



# The Third Quarterly Report

For the period ended 30 September 2021

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Advanced Bank of Asia Limited  
(ABA Bank)

## Financial Highlights

Financial Situation (in KHR million)	Quarter 3 2021	31 December 2020	31 December 2019
Total Assets	30,525,368	24,788,906	17,909,170
Total Liabilities	26,483,333	21,683,202	15,886,421
Total Equity	4,042,035	3,105,704	2,022,749
Financial Results (in KHR million)	Quarter 3 2021	Quarter 3 2020	Quarter 3 2019
Total Income	536,047	419,573	330,363
Profit before Tax	310,244	201,370	155,711
Profit after Tax	245,358	157,070	131,135
Total Comprehensive Income	247,727	159,560	127,213
Financial Ratio (%)	Quarter 3 2021	31 December 2020	31 December 2019
Solvency Ratio	17.39	18.08	19.94
Debt to Equity Ratio	655.20	695.86	785.39
Liquidity Coverage Ratio	164.23	166.62	162.32
Non-performing Credit Ratio	0.81	0.80	0.70
Loan to Deposit Ratio	81.67	78.69	81.42
Profitability Ratio (%)	Quarter 3 2021	Quarter 3 2020	Quarter 3 2019
Return on Average Assets (ROAA) <sup>[1]</sup>	0.83	0.72	0.83
Return on Average Equity (ROAE) <sup>[1]</sup>	6.50	5.47	7.82
Interest Coverage Ratio <sup>[1]</sup>	587.45	416.57	394.39
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 July to 30 September of each reporting period.

# Graphs of Financial Highlights

## TOTAL ASSETS

in KHR Millions

+23.1% ▲

FROM 2020

30,525,368  
Q3 2021

24,788,906  
2020

17,909,170  
2019

## TOTAL LIABILITIES

in KHR Millions

+22.1% ▲

FROM 2020

26,483,333  
Q3 2021

21,683,202  
2020

15,886,421  
2019

## TOTAL EQUITY

in KHR Millions

+30.1% ▲

FROM 2020

4,042,035  
Q3 2021

3,105,704  
2020

2,022,749  
2019

## TOTAL COMPREHENSIVE INCOME

in KHR Millions

+55.3% ▲

FROM Q3 2020

247,727  
Q3 2021

159,560  
Q3 2020

127,213  
Q3 2019

## RETURN ON AVERAGE ASSETS

in percentage

+11 BPS  
(basis points)

FROM Q3 2020

0.83  
Q3 2021

0.72  
Q3 2020

0.83  
Q3 2019

## RETURN ON AVERAGE EQUITY

in percentage

+103 BPS  
(basis points)

FROM Q3 2020

6.50  
Q3 2021

5.47  
Q3 2020

7.82  
Q3 2019

## Composition of the Board of Directors

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**Yves Jacquot**  
Chairman



**Dominic Jacques**  
Non-Executive Director



**Madi Akmambet**  
Executive Director



**Martin Ouellet**  
Non-Executive Director



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



**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 Q3 2021 following the requirement of the Securities and Exchange Regulator of Cambodia.

As the country progressed through the pandemic and showed significant success in vaccination of its population, the market saw certain regain closer to the end of the reporting period. However, the aftermath of the largest community outbreak that happened in February still lingers and, coupled with the significant dropdown in international flights and tourists, continues to negatively impact local businesses, especially in the hospitality, garment, and construction sectors.

The Bank continued the loan restructuring for the borrowers affected by this negative impact. As of the end of the third quarter of 2021, there are 14,102 restructured loans with USD 720 million outstanding. The share of restructured loans in the total portfolio is 15%. At the same time, ABA considers the restructured loans to be of good quality since almost 80% of them requested the grace period for the loan principal only and continue to pay the interest. ABA will continue helping its clients to overcome the time of hardship through its Loan Restructuring Policy.

In addition, the Bank continued distributing new loans to customers as access to capital is vital for people and businesses at any time. In Q3 2021, 11,677 loans worth USD 530.2 million were disbursed. It increased the Bank's gross loan portfolio by 8%, amounting to USD 4.9 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 3.3 million for capital expenditure and working capital with a special interest rate of 7% p.a. and a term of up to 7 years.

On the funding side, the deposit portfolio kept growing steadily and equaled USD 6 billion at the end of the third quarter of 2021, representing an 8% growth quarter on quarter. More customers choose ABA as their bank, so the customer base in the third quarter grew by another 11%, and the number of ABA customers' accounts reached 1.9 million.

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

- As of the end of Q3 2021, the total assets grew 7.4% compared to Q2 and totaled USD 7.5 billion.
- The shareholder's equity also grew and reached USD 991 million in the reporting period.
- The Bank managed to secure USD 60.2 million in net profit for the quarter.

These results rest primarily upon the Bank's leverage on its state-of-art digital banking and self-banking platforms. In the period, the Bank continued improving the mobile banking app experience, expanded its cross-border transfers network, integrated its Internet Banking for Business platform with Xero, a popular cloud-based accounting solution.

The Bank also expanded its physical presence by launching several new ABA 24/7 self-banking spots in Phnom Penh and Poipet to offer customers a more convenient way to access their accounts at any time of the day without queueing at the branches.

ABA Instant Account, the feature of ABA Mobile that allows opening first bank account without visiting the bank branch, gained additional traction, given people's unwillingness to visit branches for the account opening procedure. During Q3, another 95,000 Instant Accounts were opened remotely.

In the quarter, the Euromoney and Asian Banking and Finance magazines named ABA the Best Bank in Cambodia 2021 and Domestic Retail Bank of the Year in Cambodia, respectively. These awards underscore ABA's advantageous position in the Cambodian banking and finance industry and highlight the Bank's leverage of digital banking and remote banking platforms.

The month of September marked another milestone when the Ministry of Economy and Finance appointed ABA Bank to accept tax payments on behalf of the General Department of Taxation through various platforms. As a socially responsible enterprise, ABA is honored to assist the government in tax collection, contributing to the development of the effective cashless payment system in the country.

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

In August, the Bank fulfilled its obligation and transferred the fourth coupon payment of Corporate Bond to its bondholders. In total, 3.3 billion Khmer riels were paid in interest for 848,210 bond units.

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 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.

5 November 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, 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 USD 284 billion in assets as of July 31, 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 September 2021, ABA Bank manages the total assets of USD 7.5 billion and serves 1.9 million customers' accounts through the extensive network of 79 branches, 740+ self-banking machines, and advanced mobile banking and online banking platforms.

## C. QUARTERLY KEY EVENTS OF LISTED ENTITY

ABA's market position strengthened further in the third quarter of 2021 due to the continuous work of the Bank in the introduction of convenient 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:

- Instant Account holders got the opportunity to open Flexi Deposit Accounts, Fixed Deposit Accounts, and get Instant Loans. The deposits and loans can be issued instantly in the ABA Mobile app at no charge. The move is made to provide Instant Account owners with access to modern financial services and increase financial inclusion in the country.
- The users of ABA Mobile in Banteay Meanchey, Kampot, and Kampong Speu can now pay their electricity bills to Électricité du Cambodge (EDC) through the app. The monthly electricity bills can be paid conveniently at zero fees in USD/KHR without travelling to or queuing at EDC offices and avoid the hassle of handing cash.

In September, Xero, a popular cloud-based accounting platform, was integrated with the ABA Internet Banking for Business platform (IBB). Business owners can now link their Xero accounts to their ABA company accounts and carry out bookkeeping functions. The integration helps IBB users to save time by simplifying tedious manual accounting works so that more time and effort can be dedicated to their business growth.

To develop its physical footprint, ABA Bank this quarter introduced two new ABA 24/7 self-banking spots in high-traffic areas of Phnom Penh and Poipet. 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.

### *PARTNERSHIP WITH JCB TO ENLARGE PAYMENT ACCEPTANCE NETWORK*

JCB International Co. Ltd., the international operations subsidiary of JCB Co. Ltd., Japan's only international payment brand, and ABA Bank signed the License Agreement and announced the launch of JCB payment acceptance in Cambodia.

This partnership enables JCB cards to be used at ABA merchant network across Cambodia, which provides greater convenience to JCB cardholders.

JCB and ABA plan to expand the partnership to all ABA merchants including the acceptance at the PayWay online payment platform and ATMs by the end of 2021.

### *DEVELOPING LOCAL ECOMMERCE SECTOR*

ABA became the Fintech Participant of the First Grand Online Shopping Festival on 17-19 September. The Bank offered the complete set of its modern financial solutions to facilitate cashless payments via PayWay online payment platform and the PayWay Mobile app for merchants and ABA PAY payment feature in the ABA Mobile app for customers.

Organized by The Idea Consultancy and the UNDP Cambodia with support from the Australian Embassy in Cambodia and the Ministry of Post and Telecommunications, this 3-day Festival aimed to help local MSMEs digitalize and engage in eCommerce with consumers, especially in the current COVID-19 context.

The pandemic has hurt many businesses, and a shift in consumers' purchasing behavior has further forsaken many of them. Through this community effort, the Bank hopes that the first-of-its-kind Festival will encourage not very tech-savvy businesses to bring their business activities online and further promote digital financial inclusion and digital economy in the country.

## TAX COLLECTION IN ABA BANK

In September, ABA Bank started accepting tax payments on behalf of the General Department of Taxation (GDT) through various platforms depending on the tax type.

ABA customers can now pay their Road Tax and Property Tax remotely using the GDT Taxpayer app. To do so, they need to select ABA PAY at the payment screen of the GDT Taxpayer app, and ABA Mobile will automatically launch on the customer's smartphone to process the payment using an ABA account.

Taxpayers can also use the e-Tax Service on the GDT's official website [www.tax.gov.kh](http://www.tax.gov.kh) to pay most tax types online. Powered by the PayWay online payment platform from ABA Bank, the website now allows businesses of any size to pay monthly and annual enterprise taxes, business registration tax and audit tax, while individuals can declare their rental tax on land and house and online tax on vehicle transfer without travelling to or queuing at counters.

Additionally, ABA customers can pay the following taxes at counters in all ABA branches across the country:

- Tax on Means of Transportation,
- Property Tax, and
- Enterprise Tax, which includes monthly taxes (Salary Tax, WHT, Prepayment Tax, VAT, etc.) and annual taxes (Income Tax, Patent Tax, etc.).

With a dedicated Tax Collection counter at every branch and free of charge service, ABA customers can now fulfill their tax obligations more conveniently and securely.

## INTERNATIONAL RECOGNITION

In July, the *Euromoney* financial magazine bestowed the "Best Bank in Cambodia 2021" title upon ABA. The 2021 title makes it the eighth consecutive year that ABA has been honored by this financial publication. The award underscores ABA Bank's leadership in the Cambodian banking and finance industry. The judging panel highlighted the advantage ABA demonstrated with its digital banking and remote banking platforms.

Also in Q3, ABA became the "Domestic Retail Bank of the Year in Cambodia" by the *Asian Banking and Finance* magazine. The experts of the magazine praised ABA with the improvement of its digital banking platform used to serve customers as well as its network expansion. The Bank proved throughout the year that innovation is at the core of its operations, rolling out a plethora of convenient new features in its ABA Mobile app that include the Instant Loan feature, Visa Direct service, Ria Money Transfers, MoneyGram Instant Transfers, and many others.



The "Best Bank in Cambodia 2021" award from the *Euromoney* magazine



The "Domestic Retail Bank of the Year in Cambodia 2021" award by the *Asian Banking and Finance* magazine

## PART 2

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INFORMATION ON BUSINESS  
OPERATIONS PERFORMANCE

## A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENTS INFORMATION

Key Achievement	Quarter 3 2021	31 December 2020	31 December 2019
<b>Loan</b>			
Loan Accounts	88,522	81,568	66,513
Total Gross Loans (in KHR million)	19,886,183	15,505,988	11,265,037
<b>Deposit</b>			
Deposit Accounts	1,868,604	1,382,401	828,651
Total Deposits (in KHR million)	24,348,673	19,705,090	13,836,025
<b>Others</b>			
Operating Branches	79	79	77
Number of Staffs	6,550	6,266	6,410
ATMs	534	471	418
POS Terminals	2,887	1,627	1,214

## B. INCOME STRUCTURE

No	Source of Income	Quarter 3 2021		Quarter 3 2020		Quarter 3 2019	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	478,547	89.27	371,147	88.46	300,274	90.89
2	Fee and Commission Income	51,580	9.62	45,471	10.84	28,058	8.49
3	Other Income	5,920	1.10	2,955	0.70	2,031	0.61
<b>Total Income</b>		<b>536,047</b>	<b>100</b>	<b>419,573</b>	<b>100</b>	<b>330,363</b>	<b>100</b>

# PART 3

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FINANCIAL STATEMENT REVIEWED BY  
INDEPENDENT AUDITOR

Please refer to the Annex for the 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 30 September 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 3 2021		Quarter 3 2020		Quarter 3 2019	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	478,547	89.27	371,147	88.46	300,274	90.89
2	Fee and Commission Income	51,580	9.62	45,471	10.84	28,058	8.49
3	Other Income	5,920	1.10	2,955	0.70	2,031	0.61
<b>Total Income</b>		<b>536,047</b>	<b>100</b>	<b>419,573</b>	<b>100</b>	<b>330,363</b>	<b>100</b>

ABA Bank earns most income from interest income representing 89.27% of total income in the third quarter of 2021, among which 97.89% 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 3 2021 (in KHR million)	Quarter 3 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest Income	478,547	371,147	107,400	28.94
Interest Expense	(63,646)	(63,610)	(36)	0.06
<b>Net Interest Income</b>	<b>414,901</b>	<b>307,537</b>	<b>107,364</b>	<b>34.91</b>
Fee and Commission Income	51,580	45,471	6,109	13.43
Fee and Commission Expense	(21,536)	(16,138)	(5,398)	33.45
<b>Net Fee and Commission Income</b>	<b>30,044</b>	<b>29,333</b>	<b>711</b>	<b>2.42</b>
Other operating income	5,920	2,955	2,965	100.34
Personal expenses	(84,494)	(71,125)	(13,369)	18.80
Depreciation and Amortization	(19,759)	(20,262)	503	(2.48)
Other expenses	(32,584)	(30,133)	(2,451)	8.13
Net impairment losses on financial instruments	(3,784)	(16,935)	13,151	(77.66)
<b>Profit before tax</b>	<b>310,244</b>	<b>201,370</b>	<b>108,874</b>	<b>54.07</b>

In Q3 2021, the profit before tax reached KHR310,244 million with 54.07% increment compared to Q3 2020 equivalent to KHR108,874 million. This significant increase of the profit is mainly from the Interest Income with 28.94% growth and Fee and Commission Income with 13.43% growth compared to Q3 2020.

ii) Profit Before Tax For The Prior Period Analysis

Statement of Profit before Tax	Quarter 3 2020 (in KHR million)	Quarter 3 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	371,147	300,274	70,873	23.60
Interest expense	(63,610)	(52,892)	(10,718)	20.26
<b>Net interest income</b>	<b>307,537</b>	<b>247,382</b>	<b>60,155</b>	<b>24.32</b>
Fee and commission income	45,471	28,058	17,413	62.06
Fee and commission expense	(16,138)	(14,381)	(1,757)	12.22
<b>Net fee and commission Income</b>	<b>29,333</b>	<b>13,677</b>	<b>15,656</b>	<b>114.47</b>
Other operating income	2,955	2,031	924	45.49
Personal expenses	(71,125)	(63,698)	(7,427)	11.66
Depreciation and Amortization	(20,262)	(15,512)	(4,750)	30.62
Other expenses	(30,133)	(25,111)	(5,022)	20.00
Net impairment losses on financial instruments	(16,935)	(3,058)	(13,877)	453.79
<b>Profit before tax</b>	<b>201,370</b>	<b>155,711</b>	<b>45,659</b>	<b>29.32</b>

In Q3 2020, the profit before tax reached KHR 201,370 million with 29.32% increment compared to Q3 2019 equivalent to KHR 155,711 million. This significant increase of the profit is mainly from the Interest Income with 23.60% growth and Fee and Commission Income with 62.06% growth compared to Q3 2019.

## 5. NET PROFIT ANALYSIS

### i) Net Profit For The Period Analysis

Statement of Net Profit	Quarter 3 2021 <i>(in KHR million)</i>	Quarter 3 2020 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit Before Tax	310,244	201,370	108,874	54.07
Income Tax Expense	(64,886)	(44,300)	(20,586)	46.47
<b>Net Profit for the Period</b>	<b>245,358</b>	<b>157,070</b>	<b>88,288</b>	<b>56.21</b>

In Q3 2021, the net profit for the period was KHR245,358 million with 56.21% higher than Q3 2020 showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 6.50% and the Return on Average Assets of 0.83% as of 30 September 2021.

### ii) Net Profit For The Prior Period Analysis

Statement of Net Profit	Quarter 3 2020 <i>(in KHR million)</i>	Quarter 3 2019 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit before tax	201,370	155,711	45,659	29.32
Income tax expense	(44,300)	(24,576)	(19,724)	80.26
<b>Net profit for the period</b>	<b>157,070</b>	<b>131,135</b>	<b>25,935</b>	<b>19.78</b>

In Q3 2020, the net profit for the period was KHR157,070 million with 19.78% higher than Q3 2019 showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 5.47% and the Return on Average Assets of 0.72% as of 30 September 2020.

## 6. TOTAL COMPREHENSIVE INCOME ANALYSIS

### i) Total Comprehensive Income For The Period Analysis

Statement of Total Comprehensive Income	Quarter 3 2021 <i>(in KHR million)</i>	Quarter 3 2020 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Net profit for the period	245,358	157,070	88,288	56.21
Other comprehensive income	2,369	2,490	(121)	(4.86)
<b>Total comprehensive income</b>	<b>247,727</b>	<b>159,560</b>	<b>88,167</b>	<b>55.26</b>

## ii) Total Comprehensive Income For The Prior Period Analysis

Statement of Total Comprehensive Income	Quarter 3 2020 (in KHR million)	Quarter 3 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	157,070	131,135	25,935	19.78
Other comprehensive income	2,490	(3,922)	6,412	(163.49)
<b>Total comprehensive income</b>	<b>159,560</b>	<b>127,213</b>	<b>32,347</b>	<b>25.43</b>

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

As at 30 September 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 the demand in the market for the Bank's deposits and other transactional products and services;
- The growth of the loan portfolio due to the high demand in the market for the Bank's loan products especially in the SME 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 the 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 September 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

In the reporting period, the COVID-19 pandemic continued to impact the country negatively. The aftermath of the largest community outbreak that happened in February coupled with the significant dropdown in international flights and tourists, affect local businesses, especially in the hospitality, garment, and construction sectors.

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.

ABA Bank will continue to monitor the potential impact of COVID-19 and will take all steps to mitigate any effects on its operations in future.

## **C. SIGNIFICANT CHANGES IN SALE AND REVENUE**

In Q3 2021, ABA Bank recorded significant growth in revenue, securing 415 billion KHR in net interest income, which represents 35% 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 2.5% in the first half year of 2021 according to the Semi-annual report 2021 from the National Bank of Cambodia. Therefore, in Q3 2021, there was no material impact of inflation on the Bank's operational expenses.

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

Since COVID-19 remains the main factor to shape the Cambodian economy, the Royal Government has continuously launched the measures to support the prioritized sectors to minimize the impact of the pandemic on society and economy:

- 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 SME Co-Financing Scheme 2020 (SCFS) 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

November 12, 2021

Seen and Agreed



**Madi Akmambet**

*Executive Director*

**For Dominic Jacques**

*Non-Executive Director*



**Madi Akmambet**

*Executive Director*



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