

ADVANCED BANK OF ASIA LIMITED
(Registration No. 00010593)

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS
ENDED 31 DECEMBER 2021**

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 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 31 December 2021, its financial performance for the three-month and twelve-month periods then ended, and its cash flows for the twelve-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: 14 February 2022

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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 31 December 2021 and the related condensed interim statement of profit or loss and other comprehensive income for the three-month and twelve-month periods then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the twelve-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: 14 February 2022

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

| | Note | 31 December 2021 | | 31 December 2020 | |
|--|------|----------------------|-------------------|----------------------|-------------------|
| | | US\$ | KHR Million | US\$ | KHR Million |
| ASSETS | | | | | |
| Cash on hand | 4 | 478,829,834 | 1,950,753 | 378,101,373 | 1,529,420 |
| Balances with the NBC | 5 | 1,353,953,769 | 5,516,008 | 1,481,626,701 | 5,993,180 |
| Balances with other banks | 6 | 557,456,114 | 2,271,076 | 325,956,497 | 1,318,494 |
| Loans to customers | 7 | 5,278,989,596 | 21,506,604 | 3,814,599,414 | 15,430,055 |
| Investment securities | 8 | 36,839,675 | 150,085 | 7,434,086 | 30,071 |
| Property and equipment | 9 | 47,643,783 | 194,101 | 41,731,890 | 168,805 |
| Right-of-use assets | 10 | 39,893,238 | 162,525 | 33,719,074 | 136,394 |
| Intangible assets | 11 | 15,887,348 | 64,725 | 8,931,430 | 36,128 |
| Deferred tax assets | 12 | 10,875,555 | 44,307 | 5,668,114 | 22,928 |
| Other assets | 13 | 40,691,482 | 165,777 | 30,514,392 | 123,431 |
| TOTAL ASSETS | | 7,861,060,394 | 32,025,961 | 6,128,282,971 | 24,788,906 |
| LIABILITIES | | | | | |
| Deposits from banks and other financial institutions | 14 | 95,531,742 | 389,196 | 68,718,728 | 277,968 |
| Deposits from customers | 15 | 6,208,198,343 | 25,292,200 | 4,802,749,648 | 19,427,122 |
| Debt securities in issue | 16 | 21,310,996 | 86,821 | 21,282,088 | 86,086 |
| Borrowings | 17 | 197,399,626 | 804,206 | 242,004,091 | 978,907 |
| Subordinated debts | 18 | 148,027,962 | 603,066 | 117,023,035 | 473,358 |
| Current tax liabilities | | 46,957,236 | 191,304 | 36,217,048 | 146,498 |
| Lease liabilities | 19 | 42,463,355 | 172,996 | 35,721,902 | 144,496 |
| Other liabilities | 20 | 51,358,645 | 209,236 | 36,778,120 | 148,767 |
| TOTAL LIABILITIES | | 6,811,247,905 | 27,749,025 | 5,360,494,660 | 21,683,202 |
| EQUITY | | | | | |
| Share capital | | 520,000,000 | 2,118,480 | 335,000,000 | 1,355,075 |
| Regulatory reserves | | 43,637,909 | 177,781 | 42,141,887 | 170,464 |
| Retained earnings | | 486,174,580 | 1,970,931 | 390,646,424 | 1,582,330 |
| Currency translation differences | | - | 9,744 | - | (2,165) |
| TOTAL EQUITY | | 1,049,812,489 | 4,276,936 | 767,788,311 | 3,105,704 |
| TOTAL LIABILITIES AND EQUITY | | 7,861,060,394 | 32,025,961 | 6,128,282,971 | 24,788,906 |

The accompanying notes from pages 9 to 41 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 31 DECEMBER 2021**

| | Note | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|--|------|--|-------------|--|-------------|
| | | US\$ | KHR Million | US\$ | KHR Million |
| Interest income | 21 | 124,931,634 | 508,722 | 97,424,524 | 395,933 |
| Interest expense | 21 | (15,698,711) | (63,925) | (14,788,286) | (60,100) |
| Net interest income | | 109,232,923 | 444,797 | 82,636,238 | 335,833 |
| Fee and commission income | 22 | 15,207,278 | 61,924 | 12,240,746 | 49,746 |
| Fee and commission expense | 22 | (5,622,445) | (22,895) | (4,453,068) | (18,097) |
| Net fee and commission income | | 9,584,833 | 39,029 | 7,787,678 | 31,649 |
| Other operating income | 23 | 2,260,430 | 9,204 | 1,266,900 | 5,149 |
| Personnel expenses | 24 | (23,410,844) | (95,329) | (18,638,562) | (75,747) |
| Depreciation and amortisation | 25 | (5,126,428) | (20,875) | (5,623,255) | (22,853) |
| Operating expenses | 26 | (8,608,969) | (35,056) | (6,999,661) | (28,447) |
| Net impairment losses on financial assets | 27 | (13,080,522) | (53,264) | (4,776,933) | (19,413) |
| Profit before tax | | 70,851,423 | 288,506 | 55,652,405 | 226,171 |
| Income tax expense | | (11,976,608) | (48,769) | (8,154,774) | (33,141) |
| Profit for the period | | 58,874,815 | 239,737 | 47,497,631 | 193,030 |
| Other comprehensive income | | - | (1,869) | - | (20,339) |
| Total comprehensive income for the period | | 58,874,815 | 237,868 | 47,497,631 | 172,691 |

The accompanying notes from pages 9 to 41 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 TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

| | Note | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|--|------|---|------------------|---|------------------|
| | | US\$ | KHR Million | US\$ | KHR Million |
| Interest income | 21 | 454,543,953 | 1,849,085 | 354,791,877 | 1,446,486 |
| Interest expense | 21 | (62,805,959) | (255,495) | (58,991,424) | (240,508) |
| Net interest income | | 391,737,994 | 1,593,590 | 295,800,453 | 1,205,978 |
| Fee and commission income | 22 | 53,326,594 | 216,933 | 40,439,052 | 164,870 |
| Fee and commission expense | 22 | (20,262,189) | (82,427) | (16,108,850) | (65,676) |
| Net fee and commission income | | 33,064,405 | 134,506 | 24,330,202 | 99,194 |
| Other operating income | 23 | 6,128,724 | 24,932 | 3,383,117 | 13,793 |
| Personnel expenses | 24 | (84,630,129) | (344,275) | (71,914,067) | (293,194) |
| Depreciation and amortisation | 25 | (19,000,585) | (77,294) | (19,619,284) | (79,988) |
| Operating expenses | 26 | (32,789,403) | (133,387) | (29,411,234) | (119,910) |
| Net impairment losses on financial assets | 27 | (29,800,220) | (121,227) | (13,698,264) | (55,848) |
| Profit before tax | | 264,710,786 | 1,076,845 | 188,870,923 | 770,025 |
| Income tax expense | | (52,686,608) | (214,329) | (37,462,774) | (152,736) |
| Profit for the period | | 212,024,178 | 862,516 | 151,408,149 | 617,289 |
| Other comprehensive income | | - | 11,909 | - | (12,274) |
| Total comprehensive income for the period | | 212,024,178 | 874,425 | 151,408,149 | 605,015 |

The accompanying notes from pages 9 to 41 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 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 |
| Twelve-month period ended 31 December 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 | 489,240 | - | - | - | - | - | 120,000,000 | 489,240 |
| | 335,000,000 | 1,365,365 | 33,661,778 | 137,172 | 247,718,384 | 999,343 | 10,109 | 616,380,162 | 2,511,989 |
| Profit for the period | - | - | - | - | 151,408,149 | 617,289 | - | 151,408,149 | 617,289 |
| Other comprehensive income – currency translation differences | - | - | - | - | - | - | (12,274) | - | (12,274) |
| | - | - | - | - | 151,408,149 | 617,289 | (12,274) | 151,408,149 | 605,015 |
| Transfers from retained earnings to regulatory reserves | - | - | 8,480,109 | 34,302 | (8,480,109) | (34,302) | - | - | - |
| Currency translation difference | - | (10,290) | - | (1,010) | - | - | - | - | (11,300) |
| At 31 December 2020 | 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 |
| Twelve-month period ended 31 December 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 | 467,820 | - | - | (115,000,000) | (467,820) | - | - | - |
| Issuance of share capital | 70,000,000 | 284,760 | - | - | - | - | - | 70,000,000 | 284,760 |
| | 520,000,000 | 2,107,655 | 42,141,887 | 170,464 | 275,646,424 | 1,114,510 | (2,165) | 837,788,311 | 3,390,464 |
| Profit for the period | - | - | - | - | 212,024,178 | 862,516 | - | 212,024,178 | 862,516 |
| Other comprehensive income – currency translation differences | - | - | - | - | - | - | 11,909 | - | 11,909 |
| | - | - | - | - | 212,024,178 | 862,516 | 11,909 | 212,024,178 | 874,425 |
| Transfers from retained earnings to regulatory reserves | - | - | 1,496,022 | 6,095 | (1,496,022) | (6,095) | - | - | - |
| Currency translation difference | - | 10,825 | - | 1,222 | - | - | - | - | 12,047 |
| At 31 December 2021 | 520,000,000 | 2,118,480 | 43,637,909 | 177,781 | 486,174,580 | 1,970,931 | 9,744 | 1,049,812,489 | 4,276,936 |

The accompanying notes from pages 9 to 41 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

| | Note | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|--|------|---|------------------|---|------------------|
| | | US\$ | KHR Million | US\$ | KHR Million |
| Cash flows from operating activities | | | | | |
| Profit before income tax | | 264,710,786 | 1,076,845 | 188,870,923 | 770,025 |
| <i>Adjustments for:</i> | | | | | |
| Depreciation and amortisation | 25 | 19,000,585 | 77,294 | 19,619,284 | 79,988 |
| Net impairment losses on financial assets | 27 | 29,800,220 | 121,227 | 13,698,264 | 55,848 |
| Gains on disposals of property and equipment | | (103,165) | (420) | (21,726) | (89) |
| Gains on lease modification | | (47,017) | (191) | - | - |
| Net interest income | 21 | (391,737,994) | (1,593,590) | (295,800,453) | (1,205,978) |
| | | (78,376,585) | (318,835) | (73,633,708) | (300,206) |
| <i>Changes in:</i> | | | | | |
| Balances with the NBC | | 174,934,949 | 711,635 | (615,873,532) | (2,510,916) |
| Balances with other banks | | (18,230,597) | (74,162) | (190,071,073) | (774,920) |
| Loans to customers | | (1,483,785,055) | (6,036,038) | (1,061,689,608) | (4,328,509) |
| Other assets | | (11,479,916) | (46,700) | (9,381,355) | (38,248) |
| Deposits from banks and other financial institutions | | 26,723,633 | 108,712 | 39,877,286 | 162,580 |
| Deposits from customers | | 1,406,259,742 | 5,720,664 | 1,434,367,126 | 5,847,914 |
| Other liabilities | | 14,442,209 | 58,750 | 11,038,531 | 45,003 |
| Cash generated from/(used in) operations | | 30,488,380 | 124,026 | (465,366,333) | (1,897,302) |
| Interest received | | 444,736,021 | 1,809,186 | 347,056,762 | 1,414,950 |
| Interest paid | | (59,477,518) | (241,955) | (54,274,722) | (221,278) |
| Income tax paid | | (47,153,860) | (191,822) | (16,953,902) | (69,121) |
| Net cash from/(used in) operating activities | | 368,593,023 | 1,499,435 | (189,538,195) | (772,751) |
| Cash flows from investing activities | | | | | |
| Purchase of investment securities | | (30,000,000) | (122,040) | (4,238,128) | (17,279) |
| Proceeds on sale of investment securities | | - | - | 29,813,431 | 121,549 |
| Purchases of property and equipment | | (15,451,126) | (62,855) | (12,993,514) | (52,975) |
| Purchases of intangible assets | | (8,986,856) | (36,559) | (2,937,580) | (11,977) |
| Proceeds on disposals of property and equipment | | 103,501 | 421 | 22,882 | 93 |
| Net cash (used in)/from investing activities | | (54,334,481) | (221,033) | 9,667,091 | 39,411 |

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (continued)
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2021**

| Note | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|---|---|------------------|---|------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Cash flows from financing activities | | | | |
| Issuance of share capital | 70,000,000 | 284,760 | 120,000,000 | 489,240 |
| Proceeds from borrowings | 395,456,806 | 1,608,718 | 545,241,602 | 2,222,950 |
| Repayments of borrowings | (442,171,933) | (1,798,755) | (583,788,033) | (2,380,104) |
| Proceeds from subordinated debts | 50,000,000 | 203,400 | - | - |
| Repayments of subordinated debts | (19,000,000) | (77,292) | (11,000,000) | (44,847) |
| Principal elements of lease payments | (8,439,552) | (34,332) | (7,243,776) | (29,533) |
| Net cash from financing activities | 45,845,321 | 186,499 | 63,209,793 | 257,706 |
| Net increase/(decrease) in cash and cash equivalents | 360,103,863 | 1,464,901 | (116,661,311) | (475,634) |
| Cash and cash equivalents at the beginning of period | 595,220,388 | 2,407,666 | 711,881,699 | 2,900,918 |
| Currency translation differences | - | 19,424 | - | (17,618) |
| Cash and cash equivalents at the end of period | 955,324,251 | 3,891,991 | 595,220,388 | 2,407,666 |

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.

The accompanying notes from pages 9 to 41 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 TWELVE-MONTH PERIODS ENDED 31 DECEMBER 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 14 February 2022.

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 TWELVE-MONTH PERIODS ENDED 31 DECEMBER 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 twelve-month</i> | <i>Average rate three-month</i> |
|------------------|---------------------|--------------------------------------|-------------------------------------|
| 31 December 2021 | 4,074 | 4,068 | 4,072 |
| 31 December 2020 | 4,045 | 4,077 | 4,064 |

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 31 December 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 TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2021**

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 New and revised CIFRSs in issue but not yet effective

| | |
|--|--|
| Amendments to CIAS 37 Annual Improvements to CIFRS standards 2018–2020 Cycle | <i>Onerous Contracts – Cost of Fulfilling a Contract</i> - <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 Amendments to CIAS 1 CIFRS 17 | <i>Reference to Conceptual Framework</i> <i>Classification of Liabilities as Current or Non-current</i> <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 Amendments to CIAS 1 and IFRS Practice Statement 2 | <i>Definition of Accounting Estimates</i> <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

| | 31 December 2021 | | 31 December 2020 | |
|-------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Cash on hand | 457,489,181 | 1,863,811 | 360,160,946 | 1,456,851 |
| Cash items in process of collection | 21,340,653 | 86,942 | 17,940,427 | 72,569 |
| | <u>478,829,834</u> | <u>1,950,753</u> | <u>378,101,373</u> | <u>1,529,420</u> |

5. BALANCES WITH THE NBC

| | 31 December 2021 | | 31 December 2020 | |
|---------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Capital guarantee deposit (i) | 52,009,920 | 211,888 | 33,515,158 | 135,569 |
| Reserve requirement (ii) | 432,275,528 | 1,761,091 | 349,501,480 | 1,413,733 |
| Current account | 178,520,955 | 727,294 | 138,612,043 | 560,686 |
| Negotiable Certificate Deposits (NCD) | 691,147,366 | 2,815,735 | 959,998,020 | 3,883,192 |
| | <u>1,353,953,769</u> | <u>5,516,008</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 TWELVE-MONTH PERIODS ENDED 31 DECEMBER 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 ranging from 0.04% to 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 outcome of 55th meeting of Monetary Policy Committee confirming the extension of reserve requirement maintenance at the rate of 7.00% for both KHR and other currencies.

6. BALANCES WITH OTHER BANKS

| | 31 December 2021 | | 31 December 2020 | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Balances with other banks at amortised cost | 558,440,003 | 2,275,084 | 326,725,625 | 1,321,605 |
| Impairment loss allowance | (983,889) | (4,008) | (769,128) | (3,111) |
| | <u>557,456,114</u> | <u>2,271,076</u> | <u>325,956,497</u> | <u>1,318,494</u> |

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7. LOANS TO CUSTOMERS

| | 31 December 2021 | | 31 December 2020 | |
|-----------------------------|------------------|-------------|------------------|-------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| At amortised cost | | | | |
| Commercial loans | 4,602,348,015 | 18,749,966 | 3,480,569,289 | 14,078,901 |
| Overdrafts | 608,488,971 | 2,478,984 | 288,643,431 | 1,167,563 |
| Consumer loans: | | | | |
| Housing loans | 87,125,933 | 354,951 | 43,933,942 | 177,713 |
| Vehicle loans | 8,003,563 | 32,607 | 3,813,475 | 15,426 |
| Staff loans | 16,747,084 | 68,228 | 14,722,847 | 59,554 |
| Personal Loans | 1,224,577 | 4,989 | 452,047 | 1,829 |
| Credit cards | 1,467,264 | 5,977 | 1,236,518 | 5,002 |
| Total gross carrying amount | 5,325,405,407 | 21,695,702 | 3,833,371,549 | 15,505,988 |
| Impairment loss allowance | (46,415,811) | (189,098) | (18,772,135) | (75,933) |
| | 5,278,989,596 | 21,506,604 | 3,814,599,414 | 15,430,055 |

8. INVESTMENT SECURITIES

| | 31 December 2021 | | 31 December 2020 | |
|--|------------------|-------------|------------------|-------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Investment securities at amortised cost (*) | 37,450,310 | 152,573 | 7,467,591 | 30,206 |
| Impairment loss allowance | (610,635) | (2,488) | (33,505) | (135) |
| | 36,839,675 | 150,085 | 7,434,086 | 30,071 |

(*) On 20 December 2021, the Bank invested US\$30 million in Corporate Bond issued by Cambodia Airport Investment Co., Ltd for construction and development of Techo International Airport of the Cambodia government.

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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 |
| 31 December 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 | 134,973 | 1,302,287 | 285,925 | 10,292,105 | 3,435,836 | 15,451,126 | 62,855 |
| Transfers | 3,048,296 | 172,394 | - | - | (3,220,690) | - | - |
| Disposals | - | - | (219,369) | (60,074) | - | (279,443) | (1,137) |
| Currency translation differences | - | - | - | - | - | - | 2,195 |
| At 31 December 2021 | 28,453,942 | 15,801,453 | 1,796,171 | 41,274,900 | 360,947 | 87,687,413 | 357,239 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2021 | 8,859,653 | 7,196,606 | 1,190,907 | 13,536,674 | - | 30,783,840 | 124,521 |
| Depreciation | 3,594,127 | 2,497,455 | 243,157 | 3,204,158 | - | 9,538,897 | 38,804 |
| Disposals | - | - | (219,369) | (59,738) | - | (279,107) | (1,135) |
| Currency translation differences | - | - | - | - | - | - | 948 |
| At 31 December 2021 | 12,453,780 | 9,694,061 | 1,214,695 | 16,681,094 | - | 40,043,630 | 163,138 |
| Carrying amounts | | | | | | | |
| At 31 December 2021 | 16,000,162 | 6,107,392 | 581,476 | 24,593,806 | 360,947 | 47,643,783 | 194,101 |

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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 |
| 31 December 2021 | | | | |
| Cost | | | | |
| At 1 January 2021 | 47,852,233 | 2,203,204 | 50,055,437 | 202,474 |
| Additions | 13,358,732 | 1,068,343 | 14,427,075 | 58,689 |
| Lease modification | (698,260) | (123,901) | (822,161) | (3,345) |
| Currency translation differences | - | - | - | 1,534 |
| At 31 December 2021 | 60,512,705 | 3,147,646 | 63,660,351 | 259,352 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | 14,695,437 | 1,640,926 | 16,336,363 | 66,080 |
| Depreciation | 6,804,921 | 701,186 | 7,506,107 | 30,535 |
| Lease modification | (25,512) | (49,845) | (75,357) | (307) |
| Currency translation differences | - | - | - | 519 |
| At 31 December 2021 | 21,474,846 | 2,292,267 | 23,767,113 | 96,827 |
| Carrying amounts | | | | |
| At 31 December 2021 | 39,037,859 | 855,379 | 39,893,238 | 162,525 |

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10. RIGHT-OF-USE ASSETS (continued)

Amounts recognised in profit and loss

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|---|---|---------------|---|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Depreciation expense on right-of-use assets (Note 25) | 2,029,128 | 8,263 | 2,241,906 | 9,111 |
| Interest expense on lease liabilities (Note 21) | 509,264 | 2,074 | 581,516 | 2,363 |
| Expense relating to leases of low value assets and short-term lease | 838,404 | 3,414 | 161,171 | 655 |
| | <u>3,376,796</u> | <u>13,751</u> | <u>2,984,593</u> | <u>12,129</u> |
| | | | | |
| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
| | US\$ | KHR Million | US\$ | KHR Million |
| Depreciation expense on right-of-use assets (Note 25) | 7,430,750 | 30,228 | 6,729,171 | 27,435 |
| Interest expense on lease liabilities (Note 21) | 1,905,613 | 7,752 | 1,776,338 | 7,242 |
| Expense relating to leases of low value assets and short-term lease | 3,388,511 | 13,784 | 3,350,576 | 13,660 |
| | <u>12,724,874</u> | <u>51,764</u> | <u>11,856,085</u> | <u>48,337</u> |

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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 | 8,931,430 | 36,128 |
| | | |
| | 31 December 2021 | |
| | US\$ | KHR Million |
| Software | | |
| Cost | | |
| At 1 January | 12,853,839 | 51,994 |
| Additions | 8,986,856 | 36,559 |
| Currency translation differences | - | 426 |
| | 21,840,695 | 88,979 |
| Accumulated amortisation | | |
| At 1 January | 3,922,409 | 15,866 |
| Amortisation | 2,030,938 | 8,262 |
| Currency translation differences | - | 126 |
| | 5,953,347 | 24,254 |
| Carrying amounts | 15,887,348 | 64,725 |

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12. DEFERRED TAX ASSETS

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:

| | 31 December 2021 | | 31 December 2020 | |
|--------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Deferred tax assets | 13,509,136 | 55,036 | 7,082,970 | 28,651 |
| Deferred tax liabilities | (2,633,581) | (10,729) | (1,414,856) | (5,723) |
| Net deferred tax assets | <u>10,875,555</u> | <u>44,307</u> | <u>5,668,114</u> | <u>22,928</u> |

Net deferred tax assets are arising from the components of deferred tax asset such as impairment loss 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

| | 31 December 2021 | | 31 December 2020 | |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Deposits and advance payments Master/Visa Card and MoneyGram and other receivables | 20,685,279 | 84,272 | 13,365,301 | 54,063 |
| Prepayment | 13,495,518 | 54,981 | 10,108,141 | 40,887 |
| Card supplies | 4,021,096 | 16,382 | 3,961,188 | 16,023 |
| Other investments | 3,465,532 | 14,119 | 3,085,979 | 12,483 |
| Other investments | 76,185 | 310 | 25,588 | 104 |
| Impairment allowance of deposits and other receivables | (1,052,128) | (4,287) | (31,805) | (129) |
| | <u>40,691,482</u> | <u>165,777</u> | <u>30,514,392</u> | <u>123,431</u> |

14. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

| | 31 December 2021 | | 31 December 2020 | |
|------------------|-------------------------|--------------------|-------------------------|--------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Savings deposits | 6,022,943 | 24,537 | 23,853,562 | 96,488 |
| Demand deposits | 62,589,953 | 254,991 | 31,464,289 | 127,273 |
| Fixed deposits | 26,918,846 | 109,668 | 13,400,877 | 54,207 |
| | <u>95,531,742</u> | <u>389,196</u> | <u>68,718,728</u> | <u>277,968</u> |

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15. DEPOSITS FROM CUSTOMERS

| | 31 December 2021 | | 31 December 2020 | |
|------------------|----------------------|-------------------|----------------------|-------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Savings deposits | 4,033,653,706 | 16,433,105 | 3,014,745,632 | 12,194,646 |
| Demand deposits | 1,168,992,043 | 4,762,474 | 837,184,649 | 3,386,412 |
| Fixed deposits | 1,003,918,626 | 4,089,964 | 950,746,797 | 3,845,770 |
| Margin deposits | 1,633,968 | 6,657 | 72,570 | 294 |
| | <u>6,208,198,343</u> | <u>25,292,200</u> | <u>4,802,749,648</u> | <u>19,427,122</u> |

16. DEBT SECURITIES IN ISSUE

| | 31 December 2021 | | 31 December 2020 | |
|-----------------|-------------------|---------------|-------------------|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Corporate bonds | <u>21,310,996</u> | <u>86,821</u> | <u>21,282,088</u> | <u>86,086</u> |

The interest is payable semi-annually. For the year ended 31 December 2021, the Bank incurred interest expenses on debt securities to investors in aggregate amounting to KHR 6,580 million or approximately US\$1,615,186 (2020: KHR 6,513 million or approximately US\$1,610,150).

17. BORROWINGS

| | 31 December 2021 | | 31 December 2020 | |
|-------------------------------------|--------------------|----------------|--------------------|----------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| <i>Borrowings at amortised cost</i> | | | | |
| LPCO (i) | 167,276,789 | 681,486 | 225,853,501 | 913,577 |
| Bank loans (ii) | <u>30,122,837</u> | <u>122,720</u> | <u>16,150,590</u> | <u>65,330</u> |
| | <u>197,399,626</u> | <u>804,206</u> | <u>242,004,091</u> | <u>978,907</u> |

- (i) This represents 30 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 3 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 0.63% to 6.84% per annum (2020: 0.42% to 6.84%).

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18. SUBORDINATED DEBTS

| | 31 December 2021 | | 31 December 2020 | |
|-------------------------|------------------|-------------|------------------|-------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| National Bank of Canada | 148,027,962 | 603,066 | 117,023,035 | 473,358 |

The above subordinated debts are unsecured and bear interest rates ranging from 6.67% to 8.98% per annum (2020: 7.22% to 8.98% per annum), which have 7 years term.

19. LEASE LIABILITIES

| | 31 December 2021 | | 31 December 2020 | |
|-------------------------|------------------|-------------|------------------|-------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Maturity analysis: | | | | |
| Year 1 | 8,763,586 | 35,703 | 7,505,622 | 30,360 |
| Year 2 | 7,926,335 | 32,292 | 6,470,534 | 26,173 |
| Year 3 | 7,511,021 | 30,600 | 6,262,674 | 25,333 |
| Year 4 | 6,802,752 | 27,714 | 5,965,129 | 24,129 |
| Year 5 | 6,022,372 | 24,535 | 5,490,824 | 22,210 |
| Onwards | 13,207,817 | 53,809 | 10,898,970 | 44,087 |
| | 50,233,883 | 204,653 | 42,593,753 | 172,292 |
| Less: Unearned interest | (7,770,528) | (31,657) | (6,871,851) | (27,796) |
| | 42,463,355 | 172,996 | 35,721,902 | 144,496 |

20. OTHER LIABILITIES

| | 31 December 2021 | | 31 December 2020 | |
|--|------------------|-------------|------------------|-------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Accrued expenses | 40,196,387 | 163,760 | 27,732,108 | 112,176 |
| Master/Visa Card and MoneyGram and other payables | 3,756,872 | 15,307 | 3,790,716 | 15,333 |
| Unearned income | 3,719,920 | 15,155 | 2,814,586 | 11,385 |
| Remittance in process | 2,590,166 | 10,552 | 1,592,606 | 6,442 |
| Other tax payable | 822,585 | 3,351 | 713,705 | 2,887 |
| Provision for off-balance sheets | 272,715 | 1,111 | 134,399 | 544 |
| | 51,358,645 | 209,236 | 36,778,120 | 148,767 |

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21. NET INTEREST INCOME

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|---|---|------------------|---|------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Interest income from: | | | | |
| Loans to customers | 122,190,583 | 497,560 | 95,469,085 | 387,986 |
| Balances with the NBC and other banks | 2,491,597 | 10,146 | 1,760,321 | 7,154 |
| Investment securities | 207,492 | 845 | 150,789 | 613 |
| Others | 41,962 | 171 | 44,329 | 180 |
| | <u>124,931,634</u> | <u>508,722</u> | <u>97,424,524</u> | <u>395,933</u> |
| Interest expense on: | | | | |
| Deposits from banks and other financial institutions | 163,813 | 667 | 228,578 | 929 |
| Deposits from customers | 10,007,755 | 40,752 | 9,424,929 | 38,303 |
| Borrowings | 2,511,103 | 10,225 | 1,756,381 | 7,138 |
| Subordinated debts | 2,103,116 | 8,564 | 2,390,703 | 9,716 |
| Lease liabilities | 509,264 | 2,074 | 581,516 | 2,363 |
| Debt securities in issue | 403,660 | 1,643 | 406,179 | 1,651 |
| | <u>15,698,711</u> | <u>63,925</u> | <u>14,788,286</u> | <u>60,100</u> |
| Net interest income | <u>109,232,923</u> | <u>444,797</u> | <u>82,636,238</u> | <u>335,833</u> |
| | | | | |
| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
| | US\$ | KHR Million | US\$ | KHR Million |
| Interest income from: | | | | |
| Loans to customers | 445,268,326 | 1,811,352 | 345,374,334 | 1,408,091 |
| Balances with the NBC and other banks | 8,444,418 | 34,352 | 8,552,516 | 34,869 |
| Investment securities | 686,882 | 2,794 | 567,647 | 2,314 |
| Others | 144,327 | 587 | 297,380 | 1,212 |
| | <u>454,543,953</u> | <u>1,849,085</u> | <u>354,791,877</u> | <u>1,446,486</u> |
| Interest expense on: | | | | |
| Deposits from banks and other financial institutions | 632,241 | 2,572 | 922,125 | 3,760 |
| Deposits from customers | 37,897,904 | 154,169 | 36,190,683 | 147,549 |
| Borrowings | 11,868,420 | 48,281 | 8,422,522 | 34,339 |
| Subordinated debts | 8,886,595 | 36,151 | 10,069,606 | 41,054 |
| Lease liabilities | 1,905,613 | 7,752 | 1,776,338 | 7,241 |
| Debt securities in issue | 1,615,186 | 6,570 | 1,610,150 | 6,565 |
| | <u>62,805,959</u> | <u>255,495</u> | <u>58,991,424</u> | <u>240,508</u> |
| Net interest income | <u>391,737,994</u> | <u>1,593,590</u> | <u>295,800,453</u> | <u>1,205,978</u> |

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22. NET FEE AND COMMISSION INCOME

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|--|--|---------------|--|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Fee and commission income | | | | |
| MasterCard, Visa and UPI cards | 5,424,599 | 22,089 | 4,320,777 | 17,560 |
| Inward and outward remittances | 3,073,046 | 12,513 | 2,227,260 | 9,052 |
| Loan commitment and early settlement fees | 1,950,697 | 7,943 | 1,691,477 | 6,874 |
| Pin-less top up | 1,332,500 | 5,426 | 920,500 | 3,741 |
| Special account number fees | 850,448 | 3,463 | 775,199 | 3,150 |
| E-wallet | 701,469 | 2,856 | 361,275 | 1,468 |
| Commission fee from insurance | 341,396 | 1,390 | 457,631 | 1,860 |
| Cable charges | 233,660 | 951 | 215,000 | 874 |
| Other fees | 1,299,463 | 5,293 | 1,271,627 | 5,167 |
| | <u>15,207,278</u> | <u>61,924</u> | <u>12,240,746</u> | <u>49,746</u> |
| Fee and commission expense | | | | |
| MasterCard, Visa and UPI cards | 4,811,995 | 19,594 | 3,645,539 | 14,816 |
| Fees and commission paid to other banks and FIs | 667,941 | 2,720 | 651,002 | 2,646 |
| Other fees | 142,509 | 581 | 156,527 | 635 |
| | <u>5,622,445</u> | <u>22,895</u> | <u>4,453,068</u> | <u>18,097</u> |
| Net fee and commission income | <u>9,584,833</u> | <u>39,029</u> | <u>7,787,678</u> | <u>31,649</u> |

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22. NET FEE AND COMMISSION INCOME (continued)

| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|--|---|----------------|---|----------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Fee and commission income | | | | |
| MasterCard, Visa and UPI cards | 18,888,539 | 76,839 | 16,542,097 | 67,442 |
| Inward and outward remittances | 10,584,926 | 43,059 | 7,270,828 | 29,643 |
| Loan commitment and early settlement fees | 7,262,345 | 29,543 | 4,968,814 | 20,258 |
| Pin-less top up | 4,955,724 | 20,160 | 3,076,550 | 12,543 |
| Special account number fees | 3,071,281 | 12,494 | 2,269,542 | 9,253 |
| E-wallet | 2,287,166 | 9,304 | 1,082,246 | 4,412 |
| Commission fee from insurance | 1,381,805 | 5,621 | 1,559,625 | 6,359 |
| Cable charges | 841,357 | 3,423 | 760,210 | 3,099 |
| Other fees | 4,053,451 | 16,490 | 2,909,140 | 11,861 |
| | <u>53,326,594</u> | <u>216,933</u> | <u>40,439,052</u> | <u>164,870</u> |
| Fee and commission expense | | | | |
| MasterCard, Visa and UPI cards | 16,766,528 | 68,206 | 14,027,848 | 57,193 |
| Fees and commission paid to other banks and FIs | 3,174,547 | 12,914 | 1,924,175 | 7,845 |
| Other fees | 321,114 | 1,307 | 156,827 | 638 |
| | <u>20,262,189</u> | <u>82,427</u> | <u>16,108,850</u> | <u>65,676</u> |
| Net fee and commission income | <u>33,064,405</u> | <u>134,506</u> | <u>24,330,202</u> | <u>99,194</u> |

23. OTHER OPERATING INCOME

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|-----------------------------|--|--------------|--|--------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Foreign exchange gains, net | 2,255,736 | 9,185 | 1,265,450 | 5,143 |
| Other income | 4,694 | 19 | 1,450 | 6 |
| | <u>2,260,430</u> | <u>9,204</u> | <u>1,266,900</u> | <u>5,149</u> |

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23. OTHER OPERATING INCOME (continued)

| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|-----------------------------|---|---------------|---|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Foreign exchange gains, net | 6,058,740 | 24,647 | 3,350,197 | 13,659 |
| Other income | 69,984 | 285 | 32,920 | 134 |
| | <u>6,128,724</u> | <u>24,932</u> | <u>3,383,117</u> | <u>13,793</u> |

24. PERSONNEL EXPENSES

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|--------------------------|--|---------------|--|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Salaries and bonuses | 21,871,203 | 89,060 | 17,723,073 | 72,027 |
| Seniority payments | 1,061,423 | 4,322 | 597,718 | 2,429 |
| Other personnel expenses | 478,218 | 1,947 | 317,771 | 1,291 |
| | <u>23,410,844</u> | <u>95,329</u> | <u>18,638,562</u> | <u>75,747</u> |

| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|--------------------------|---|----------------|---|----------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Salaries and bonuses | 77,607,915 | 315,709 | 66,029,732 | 269,203 |
| Seniority payments | 4,406,274 | 17,925 | 3,106,271 | 12,664 |
| Other personnel expenses | 2,615,940 | 10,641 | 2,778,064 | 11,327 |
| | <u>84,630,129</u> | <u>344,275</u> | <u>71,914,067</u> | <u>293,194</u> |

25. DEPRECIATION AND AMORTISATION

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|------------------------|--|---------------|--|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Property and equipment | 2,483,293 | 10,112 | 3,051,121 | 12,400 |
| Right-of-use assets | 2,029,128 | 8,263 | 2,241,906 | 9,111 |
| Intangible assets | 614,007 | 2,500 | 330,228 | 1,342 |
| | <u>5,126,428</u> | <u>20,875</u> | <u>5,623,255</u> | <u>22,853</u> |

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25. DEPRECIATION AND AMORTISATION (continued)

| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|------------------------|---|---------------|---|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Property and equipment | 9,538,897 | 38,804 | 11,709,226 | 47,739 |
| Right-of-use assets | 7,430,750 | 30,228 | 6,729,171 | 27,435 |
| Intangible assets | 2,030,938 | 8,262 | 1,180,887 | 4,814 |
| | <u>19,000,585</u> | <u>77,294</u> | <u>19,619,284</u> | <u>79,988</u> |

26. OPERATING EXPENSES

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|----------------------------------|--|---------------|--|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Repairs and maintenance | 2,035,655 | 8,289 | 2,154,499 | 8,756 |
| Office supplies | 1,206,331 | 4,912 | 1,139,078 | 4,629 |
| Rental expenses | 838,404 | 3,414 | 161,171 | 655 |
| Security expenses | 749,984 | 3,054 | 579,983 | 2,357 |
| Communication | 648,350 | 2,640 | 468,412 | 1,904 |
| Marketing and advertising | 625,391 | 2,547 | 619,814 | 2,519 |
| Utilities expenses | 545,460 | 2,221 | 409,487 | 1,664 |
| Professional fees | 430,068 | 1,751 | 388,803 | 1,580 |
| Insurance expenses | 286,813 | 1,168 | 232,002 | 943 |
| Motor vehicle operation expenses | 240,842 | 981 | 177,692 | 722 |
| Business meal and entertainment | 233,968 | 953 | 20,476 | 83 |
| License fees | 184,165 | 750 | 179,690 | 730 |
| Board of Director fees | 144,469 | 588 | 85,625 | 348 |
| Credit report (CBC) expenses | 89,201 | 363 | 89,052 | 362 |
| Travelling | 89,038 | 363 | 88,204 | 358 |
| Membership fees | 80,103 | 326 | 24,680 | 100 |
| Donation | 8,193 | 33 | 132,442 | 539 |
| Other expenses | 172,534 | 703 | 48,551 | 198 |
| | <u>8,608,969</u> | <u>35,056</u> | <u>6,999,661</u> | <u>28,447</u> |

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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26. OPERATING EXPENSES (continued)

| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|----------------------------------|---|----------------|---|----------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Repairs and maintenance | 7,574,892 | 30,815 | 8,012,250 | 32,666 |
| Office supplies | 5,096,566 | 20,733 | 4,831,982 | 19,700 |
| Rental expenses | 3,388,511 | 13,784 | 3,350,576 | 13,660 |
| Security expenses | 2,769,889 | 11,268 | 2,332,186 | 9,508 |
| Communication | 2,319,623 | 9,436 | 1,622,215 | 6,614 |
| Utilities expenses | 2,223,348 | 9,045 | 2,013,432 | 8,209 |
| Marketing and advertising | 2,099,939 | 8,543 | 2,010,479 | 8,197 |
| Professional fees | 1,393,369 | 5,668 | 1,363,376 | 5,558 |
| Donation | 1,100,719 | 4,479 | 174,881 | 713 |
| Insurance expenses | 1,056,877 | 4,299 | 839,555 | 3,423 |
| Motor vehicle operation expenses | 839,822 | 3,416 | 752,911 | 3,070 |
| License fees | 723,157 | 2,942 | 703,201 | 2,867 |
| Board of Director fees | 498,106 | 2,026 | 343,235 | 1,399 |
| Credit report (CBC) expenses | 368,454 | 1,499 | 327,750 | 1,336 |
| Business meal and entertainment | 295,510 | 1,202 | 123,030 | 502 |
| Travelling | 289,919 | 1,179 | 336,735 | 1,373 |
| Membership fees | 154,741 | 629 | 66,888 | 273 |
| Other expenses | 595,961 | 2,424 | 206,552 | 842 |
| | <u>32,789,403</u> | <u>133,387</u> | <u>29,411,234</u> | <u>119,910</u> |

27. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|---|--|---------------|--|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Loans to customers | 11,537,244 | 46,980 | 4,648,133 | 18,890 |
| Balances with other banks | (51,743) | (211) | 33,342 | 136 |
| Investment securities | 578,561 | 2,356 | 2,401 | 10 |
| Loan commitments and financial guarantee contracts | 9,572 | 39 | 88,930 | 360 |
| Deposit and other receivables | 1,006,888 | 4,100 | 4,127 | 17 |
| | <u>13,080,522</u> | <u>53,264</u> | <u>4,776,933</u> | <u>19,413</u> |

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27. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS (continued)

| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|---|---|----------------|---|---------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Loans to customers | 27,849,689 | 113,293 | 12,866,813 | 52,458 |
| Balances with other banks | 214,762 | 874 | 708,385 | 2,888 |
| Investment securities | 577,130 | 2,348 | 11,925 | 49 |
| Loan commitments and financial guarantee contracts | 138,316 | 561 | 115,486 | 471 |
| Deposits and other receivables | 1,020,323 | 4,151 | (4,345) | (18) |
| | <u>29,800,220</u> | <u>121,227</u> | <u>13,698,264</u> | <u>55,848</u> |

28. CASH AND CASH EQUIVALENTS

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

| | 31 December 2021 | | 31 December 2020 | |
|---------------------------|--------------------|------------------|--------------------|------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Cash on hand | 478,829,834 | 1,950,753 | 378,101,373 | 1,529,420 |
| Balances with the NBC | 196,294,992 | 799,706 | 148,759,307 | 601,731 |
| Balances with other banks | 280,199,425 | 1,141,532 | 68,359,708 | 276,515 |
| | <u>955,324,251</u> | <u>3,891,991</u> | <u>595,220,388</u> | <u>2,407,666</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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29. 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. |
| Advanced Technology Asia IT Limited | Affiliate |

(b) Related party balances

| | 31 December 2021 | | 31 December 2020 | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Loans to management | <u>5,252,542</u> | <u>21,399</u> | <u>4,648,955</u> | <u>18,805</u> |
| Deposits and placements by directors and management | <u>3,363,984</u> | <u>13,705</u> | <u>3,409,816</u> | <u>13,793</u> |
| Subordinated debts from National Bank of Canada | <u>148,027,962</u> | <u>603,066</u> | <u>117,023,035</u> | <u>473,358</u> |
| Deposits and placements with National Bank of Canada | <u>185,703,301</u> | <u>756,555</u> | <u>212,398</u> | <u>859</u> |

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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29. RELATED PARTIES (continued)

(c) Related party transactions

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|--|--|-------------|--|-------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Interest income on loans to management | 77,886 | 317 | 98,193 | 399 |
| Interest expenses on deposits and placements to directors and management | 53,278 | 217 | 9,462 | 38 |
| Interest expenses to National Bank of Canada | 2,103,116 | 8,564 | 2,390,703 | 9,716 |
| Interest income from National Bank of Canada | 189,489 | 772 | - | - |
| Purchases of property and equipment from affiliate | 896,133 | 3,649 | 2,072 | 8 |
| Service charged from affiliate | 290,876 | 1,184 | 199,673 | 811 |

ADVANCED BANK OF ASIA LIMITED

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29. RELATED PARTIES (continued)

(c) Related party transactions (continued)

| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|--|---|-------------|---|-------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Interest income on loans to management | 263,420 | 1,072 | 268,645 | 1,095 |
| Interest expenses on deposits and placements to directors and management | 88,508 | 360 | 91,407 | 373 |
| Interest expenses to National Bank of Canada | 8,886,595 | 36,151 | 10,069,606 | 41,054 |
| Interest income from National Bank of Canada | 496,100 | 2,018 | - | - |
| Purchased of property and equipment from affiliate | 2,005,503 | 8,158 | 5,495 | 22 |
| Service charged from affiliate | 987,794 | 4,018 | 1,218,153 | 4,966 |

(d) Directors and key management personnel remuneration

| | Three-month period ended 31 December 2021 | | Three-month period ended 31 December 2020 | |
|-----------------------|--|-------------|--|-------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Salaries and benefits | 7,891,635 | 32,135 | 5,291,024 | 21,503 |

| | Twelve-month period ended 31 December 2021 | | Twelve-month period ended 31 December 2020 | |
|-----------------------|---|-------------|---|-------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Salaries and benefits | 24,003,742 | 97,647 | 17,290,947 | 70,495 |

ADVANCED BANK OF ASIA LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND TWELVE-MONTH PERIODS ENDED 31 DECEMBER 2021****30. LOAN COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS**

| | 31 December 2021 | | 31 December 2020 | |
|--------------------------------|--------------------|------------------|--------------------|----------------|
| | US\$ | KHR Million | US\$ | KHR Million |
| Unused portion of overdrafts | 240,711,292 | 980,658 | 116,567,480 | 471,515 |
| Performance bonds | 12,164,233 | 49,557 | 13,635,793 | 55,157 |
| Payment guarantees | 10,544,301 | 42,957 | 8,903,461 | 36,015 |
| Unused portion of credit cards | 9,860,070 | 40,170 | 9,693,537 | 39,210 |
| Letter of credits | 7,945,590 | 32,370 | 10,455,894 | 42,294 |
| Securities | 4,400,000 | 17,926 | 4,400,000 | 17,798 |
| Warranty bonds | 782,048 | 3,186 | 176,593 | 714 |
| Bid bonds | 408,844 | 1,666 | 2,214,644 | 8,958 |
| Other guarantees | 237,000 | 966 | 237,000 | 959 |
| | <u>287,053,378</u> | <u>1,169,456</u> | <u>166,284,402</u> | <u>672,620</u> |

31. 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.

32. 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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32. 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.

| | 31 December 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 | 110,296 | (100,919) | (9,377) | - | - |
| Transfer to stage 2 | (174,700) | 189,221 | (14,521) | - | - |
| Transfer to stage 3 | (123,223) | (1,232,419) | 1,355,642 | - | - |
| Net remeasurement of loss allowances ⁽¹⁾ | 345,348 | 2,658,004 | 3,803,226 | 6,806,578 | 27,730 |
| New financial assets originated | 2,709,905 | 40,713 | 48,509 | 2,799,127 | 11,404 |
| Financial assets that have been derecognised | (1,069,304) | (424,367) | (1,292,019) | (2,785,690) | (11,349) |
| Other changes | 20,945,329 ⁽²⁾ | (5,346) | (116,322) | 20,823,661 | 84,835 |
| Currency translation differences | - | - | - | - | 545 |
| Loss allowance as at 31 December 2021 | <u>32,027,418</u> | <u>4,118,882</u> | <u>10,269,511</u> | <u>46,415,811</u> | <u>189,098</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 31 December 2021. Refer to Note 34(i) for more details.

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32. FINANCIAL RISK MANAGEMENT (continued)

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

| | 31 December 2020 | | | | |
|--|-------------------------|------------------|------------------|-------------------|--------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | |
| | 12-month | Lifetime | Lifetime | | |
| | ECL | ECL | ECL | US\$ | KHR Million |
| | US\$ | US\$ | US\$ | | |
| 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 | 5,213 | (5,213) | - | - | - |
| Transfer to stage 2 | (10,641) | 10,641 | - | - | - |
| Transfer to stage 3 | (8,242) | (227,994) | 236,236 | - | - |
| Net remeasurement of loss allowance ⁽¹⁾ | 780,419 | 2,712,889 | 2,636,001 | 6,129,309 | 24,793 |
| New financial assets originated | 7,612,641 | 37,385 | 35,473 | 7,685,499 | 31,088 |
| Financial assets that have been derecognised | (610,851) | (50,727) | (422,916) | (1,084,494) | (4,387) |
| Other changes | (58,653) | (49,303) | (205,675) | (313,631) | (1,269) |
| Currency translation differences | - | - | - | - | (190) |
| Loss allowance as at 31 December 2020 | <u>9,283,767</u> | <u>2,993,995</u> | <u>6,494,373</u> | <u>18,772,135</u> | <u>75,933</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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32. 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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32. 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 2021 | | | | | | | | |
| Financial assets by types | | | | | | | | |
| Non-derivative assets | | | | | | | | |
| Cash on hand | 478,829,834 | 478,829,834 | 478,829,834 | - | - | - | - | - |
| Balances with the NBC | 1,353,953,769 | 1,354,356,035 | 248,392,089 | 199,509,292 | 422,179,126 | - | - | 484,275,528 |
| Balances with other banks | 557,456,114 | 562,531,669 | 273,665,344 | 39,827,626 | 249,038,699 | - | - | - |
| Loans to customers | 5,278,989,596 | 7,143,073,051 | 166,193,708 | 258,320,645 | 1,272,725,458 | 3,514,561,500 | 1,931,271,740 | - |
| Investment securities | 36,839,675 | 41,007,191 | - | - | 3,112,938 | 37,894,253 | - | - |
| Other assets | 24,530,382 | 24,530,382 | 12,593,703 | 104,380 | 172,630 | 1,526,490 | 4,302,225 | 5,830,954 |
| In US\$ equivalents | 7,730,599,370 | 9,604,328,162 | 1,179,674,678 | 497,761,943 | 1,947,228,851 | 3,553,982,243 | 1,935,573,965 | 490,106,482 |
| In KHR Million equivalents | 31,494,462 | 39,128,033 | 4,805,995 | 2,027,882 | 7,933,010 | 14,478,924 | 7,885,528 | 1,996,694 |

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32. 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 2021 | | | | | | | | |
| Financial liabilities by type | | | | | | | | |
| Non-derivative liabilities | | | | | | | | |
| Deposits from banks and other financial institutions | (95,531,742) | (96,604,923) | (72,329,937) | - | (22,760,845) | (1,514,141) | - | - |
| Deposits from customers | (6,208,198,343) | (6,239,416,185) | (5,362,432,528) | (219,759,974) | (617,624,461) | (39,599,222) | - | - |
| Debt securities in issue | (21,310,996) | (22,428,129) | - | (806,580) | (21,621,549) | - | - | - |
| Borrowings | (197,399,626) | (205,268,414) | (63,522,423) | (30,883,195) | (105,708,740) | (475,089) | (4,678,967) | - |
| Subordinated debts | (148,027,962) | (197,725,156) | - | - | (2,131,801) | (122,981,219) | (72,612,136) | - |
| Lease liabilities | (42,463,355) | (50,233,883) | (780,721) | (1,487,122) | (6,495,743) | (28,262,480) | (13,207,817) | - |
| Other liabilities | (46,543,425) | (46,543,425) | (2,817) | (22,863,579) | (6,354,199) | (16,290,355) | (1,032,475) | - |
| | <u>(6,759,475,449)</u> | <u>(6,858,220,115)</u> | <u>(5,499,068,426)</u> | <u>(275,800,450)</u> | <u>(782,697,338)</u> | <u>(209,122,506)</u> | <u>(91,531,395)</u> | - |
| Loan commitments and financial guarantee contracts | - | (282,416,378) | (14,729,856) | (37,726,242) | (217,530,519) | (12,429,761) | - | - |
| In US\$ equivalents | <u>(6,759,475,449)</u> | <u>(7,140,636,493)</u> | <u>(5,513,798,282)</u> | <u>(313,526,692)</u> | <u>(1,000,227,857)</u> | <u>(221,552,267)</u> | <u>(91,531,395)</u> | - |
| In KHR Million equivalents | <u>(27,538,103)</u> | <u>(29,090,953)</u> | <u>(22,463,214)</u> | <u>(1,277,308)</u> | <u>(4,074,928)</u> | <u>(902,604)</u> | <u>(372,899)</u> | - |

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32. 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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32. 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 banks and other financial institutions | (68,718,728) | (69,544,318) | (55,317,851) | - | (9,786,749) | (4,439,718) | - | - |
| Deposits from customers | (4,802,749,648) | (4,835,404,879) | (3,970,985,457) | (212,310,676) | (613,095,883) | (39,012,863) | - | - |
| 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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33. COMPARATIVE INFORMATION

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

34. 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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34. 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 ECL overlay of US\$20.95 million during 2021, resulting in total overlay of US\$25.6 million as at 31 December 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.

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35. EVENTS AFTER THE REPORTING PERIOD

On 28 December 2021, the NBC issued a Circular on Classification and Provisioning Requirement on Restructured Loans (“Circular”) of Banks and Financial Institutions (“BFIs”) effective from the signing date. Following the NBC’s workshop for BFIs on 18 January 2022, the NBC allowed the BFIs to defer the implementation of the new circular to 1 January 2022 onwards.

According to the Circular, the Bank is required to classify and make provision for loans restructured as follows:

- Restructured loan that is “viable” shall be deemed as “performing” and shall be classified as special mention with 3% provisioning of gross amount regardless the number of restructurings.
- Restructured loan that needs “more restructuring” should be deemed as “non-performing” and shall:
 - a. be classified as “substandard” for loan under the first restructuring with provisioning of 20% of gross amount;
 - b. be classified as “doubtful” for loan under the second restructuring with provisioning of 50% of gross amount.
- Restructured loan that is “non-viable” shall be deemed as “non-performing” and classified as “loss” with provisioning of 100% of gross amount.

Following the implementation of the Circular, the Bank has to make additional transfers to its regulatory reserves of US\$17,822,452 (equivalent to KHR 72,609 million) from its retained earnings.