

ADVANCED BANK OF ASIA LIMITED
(Registration No. 00010593)

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

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The condensed interim financial information does not include all the notes of the type normally included in annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021 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 information present fairly, in all material respects, the financial position of Advanced Bank of Asia Limited (the "Bank") as at 31 March 2022, its financial performance, and its cash flows for the three-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: 12 May 2022

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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 March 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three-month period then ended, and notes to the condensed interim financial information. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim financial information 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 information 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 information is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

For Deloitte (Cambodia) Co., Ltd.


Kimleng Khoy
Partner

Phnom Penh, Kingdom of Cambodia
Date: 13 May 2022

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Note	31 March 2022		31 December 2021	
		US\$	KHR Million	US\$	KHR Million
ASSETS					
Cash on hand		473,989,451	1,919,657	478,829,834	1,950,753
Balances with the NBC		1,262,058,312	5,111,336	1,353,953,769	5,516,008
Balances with other banks		543,915,325	2,202,857	557,456,114	2,271,076
Loans to customers	4	5,725,980,574	23,190,221	5,278,989,596	21,506,604
Investment securities		37,284,367	151,002	36,839,675	150,085
Property and equipment		50,825,975	205,845	47,643,783	194,101
Right-of-use assets	5	56,786,159	229,984	39,893,238	162,525
Intangible assets		15,373,654	62,263	15,887,348	64,725
Deferred tax assets		7,940,844	32,160	10,875,555	44,307
Other assets	6	55,738,325	225,741	40,691,482	165,777
TOTAL ASSETS		8,229,892,986	33,331,066	7,861,060,394	32,025,961
LIABILITIES					
Deposits from banks and other financial institutions		91,373,373	370,062	95,531,742	389,196
Deposits from customers		6,615,888,563	26,794,349	6,208,198,343	25,292,200
Debt securities in issue		21,078,644	85,369	21,310,996	86,821
Borrowings	7	123,130,315	498,678	197,399,626	804,206
Subordinated debts		149,275,789	604,567	148,027,962	603,066
Current tax liabilities		11,864,313	48,050	46,957,236	191,304
Lease liabilities	8	59,138,322	239,510	42,463,355	172,996
Other liabilities		40,727,230	164,944	51,358,645	209,236
TOTAL LIABILITIES		7,112,476,549	28,805,529	6,811,247,905	27,749,025
EQUITY					
Share capital		520,000,000	2,106,000	520,000,000	2,118,480
Regulatory reserves	9	79,251,808	320,970	43,637,909	177,781
Retained earnings		518,164,629	2,101,370	486,174,580	1,970,931
Currency translation differences		-	(2,803)	-	9,744
TOTAL EQUITY		1,117,416,437	4,525,537	1,049,812,489	4,276,936
TOTAL LIABILITIES AND EQUITY		8,229,892,986	33,331,066	7,861,060,394	32,025,961

The accompanying notes from pages 8 to 25 form an integral part of these condensed interim financial information.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

	Note	Three-month period ended 31 March 2022		Three-month period ended 31 March 2021	
		US\$	KHR Million	US\$	KHR Million
Interest income	10	131,224,221	533,164	102,942,619	417,844
Interest expense		(16,319,436)	(66,306)	(15,479,899)	(62,833)
Net interest income		114,904,785	466,858	87,462,720	355,011
Fee and commission income		16,030,680	65,133	12,625,641	51,247
Fee and commission expense		(5,581,156)	(22,676)	(4,536,121)	(18,412)
Net fee and commission income		10,449,524	42,457	8,089,520	32,835
Other operating income		2,963,395	12,040	1,164,609	4,727
Personnel expenses	11	(23,122,616)	(93,947)	(19,806,455)	(80,394)
Depreciation and amortisation		(5,519,114)	(22,424)	(4,443,453)	(18,036)
Operating expenses		(8,690,052)	(35,308)	(8,212,405)	(33,333)
Net impairment losses on financial assets		(5,410,974)	(21,985)	(4,160,888)	(16,889)
Profit before tax		85,574,948	347,691	60,093,648	243,921
Income tax expense		(17,971,000)	(73,016)	(12,620,000)	(51,225)
Profit for the period		67,603,948	274,675	47,473,648	192,696
Other comprehensive income		-	(12,547)	-	945
Total comprehensive income for the period		67,603,948	262,128	47,473,648	193,641

The accompanying notes from pages 8 to 25 form an integral part of these condensed interim financial information.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

	Share capital		Regulatory reserves		Retained earnings		Currency translation differences	Total	
	US\$	KHR Million	US\$	KHR Million	US\$	KHR Million	KHR Million	US\$	KHR Million
Three-month period ended 31 March 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	466,785	-	-	(115,000,000)	(466,785)	-	-	-
	450,000,000	1,821,860	42,141,887	170,464	275,646,424	1,115,545	(2,165)	767,788,311	3,105,704
Profit for the period	-	-	-	-	47,473,648	192,696	-	47,473,648	192,696
Other comprehensive income – currency translation differences	-	-	-	-	-	-	945	-	945
	-	-	-	-	47,473,648	192,696	945	47,473,648	193,641
Transfers from retained earnings to regulatory reserves	-	-	3,207,089	12,973	(3,207,089)	(12,973)	-	-	-
Currency translation difference	-	(1,610)	-	-	-	-	-	-	(1,610)
At 31 March 2021	450,000,000	1,820,250	45,348,976	183,437	319,912,983	1,295,268	(1,220)	815,261,959	3,297,735
Three-month period ended 31 March 2022									
At 1 January 2022	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
Profit for the period	-	-	-	-	67,603,948	274,675	-	67,603,948	274,675
Other comprehensive income – currency translation differences	-	-	-	-	-	-	(12,547)	-	(12,547)
	-	-	-	-	67,603,948	274,675	(12,547)	67,603,948	262,128
Transfers from retained earnings to regulatory reserves	-	-	35,613,899	144,236	(35,613,899)	(144,236)	-	-	-
Currency translation difference	-	(12,480)	-	(1,047)	-	-	-	-	(13,527)
At 31 March 2022	520,000,000	2,106,000	79,251,808	320,970	518,164,629	2,101,370	(2,803)	1,117,416,437	4,525,537

The accompanying notes from pages 8 to 25 form an integral part of these condensed interim financial information.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

Note	Three-month period ended 31 March 2022		Three-month period ended 31 March 2021	
	US\$	KHR Million	US\$	KHR Million
Cash flows from operating activities				
Profit before income tax	85,574,948	347,691	60,093,648	243,921
<i>Adjustments for:</i>				
Depreciation and amortisation	5,519,114	22,424	4,443,453	18,036
Net impairment losses on financial assets	5,410,974	21,985	4,160,888	16,889
Losses/(gains) on lease modification	247	1	(862)	(3)
Net interest income	(114,904,785)	(466,858)	(87,462,720)	(355,011)
	(18,399,502)	(74,757)	(18,765,593)	(76,168)
<i>Changes in:</i>				
Balances with the NBC	43,696,589	177,539	(63,344,370)	(257,115)
Balances with other banks	(50,923,870)	(206,904)	(15,164,692)	(61,553)
Loans to customers	(449,855,668)	(1,827,764)	(378,726,548)	(1,537,251)
Other assets	(15,556,812)	(63,207)	(12,876,428)	(52,265)
Deposits from banks and other financial institutions	(4,053,597)	(16,470)	8,373,902	33,990
Deposits from customers	405,115,898	1,645,985	348,208,538	1,413,378
Other liabilities	(10,675,325)	(43,374)	130,874	530
Amortisation on transaction costs	-	-	45,774	185
Net cash used in operations	(100,652,287)	(408,952)	(132,118,543)	(536,269)
Interest received	127,056,044	516,229	99,015,008	401,902
Interest paid	(12,158,693)	(49,401)	(10,792,538)	(43,807)
Income tax paid	(50,129,213)	(203,675)	(37,088,519)	(150,542)
Cash used in operating activities	(35,884,149)	(145,799)	(80,984,592)	(328,716)
Cash flows from investing activities				
Purchases of property and equipment	(5,807,805)	(23,597)	(3,393,337)	(13,774)
Purchases of intangible assets	(136,138)	(553)	(1,012,159)	(4,108)
Net cash used in investing activities	(5,943,943)	(24,150)	(4,405,496)	(17,882)

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (continued)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

	Note	Three-month period ended 31 March 2022		Three-month period ended 31 March 2021	
		US\$	KHR Million	US\$	KHR Million
Cash flows from financing activities					
Proceeds from borrowings		40,681,353	165,288	117,231,856	475,844
Repayments of borrowings		(113,789,348)	(462,326)	(72,727,915)	(295,203)
Repayments of subordinated debts		(1,200,000)	(4,876)	(1,200,000)	(4,871)
Principal elements of lease payments		(2,587,997)	(10,515)	(1,945,680)	(7,898)
Net cash (used in)/generated from financing activities		<u>(76,895,992)</u>	<u>(312,429)</u>	<u>41,358,261</u>	<u>167,872</u>
Net decrease in cash and cash equivalents		(118,724,084)	(482,378)	(44,031,827)	(178,725)
Cash and cash equivalents at the beginning of period		955,324,251	3,891,991	595,220,388	2,407,666
Currency translation differences		-	(21,383)	-	617
Cash and cash equivalents at the end of period	12	<u>836,600,167</u>	<u>3,388,230</u>	<u>551,188,561</u>	<u>2,229,558</u>

The accompanying notes from pages 8 to 25 form an integral part of these condensed interim financial information.

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

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 information of the Bank was authorised for issue by the Board of Directors on 12 May 2022.

The condensed interim financial information for the three-month period ended 31 March 2022 has been reviewed, not audited.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial information has been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

The condensed interim financial information does not include all the notes of the type normally included in annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021 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 information 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 information, 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 2021.

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

2. BASIS OF PREPARATION (continued)

2.3 Presentation in Khmer Riel

The translation of the US\$ amounts into Khmer Riel (“KHR”) is presented in the condensed interim financial information 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 information presented in KHR is based on the following applicable exchange rates per US\$1:

	<i>Closing rate</i>	<i>Average rate three-month</i>
31 March 2022	4,050	4,063
31 December 2021	4,074	4,072
31 March 2021	4,045	4,059

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 2021 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

Amendments to CIAS 37	<i>Onerous Contracts – Cost of fulfilling a contract</i>
Annual Improvements to CIFRS standards 2018–2020 Cycle	<i>- Amendments to CIFRS 1, First-time Adoption of CIFRSs - Amendments to CIFRS 9, Financial Instruments - Amendments to Illustrative Examples accompanying CIFRS 16 - Amendments to CIAS 41 Agriculture</i>
Amendments to CIAS 16	<i>Property, Plant and Equipment (PPE) – Proceeds before Intended Use</i>
Amendments to CIFRS 3	<i>Reference to Conceptual Framework</i>

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

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

3.2 New and revised CIFRSs in issue but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting period and have not been early adopted by the Bank. These standards, amendments or interpretations are not expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

4. LOANS TO CUSTOMERS

	31 March 2022		31 December 2021	
	US\$	KHR Million	US\$	KHR Million
At amortised cost				
Commercial loans	4,940,827,671	20,010,353	4,602,348,015	18,749,966
Overdrafts	707,480,652	2,865,297	608,488,971	2,478,984
Consumer loans:				
Housing loans	99,707,816	403,817	87,125,933	354,951
Vehicle loans	9,047,131	36,641	8,003,563	32,607
Staff loans	17,701,003	71,689	16,747,084	68,228
Personal Loans	1,389,656	5,628	1,224,577	4,989
Credit cards	1,464,426	5,929	1,467,264	5,977
Total gross carrying amount	<u>5,777,618,355</u>	<u>23,399,354</u>	<u>5,325,405,407</u>	<u>21,695,702</u>
Impairment loss allowance	<u>(51,637,781)</u>	<u>(209,133)</u>	<u>(46,415,811)</u>	<u>(189,098)</u>
	<u>5,725,980,574</u>	<u>23,190,221</u>	<u>5,278,989,596</u>	<u>21,506,604</u>

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

5. 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 2021				
Cost	60,512,705	3,147,646	63,660,351	259,352
Accumulated depreciation	21,474,846	2,292,267	23,767,113	96,827
Carrying amounts	39,037,859	855,379	39,893,238	162,525
31 March 2022				
Cost				
At 1 January 2022	60,512,705	3,147,646	63,660,351	259,352
Additions	18,752,718	310,017	19,062,735	77,452
Lease modification	100,919	(27,064)	73,855	300
Currency translation differences	-	-	-	(1,776)
At 31 March 2022	79,366,342	3,430,599	82,796,941	335,328
Accumulated depreciation				
At 1 January 2022	21,474,846	2,292,267	23,767,113	96,827
Depreciation	2,036,417	198,389	2,234,806	9,080
Lease modification	8,863	-	8,863	36
Currency translation differences	-	-	-	(599)
At 31 March 2022	23,520,126	2,490,656	26,010,782	105,344
Carrying amounts				
At 31 March 2022	55,846,216	939,943	56,786,159	229,984

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

6. OTHER ASSETS

	31 March 2022		31 December 2021	
	US\$	KHR Million	US\$	KHR Million
Deposits and advance payments Master/Visa Card and MoneyGram and other receivables	31,445,032	127,352	20,685,279	84,272
Prepayment	15,407,888	62,402	13,495,518	54,981
Card supplies	6,976,494	28,255	4,021,096	16,382
Other investments	2,883,918	11,680	3,465,532	14,119
Other investments	76,185	309	76,185	310
Impairment allowance of deposits and other receivables	(1,051,192)	(4,257)	(1,052,128)	(4,287)
	<u>55,738,325</u>	<u>225,741</u>	<u>40,691,482</u>	<u>165,777</u>

7. BORROWINGS

	31 March 2022		31 December 2021	
	US\$	KHR Million	US\$	KHR Million
<i>Borrowings at amortised cost</i>				
LPCO (i)	118,044,039	478,078	167,276,789	681,486
Bank loans (ii)	5,086,276	20,600	30,122,837	122,720
	<u>123,130,315</u>	<u>498,678</u>	<u>197,399,626</u>	<u>804,206</u>

- (i) This represents 36 Liquidity-Providing Collateralised Operations (LPCOs) provided by the NBC. The principal and interest are payable on maturities with terms ranging from 3 to 12 months.
- (ii) This represents bank loans obtained from various banks with terms ranging from 4 to 7 years (2021: 3 months to 7 years).

The Negotiable Certificate of Deposit (“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 2% to 6.84% per annum (2021: 0.63% to 6.84%).

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

8. LEASE LIABILITIES

	31 March 2022		31 December 2021	
	US\$	KHR Million	US\$	KHR Million
Maturity analysis:				
Year 1	9,901,714	40,102	8,763,586	35,703
Year 2	10,219,789	41,390	7,926,335	32,292
Year 3	9,369,702	37,947	7,511,021	30,600
Year 4	9,058,227	36,686	6,802,752	27,714
Year 5	8,055,147	32,623	6,022,372	24,535
Onwards	25,871,957	104,781	13,207,817	53,809
	<u>72,476,536</u>	<u>293,529</u>	<u>50,233,883</u>	<u>204,653</u>
Less: Unearned interest	<u>(13,338,214)</u>	<u>(54,019)</u>	<u>(7,770,528)</u>	<u>(31,657)</u>
	<u>59,138,322</u>	<u>239,510</u>	<u>42,463,355</u>	<u>172,996</u>

9. REGULATORY RESERVES

	31 March 2022		31 December 2021	
	US\$	KHR Million	US\$	KHR Million
Balance at beginning of the period	43,637,909	177,781	42,141,887	170,464
Transfer from retained earnings	35,613,899	144,236	1,496,022	6,095
Currency translation differences	-	(1,047)	-	1,222
	<u>79,251,808</u>	<u>320,970</u>	<u>43,637,909</u>	<u>177,781</u>

During the period, the Bank has made additional provision as a result of new National Bank of Cambodia circular no. B7-021-2314 on the Classification and Provision Requirement on Restructured Loans dated 28 December 2021.

10. INTEREST INCOME

	Three-month period ended 31 March 2022		Three-month period ended 31 March 2021	
	US\$	KHR Million	US\$	KHR Million
Loans to customers	127,713,369	518,899	100,975,324	409,859
Balances with the NBC and other banks	2,904,618	11,801	1,777,006	7,213
Investment securities	558,006	2,267	154,674	628
Others	48,228	197	35,615	144
	<u>131,224,221</u>	<u>533,164</u>	<u>102,942,619</u>	<u>417,844</u>

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

11. PERSONNEL EXPENSES

	Three-month period ended 31 March 2022		Three-month period ended 31 March 2021	
	US\$	KHR Million	US\$	KHR Million
Salaries and bonuses	20,830,627	84,635	17,957,551	72,890
Seniority payments	1,426,596	5,796	1,149,693	4,667
Other personnel expenses	865,393	3,516	699,211	2,837
	<u>23,122,616</u>	<u>93,947</u>	<u>19,806,455</u>	<u>80,394</u>

12. CASH AND CASH EQUIVALENTS

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

	31 March 2022		31 March 2021	
	US\$	KHR Million	US\$	KHR Million
Cash on hand	473,989,451	1,919,657	336,202,954	1,359,941
Balances with the NBC	148,005,688	599,423	169,062,235	683,857
Balances with other banks	214,605,028	869,150	45,923,372	185,760
	<u>836,600,167</u>	<u>3,388,230</u>	<u>551,188,561</u>	<u>2,229,558</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.

13. 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

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

13. RELATED PARTIES (continued)

(b) Related party balances

	31 March 2022		31 December 2021	
	US\$	KHR Million	US\$	KHR Million
Loans to management	<u>5,551,079</u>	<u>22,482</u>	<u>5,252,542</u>	<u>21,399</u>
Deposits and placements by directors and management	<u>5,863,843</u>	<u>23,749</u>	<u>3,363,984</u>	<u>13,705</u>
Subordinated debts from National Bank of Canada	<u>149,275,789</u>	<u>604,567</u>	<u>148,027,962</u>	<u>603,066</u>
Deposits and placements with National Bank of Canada	<u>185,787,452</u>	<u>752,439</u>	<u>185,703,301</u>	<u>756,555</u>

(c) Related party transactions

	Three-month period ended 31 March 2022		Three-month period ended 31 March 2021	
	US\$	KHR Million	US\$	KHR Million
Interest income on loans to management	<u>139,058</u>	<u>565</u>	<u>65,858</u>	<u>267</u>
Interest expenses on deposits and placements to directors and management	<u>8,587</u>	<u>35</u>	<u>14,090</u>	<u>57</u>
Interest expenses to National Bank of Canada	<u>2,876,224</u>	<u>11,686</u>	<u>2,293,795</u>	<u>9,311</u>
Interest income from National Bank of Canada	<u>199,220</u>	<u>809</u>	<u>-</u>	<u>-</u>
Deposit for purchases of property and equipment from affiliate	<u>677,822</u>	<u>2,754</u>	<u>-</u>	<u>-</u>
Service charged from affiliate	<u>308,461</u>	<u>1,253</u>	<u>206,312</u>	<u>837</u>

ADVANCED BANK OF ASIA LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022****13. RELATED PARTIES (continued)****(d) Directors and key management personnel remuneration**

	Three-month period ended 31 March 2022		Three-month period ended 31 March 2021	
	US\$	KHR Million	US\$	KHR Million
Salaries and benefits	6,820,835	27,713	4,498,376	18,259

14. LOAN COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS

	31 March 2022		31 December 2021	
	US\$	KHR Million	US\$	KHR Million
Unused portion of overdrafts	275,676,789	1,116,491	240,711,292	980,658
Performance bonds	13,059,957	52,893	12,164,233	49,557
Payment guarantees	12,581,882	50,957	10,544,301	42,957
Unused portion of credit cards	12,158,746	49,243	9,860,070	40,170
Letter of credits	7,797,593	31,580	7,945,590	32,370
Securities	4,400,000	17,820	4,400,000	17,926
Warranty bonds	863,223	3,496	782,048	3,186
Bid bonds	754,268	3,055	408,844	1,666
Other guarantees	237,000	960	237,000	966
	<u>327,529,458</u>	<u>1,326,495</u>	<u>287,053,378</u>	<u>1,169,456</u>

15. 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.

16. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arm's length basis. Market prices are not available for a significant proportion of the Company's financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. Management believes that the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values. In making this assessment, management assumes that loans to customers are mainly held to maturity with fair values equal to the book value of loans to customers adjusted for provision for loan losses, if any.

17. 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 2021.

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

17. FINANCIAL RISK MANAGEMENT (continued)

Loss allowance - movement of expected credit losses (“ECL”) for loans to customers

The table below analyses the movement of the loss allowance for loan to customers during the period.

	31 March 2022				
	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 2022	32,027,418	4,118,882	10,269,511	46,415,811	189,098
Changes in the loss allowance					
Transfer to stage 1	1,885,483	(1,598,084)	(287,399)	-	-
Transfer to stage 2	(97,809)	157,282	(59,473)	-	-
Transfer to stage 3	(389,389)	(2,069,861)	2,459,250	-	-
Net remeasurement of loss allowances ⁽¹⁾	(924,019)	1,269,529	4,788,769	5,134,279	20,794
New financial assets originated	807,290	45,278	321,997	1,174,565	4,757
Financial assets that have been derecognised	(416,486)	(158,370)	(474,120)	(1,048,976)	(4,248)
Write off	(59)	(1,323)	(36,516)	(37,898)	(153)
Currency translation differences	-	-	-	-	(1,115)
Loss allowance as at 31 March 2022	<u>32,892,429</u>	<u>1,763,333</u>	<u>16,982,019</u>	<u>51,637,781</u>	<u>209,133</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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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

17. FINANCIAL RISK MANAGEMENT (continued)

Loss allowance - movement of expected credit losses (“ECL”) for loans to customers (continued)

	31 March 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
Change in loss allowance					
Transfer to stage 1	58,592	(58,592)	-	-	-
Transfer to stage 2	(50,431)	74,329	(23,898)	-	-
Transfer to stage 3	(9,799)	(458,387)	468,186	-	-
Net remeasurement of loss allowance ⁽¹⁾	1,824,460	407,894	243,907	2,476,261	10,016
New financial assets originated	672,642	-	-	672,642	2,721
Financial assets that have been derecognised	(303,421)	(168,705)	(329,784)	(801,910)	(3,243)
Write off	-	-	(23,862)	(23,862)	(97)
Other changes	<u>1,800,000⁽²⁾</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>	<u>7,281</u>
Loss allowance as at 31 March 2021	<u>13,275,810</u>	<u>2,790,534</u>	<u>6,828,922</u>	<u>22,895,266</u>	<u>92,611</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 March 2021. Refer to Note 18(i) for more details.

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

17. 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.

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL INFORMATION
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17. 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 March 2022								
Financial assets by types								
Non-derivative assets								
Cash on hand	473,989,451	473,989,451	473,989,451	-	-	-	-	-
Balances with the NBC	1,262,058,312	1,263,763,869	228,833,091	75,023,685	449,012,155	-	-	510,894,938
Balances with other banks	543,915,325	549,316,127	221,602,450	66,259,518	261,454,159	-	-	-
Loans to customers	5,725,980,574	7,716,806,818	174,170,699	269,844,097	1,424,659,142	3,734,053,383	2,114,079,497	-
Investment securities	37,284,367	40,882,932	-	3,099,670	-	37,783,262	-	-
Other assets	28,752,827	28,752,827	14,453,221	22,274	186,606	1,605,400	4,483,205	8,002,121
In US\$ equivalents	8,071,980,856	10,073,512,024	1,113,048,912	414,249,244	2,135,312,062	3,773,442,045	2,118,562,702	518,897,059
In KHR Million equivalents	32,691,522	40,797,724	4,507,849	1,677,709	8,648,014	15,282,440	8,580,179	2,101,533

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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

17. 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 March 2022								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from banks and other financial institutions	(91,373,373)	(92,484,771)	(63,223,661)	(17,876,690)	(6,468,307)	(4,916,113)	-	-
Deposits from customers	(6,615,888,563)	(6,649,073,300)	(5,683,857,425)	(246,630,501)	(673,808,249)	(44,777,125)	-	-
Debt securities in issue	(21,078,644)	(21,621,549)	-	-	(21,621,549)	-	-	-
Borrowings	(123,130,315)	(128,768,478)	(42,630,225)	(47,894,577)	(33,126,170)	(446,981)	(4,670,525)	-
Subordinated debts	(149,275,789)	(198,626,036)	-	-	(2,163,855)	(123,064,745)	(73,397,436)	-
Lease liabilities	(59,138,322)	(72,476,536)	(913,109)	(1,828,463)	(7,160,142)	(36,702,865)	(25,871,957)	-
Other liabilities	(33,599,230)	(33,599,231)	-	(6,218,747)	(7,106,688)	(19,793,925)	(479,871)	-
	<u>(7,093,484,236)</u>	<u>(7,196,649,901)</u>	<u>(5,790,624,420)</u>	<u>(320,448,978)</u>	<u>(751,454,960)</u>	<u>(229,701,754)</u>	<u>(104,419,789)</u>	<u>-</u>
Loan commitments and financial guarantee contracts	-	(322,892,458)	(15,055,645)	(37,517,328)	(254,532,733)	(15,786,216)	(536)	-
In US\$ equivalents	<u>(7,093,484,236)</u>	<u>(7,519,542,359)</u>	<u>(5,805,680,065)</u>	<u>(357,966,306)</u>	<u>(1,005,987,693)</u>	<u>(245,487,970)</u>	<u>(104,420,325)</u>	<u>-</u>
In KHR Million equivalents	<u>(28,728,611)</u>	<u>(30,454,147)</u>	<u>(23,513,005)</u>	<u>(1,449,764)</u>	<u>(4,074,250)</u>	<u>(994,226)</u>	<u>(422,902)</u>	<u>-</u>

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

17. 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 type								
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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NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

17. 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>	<u>-</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>	<u>-</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>	<u>-</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

18. 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 is consistent with the calculation as of 31 December 2021, 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.

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.

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

18. IMPACT OF COVID-19 (continued)

i) Expected credit losses (continued)

Main macroeconomic factors

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

PD segment	Macroeconomic Factor ⁽¹⁾
Agriculture	Cambodia CPI - (cpi_2010_100)
Construction and Real Estate	GDP at Current Price, Industry (YOY,%) – (gdp_industry)
Real Estate Rentals	Cambodia GDP at Constant 2000 Price – (gdp_constant2000)
Manufacturing	FDI Net Inflow - (fdi)
Wholesale and Retail	Cambodia CPI - (cpi_2010_100)
Services	GDP at Current Price, Industry (YOY,%) – (gdp_industry)
Personal Loan	GDP at Current Price, Industry (YOY,%) – (gdp_industry)

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

The Bank has also incorporated ECL overlay of US\$25.6 million as at 31 March 2022. 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.

19. EVENTS AFTER THE REPORTING PERIOD

On 7 April 2022, the National Bank of Cambodia approved the conversion of US\$140 million of the Bank's retained earnings to share capital, bringing the total share capital to US\$660 million, which is equivalent to 660,000 shares. On 26 April 2022, Ministry of Commerce certified with the approval letter from National Bank of Cambodia.