2,340,052	9,538
Security expenses	1,315,976	5,344	1,183,603	4,824
Communication	1,055,722	4,287	762,902	3,110
Marketing and advertising	984,329	3,997	912,959	3,721
Utilities expenses	1,058,636	4,299	1,078,812	4,397
Professional fees	629,048	2,555	633,748	2,583
Insurance expenses	505,511	2,053	378,316	1,542
Motor vehicle operation expenses	376,066	1,527	382,237	1,558
License fees	363,908	1,478	354,792	1,446
Credit report (CBC) expenses	196,040	796	146,930	599
Travelling	151,367	615	158,748	647
Board of Director fees	171,250	695	171,985	701
Membership fees	32,556	132	31,390	128
Business meal and entertainment	38,384	156	69,878	285
Other expenses	257,786	1,047	114,990	469
	<u>16,186,224</u>	<u>65,731</u>	<u>15,053,038</u>	<u>61,356</u>

26. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Loans to customers	11,436,688	46,468	2,697,984	11,027
Balances with other banks	149,617	608	129,415	529
Investment securities	1,761	7	586	2
Rental deposit	5,167	21	(9,124)	(37)
Loan commitments and financial guarantee contracts	37,232	151	3,004	12
	<u>11,630,465</u>	<u>47,255</u>	<u>2,821,865</u>	<u>11,533</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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26. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS (continued)

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Loans to customers	15,595,605	63,334	4,062,017	16,557
Balances with other banks	108,308	440	720,324	2,936
Investment securities	2,163	9	(734)	(3)
Rental deposit	6,581	27	(8,955)	(37)
Loan commitments and financial guarantee contracts	78,696	319	13,142	54
	<u>15,791,353</u>	<u>64,129</u>	<u>4,785,794</u>	<u>19,507</u>

27. CASH AND CASH EQUIVALENTS

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

	30 June 2021		30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Cash on hand	506,438,749	2,063,738	304,472,140	1,246,204
Balances with the NBC	147,652,614	601,684	450,322,624	1,843,171
Balances with other banks	209,499,637	853,711	124,977,226	511,532
	<u>863,591,000</u>	<u>3,519,133</u>	<u>879,771,990</u>	<u>3,600,907</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.

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28. RELATED PARTIES

(a) Related parties and relationships

The related parties of and their relationships with the Bank are as follows:

Related parties	Relationships
National Bank of Canada	Ultimate parent shareholder
Key management personnel	Executive management team of the Bank who make critical decisions in relation to the strategic direction of the Bank.

(b) Related party balances

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Loans to management	4,338,804	17,681	4,648,955	18,805
Deposits and placements by directors and management	2,952,656	12,032	3,409,816	13,793
Subordinated debts from National Bank of Canada	113,122,283	460,973	117,023,035	473,358
Deposits and placements with National Bank of Canada	170,183,015	693,496	212,398	859

(c) Other related party transactions

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Interest income on loans to management	69,397	282	44,626	182
Interest expenses on deposits and placements to directors and management	11,761	48	50,185	205
Interest expenses to National Bank of Canada	2,292,777	9,316	2,567,496	10,493
Interest income from National Bank of Canada	130,141	529	-	-

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28. RELATED PARTIES (continued)

(c) Other related party transactions (continued)

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Interest income on loans to management	<u>135,255</u>	<u>549</u>	<u>106,773</u>	<u>435</u>
Interest expenses on deposits and placements to directors and management	<u>25,851</u>	<u>105</u>	<u>77,646</u>	<u>316</u>
Interest expenses to National Bank of Canada	<u>4,586,572</u>	<u>18,626</u>	<u>5,220,666</u>	<u>21,279</u>
Interest income from National Bank of Canada	<u>130,141</u>	<u>529</u>	<u>-</u>	<u>-</u>

(d) Directors and key management personnel remuneration

	Three-month period ended 30 June 2021		Three-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Salaries and benefits	<u>5,505,766</u>	<u>22,370</u>	<u>4,088,892</u>	<u>16,711</u>

	Six-month period ended 30 June 2021		Six-month period ended 30 June 2020	
	US\$	KHR Million	US\$	KHR Million
Salaries and benefits	<u>10,004,142</u>	<u>40,627</u>	<u>7,780,742</u>	<u>31,714</u>

ADVANCED BANK OF ASIA LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021****29. LOAN COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS**

	30 June 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Unused portion of overdrafts	178,210,850	726,209	116,567,480	471,515
Letter of credits	12,886,331	52,512	10,455,894	42,294
Payment guarantees	10,255,490	41,791	8,903,461	36,014
Unused portion of credit cards	9,557,538	38,947	9,693,537	39,210
Performance bonds	9,101,597	37,089	13,635,793	55,157
Securities	4,400,000	17,930	4,400,000	17,798
Warranty bonds	864,647	3,523	176,593	714
Bid bonds	128,205	522	2,214,644	8,958
Other guarantees	237,000	966	237,000	959
	<u>225,641,658</u>	<u>919,489</u>	<u>166,284,402</u>	<u>672,619</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

The Bank's financial risk management policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2020.

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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 June 2021				
	Stage 1	Stage 2	Stage 3	Total	
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL	US\$	KHR Million
	US\$	US\$	US\$	US\$	KHR Million
Loss allowance as at 1 January 2021	9,283,767	2,993,995	6,494,373	18,772,135	75,933
Changes in the loss allowance					
Transfer to stage 1	82,990	(82,990)	-	-	-
Transfer to stage 2	(45,924)	69,822	(23,898)	-	-
Transfer to stage 3	(40,929)	(838,607)	879,536	-	-
Net remeasurement of loss allowances ⁽¹⁾	2,715,422	913,966	946,500	4,575,888	18,647
New financial assets originated	1,288,415	407	156,954	1,445,776	5,892
Financial assets that have been derecognised	(495,875)	(202,569)	(753,373)	(1,451,817)	(5,916)
Other changes	11,000,000 ⁽²⁾	(3,809)	(57,561)	10,938,630	44,575
Currency translation differences	-	-	-	-	562
Loss allowance as at 30 June 2021	<u>23,787,866</u>	<u>2,850,215</u>	<u>7,642,531</u>	<u>34,280,612</u>	<u>139,693</u>

⁽¹⁾ Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volume and in the credit quality of existing loans.

⁽²⁾ This represents additional management overlay for the period ended 30 June 2021. Refer to Note 33(i) for more details.

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31. FINANCIAL RISK MANAGEMENT (continued)

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

	30 June 2020				
	Stage 1	Stage 2	Stage 3	Total	
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL	US\$	KHR Million
	US\$	US\$	US\$	US\$	KHR Million
Loss allowance as at 1 January 2020	1,573,881	566,317	4,215,254	6,355,452	25,898
Change in loss allowance					
Transfer to stage 1	13,589	(13,589)	-	-	-
Transfer to stage 2	(8,833)	8,833	-	-	-
Transfer to stage 3	(3,339)	(203,956)	207,295	-	-
Net remeasurement of loss allowance ⁽¹⁾	80,652	883,764	2,974,745	3,939,161	16,123
New financial assets originated	436,422	-	-	436,422	1,786
Financial assets that have been derecognised	(164,030)	(17,390)	(55,337)	(236,757)	(969)
Other changes	(23)	(10,017)	(160,280)	(170,320)	(697)
Currency translation differences	-	-	-	-	115
Loss allowance as at 30 June 2020	<u>1,928,319</u>	<u>1,213,962</u>	<u>7,181,677</u>	<u>10,323,958</u>	<u>42,256</u>

⁽¹⁾ 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)

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 specified maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
30 June 2021								
Financial assets by types								
Non-derivative assets								
Cash on hand	506,438,749	506,438,749	506,438,749	-	-	-	-	-
Balances with the NBC	1,358,733,649	1,359,209,049	219,597,951	205,744,394	504,615,600	-	-	429,251,104
Balances with other banks	508,128,398	511,985,261	216,583,231	79,360,542	216,041,488	-	-	-
Loans to customers	4,452,809,956	6,049,679,521	114,732,832	215,808,929	1,028,684,485	3,101,509,507	1,588,943,768	-
Investment securities	7,615,809	8,100,244	-	-	3,357,431	4,742,813	-	-
Other assets	16,642,017	16,642,017	11,776,496	9,270	207,812	1,259,014	3,389,425	-
In US\$ equivalents	6,850,368,578	8,452,054,841	1,069,129,259	500,923,135	1,752,906,816	3,107,511,334	1,592,333,193	429,251,104
In KHR Million equivalents	27,915,252	34,442,123	4,356,702	2,041,262	7,143,095	12,663,109	6,488,758	1,749,198

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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 specified maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
30 June 2021								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	(5,542,405,476)	(5,572,767,944)	(4,703,349,003)	(224,686,027)	(609,264,406)	(35,468,508)	-	-
Debt securities in issue	(21,214,189)	(23,234,709)	-	(806,580)	(806,580)	(21,621,549)	-	-
Borrowings	(328,541,592)	(344,819,825)	(37,154,834)	(60,604,929)	(245,741,806)	(160,708)	(1,157,548)	-
Subordinated debts	(113,122,283)	(144,088,608)	(5,834,554)	(4,589,177)	(4,962,992)	(73,921,560)	(54,780,325)	-
Lease liabilities	(37,872,027)	(44,606,575)	(696,906)	(2,003,884)	(5,328,001)	(25,633,829)	(10,943,955)	-
Other liabilities	(38,532,854)	(38,532,854)	-	(16,844,826)	(13,513,172)	(7,714,765)	(460,091)	-
	<u>(6,081,688,421)</u>	<u>(6,168,050,515)</u>	<u>(4,747,035,297)</u>	<u>(309,535,423)</u>	<u>(879,616,957)</u>	<u>(164,520,919)</u>	<u>(67,341,919)</u>	<u>-</u>
Loan commitments and financial guarantee contracts	-	(221,004,657)	(14,585,457)	(28,111,782)	(167,266,777)	(11,040,641)	-	-
In US\$ equivalents	<u>(6,081,688,421)</u>	<u>(6,389,055,172)</u>	<u>(4,761,620,754)</u>	<u>(337,647,205)</u>	<u>(1,046,883,734)</u>	<u>(175,561,560)</u>	<u>(67,341,919)</u>	<u>-</u>
In KHR Million equivalents	<u>(24,782,880)</u>	<u>(26,035,399)</u>	<u>(19,403,605)</u>	<u>(1,375,912)</u>	<u>(4,266,051)</u>	<u>(715,413)</u>	<u>(274,418)</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 specified maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2020								
Financial assets by type								
Non-derivative assets								
Cash on hand	378,101,373	378,101,373	378,101,373	-	-	-	-	-
Balances with the NBC	1,481,626,701	1,482,463,671	227,602,290	140,897,102	730,962,799	-	-	383,001,480
Balances with other banks	325,956,497	329,159,013	62,531,584	28,085,945	238,541,484	-	-	-
Loans to customers	3,814,599,414	4,925,131,069	74,208,223	134,659,696	635,309,114	2,763,621,205	1,317,332,831	-
Investment securities	7,434,086	8,921,826	-	-	-	8,921,826	-	-
Other assets	17,347,962	17,347,962	6,433,942	18,025	6,906,760	837,270	3,151,965	-
In US\$ equivalents	6,025,066,033	7,141,124,914	748,877,412	303,660,768	1,611,720,157	2,773,380,301	1,320,484,796	383,001,480
In KHR Million equivalents	24,371,392	28,885,850	3,029,209	1,228,308	6,519,408	11,218,323	5,341,361	1,549,241

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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 specified maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2020								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	(4,871,468,376)	(4,904,949,197)	(4,026,303,308)	(212,310,676)	(622,882,632)	(43,452,581)	-	-
Debt securities in issue	(21,282,088)	(24,041,289)	-	(806,580)	(806,580)	(22,428,129)	-	-
Borrowings	(242,004,091)	(260,392,244)	(3,830,605)	(65,192,233)	(183,997,232)	(6,117,277)	(1,254,897)	-
Subordinated debts	(117,023,035)	(156,286,668)	-	-	-	(100,381,437)	(55,905,231)	-
Lease liabilities	(35,721,902)	(42,593,753)	(644,918)	(1,274,527)	(5,586,177)	(24,189,161)	(10,898,970)	-
Other liabilities	(33,829,136)	(33,829,136)	(713,705)	(16,781,230)	(5,383,728)	(10,613,390)	(337,083)	-
	<u>(5,321,328,628)</u>	<u>(5,422,092,287)</u>	<u>(4,031,492,536)</u>	<u>(296,365,246)</u>	<u>(818,656,349)</u>	<u>(207,181,975)</u>	<u>(68,396,181)</u>	<u>-</u>
Loan commitments and financial guarantee contracts	-	(161,647,403)	(10,471,284)	(19,474,031)	(120,369,486)	(11,332,602)	-	-
In US\$ equivalents	<u>(5,321,328,628)</u>	<u>(5,583,739,690)</u>	<u>(4,041,963,820)</u>	<u>(315,839,277)</u>	<u>(939,025,835)</u>	<u>(218,514,577)</u>	<u>(68,396,181)</u>	<u>-</u>
In KHR Million equivalents	<u>(21,524,774)</u>	<u>(22,586,227)</u>	<u>(16,349,744)</u>	<u>(1,277,570)</u>	<u>(3,798,360)</u>	<u>(883,891)</u>	<u>(276,663)</u>	<u>-</u>

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32. COMPARATIVE INFORMATION

Certain corresponding figures have been reclassified to conform to the current year's presentation and disclosure.

33. 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 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 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).

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 NBC and CIFRSs, which have resulted in the following:

i) Expected credit losses

Probability of Default (PD)

PD is calculated using monthly migration matrices over past seven years data consisting of 72 matrices. More granular approach is adopted by breaking Stage-1 in to "Bucket 0" which 0 days past due and "Bucket-1" with 1-29 days past due loans.

Loss Given Default (LGD)

Active accounts for which the recovery is still ongoing have been included in LGD calculation based on the LGD period workout analysis. Exposure for LGD calculation has been taken as on the default period as revised from Exposure at Default (EAD) which used to increase over the period adopted in the previous model. Industry level LGD is calculated which aligns to the segmentation used for PD calculation.

Probability weighted outcome

Currently, base, upside and downside scenarios have been given weightages as 60%, 20% and 20% respectively.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021

33. IMPACT OF COVID-19 (continued)

i) Expected credit losses (continued)

Forward-looking information

Forward-looking information is used only for PD. For LGD, the forward-looking information is not considered as the default counts in the earlier quarters are not sufficient to undertake reliable forward-looking statistical analysis.

Main macroeconomic factors

The following macroeconomic factors are identified and used for forward looking PD.

PD segment	Macroeconomic Factor ⁽¹⁾
Agriculture	Cambodia Consumer Price Index
Construction and Real Estate	Industry Contribution to GDP Growth
Real Estate Rentals	Cambodia GDP at Constant 2000 Price
Manufacturing	Foreign Direct Investment Growth
Wholesale and Retail	Cambodia Consumer Price Index
Services	Industry Contribution to GDP Growth
Personal Loan	Industry Contribution to GDP Growth

⁽¹⁾ All macroeconomic factors are based in the Cambodia context unless otherwise indicated.

The Bank has also incorporated additional ECL overlay of US\$11 million in the first and second quarters of 2021, resulting in total overlay of US\$15.65 million as at 30 June 2021. This represents additional ECL under stressed scenario if all multiple restructured loans with grace period for principal and interest repayment as of the reporting date were classified under Stage 2 due to uncertainties under COVID-19 environment.

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.