



The Second Quarterly Report

For the period ended 30 June 2022

Advanced Bank of Asia Limited
(ABA Bank)

Financial Highlights

Financial Situation (in KHR million)	Quarter 2 2022	31 December 2021	31 December 2020
Total Assets	34,449,775	32,025,961	24,788,906
Total Liabilities	29,645,605	27,749,025	21,683,202
Total Equity	4,804,170	4,276,936	3,105,704
Financial Results (in KHR million)	Quarter 2 2022	Quarter 2 2021	Quarter 2 2020
Total Income	644,859	501,187	377,437
Profit before Tax	323,110	234,235	167,731
Profit for the Period	255,403	184,784	130,829
Total Comprehensive Income for the Period	265,912	195,248	137,441
Financial Ratio (%)	Quarter 2 2022	31 December 2021	31 December 2020
Solvency Ratio	18.24	18.90	18.08
Debt to Equity Ratio	617.08	648.81	695.86
Liquidity Coverage Ratio	140.10	149.32	166.62
Non-performing Credit Ratio	1.62	0.88	0.80
Loan to Deposit Ratio	88.67	84.48	78.69
Profitability Ratio (%)	Quarter 2 2022	Quarter 2 2021	Quarter 2 2020
Return on Average Assets (ROAA) ^[1]	0.75	0.67	0.67
Return on Average Equity (ROAE) ^[1]	5.48	5.43	4.81
Interest Coverage Ratio ^[1]	526.92	460.03	372.12
Earnings per Share (for equity listed entity)	N/A	N/A	N/A
Dividend per Share (for equity listed entity)	N/A	N/A	N/A
Other Important Ratios (if any)	N/A	N/A	N/A

[1] These ratios are not annualized and were calculated using the three-month period of profit or loss figures from 1 April to 30 June of each reporting period.

Graphs of Financial Highlights

TOTAL ASSETS

in KHR Millions

+7.6% ▲

FROM 2021

34,449,775
Q2 2022

32,025,961
2021

24,788,906
2020

TOTAL LIABILITIES

in KHR Millions

+6.8% ▲

FROM 2021

29,645,605
Q2 2022

27,749,025
2021

21,683,202
2020

TOTAL EQUITY

in KHR Millions

+12.3% ▲

FROM 2021

4,804,170
Q2 2022

4,276,936
2021

3,105,704
2020

TOTAL COMPREHENSIVE INCOME

in KHR Millions

+36.2% ▲

FROM Q2 2021

265,912
Q2 2022

195,248
Q2 2021

137,441
Q2 2020

RETURN ON AVERAGE ASSETS

in percentage

+8 BPS
(basis points)

FROM Q2 2021

0.75
Q2 2022

0.67
Q2 2021

0.67
Q2 2020

RETURN ON AVERAGE EQUITY

in percentage

+5 BPS
(basis points)

FROM Q2 2021

5.48
Q2 2022

5.43
Q2 2021

4.81
Q2 2020

Composition of the Board of Directors



Yves Jacquot
Chairman



Dominic Jacques
Non-Executive Director



Madi Akmambet
Executive Director



Martin Ouellet
Non-Executive Director



Christian St-Arnaud
Non-Executive Director



Paolo Pizzuto
Non-Executive Director



Etienne Chenevier
Independent Director



Henri Calvet
Independent Director



Guy Quaden
Independent Director

Chairman Statement

Dear investors, let me discuss ABA Bank's performance in Q2 2022 following the requirement of the Securities and Exchange Regulator of Cambodia.

Cambodia continued its recovery from the Covid situation during the reporting period. At the same time, the country witnessed a slower than expected return of foreign direct investments and experienced inflationary pressure that affected household purchasing power. The real estate sector remains under pressure, and tourism has yet to recover to its pre-pandemic levels. Additionally, we begin to see the impact of the Russia-Ukraine crisis on the world economy and its potential repercussions on every country.

Despite these general economic uncertainties, ABA Bank, with its solid financial fundamentals, remains a safe and stable institution on its upward trajectory. The continuous growth of the customer base and sound financial performance reflects the Bank's strategy effectiveness and strong position in the financial sector.

To play its essential part in supporting borrowers affected by the pandemic crisis, ABA restructured the loans following the National Bank of Cambodia guidelines. The Bank also continued distributing new loans to its customers as access to capital is vital for people and businesses. In the quarter, 11,534 loans worth USD 513.3 million were disbursed. It increased the Bank's gross loan portfolio by 6%, amounting to USD 6.1 billion in total. In addition, ABA kept participating in the SME Co-Financing Scheme (SCFS), an initiative of the Royal Government of Cambodia to provide affordable loans to SMEs. The amount of active disbursed loans from ABA under this Scheme was USD 9.6 million at the end of June 2022. The Bank provided loans for capital expenditure and working capital with a special interest rate not exceeding 7.50% per annum and a repayment term of up to 7 years.

ABA's deposit portfolio equalled USD 6.9 billion in the second quarter, representing a 9% increase from the beginning of the year. As more customers chose ABA as their bank, the customer base grew by 21% in two quarters of 2022, and the number of ABA customers' accounts reached 2.5 million.

The Bank's key performance indicators also showed growth. As of the end of Q2,

- The total assets grew 8% compared to the end of 2021 and totaled USD 8.5 billion.
- The shareholders' equity increased by 13% from the beginning of the year and reached USD 1.2 billion.
- The Bank managed to secure USD 130.6 million in net profit for the six months of 2022.

These results rest primarily upon the Bank's leverage on its state-of-art digital banking and self-banking platforms. The Bank continued improving its ABA Mobile banking application by bringing new convenient services and features. Among them is the Salary Loan feature to facilitate those requiring immediate cash and further development of the ABA KHQR service to enable merchants to collect cashless payments from ABA Mobile users and customers of all other banks-members of Project Bakong.

ABA's physical network also expanded and improved. The Bank opened four new ABA 24/7 self-banking spots in Phnom Penh and Battambang. It also relocated one of its busiest branches in Phnom Penh, Independence Monument, to a larger premise due to the steadily growing clientele in the area.

The Bank demonstrates continuous commitment and transparency in good corporate tax governance by meeting Cambodia's tax obligations and regulations. In May, ABA received a Letter of Appreciation from Samdech Techo Hun Sen that praised the Bank's contribution to the development of the national economy for being one of the top three taxpayers in 2021, a significant shift from last year's 12th placement. The Bank's strong commitment to the country's progress can also be seen in employing more than 7,000 professional local staff at 81 branches and outlets, constantly investing in staff training and development.

As an active corporate responsible citizen of the country, ABA participates in projects to provide help to local communities. During Q2, the Bank supported the TYDA and AMT Associations with USD 100,000 each to aid their healthcare and scholarship programs and initiatives. In April, the Bank also donated USD 200,000 to the Cambodian Red Cross to support their humanitarian activities in providing emergency aid, community healthcare, and social welfare for all Cambodians. ABA also contributed USD 35,000 to the Kroch Chhmar Referral Hospital in the Tboung Khmum province to help upgrade this medical facility and improve healthcare quality.

In April, the Global Finance international financial magazine named ABA Bank the "Best Bank in Cambodia 2022". The magazine's judging panel praised ABA's recent significant development of its ecosystem and innovative enhancements across its products and services.

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

ABA continues to implement its business strategy, focusing on digital finance products and productive loans to businesses in real sectors of the economy. While continuously innovating for banking solutions, the Bank applies a robust risk management culture strengthened by audit and compliance functions.

The Board of Directors will keep playing an active role in overseeing the Bank's strategy execution based on the best practices and standards. The Board has the full capacity of its dedicated members who put forth their backgrounds and solid expertise in banking activities, finance, risk management, and corporate governance.

On behalf of the Board, I thank the executive team and the whole staff of the Bank for their dedication to continue serving valued customers on the highest level.

I would also like to extend my gratitude to the National Bank of Cambodia and the Securities and Exchange Regulator of Cambodia for their guidance and support.

Ultimately, I thank all customers for their trust in the Bank and other stakeholders for the confidence they demonstrate in ABA at all times.

11 August 2022



Yves Jacquot
Chairman

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PART 1

GENERAL INFORMATION OF THE LISTED ENTITY

A. IDENTIFICATION OF THE LISTED ENTITY

Entity Name in Khmer	ធនាគារវឌ្ឍនៈអាស៊ី បំកាត់
In Latin	Advanced Bank of Asia Limited
Standard Code	KH2000091986
Address	N°141, 146, 148, and 148 ABCD, Preah Sihanouk Blvd, and N°15 and 153 ABC, Street 278, and N°171, Street Trasak Paem, Phum 4, Sangkat Boeng Keng Kang 1, Khan Boeng Keng Kang, Phnom Penh, Kingdom of Cambodia
Phone	(+855) 23 225 333
Fax	(+855) 23 216 333
Website	www.ababank.com
Email	info@ababank.com
Registration Number	00010593 dated 29 December 2010
License Number	B14 issued by the National Bank of Cambodia dated 25 January 2021
Authorization and registered document number	155/19 SECC dated 07 August 2019
Name of Listed Entity's Representative	Mr. Askhat Azhikhanov

B. NATURE OF BUSINESS

ABA Bank is the #1 Cambodian private financial institution in terms of total assets, gross loans, customer deposits, and profitability based on the National Bank of Cambodia's Annual Supervision Report 2021. The Bank was founded in 1996 as the Advanced Bank of Asia Limited.

Today, ABA offers the entire spectrum of services to customer segments covering individuals, micro-businesses, SMEs, and large entities.

As of 30 June 2022, ABA Bank managed total assets of USD 8.5 billion and served 2.5 million accounts through the extensive network of 81 branches, 900+ self-banking machines, and advanced mobile banking and online banking platforms.

ABA Bank is a subsidiary of the National Bank of Canada (www.nbc.ca), a financial institution with around USD 293 billion in assets as of 30 April 2022 and a vast network of correspondent banks worldwide.

Being a shareholder of ABA Bank since 2014, the National Bank of Canada has become the first major financial institution from the North American continent to enter the Cambodian banking sector. Headquartered in Montreal, it has branches in almost every Canadian province with 2.7 million personal clients. It is the sixth-largest bank in Canada and the leading bank in Quebec, where it is the partner of choice among SMEs.

C. QUARTERLY KEY EVENTS OF LISTED ENTITY

ABA's market position strengthened further in the second quarter of 2022 due to the continuous work of the Bank on introducing convenient financial solutions to its customers.

ONLINE BANKING AND SELF-SERVICE PLATFORM ENHANCEMENT

Through its digital platforms, ABA Bank offers customers the opportunity to manage their finances seamlessly and conveniently anytime.

To keep providing advanced financing solutions, ABA introduced the Salary Loan feature in the ABA Mobile app to facilitate those requiring immediate cash. Salary Loan is designed to provide quick and easy financing for personal use with no collateral requirements. It can be used by employees of the companies who opted for the ABA Payroll service.

To develop the self-banking network, ABA Bank introduced four more ABA 24/7 spots in Phnom Penh and Battambang to bring its banking even closer to customers. ABA 24/7 spots provide extensive banking services around-the-clock, allowing consumers to make cash deposits/withdrawals, deposit checks from any local bank, and issue local and international plastic cards free of charge.

The Bank also relocated its Independence Monument Branch in Phnom Penh to a more convenient location at the intersection of Preah Monivong Blvd and Street Trasak Paem for a better consumer experience. The relocated branch features a larger self-banking area, more comfortable seating arrangements, more convenient parking lots, and more staff in response to customers' growth.

OFFERINGS WITH HIGHER INTEREST RATE

Due to the interest rates hike globally as well as in the domestic market, the Bank has adjusted interest rates for all deposit products. Specifically, the Bank has increased interest rates for the Current PLUS, Savings, and Fixed Deposits accounts in USD and KHR. This provided better returns for ABA's valuable customers.

CONTRIBUTION TO SUPPORT HUMANITARIAN AND WELL-BEING PROGRAMS

In line with its Corporate Social Responsibility (CSR) framework and to support humanitarian programs in Cambodia, ABA Bank has contributed to local communities via various initiatives.

As such, the Bank supported the Samdech Techo Voluntary Youth Doctor Association (TYDA) in providing free medical treatment and healthcare to rural communities across the country and contributed to the Association of Samdech Kittiprittbandit Scholarship Student (AMT) for supporting bright and gifted Cambodians via scholarships, educational programs, and financial assistance schemes with US\$100,000 to each Association.

In April, the Bank donated US\$200,000 to the Cambodian Red Cross, a leading philanthropic organization in Cambodia, to support their humanitarian activities in providing emergency aid, community healthcare, and social welfare for all Cambodians.

ABA also contributed US\$35,000 to the Kroch Chhmar Referral Hospital in the Tboung Khmum province. The aid will be spent on the Upgrade of the Hospital to provide treatment for more people living in four nearby districts and improve the quality of diagnostics.

RECOGNITION AND APPRECIATION

In April, the Global Finance international financial magazine named ABA Bank the "Best Bank in Cambodia 2022".

ABA received the award for carefully attending to its customers' needs in the market and accomplishing strong results each year while laying the foundations for further success – all during the two-year global pandemic. Judges of Global Finance praised ABA's recent significant development of its ecosystem and innovative enhancements across its products and services.

In May, the Bank received a Letter of Appreciation from Samdech Techo Hun Sen that praised the Bank's contribution to the development of the national economy for being one of the top three taxpayers in 2021, a significant shift from last year's 12th placement.

The improvement shows the Bank has demonstrated continuous commitment and transparency in good corporate tax governance by meeting Cambodia's tax obligations and regulations.



The "Best Bank in Cambodia 2022" award from the Global Finance magazine



Appreciation Letter from Samdech Techo Hun Sen as the Top 3 taxpayer in 2021

PART 2

INFORMATION ON BUSINESS
OPERATIONS PERFORMANCE

A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENTS INFORMATION

Key Achievement	Quarter 2 2022	31 December 2021	31 December 2020
Loan			
Loan Accounts	97,064	91,235	81,568
Total Gross Loans (in KHR million)	24,840,834	21,695,702	15,505,988
Deposit			
Deposit Accounts	2,526,004	2,085,172	1,382,401
Total Deposits (in KHR million)	28,014,408	25,681,396	19,705,090
Others			
Operating Branches	81	81	79
Number of Staffs	7,165	6,797	6,266
ATMs	680	570	471
POS Terminals	3,935	3,290	1,627

B. INCOME STRUCTURE

No	Source of Income	Quarter 2 2022		Quarter 2 2021		Quarter 2 2020	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	569,315	88.29	443,938	88.58	344,108	91.17
2	Fee and Commission Income	73,207	11.35	52,165	10.41	30,772	8.15
3	Other Income	2,337	0.36	5,084	1.01	2,557	0.68
Total Income		644,859	100	501,187	100	377,437	100

PART 3

FINANCIAL STATEMENT REVIEWED BY
INDEPENDENT AUDITOR

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

PART 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussions and analyses focus on the operational and financial results based on the Interim Financial Statement as of 30 June 2022, reviewed by Independent Auditors. The Interim Financial Statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) and follow the regulations and guidelines of the National Bank of Cambodia. Only the key components of the Interim Financial Statements and key factors that affect ABA’s profitability are discussed and analysed.

A. OPERATIONAL OVERVIEW

1. INCOME ANALYSIS

ABA Bank has three main types of income, including Interest Income, Fees and Commissions Income and Other Income.

- **Interest Income** includes the interest income from loans to customers, deposits with banks, and investment securities.
- **Fee and Commission Income** mainly includes loan commission, inward and outward remittance, and card income.
- **Other Income** includes foreign exchange gains and other income.

2. INCOME BY SEGMENT ANALYSIS

No	Income Category	Quarter 2 2022		Quarter 2 2021		Quarter 2 2020	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	569,315	88.29	443,938	88.58	344,108	91.17
2	Fee and Commission Income	73,207	11.35	52,165	10.41	30,772	8.15
3	Other Income	2,337	0.36	5,084	1.01	2,557	0.68
Total Income		644,859	100	501,187	100	377,437	100

ABA Bank earns most income from interest income, representing 88.29% of total income in the second quarter of 2022, among which 97.20% of the interest income is from loans to customers.

3. GROSS PROFIT MARGIN ANALYSIS

ABA Bank prepared its Statement of Profit or Loss and Other Comprehensive Income, in which the format did not present the gross profit margin, but it presented the net interest income, which resulted from the total interest income less interest expenses discussed under the next section on the *Profit before Tax Analysis*.

4. PROFIT BEFORE TAX ANALYSIS

i) Profit Before Tax For The Period Analysis

Statement of Profit before Tax	Quarter 2 2022 (in KHR million)	Quarter 2 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest Income	569,315	443,938	125,377	28.24
Interest Expense	(75,684)	(65,059)	(10,625)	16.33
Net Interest Income	493,631	378,879	114,752	30.29
Fee and Commission Income	73,207	52,165	21,042	40.34
Fee and Commission Expense	(26,010)	(19,583)	(6,427)	32.82
Net Fee and Commission Income	47,197	32,582	14,615	44.86
Other Operating Income	2,337	5,084	(2,747)	(54.03)
Personal Expenses	(103,234)	(84,036)	(19,198)	22.84
Depreciation and Amortization	(23,420)	(18,621)	(4,799)	25.77
Other Expenses	(39,322)	(32,398)	(6,924)	21.37
Net Impairment Losses on Financial Instruments	(54,079)	(47,255)	(6,824)	14.44
Profit before Tax	323,110	234,235	88,875	37.94

In Q2 2022, the profit before tax reached KHR323,110 million with a 37.94% increment compared to Q2 2021, equivalent to KHR88,875 million. This significant profit increase is mainly from the Interest Income with 28.24% growth and Fee and Commission Income with 40.34% growth compared to Q2 2021.

ii) Profit Before Tax For The Prior Period Analysis

Statement of Profit before Tax	Quarter 2 2021 (in KHR million)	Quarter 2 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest Income	443,938	344,108	99,830	29.01
Interest Expense	(65,059)	(61,638)	(3,421)	5.55
Net Interest Income	378,879	282,470	96,409	34.13
Fee and Commission Income	52,165	30,772	21,393	69.52
Fee and Commission Expense	(19,583)	(13,387)	(6,196)	46.28
Net Fee and Commission Income	32,582	17,385	15,197	87.41
Other Operating Income	5,084	2,557	2,527	98.83
Personal Expenses	(84,036)	(73,021)	(11,015)	15.08
Depreciation and Amortization	(18,621)	(20,584)	1,963	(9.54)
Other Expenses	(32,398)	(29,543)	(2,855)	9.66
Net Impairment Losses on Financial Instruments	(47,255)	(11,533)	(35,722)	309.74
Profit before Tax	234,235	167,731	66,504	39.65

In Q2 2021, the profit before tax reached KHR234,235 million with a 39.65% increment compared to Q2 2020, equivalent to KHR66,504 million. This significant profit increase is mainly from the Interest Income with 29.01% growth and Fee and Commission Income with 69.52% growth compared to Q2 2020.

5. PROFIT ANALYSIS

i) Profit For The Period Analysis

Statement of Profit	Quarter 2 2022 <i>(in KHR million)</i>	Quarter 2 2021 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit before Tax	323,110	234,235	88,875	37.94
Income Tax Expense	(67,707)	(49,451)	(18,256)	36.92
Profit for the Period	255,403	184,784	70,619	38.22

In Q2 2022, the profit for the period was KHR 255,403 million with 38.22% higher than Q2 2021, showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 5.48% and the Return on Average Assets of 0.75% for the second quarter as of 30 June 2022.

ii) Profit For The Prior Period Analysis

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

In Q2 2021, the profit for the period was KHR184,784 million with 41.24% higher than Q2 2020, showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 5.43% and the Return on Average Assets of 0.67% for the second quarter as of 30 June 2021.

6. TOTAL COMPREHENSIVE INCOME ANALYSIS

i) Total Comprehensive Income for the Period Analysis

Statement of Total Comprehensive Income	Quarter 2 2022 <i>(in KHR million)</i>	Quarter 2 2021 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit for the Period	255,403	184,784	70,619	38.22
Other Comprehensive Income	10,509	10,464	45	0.43
Total Comprehensive Income for the Period	265,912	195,248	70,664	36.19

ii) Total Comprehensive Income For The Prior Period Analysis

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

7. FACTORS AND TRENDS ANALYSIS AFFECTING FINANCIAL CONDITIONS AND RESULTS

As of 30 June 2022, the management acknowledges that ABA Bank did not have any significant factors and trends that would affect ABA's financial situation and results.

B. SIGNIFICANT FACTORS AFFECTING PROFIT

1. DEMAND AND SUPPLY CONDITIONS ANALYSIS

ABA considers the following key factors successfully affecting its profitability:

- The growth of funding due to demand in the market for the Bank's deposits and other transactional products and services;
- The growth of the loan portfolio due to the high demand in the market for the Bank's loan products, especially in the MSME segment.

These two factors are coupled with the continuous development of the Bank's digital platform that provides customers with innovative and modern financial products and services. The Bank also significantly invested in the enhancement of its self-banking facilities by installing additional ATMs, CRMs, Cash-in Machines, Check Deposit Machines, Card Embossing Machines, POS terminals, and expanding its network of QR Code payments.

2. FLUCTUATIONS IN PRICES OF RAW MATERIALS ANALYSIS

ABA Bank operates in the service industry; therefore, the fluctuations in raw material prices are not applicable to the Bank.

3. TAX ANALYSIS

ABA Bank is under the governance of Commercial Law on Taxation; therefore, the Bank is obligated to pay taxes as determined by the General Department of Taxation.

Paying relevant taxes to the General Department of Taxation also plays a role as a contributor to Cambodian society and economic growth. For good practice on tax compliance, ABA Bank was awarded the "GOLD" certificate of tax compliance from GDT on 25 December 2020 with a 2-year validity period for the tax years 2021 and 2022. Additionally, ABA Bank was Cambodia's top 3 taxpayer in 2021, contributing to the national economy's development.

4. EXCEPTIONAL AND EXTRAORDINARY ITEMS ANALYSIS

As of 30 June 2022, the management acknowledged that ABA did not experience any items, transactions or events of a material and unusual nature except the impact of the pandemic Coronavirus (Covid-19).

Impact of Covid-19

In the reporting period, the Covid-19 pandemic continued to impact the country and economy. At the same time, the second quarter of 2022 witnessed the continuation of the country's reopening after quarantine requirements for fully vaccinated travelers were lifted in November 2021. It is believed to improve international tourism and positively impact local businesses, especially in the hospitality sector.

To support the economy and the financial sector amidst the pandemic crisis, the NBC and the Royal Government of Cambodia have been taking numerous steps primarily to help businesses during this time, such as loan restructuring directive and the establishment of SME Bank to facilitate the SME Co-Financing Scheme (SCFS).

The Bank has performed an assessment of the Covid-19 impact in light of the available guidance of the NBC and CIFRs and estimated expected credit losses based on the reviewed and enhanced ECL Model.

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

C. SIGNIFICANT CHANGES IN SALE AND REVENUE

In Q2 2022, ABA Bank recorded growth in revenue, securing 494 billion KHR in net interest income, which represents 30.29% growth compared to the same period in 2021.

D. IMPACT OF FOREIGN EXCHANGE, INTEREST RATES AND COMMODITY PRICES

ABA adheres to the strategy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored and managed against the customers' foreign exchange needs and the bank's balance sheet management, ensuring the sustainability of profits to the Bank.

In terms of interest rates, the Bank maintains the policy of fixed interest rates for its deposits and loans. Therefore, it didn't experience significant changes in interest rates during the reporting period. The increase in the interest rates for deposit products in the market has no significant impact on the overall cost of funds for the Bank.

The impact of commodity prices does not apply to the Bank.

E. IMPACT OF INFLATION

Cambodia's inflation rate stood at 2.9% in 2021, according to the Annual report 2021 from the National Bank of Cambodia. However, in 2022 inflation has been rising globally and domestically. As a result, in Q2 2022, the banks and financial institutions in Cambodia increased their interest rates for deposits. The borrowers may experience a higher cost of production due to higher prices for energy, goods, and services. At the same time, the Bank has not yet observed any significant impact on its operations due to inflation. The Bank will monitor the situation in the market and economy overall in the second half of 2022.

F. ECONOMIC, FISCAL AND MONETARY POLICY OF ROYAL GOVERNMENT

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

- Direct money support of unemployed garment and tourism workers and the most disadvantaged population.
- Stimulation of a wide loan restructuring to borrowers affected by the Covid-19 crisis.

- Prudential support of banks to further stimulate the financial support to the economy via the capital ratio, minimum reserve requirements, and loan restructuring.
- Launch of the national SME Bank and SME Co-Financing Scheme (SCFS) to support impacted borrowers by providing loans with special conditions.
- Tax holidays for garments, tourism, and airlines.
- Simplification of rules for logistics, import and export; discount on electricity bills for the most impacted industries.

These measures, along with other initiatives of the Royal Government of Cambodia, aimed to support the economy and the financial sector in particular.

Signatures of Directors of the Listed Entity

August 12, 2022

Read and Approved



Madi Akmambet

Executive Director



Dominic Jacques

Non-Executive Director



No. 141, 146, 148, and 148 ABCD, Preah Sihanouk Blvd,
and No. 15 and 153 ABC, Street 278, and N°171, Street Trasak Paem,
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