



# Annual Report

For the year ended 31 December 2021

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Advanced Bank of Asia Limited  
(ABA Bank)

## Vision

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The vision of our Bank is to be the country's number one supplier of dependable, easy-to-use, technologically advanced and easily accessible banking services. We want to be the bank that Cambodians trust to take care of all their personal and business banking needs.

## Mission

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Our mission is to help Cambodia, Cambodian businesses and people to build a bigger and brighter future by providing highly professional, technologically-advanced banking services for all.

We see ourselves as working in partnership with the Cambodian community as well as with private businesses and individuals. We are here to serve Cambodia.

## Values

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Our values form the cornerstone of our business. We believe in the importance of:

### Honesty & Respect

At ABA we make it our responsibility to treat each and every customer with honesty and respect. Strictly following this value, we earn respect and trust from our customers.

### Service Quality

At ABA we strive to find solutions to all our banking needs. Our aim is to provide the most technologically advanced and reliable banking services to all our customers – be they personal or business account holders.

### Trust & Partnership

At ABA we are always there to offer help and assistance. We see ourselves as dependable partner that our customer can always trust and rely on with their financial needs.

### Contribution

At ABA we aim to make a positive contribution to Cambodia. We want to play a beneficial role in the lives of our customers as well as for the future of the country as a whole.

### Ethics & Morals

At ABA we apply the highest ethical and moral standards to each and everything that we do – inside and outside the Bank. It is these homegrown principles that form the basis of every relationship, with the customers and communities we serve as well as with our staff.

### Sustainability & Growth

At ABA we are always thinking about the future of our Bank, the Cambodian people and the country. We show the same level of commitment to our staff as we do to our customers. It is with this approach that we ensure the sustainable growth of the Bank.

# Financial Highlights

Description	2021	2020	2019
<b>Financial Situation (in KHR million)</b>			
Total Assets	32,025,961	24,788,906	17,909,170
Total Liabilities	27,749,025	21,683,202	15,886,421
Total Equity	4,276,936	3,105,704	2,022,749
<b>Financial Results (in KHR million)</b>			
Total Income	2,090,950	1,625,149	1,243,537
Profit before Tax	1,076,845	770,025	576,997
Profit after Tax	862,516	617,289	516,653
Total Comprehensive Income	874,425	605,015	529,931
<b>Financial Ratios (%)</b>			
Solvency Ratio	18.90	18.08	19.94
Debt to Equity Ratio	648.81	695.86	785.39
Liquidity Coverage Ratio	149.32	166.62	162.32
Non-performing Credit Ratio	0.88	0.80	0.70
Loan to Deposit Ratio	84.48	78.69	81.42
<b>Profitability Ratios (%)</b>			
Return on Average Assets (ROAA)	3.04	2.89	3.57
Return on Average Equity (ROAE)	23.37	24.07	31.27
Interest Coverage Ratio	521.47	420.17	379.08
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

# Graphs of Financial Highlights

## TOTAL ASSETS

in KHR Millions

+29.2%▲

FROM 2020

32,025,961  
2021

24,788,906  
2020

17,909,170  
2019

## TOTAL LIABILITIES

in KHR Millions

+28%▲

FROM 2020

27,749,025  
2021

21,683,202  
2020

15,886,421  
2019

## TOTAL EQUITY

in KHR Millions

+37.7%▲

FROM 2020

4,276,936  
2021

3,105,704  
2020

2,022,749  
2019

## TOTAL COMPREHENSIVE INCOME

in KHR Millions

+44.5%▲

FROM 2020

874,425  
2021

605,015  
2020

529,931  
2019

## RETURN ON AVERAGE ASSETS

in percentage

+15 BPS  
(basis points)

FROM 2020

3.04  
2021

2.89  
2020

3.57  
2019

## RETURN ON AVERAGE EQUITY

in percentage

-70 BPS  
(basis points)

FROM 2020

23.37  
2021

24.07  
2020

31.27  
2019

## Composition of the Board of Directors

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**Yves Jacquot**  
Chairman



**Dominic Jacques**  
Non-Executive Director



**Madi Akmambet**  
Executive Director



**Martin Ouellet**  
Non-Executive Director



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



**Paolo Pizzuto**  
Non-Executive Director



**Etienne Chenevier**  
Independent Director



**Henri Calvet**  
Independent Director



**Guy Quaden**  
Independent Director

# Message from Chairman

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Dear investors,

Let me present you ABA Bank's financial performance in 2021 following the requirements of the Securities and Exchange Regulator of Cambodia (SERC).

ABA witnessed strong growth across all key metrics, including total assets, deposits, loans, and customer base despite the challenging year. As of 31 December 2021, the total assets grew by 28% to US\$ 7.9 billion, while the deposit portfolio increased by 29% to US\$ 6.3 billion, and the loan portfolio recorded a 38% growth to US\$ 5.3 billion. ABA secured a robust net profit of US\$ 212.02 million for FY2021. The shareholder's equity of the Bank grew 37% and reached US\$ 1.05 billion in the reporting period.

As more people choose ABA as their banking partner, the customer base in 2021 grew by a remarkable 50%, having reached 2.1 million.

These results are driven by ABA's successful implementation of its business strategy, emphasizing convenient digital financial services and productive loans to microbusinesses and SMEs in the economy's real sectors. The Bank also exercises a sound risk management culture reinforced by internal audit and compliance functions through its business lines.

During this turbulent year, ABA followed the National Bank of Cambodia guideline regarding the Loan Restructuring Program by providing debt relief to borrowers who experienced difficulties repaying and servicing their loans. Concurrently, the Bank reviewed its loan portfolio carefully and created respective loan provisions in line with the CIFRS rules and the National Bank of Cambodia regulations.

Supporting the Royal Government of Cambodia's initiative, ABA kept participating in the SME Co-Financing Scheme 2020 (SCFS), an initiative of the Royal Government of Cambodia to provide affordable loans to SMEs. Under this loan scheme, the Bank disbursed loans for capital expenditure and working capital with a special interest rate of 7% p.a. and a term of up to 7 years.

In 2021, ABA undertook strategic initiatives to increase the availability of its services and introduce state-of-art solutions to the customers. As such, the Bank expanded its geographical presence by opening two new branches, further developing its network of self-banking spots called ABA 24/7, and partnership with other financial institutions. It also enabled the distant account opening for first-to-bank clients, who can become ABA customers using their smartphones and without visiting a branch. The Bank believes this step will increase financial inclusion, allowing more Cambodians access to modern finances.

The flagship retail product of the Bank, the ABA Mobile app, continuously receives new services and features to make banking with ABA even more effortless yet safe and secure. Other elements of the digital ecosystem were also upgraded and improved during the year, including the Internet Banking for Business platform.

In September, ABA started accepting tax payments on behalf of the General Department of Taxation (GDT). ABA customers can pay various taxes from ABA Mobile, on the GDT website and app, and via ABA Bank branches. With this free-of-charge service, clients fulfill their tax obligations more conveniently and securely.

In December, the S&P Global Ratings Agency reaffirmed ABA's credit rating at 'B+' with Stable outlook, the highest possible notch in Cambodia. It reflects S&P's view that the Bank can sustainably manage rapid loan and deposit growth as the country emerges from the Covid-19 pandemic. The experts also noted that ABA's digital platforms are a competitive advantage that supports loan and deposit expansion. Compared with domestic peers, the Bank employs more sophisticated risk management systems, including cash flow analysis, to support its credit decisions.

Also, ABA invested US\$ 30 million in the corporate bond of Techo International Airport to contribute to

one of the country's milestone development projects. Strongly supported by Prime Minister Hun Sen, the new airport is expected to become a transportation hub and to increase the country's investment and tourism attractiveness.

The advancements of the Bank in the year were praised by various magazines who bestowed on ABA the "Best Bank in Cambodia 2021", "Best Domestic bank 2021", and the "Bank of the Year 2021 in Cambodia" titles.

As an active member of the business community, ABA provided feasible contribution to people and businesses of Cambodia. In April, the Bank donated US\$ 1 million (approximately 4 billion Khmer Riels) to support the Royal Government's efforts to stop the spread of Covid. The proposal for donation was considered and appreciated by Samdech Techo Hun Sen who issued Appreciation Letter to the Bank's top management and staff.

Taking part in the socio-economic and infrastructure development, ABA delivered \$61.5 million of taxes in the state budget in 2021. ABA's strong commitment to the country's progress can also be seen in employing almost 7,000 professional local staff at 81 branches and outlets, constantly investing in staff training and development.

ABA shareholders contribute to the economy of the country through the steady growth of the Bank. In 2021, National Bank of Canada invested \$216 million in the form of paid-up capital and subordinated debt of the Bank. I will note here that ABA shareholders strategically re-invest all profit in the further growth and development of ABA and its staff.

The Board of Directors will continue to play an active role ensuring the Bank's strategy is being executed following best practices and standards. For that, the Board has the full capacity of its dedicated members who put forth their backgrounds and solid expertise in 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 dedication and courage in continuing to serve our valued customers on the highest level despite this challenging time and different Covid-related limitations.

I would also like to extend my gratitude to the National Bank of Cambodia and the Securities and Exchange Regulator of Cambodia for their continuous guidance and support. Being the first Cambodian commercial bank to issue corporate bonds for the total amount of KHR 84.821 billion, ABA feels a full commitment to further developing the securities market and promoting the use of Riel.

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

30 March 2022

**Yves Jacquot**  
*Chairman*

# Message from CEO

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Dear investors and members of public,

I would like to deliver the overview of ABA Bank's performance and milestones we reached in 2021. The Covid pandemic impacted the year and brought limitations on businesses and people, especially after the February 20 outbreak that disrupted the economy and society. Despite such baffling conditions, we managed to solidify the Bank's market position and continue serving our valued customers.

Following our Mission and Values, we kept deploying customer-centric solutions to make the financial lives of our customers better and easier. We brought our business process engineering to the next level, whereby most of our services can be self-operated through different channels and platforms. In 2021, our customer base grew for 50% with almost all our new customers becoming ABA Mobile users. It aligns with our goal of equipping all our customers with access to our best-in-class mobile banking solution.

Our flagship digital banking platform developed continuously through the year. ABA Mobile, the standard for banking apps in Cambodia, received new enhancements and features to keep providing our customers with convenient and hassle-free banking. The Instant Account feature of the app where Cambodians can open their first ABA account with just their smartphone and valid ID card was received positively by the market and showed that more and more people trust ABA and want to use it for their everyday banking. Our mobile app users can enjoy instant local and international money transfers, settle any bill, scan QRs to pay at various businesses, open savings and deposit accounts, including in Khmer Riel to support our national currency. All in their phones. No cash involved.

At the same time, our customers always need an opportunity to top up their ABA accounts in a modern and reliable way. And we provide multiple channels for that. Our network of ABA 24/7 self-banking spots received 11 new locations in Phnom Penh, Poipet, and Sihanoukville within the year. We also made it easy to top up ABA accounts directly from e-wallets and, with the help of the Bakong system, from many other banks and MFIs. International money transfers can also be credited to customers' ABA accounts without cashing them out in our branches. The Bank envisions the self-banking and remote banking strategy, and we will keep moving forward in this direction.

To support further MSMEs and large businesses, we significantly redesigned and rethought our Internet Banking for Business platform with the latest business landscape changes in mind. With the newly introduced Host-to-Host solution, Virtual Account feature, integration with major online accounting platforms like Xero and QuickBooks Online, our Internet Banking for Business became a potent tool for businesses of any size to manage their finances securely and conveniently.

We continued our branch expansion with opening two new branches in the Monduliri and Pailin provinces. This expansion brings the total number of ABA branches to 81 and allows us to provide modern and convenient services of ABA across the whole country.

During the turbulent 2021, we kept providing loans to local businesses to support their operations and growth as access to capital is vital at any time. This action indeed has played an important role in helping the economy. In general, we distributed net 10,000 additional loans worth US\$ 1.4 billion in 2021, having increased the Bank's gross loan portfolio by 38% to US\$ 5.3 billion. At the same time, we restructured the loans of our borrowers affected by the Covid-19 pandemic crisis. As of the end of 2021, there are 13,641 such restructured loans with US\$ 698 million outstanding and we will continue helping our borrowers overcome this time of hardship.

In September, the Ministry of Economy and Finance appointed ABA Bank to accept tax payments on behalf of the General Department of Taxation. As a socially responsible enterprise, ABA is honored to assist the government in tax collection, contributing to the development of the effective cashless payment system in the country.



In the end of the year, the Bank contributed to the development of the new Phnom Penh International Airport, having invested US\$ 30 million in its corporate bond. We are proud to participate in the construction of this landmark achievement and believe that it will advance Cambodia on the economic map of the region and increase the country's investment and tourism attractiveness.

Additionally, I want to mention the response of the Bank and staff to Covid. Since the beginning of the pandemic in Cambodia, the Bank has been coordinating fundraising activities and contributing funds through the National Bank of Cambodia, the Association of Banks in Cambodia, and the Royal Government. In April, we donated US\$ 1 million to support the government's efforts to stop the spread of the Covid outbreak. The donation was appreciated by Samdech Techo Hun Sen who issued Appreciation Letter to the Bank's top management and staff.

Our development was praised by the international financial community accordingly. In 2021, ABA Bank has collected the Best Bank in Cambodia titles from The Banker, Euromoney, Asiamoney, Global Finance, and Asian Banking and Finance magazines. On top of that, our credit rating from S&P Global Ratings was reaffirmed at 'B+' with Stable outlook. Despite pandemic challenges, we managed to continue our growth in the market share in terms of loans and deposits, physical and digital distribution network, and customer base, which reflected in the confirmation of our high-level rating.

These are our major achievements, which made 2021 a remarkable year and prepared us for further growth. We are set to use the opportunities our current successes open for us, and confident that ABA is well-positioned to bring further value to the stakeholders.

In conclusion, I wish to thank the National Bank of Cambodia and Securities and Exchange Regulator of Cambodia for their support of our initiatives and guidance throughout the year.

I also thank the management team of ABA for shaping our future and all 7,000 employees for their hard work to achieve it.

On top of that, I express my deepest gratitude to all our valued customers for their trust in ABA and ongoing support.

Thank you.

30 March 2022



**Askhat Azhikhanov**

*Chief Executive Officer*

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# SECTION 1

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## GENERAL INFORMATION OF THE LISTED ENTITY

## A. IDENTIFY OF LISTED ENTITY

Name of the listed entity in Khmer	ធនាគារវឌ្ឍនៈអាស៊ី បំរើកាត់
In Latin	Advanced Bank of Asia Limited
Standard Code	KH2000091986
Address	No. 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 Number	(+855) 23 225 333
Fax	(+855) 23 216 333
Website	www.ababank.com
Email	info@ababank.com
Company registration number	00010593 dated 29 December 2010
License number	B14 issued by the National Bank of Cambodia dated 25 January 2021
Disclosure document registration number by SERC	155/19 SECC dated 07 August 2019
Name of Listed Entity's Representative	Mr. Askhat Azhikhanov

## B. NATURE OF BUSINESS

ABA Bank is the Cambodian leading private financial institution founded in 1996 as the Advanced Bank of Asia Limited. In 25 years of development and growth, ABA has significantly strengthened its position in the market and broke into the top commercial banks of the country. Today, ABA offers the entire spectrum of services to customer segments covering individuals, micro-businesses, SMEs, and large entities.

ABA is a subsidiary of the National Bank of Canada ([www.nbc.ca](http://www.nbc.ca)), a financial institution with around US\$ 279 billion in assets as of 31 October 2021 and a huge network of correspondent banks all over the world.

Being a shareholder of ABA Bank from 2014, the National Bank of Canada becomes the first major financial institution from the North American continent to enter the Cambodian banking sector. Headquartered in Montreal, it has branches in almost every Canadian province with 2.7 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.

As of 31 December 2021, ABA Bank manages the total assets of US\$ 7.9 billion and serves 2.1 million customers' accounts through the extensive network of 81 branches, 800+ self-banking machines, and advanced mobile banking and online banking platforms.

## C. GROUP STRUCTURE OF THE LISTED ENTITY

No.	Entity Name	Type of Relationship	Percentage of Shareholding	Main Business	Registered Date	Business Location
1	National Bank of Canada	Parent Company	99.99%	Banking and Finance	May 1859	600 Rue de la Gauchetière O, Montréal, QC H3B 4L6, Canada

National Bank of Canada ([www.nbc.ca](http://www.nbc.ca)) is a financial institution with US\$ 279 billion in assets as of 31 October 2021 and huge network of correspondent banks all over the world. National Bank of Canada owns credit ratings from the world's leading rating agencies: "A" from S&P, "A+" from Fitch, and "A1" from Moody's. It is headquartered in Montreal and has branches in almost every Canadian province serving 2.7 million clients.

National Bank of Canada is the sixth largest bank in Canada and the leading bank in Quebec where it is the partner of choice among SMEs. Its securities are listed on the Toronto Stock Exchange. Clients in the United States, Europe and other parts of the world are served through a network of representative offices, subsidiaries and partnerships.

## D. THE LISTED ENTITY'S MILESTONES

ABA Bank has experienced significant growth since its inception in 1996. Here are the main milestones from 2021:

- ABA Bank opened two new branches in Mondulkiri and Pailin, bringing the total of offices to 81.
- ABA expanded the network of ABA 24/7 self-banking spots with 11 more locations.
- ABA launched the Instant Account feature in the ABA Mobile app to allow customers open first bank accounts from anywhere via smartphones.
- ABA retained "B+" credit rating with Stable outlook from the S&P Global Ratings Agency.
- The Bank was recognized as one of Cambodia's top taxpayers in 2020.
- ABA started offering tax collection for the government via multiple channels.
- ABA integrated with QuickBooks and Xero to enhance its Internet Banking for Business platform.
- The Bank partnered with Total Cambodge and AEON Mall on digital payment acceptance services.
- ABA donated US\$ 1 million to the Royal Government for the support of the fight against Covid-19.
- ABA invested US\$ 30 million in the development of Techo International Airport.
- ABA Bank signed MoU on the digital payment and knowledge-sharing partnership with the Ministry of Commerce.
- The Bank partnered with Thunes to enable instant cross-border transfers to bank accounts.
- ABA announced the launch of the JCB cards acceptance in its network across Cambodia.
- ABA introduced the one-click mobile identity solution, IPification, in partnership with Smart Axiata.
- ABA Bank partnered with Credit Guarantee Corporation of Cambodia Plc. to provide loan support to MSMEs on business expansion, investment, and working capital.
- JP Morgan recognized ABA's excellence in processing USD transfers for the second year in a row.
- ABA Bank received the Best Bank in Cambodia awards from Asiamoney, The Banker, Asian Banking and Finance, Euromoney, and Global Finance magazines.

## E. MARKETING SITUATION

In our business strategy, we aim to become the bank of customer's choice in the market and to retain the customer for the longer-term relationship. For that, the Bank has been intensively focusing on the development of new products and services such as listed below:

- Convenient loan products tailored for micro-, small and medium enterprises (MSMEs) that form the backbone of the Cambodian economy;
- Further development of the technologically advanced solutions, especially our full-scale mobile banking application, account opening solutions, PayWay online payment gateway, and others;
- Further development of card products and modern cashless payment methods, deeper cooperation with the world's leading payment systems to expand the opportunities for the clients;
- Expansion of the Bank's network with leverage on the self-banking spots, ABA 24/7;
- Further improvement of the service quality in order to cater to the needs of the clients and provide them with a pleasant and seamless experience with ABA;
- Significant development of banking solutions for business customers to tap on the growing amount of enterprises, large companies and multinational corporations as reflection of growth of the Cambodian economy.

The Bank has scheduled all the main marketing activities to increase awareness of ABA Bank, especially in provincial and rural areas, to build its brand stronger, to improve its service quality in line with the new products and services development.

## F. COMPETITIVE SITUATION

Cambodian market remains attractive for financial institutions to tap for the growth in Phnom Penh and provinces. New banking products and services are being created as the banking sector's development and maturity continues to accelerate. Cambodia uses both bank-centric and mobile-centric banking models.

As of the reporting period, Cambodia has more than 60 commercial and specialized banks and 100 microfinance institutions (MFIs) serving 16 million Cambodians. At the same time, banking services' penetration is still relatively poor due to comparatively low financial literacy and infrastructure development. Therefore, banks are actively searching for new ways to broaden financial inclusion.

The products and services of ABA Bank include the full range of accounts for regular banking and saving purposes (Fixed Deposit, Flexi Deposit with unlimited replenishments/withdrawals, Savings, and Current accounts), coupled with debit and credit cards from Visa, Mastercard, UnionPay International, instant money transfers and SWIFT transfers, as well as trade finance tools, and loans for all types of businesses – microbusinesses, SMEs, and large corporates.

In retail banking, ABA is considered the market leader in providing convenient digital finance solutions and platforms. The Bank's mobile banking app and online payment gateway solution were praised numerous times by international magazines and publications as the best in the market. The Bank positions itself as the mobile-first, and as the mobile-only in the future, financial institution, which reflects on the operations and initiatives ABA introduces to the market.

## G. FUTURE PLAN

As financial activities become more sophisticated and customers demand more flexibility and efficiency, the Bank must have wide-ranging innovative services and products to enable its customers to avail themselves of emerging opportunities. That is why ABA's immense attention will be focused to the further development of the fundamental advantage – modern digital (remote) banking solutions and 24/7 customer support.

On the lending side, the Bank sticks to its strategy of providing productive loans, but with a strong focus on transactional lending based on the advanced analytics and business intelligence models.

## H. RISK FACTORS

### 1. Analysis

The Cambodian economy is slowly recovering from the Covid-19 pandemic; however, we still believe the pandemic situation to be the key risk the Cambodian economy and ABA Bank. Additionally, potential economic ripple effects, e.g. on fuel prices or imported commodities and goods, from the developing Ukrainian crisis must be closely monitored.

### 2. Management Opinion and Risk Mitigation

We believe to be in a strong position to successfully manage the mentioned risks and to mitigate their impact on the Bank.

#### Operational Risk and Business Continuity measures (continued since 2020):

- The Bank successfully executed its Business Continuity Plan;
- The Bank continues Covid-19 prevention measures consistent with the instructions of the Royal Government of Cambodia; and
- The Bank continuously reassesses and advances its operational and technical resilience.

#### Credit Risk Management measures:

- The Bank proactively manages its credit portfolio, especially the restructured loans portfolio; and
- The Bank implements prudent credit underwriting, balancing the need to support the recovering economy with robust risk-taking.

#### Liquidity Risk Management measures:

- The Bank maintains a significant and stable liquidity buffer of highly liquid assets; and
- The Bank performs comprehensive stress testing to assess hypothetical crisis scenarios, and to adjust and advance its funding and liquidity management plans and actions.

#### Foreign Exchange Risk measures:

- The Bank supports the development of the national currency, Khmer Riel;
- The Bank closely monitors the economic developments and their impacts; and
- The Bank maintains a robust risk-appetite within internationally accepted best practices and limits.

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## SECTION 2

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### INFORMATION ON PERFORMANCE OF BUSINESS OPERATIONS

## A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENT INFORMATION

Key Achievement	2021	2020	2019
<b>Loan</b>			
Loan Accounts	91,235	81,568	66,513
Total Gross Loans (in KHR million)	21,695,702	15,505,988	11,265,037
<b>Deposit</b>			
Deposit Accounts	2,085,172	1,382,401	828,651
Total Deposits (in KHR million)	25,681,396	19,705,090	13,836,025
<b>Others</b>			
Operating Branches	81	79	77
Number of Staff	6,797	6,266	6,410
ATMs	570	471	418
POS Terminals	3,290	1,627	1,214

## B. INCOME STRUCTURE

No	Source of income	2021		2020		2019	
		Amount (in KHR million)	%	Amount (in KHR million)	%	Amount (in KHR million)	%
1	Interest Income	1,849,085	88.44	1,446,486	89.01	1,108,151	89.11
2	Fee and Commission Income	216,933	10.37	164,870	10.14	128,481	10.33
3	Other Income	24,932	1.19	13,793	0.85	6,905	0.56
	<b>Total Income</b>	<b>2,090,950</b>	<b>100</b>	<b>1,625,149</b>	<b>100</b>	<b>1,243,537</b>	<b>100</b>

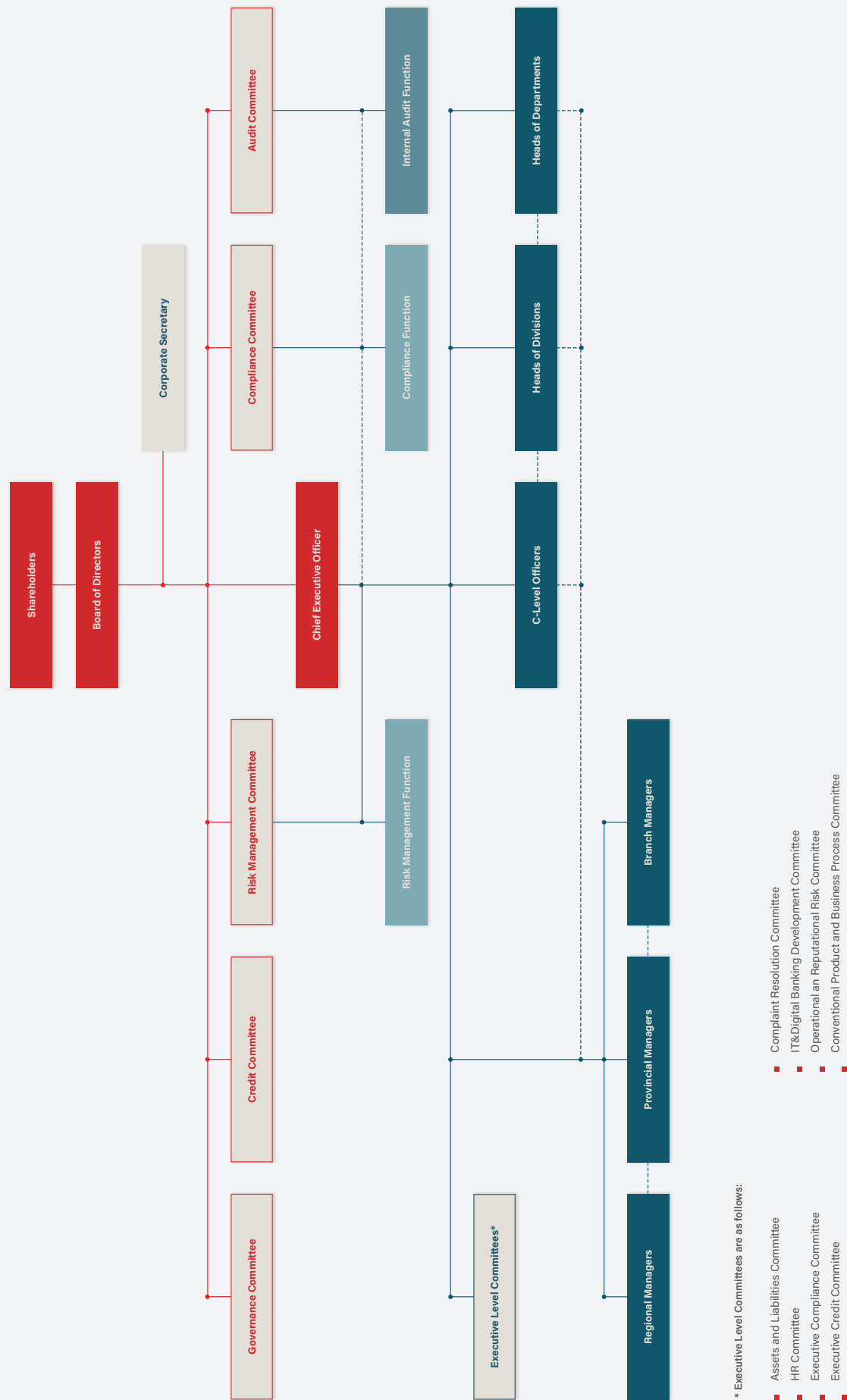
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# SECTION 3

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## INFORMATION ON CORPORATE GOVERNANCE

A. CORPORATE GOVERNANCE STRUCTURE CHART



## B. BOARD OF DIRECTORS

Composition of the Board of Directors

No	Name of Directors	Position	Start Date in Position	End Date in Position <sup>[1]</sup>
1	Yves Jacquot	Chairman	29 March 2016	29 March 2022
2	Dominic Jacques	Non-Executive Director	29 March 2016	29 March 2022
3	Madi Akmambet	Executive Director	26 July 2012	26 July 2024
4	Martin Ouellet	Non-Executive Director	4 November 2019	4 November 2022
5	Paolo Pizzuto	Non-Executive Director	12 November 2020	12 November 2023
6	Christian St-Arnaud	Non-Executive Director	31 December 2019	31 December 2022
7	Etienne Chenevier	Independent Director	26 June 2014	26 June 2023
8	Henri Calvet	Independent Director	29 March 2016	29 March 2022
9	Guy Quaden	Independent Director	19 June 2019	19 June 2022

<sup>[1]</sup> As stipulated in the Terms of Reference of the ABA Board Governance, the term of office of each member of the Board of Directors shall be three (3) years and will be extended automatically until and unless otherwise determined by the decision of shareholders of the Bank.

## C. SENIOR STAFFS

Composition of Senior Staffs

No.	Name	Gender	Position
1	Askhat Azhikhanov	Male	Chief Executive Officer
2	Babu Ram Gyawali	Male	Chief Financial Officer
3	Galymzhan Temirov	Male	Chief Information Officer
4	Bibhu Pandey	Male	Chief Credit Officer
5	Sanzhar Abdullayev	Male	Chief Card and E-Payments Officer
6	Zokhir Rasulov	Male	Chief Digital Officer
7	Zhiger Atchabarov	Male	Chief International Operations Officer
8	Polin Mey	Male	Chief Business Development Officer
9	Torsten Kleine Buening	Male	Chief Risk Officer and Compliance Advisor to CEO
10	Praseth Kong	Female	Chief Audit Advisor to CEO
11	Igor Zimarev	Male	Chief Marketing Officer and Corporate Secretary
12	Cheauy Po	Male	Head of Internal Audit Division
13	Vithiea Ly	Female	Head of HR Division

No.	Name	Gender	Position
14	Ninlida Long	Female	Head of Cash Operations Division
15	Sosen Eang	Male	Head of Legal Department
16	Kimkhun Pech	Male	Head of Security Department
17	Dalen Ath	Male	Head of Administrative Department

Note: For detailed information related to corporate governance, please see attached appendix.

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## SECTION 4

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INFORMATION ON SECURITIES  
TRADING AND SHAREHOLDER  
OF THE LISTED ENTITY

## A. INFORMATION ON SECURITIES

### Information on Debt Securities (for debt listed entity)

Information	Description
Debt securities type	Corporate Bond
Symbol	ABAA22A
Issuing date	14 August 2019
Total amount of debt securities	KHR 84,821,000,000
Total amount of outstanding debt securities	KHR 84,821,000,000
Maturity date	14 August 2022
Coupon payment schedule	Semester
Coupon rate (%)	7.75% p.a
Total amount of coupon payment	KHR 6,561,887,660
Credit ratings	B+

## B. SECURITIES' PRICE AND TRADING VOLUME

Securities		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
Trading Price(in KHR)	Maximum	N/A					100,500	N/A					
	Average	N/A					100,500	N/A					
	Minimum	N/A					100,500	N/A					
Trading Volume (Units)	Maximum	N/A					60	N/A					
	Average	N/A					60	N/A					
	Minimum	N/A					60	N/A					



### C. LIST OF CONTROLLING SHAREHOLDERS (FROM 30% ONWARDS)

No.	Name	Nationality	Number of Shares	Percentage
1	National Bank of Canada	Non-Cambodian	519,999	99.99
Total			519,999	99.99

### D. LIST OF SUBSTANTIAL SHAREHOLDERS (FROM 5% TO LESS THAN 30%)

No.	Name	Nationality	Number of Shares	Percentage
1	N/A	N/A	N/A	N/A
Total			N/A	N/A

### E. INFORMATION ON DIVIDEND DISTRIBUTION IN THE LAST 3 YEARS

Detailed Information on Dividend Distribution	2021	2020	2019
Net profit			
Total cash dividend			
Total share dividend			
Other dividends		N/A	
Dividend payout ratio (%)			
Dividend yield (%)			
Dividend per share			

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## SECTION 5

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INTERNAL CONTROL AUDIT REPORT  
BY INTERNAL AUDITOR

# INTERNAL AUDIT REPORT ON THE INTERNAL CONTROL SYSTEM OF ABA BANK FOR 2021

## I. INTRODUCTION

The Internal Audit of the Bank is an independent from the day-to-day operations appraisal function established to examine and evaluate the Bank's operational activities from the internal control, risk management, and corporate governance perspectives.

The Internal Audit shall assist senior management in effectively fulfilling their responsibilities by equipping them with comprehensive examination, assessments, and recommendations regarding the Bank's activities and operations.

## II. SCOPE OF THE INTERNAL AUDIT FUNCTION

The Internal Audit's main scope is to examine and evaluate the effectiveness and efficiency of ABA Bank's systems of internal control management and the quality of performance of business units in carrying out their ultimate business and strategic goals.

During the year, the Internal Audit Division performed the examination of effectiveness and efficiency in the following areas:

- Internal control environment and policies;
- Reliability and accuracy of financial and operating information;
- Assets quality and safeguarding of assets;
- Use of resources;
- Compliance with laws, regulations, policies, procedures, and contracts;
- Special investigation, including on internal/external fraud or other breaches of trust by internal staff;
- Internal control activity tools such as procedures and processes of segregation of duties, dual control, authorization, approval, audit trails, reporting, information security, and others;
- Risk management system, including tools in risks identification, measurement, monitoring, and mitigation;
- Corporate governance and compliance control function, including adherence to the Code of Business Conduct and Ethics, other internal documents and regulations;
- AML/CFT compliance function, including tools in identifying suspicious and high-risk transactions, customer due-diligence, corrective actions or termination of relations with risky customers, reporting to regulators and senior management.

## III. SUMMARY OF THE INTERNAL AUDIT ACTIVITIES IN 2021

- The Internal Audit Division performed its activities following the annual Audit Plan approved by the Audit Committee of the Board. The Internal Audit reports were presented to the Audit Committee every quarter.
- In 2021, the Internal Audit Division conducted audits of 19 branches and 10 audit mandates in the Head Office as per the Planned Audit. Additionally, it covered 82 branches with the Surprised Audit. The month-wise audit schedule and number of audit mandates are as below:

No	Month	# of Branch Audits (Planned Audit)	# of Head Office Audits (Planned Audit)	# of Branches (Surprised Audit)
1	Jan-2021			
2	Feb-2021	4		29
3	Mar-2021			
4	Apr-2021			
5	May-2021			15
6	Jun-2021	3	2	
7	Jul-2021	3		
8	Aug-2021	3		9
9	Sep-2021		3	12
10	Oct-2021			2
11	Nov-2021	3		13
12	Dec-2021	3	5	2

- The results of audit mandates were communicated to appropriate managements. Audit reports contained detailed information about the audit findings, risk implication, and audit recommendations to mitigate the risk along with the precise action plans and realistic deadline inputted by the audit partners.
- The Internal Audit Division is continuously monitoring the progress of action plans until all the actions are fully implemented. The follow-up audit activity is performed monthly with the proper testing techniques before closing each action plan.

#### IV. CONCLUSION

- The Internal Audit Division rigorously implemented the audit risk-based approaches for all types of its activities throughout the year. There are several types of risk that the Internal Audit Division covered and notified during 2021, including but not limited to Credit Risk, Operational Risk, Compliance Risk, Reputational Risk, and IT Security Risk.
- As per the results of Internal Audit activities in 2021 for both branch and Head Office, several audit findings and recommendations were issued. The corrective actions were implemented by Branch Managers and Heads of Department in the Head Office.
- Generally, we conclude that the internal control system, governance, and risk management are adequately designed and effectively implemented in ABA Bank based on the covered audit scopes and objectives in 2021.

#### Seen and Agreed

22 March 2022



**Etienne Chenevier**  
Chairman of the Audit Committee  
of the Board of Directors

22 March 2022



**CheaUy Po**  
Head of Internal Audit Division

# SECTION 6

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## FINANCIAL STATEMENT AUDITED BY INDEPENDENT AUDITOR

Please refer to the Annex for Audited Financial Statements by Independent Auditor

## SECTION 7

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INFORMATION ON RELATED-PARTY  
TRANSACTION AND CONFLICT OF INTEREST

Listed entity shall disclose the material transaction information with related parties in the last 2 years, specifying name, relation between the listed entity and related parties, size of transaction and the type of interest which arise from that relationship as follows:

**A. MATERIAL TRANSACTIONS WITH SHAREHOLDER(S) WHO HOLD AT LEAST 5% OR MORE SHARES OF OUTSTANDING EQUITY SECURITIES**

Please refer to Noted 31 "Related Parties" of the attached Audited Financial Statements reviewed by the Independent Auditor for detail information.

**B. MATERIAL TRANSACTION WITH DIRECTOR(S) AND SENIOR STAFF(S)**

Please refer to Noted 31 "Related Parties" of the attached Audited Financial Statements reviewed by the Independent Auditor for detail information.

**C. TRANSACTIONS WITH DIRECTOR(S) AND SHAREHOLDER(S) RELATED TO BUY/SELL ASSET AND SERVICE**

None

**D. MATERIAL TRANSACTION WITH IMMEDIATE FAMILY MEMBER OF DIRECTOR(S), SENIOR STAFF(S) AND SHAREHOLDER(S) HOLDING AT LEAST 5% OR MORE SHARES**

None

**E. MATERIAL TRANSACTIONS WITH THE PERSON, WHO ASSOCIATED WITH DIRECTOR OF THE LISTED ENTITY, ITS SUBSIDIARY OR HOLDING COMPANY, WHOSE RELATIONSHIP HAS OCCURRED IN ANY TRANSACTIONS OR HAVE BEEN MADE BY THE LISTED ENTITY**

None

**F. MATERIAL TRANSACTION WITH FORMER DIRECTOR(S) OR PERSON INVOLVING WITH THE FORMER DIRECTOR(S)**

None

**G. MATERIAL TRANSACTION WITH DIRECTOR(S) HOLDING ANY POSITION IN A NON-PROFIT ORGANIZATION OR IN ANY OTHER COMPANIES OTHER THAN THE LISTED ENTITY**

None

**H. MATERIAL TRANSACTION WITH DIRECTORS GETTING BENEFITS EITHER FINANCIAL OR NON-FINANCIAL FROM THE LISTED ENTITY**

Please refer to Note 31 "Related Parties" of the attached Audited Financial Statements reviewed by the Independent Auditor for detail information.

# SECTION 8

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## MANAGEMENT'S DISCUSSION AND ANALYSIS



The following discussions and analyses focus on the operational and financial results based on Financial Statements as of 31 December 2021 reviewed by Independent Auditors. The Financial Statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRS") and follows the regulations and guidelines of the National Bank of Cambodia. Only the key components of the Financial Statements and key factors that affect ABA's profitability are discussed and analysed.

## A. OPERATIONAL OVERVIEW

### 1. Income Analysis

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

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

### 2. Income by Segments Analysis

No	Income Category	2021		2020		2019	
		Amount (in KHR million)	%	Amount (in KHR million)	%	Amount (in KHR million)	%
1	Interest Income	1,849,085	88.44	1,446,486	89.01	1,108,151	89.11
2	Fee and Commission Income	216,933	10.37	164,870	10.14	128,481	10.33
3	Other Income	24,932	1.19	13,793	0.85	6,905	0.56
<b>Total Income</b>		<b>2,090,950</b>	<b>100</b>	<b>1,625,149</b>	<b>100</b>	<b>1,243,537</b>	<b>100</b>

ABA Bank earns most income from interest income representing 88.44% of total income in 2021, among which 97% of the interest income are from the loans to customers.

### 3. Gross Profit Margin analysis

ABA Bank prepares its Statement of Profit or Loss and Other Comprehensive Income in which the format did not present the gross profit margin, but it did present the net interest income which resulted from total interest income less interest expenses discussed under the next section on the [Profit Before Tax Analysis](#).

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#### 4. Profit Before Tax Analysis

##### i) Profit before Tax for the Year Analysis

Statement of Profit before Tax	2021 (in KHR Million)	2020 (in KHR Million)	Variance (in KHR Million)	Variance (%)
Interest Income	1,849,085	1,446,486	402,599	27.83
Interest Expense	(255,495)	(240,508)	(14,987)	6.23
<b>Net Interest Income</b>	<b>1,593,590</b>	<b>1,205,978</b>	<b>387,612</b>	<b>32.14</b>
Fee and Commission Income	216,933	164,870	52,063	31.58
Fee and Commission Expense	(82,427)	(65,676)	(16,751)	25.51
<b>Net Fee and Commission Income</b>	<b>134,506</b>	<b>99,194</b>	<b>35,312</b>	<b>35.60</b>
Other Operating Income	24,932	13,793	11,139	80.76
Personal Expenses	(344,275)	(293,194)	(51,081)	17.42
Depreciation and Amortization	(77,294)	(79,988)	2,694	(3.37)
Other Expenses	(133,387)	(119,910)	(13,477)	11.24
Net Impairment Losses on Financial Instruments	(121,227)	(55,848)	(65,379)	117.07
<b>Profit before Tax</b>	<b>1,076,845</b>	<b>770,025</b>	<b>306,820</b>	<b>39.85</b>

In 2021, the profit before tax reached KHR 1,076,845 million with 39.85% increment compared to 2020 equivalent to KHR 306,820 million. This increase of the profit is mainly from the Interest Income with 27.83% growth and Fee and Commission Income with 31.58% growth compared to 2020.

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## ii) Profit before Tax for the Prior Year Analysis

Statement of Profit before Tax	2020 (in KHR Million)	2019 (in KHR Million)	Variance (in KHR Million)	Variance (%)
Interest Income	1,446,486	1,108,151	338,335	30.53
Interest Expense	(240,508)	(206,750)	(33,758)	16.33
<b>Net Interest Income</b>	<b>1,205,978</b>	<b>901,401</b>	<b>304,577</b>	<b>33.79</b>
Fee and Commission Income	164,870	128,481	36,389	28.32
Fee and Commission Expense	(65,676)	(56,386)	(9,290)	16.48
<b>Net Fee and Commission Income</b>	<b>99,194</b>	<b>72,095</b>	<b>27,099</b>	<b>37.59</b>
Other Operating Income	13,793	6,905	6,888	99.75
Personal Expenses	(293,194)	(234,571)	(58,623)	24.99
Depreciation and Amortization	(79,988)	(59,666)	(20,322)	34.06
Other Expenses	(119,910)	(100,570)	(19,340)	19.23
Net Impairment Losses on Financial Instruments	(55,848)	(8,597)	(47,251)	549.62
<b>Profit before Tax</b>	<b>770,025</b>	<b>576,997</b>	<b>193,028</b>	<b>33.45</b>

In 2020, the profit before tax reached KHR 770,025 million with 33.45% increment compared to 2019 equivalent to KHR 193,028 million. This increase of the profit is mainly from the Interest Income with 30.53% growth and Fee and Commission Income with 28.32% growth compared to 2019.

## 5. Net Profit Analysis

### i) Net Profit for the Year Analysis

Statement of Net Profit	2021 (in KHR Million)	2020 (in KHR Million)	Variance (in KHR Million)	Variance (%)
Profit before Tax	1,076,845	770,025	306,820	39.85
Income Tax Expense	(214,329)	(152,736)	(61,593)	40.33
<b>Net Profit for the Year</b>	<b>862,516</b>	<b>617,289</b>	<b>245,227</b>	<b>39.73</b>

In 2021, the net profit for the year was KHR 862,516 million with 39.73% higher than 2020 showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 23.37% and the Return on Average Assets of 3.04% as of 31 December 2021.

## ii) Net Profit for the Prior Year Analysis

Statement of Net Profit	2020 (in KHR Million)	2019 (in KHR Million)	Variance (in KHR Million)	Variance (%)
Profit before Tax	770,025	576,997	193,028	33.45
Income Tax Expense	(152,736)	(60,344)	(92,392)	153.11
<b>Net Profit for the Year</b>	<b>617,289</b>	<b>516,653</b>	<b>100,636</b>	<b>19.48</b>

In 2020, the net profit for the year was KHR617,289 million with 19.48% higher than 2019 showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 24.07% and the Return on Average Assets of 2.89% as of 31 December 2020.

## 6. Total Comprehensive Income Analysis

### i) Total Comprehensive Income for the Year Analysis

Statement of Total Comprehensive Income	2021 (in KHR million)	2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Net Profit for the Year	862,516	617,289	245,227	39.73
Other Comprehensive Income	11,909	(12,274)	24,183	(197.03)
<b>Total comprehensive income</b>	<b>874,425</b>	<b>605,015</b>	<b>269,410</b>	<b>44.53</b>

### ii) Total Comprehensive Income for the Prior Year Analysis

Statement of Total Comprehensive Income	2020 (in KHR million)	2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the Year	617,289	516,653	100,636	19.48
Other Comprehensive Income	(12,274)	13,278	(25,552)	(192.44)
<b>Total Comprehensive Income</b>	<b>605,015</b>	<b>529,931</b>	<b>75,084</b>	<b>14.17</b>

## 7. Factors and trends analysis affecting financial conditions and results

As at 31 December 2021, the management acknowledges that ABA Bank did not have any significant factors and trends that would affect ABA financial situation and results.

## B. SIGNIFICANT FACTORS AFFECTING PROFITABILITY

### 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 loan portfolio due to 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, POS-terminals, and expanding its network of QR code payments.

## **2. Fluctuations in Prices of Raw Materials Analysis**

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

## **3. Tax Analysis**

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

Paying relevant taxes to the General Department of Taxation also plays a role as a contributor to Cambodian society and economic growth. For good practice on tax compliance, ABA Bank was awarded "GOLD" certificate of tax compliance from GDT on 25 December 2020 with the 2-year validity period for financial years 2021 and 2022.

## **4. Exceptional and Extraordinary Items Analysis**

As at 31 December 2021, the management acknowledged that ABA did not experience any items, transactions or events of a material and unusual nature except the impact of the Coronavirus pandemic (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 fourth quarter of the year witnessed the start of the country's reopening after quarantine requirements for fully vaccinated travelers were lifted in November. A certain rebound of the local economy following this decision of the Royal Government is expected, which should help restore the tourism and other sectors.

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 establishment of SME Bank to facilitate the SME Co-Financing Scheme (SCFS).

ABA Bank has performed 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 future.

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

In 2021, ABA Bank recorded growth in revenue, securing 1,594 billion KHR in net interest income, which represents 32.14% growth compared to the same period in 2020.

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

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

In terms of interest rates, the Bank maintains the policy of fixed interest rates for its deposits and loans. Therefore, it didn't experience significant changes in interest rates during the reporting period. The impact of commodity prices is not applicable to the Bank.

## E. IMPACT OF INFLATION

The Cambodia's inflation rate stood at 2.9% in the year of 2021 according to Annual report 2021 from the National Bank of Cambodia. Therefore, in 2021, there was no material impact of inflation on the Bank's operational expenses.

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

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

- Direct money support of unemployed garment and tourism workers and for the most disadvantaged population.
- Stimulation of a wide restructuring of loan to borrowers affected by the Covid-19 crisis.
- Prudential support of banks in order to further stimulate the financial support to the economy via capital ratio, minimum reserve requirements and loan restructuring.
- Launch of the national SME Bank and SME Co-Financing Scheme 2020 (SCFS) to support impacted borrowers by providing loans with special conditions.
- Tax holidays for garment, 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.

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## G. SIGNATURES OF DIRECTORS OF THE LISTED ENTITY

**Read and Approved**  
30 March 2022



**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*



**Henri Calvet**  
*Independent Director*



**Etienne Chenevier**  
*Independent Director*



**Guy Quaden**  
*Independent Director*



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