



The Fourth Quarterly Report

For the period ended 31 December 2021

Advanced Bank of Asia Limited
(ABA Bank)

Financial Highlights

Financial Situation (in KHR million)	Quarter 4 2021	31 December 2020	31 December 2019
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
Financial Results (in KHR million)	Quarter 4 2021	Quarter 4 2020	Quarter 4 2019
Total Income	579,850	450,828	361,371
Profit before Tax	288,506	226,171	156,854
Profit after Tax	239,737	193,030	171,282
Total Comprehensive Income	237,868	172,691	167,255
Financial Ratio (%)	Quarter 4 2021	31 December 2020	31 December 2019
Solvency Ratio	16.84	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
Profitability Ratio (%)	Quarter 4 2021	Quarter 4 2020	Quarter 4 2019
Return on Average Assets (ROAA) ^[1]	0.77	0.80	0.98
Return on Average Equity (ROAE) ^[1]	5.76	6.37	8.79
Interest Coverage Ratio ^[1]	551.32	476.32	394.33
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 October to 31 December of each reporting period.

Graphs of Financial Highlights

TOTAL ASSETS

in KHR Millions

+29.2% ▲

FROM 2020

32,025,961
Q4 2021

24,788,906
2020

17,909,170
2019

TOTAL LIABILITIES

in KHR Millions

+28% ▲

FROM 2020

27,749,025
Q4 2021

21,683,202
2020

15,886,421
2019

TOTAL EQUITY

in KHR Millions

+37.7% ▲

FROM 2020

4,276,936
Q4 2021

3,105,704
2020

2,022,749
2019

TOTAL COMPREHENSIVE INCOME

in KHR Millions

+37.7% ▲

FROM Q4 2020

237,868
Q4 2021

172,691
Q4 2020

167,255
Q4 2019

RETURN ON AVERAGE ASSETS

in percentage

-3 BPS
(basis points)

FROM Q4 2020

0.77
Q4 2021

0.80
Q4 2020

0.98
Q4 2019

RETURN ON AVERAGE EQUITY

in percentage

-61 BPS
(basis points)

FROM Q4 2020

5.76
Q4 2021

6.37
Q4 2020

8.79
Q4 2019

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 Q4 2021 following the requirement of the Securities and Exchange Regulator of Cambodia.

The fourth quarter witnessed the start of the country's reopening after quarantine requirements for fully vaccinated travelers were lifted in November. We expect a certain rebound of the local economy following this decision of the Royal Government, which should help restore the tourism and other sectors.

To play its essential role in helping borrowers affected by the pandemic, ABA continued restructuring the loans following the Circular of the National Bank of Cambodia dated 27 March 2020. As of the end of Q4 2021, the Bank restructured 13,905 loans with \$710 million outstanding. The share of such loans in the total portfolio equals 13%. At the same time, ABA considers the restructured loans to be of good quality since almost 84% of them requested the grace period for the loan principal only and continue to pay the interest. ABA will continue helping its clients to overcome the time of hardship through its Loan Restructuring Policy, in line with the Royal Government efforts to support local entrepreneurship.

In addition, the Bank continued distributing new loans to sustainable and productive businesses of all sizes as access to capital is vital for people and enterprises at any time. In Q4 2021, 11,615 loans worth \$562.7 million were disbursed. It increased the Bank's gross loan portfolio by 8%, amounting to \$5.4 billion in total.

ABA kept participating in the SME Co-Financing Scheme 2020 (SCFS), an initiative of the Royal Government of Cambodia to provide affordable loans to SMEs. Under this loan scheme, the Bank disbursed loans worth \$6.7 million for capital expenditure and working capital with a special interest rate of 7% p.a. and a term of up to 7 years.

On the funding side, the deposit portfolio grew up to \$6.3 billion at the end of the fourth quarter of 2021, representing a 6% growth quarter on quarter. More customers choose ABA as their bank, so the customer base in the fourth quarter grew by another 12%, and the number of ABA customers' accounts reached 2.1 million.

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

- As of the end of Q4 2021, the total assets grew 5% compared to Q3 and totaled \$7.9 billion.
- The shareholder's equity also grew and reached \$1.05 billion in the reporting period.
- The Bank managed to secure \$58.9 million in net profit for the quarter.

These results rest primarily upon the Bank's leverage on its advanced digital banking and self-banking platforms. In the period, the Bank continued improving the mobile banking app experience, launched Tax Collection on its Internet Banking for Business (IBB) platform, introduced cardless cash withdrawal via QR code at its ATMs and Cash Recycling Machines.

The Bank also expanded its physical presence by opening its first branch in the Pailin province. It also launched four new ABA 24/7 self-banking spots to offer customers a more convenient way to access their accounts at any time of the day without queueing at the branches.

In the quarter, the Banker magazine named ABA the Bank of the Year in Cambodia 2021. ABA Bank was praised for its strategic focus on innovative technologies and digital products and services, significant efforts to increase financial inclusion, and solid growth. In addition, ABA received the 2021 Elite Quality Recognition Award from JP Morgan Chase Bank N.A., USA, for retaining the outstanding accuracy and excellence in international transfers and payments in US Dollars.

To contribute to one of the country's milestone development projects, ABA invested \$30 million in the corporate bond issued to fund the development of Techo International Airport (formerly known as the new Phnom Penh International Airport). Strongly supported by Prime Minister Hun Sen, the new airport

is expected to become a large transportation hub and to increase the country's investment and tourism attractiveness.

Also, this quarter S&P Global Ratings Agency reaffirmed its long-term issuer rating on ABA at 'B+' with Stable outlook. The Stable outlook reflects S&P's view that the Bank will sustainably manage rapid loan and deposit growth as the country emerges from the Covid-19 pandemic. At the same time, the digital platforms of the Bank serve as a competitive advantage, supporting loan and deposit expansion.

Taking part in the socio-economic and infrastructure development, ABA delivered \$6.9 million of taxes in the state budget in Q4 2021 alone. For the whole year, the tax payments equaled \$61.5 million. 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 through the steady growth of the Bank's paid-up capital. In Q4 2021, they injected \$50 million of subordinated debt in the Bank, while the total investment within the year equaled \$120 million. I will note here that ABA shareholders strategically re-invest all profit in the further development of ABA and its staff.

Being the first Cambodian commercial bank to issue corporate bonds for 84.8 billion KHR, ABA also keeps developing the 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.

Following its Vision, Mission and Values, ABA Bank is dedicated to the further socio-economic development of Cambodia and the Cambodian people in all aspects. While doing business, the Bank understands the importance of its social responsibility to improve the lives of Cambodian communities, as economic growth is not possible without social progress. In line with these values, I'd like to state the ambition of the Board of Directors, with the support of the shareholder, to conduct a virtuous Corporate Social Responsibility policy that will define ABA's role to play in harmony with the current needs of the society and a specific permanent yearly budget for such activities.

The Board of Directors will keep playing an active role in overseeing the Bank's strategy execution based on the best practices and standards. For that, the Board has the full capacity of its dedicated members who put forth their backgrounds and solid expertise in 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 to continue serving 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 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.

14 February 2022

<SIGNED>

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 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 Bank is a subsidiary of the National Bank of Canada (www.nbc.ca), a financial institution with around USD 279 billion USD 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 USD 7.9 billion and serves 2.1 million customers' accounts through the extensive network of 81 branches, 820+ self-banking machines, and advanced mobile banking and online banking platforms.

C. QUARTERLY KEY EVENTS OF LISTED ENTITY

ABA's market position strengthened further in the fourth quarter of 2021 due to the continuous work of the Bank in the introduction of convenient financial solutions to its customers.

BANKING PLATFORMS ENHANCEMENT

Through its digital platforms, ABA Bank continued to offer customers the opportunity to manage their finances seamlessly and conveniently at any time of the day.

In Q4 2021, the Bank enabled cardless cash withdrawals with the help of the ABA Mobile app on its ATMs and Cash Recycling Machines (CRM). This new service helps ABA customers who don't have a bank card and need to use cash in daily life.

To provide seamless authentication and registration solution for its mobile banking users, ABA partnered with Smart Axiata to launch IPification, a one-click registration, authentication and fraud-prevention system. This integration allows ABA Mobile users experience an easier authentication process, keeping the app secure at the same time.

In December, the ABA Internet Banking of Business (IBB) platform received Tax Collection feature for small, medium, and large companies. The ABA IBB users can pay their Enterprise Tax, including monthly taxes and annual taxes with the IBB platform without having to visit a tax office or bank branch and deal with loads of paperwork anymore.

To evolve the physical network, ABA Bank opened its first branch in the Pailin province and introduced four more ABA 24/7 self-banking spots in high-traffic areas in Phnom Penh. ABA 24/7 provides extensive banking services around-the-clock, allowing consumers to make cash deposits / withdrawals and deposit check from any local bank without having to queue at bank branches.

PROMOTING KHMER RIEL

In continuing efforts to promote the national currency, ABA Bank significantly increased the interest rate of its Savings Accounts in KHR. ABA customers can now enjoy using Khmer Riel accounts with ABA and earning 1% of interest per annum on the balance.

In November, ABA customers also got to earn more with Fixed Deposits in KHR as the Bank increased the interest rate to up to 6.50% per annum. Customers can open their Fixed Deposit accounts in the ABA Mobile app or over the branch counter.

PARTNERSHIPS TO STRENGTHEN FINANCIAL LANDSCAPE

In the reporting period, ABA Bank entered into several partnerships to promote further digital payments and provide more productive loans to local SMEs.

In particular, the Ministry of Commerce's CambodiaTrade.com e-marketplace and ABA Bank signed Memorandum of Understanding on the digital payments and knowledge-sharing partnership. This partnership helps SMEs bring their businesses online and accept payment from their customers via ABA PAY easily and securely.

AEON Mall Cambodia and ABA Bank signed an agreement on electronic money acceptance when shopping at the malls. Through this partnership, ABA customers can pay at most stores at AEON Malls cashlessly by scanning ABA PAY QR codes at the checkouts with their ABA Mobile app.

Additionally, ABA has become a strategic partner of AEON Mall Sen Sok City in providing its tenants with modern and secure cash collection tools via self-banking machines, while AEON Mall will use the ABA IBB platform as a comprehensive tool for its financial management.

In November, ABA Bank and Credit Guarantee Corporation of Cambodia Plc. (CGCC), a state-owned enterprise of the Royal Government of Cambodia, inked the Credit Guarantee Agreement in providing

loans to support micro-, small and medium enterprises, and large companies to expand their business. This partnership enables ABA Bank to support and assist business entities who are financially viable but lack collateral when requesting loans by using guarantees under the CGCC's Credit Guarantee Scheme (CGS). Through this Agreement, ABA Bank can assist more businesses, especially SMEs, by offering them more accessible and quicker applications and higher loans to prioritized sectors.

INVESTMENT IN TECO INTERNATIONAL AIRPORT

In December, ABA Bank invested \$30 million in the Guaranteed Bond of Cambodia Airport Investment Co., Ltd. (CAIC) issued to fund the development of Techo International Airport. Strongly endorsed by Samdech Techo Hun Sen, the airport is expected to become a large transportation hub and to increase the country's investment and tourism attractiveness.

With the \$30-million investment in the Techo International Airport guaranteed bond, ABA Bank again expresses its commitment to contribute further to the economy and well-being of society in line with the development strategy of the Royal Government of Cambodia.

INTERNATIONAL RECOGNITION

In November, JP Morgan Chase Bank N.A., USA, recognized ABA's excellence in MT103 straight-through processing (STP) rate for USD transfers and payment for the second year in a row. ABA remains the first and only Cambodian bank to receive an award from JP Morgan.

In December, The Banker magazine bestowed the "Bank of the Year 2021 in Cambodia" award upon ABA. The magazine judges praised ABA for the development of its strategic focus on innovative technologies and digital products and services, efforts to increase financial inclusion, and solid growth throughout the year.

Also in December, ABA Bank retained its credit rating from Standard & Poor's Global Ratings Agency (S&P) at 'B+' with Stable outlook. The Stable outlook reflects S&P's view that the Bank will sustainably manage rapid loan and deposit growth as the country emerges from the Covid-19 pandemic. The researchers believe that ABA's digital platforms are a competitive advantage that supports loan and deposit expansion. Compared with domestic peers, the bank also employs more sophisticated risk management systems, including cash flow analysis, to support its credit decisions.



2021 Elite Quality Recognition Award from JP Morgan Chase Bank, USA



Bank of the Year 2021 in Cambodia award from The Banker magazine

S&P Global
Ratings

B+

Outlook: Stable

ABA's reaffirmed long-term issuer rating at 'B+' with Stable outlook from S&P

PART 2

INFORMATION ON BUSINESS
OPERATIONS PERFORMANCE

A. BUSINESS OPERATION PERFORMANCE INCLUDING BUSINESS SEGMENTS INFORMATION

Key Achievement	Quarter 4 2021	31 December 2020	31 December 2019
Loan			
Loan Accounts	91,235	81,568	66,513
Total Gross Loans (in KHR million)	21,695,702	15,505,988	11,265,037
Deposit			
Deposit Accounts	2,085,172	1,382,401	828,651
Total Deposits (in KHR million)	25,681,396	19,705,090	13,836,025
Others			
Operating Branches	81	79	77
Number of Staffs	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	Quarter 4 2021		Quarter 4 2020		Quarter 4 2019	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	508,722	87.73	395,933	87.83	313,567	86.77
2	Fee and Commission Income	61,924	10.68	49,746	11.03	45,969	12.72
3	Other Income	9,204	1.59	5,149	1.14	1,835	0.51
Total Income		579,850	100	450,828	100	361,371	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 Interim Financial Statement as of 31 December 2021 reviewed by Independent Auditors. The Interim Financial Statements have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) and follows regulations and guidelines of National Bank of Cambodia. Only the key components of the Interim Financial Statements and key factors that affect ABA’s profitability are discussed and analysed.

A. OPERATIONAL OVERVIEW

1. INCOME ANALYSIS

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

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

2. INCOME BY SEGMENT ANALYSIS

No	Income Category	Quarter 4 2021		Quarter 4 2020		Quarter 4 2019	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest Income	508,722	87.73	395,933	87.83	313,567	86.77
2	Fee and Commission Income	61,924	10.68	49,746	11.03	45,969	12.72
3	Other Income	9,204	1.59	5,149	1.14	1,835	0.51
Total Income		579,850	100	450,828	100	361,371	100

ABA Bank earns most income from interest income representing 87.73% of total income in the fourth quarter of 2021, among which 97.81% of the interest income are from the loans to customers.

3. GROSS PROFIT MARGIN ANALYSIS

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

4. PROFIT BEFORE TAX ANALYSIS

i) Profit Before Tax For The Period Analysis

Statement of Profit before Tax	Quarter 4 2021 (in KHR million)	Quarter 4 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest Income	508,722	395,933	112,789	28.49
Interest Expense	(63,925)	(60,100)	(3,825)	6.36
Net Interest Income	444,797	335,833	108,964	32.45
Fee and Commission Income	61,924	49,746	12,178	24.48
Fee and Commission Expense	(22,895)	(18,097)	(4,798)	26.51
Net Fee and Commission Income	39,029	31,649	7,380	23.32
Other operating income	9,204	5,149	4,055	78.75
Personal expenses	(95,329)	(75,747)	(19,582)	25.85
Depreciation and Amortization	(20,875)	(22,853)	1,978	(8.66)
Other expenses	(35,056)	(28,447)	(6,609)	23.23
Net impairment losses on financial instruments	(53,264)	(19,413)	(33,851)	174.37
Profit before tax	288,506	226,171	62,335	27.56

In Q4 2021, the profit before tax reached KHR288,506 million with 27.56% increment compared to Q4 2020 equivalent to KHR62,335 million. This increase of the profit is mainly from the Interest Income with 28.49% growth and Fee and Commission Income with 24.48% growth compared to Q4 2020.

ii) Profit Before Tax For The Prior Period Analysis

Statement of Profit before Tax	Quarter 4 2020 (in KHR million)	Quarter 4 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	395,933	313,567	82,366	26.27
Interest expense	(60,100)	(53,292)	(6,808)	12.77
Net interest income	335,833	260,275	75,558	29.03
Fee and commission income	49,746	45,969	3,777	8.22
Fee and commission expense	(18,097)	(17,089)	(1,008)	5.90
Net fee and commission Income	31,649	28,880	2,769	9.59
Other operating income	5,149	1,835	3,314	180.60
Personal expenses	(75,747)	(78,806)	3,059	(3.88)
Depreciation and Amortization	(22,853)	(16,911)	(5,942)	35.14
Other expenses	(28,447)	(35,555)	7,108	(19.99)
Net impairment losses on financial instruments	(19,413)	(2,864)	(16,549)	577.83
Profit before tax	226,171	156,854	69,317	44.19

In Q4 2020, the profit before tax reached KHR 226,171 million with 44.19% increment compared to Q4 2019 equivalent to KHR 69,317 million. This increase of the profit is mainly from the Interest Income with 26.27% growth and Fee and Commission Income with 8.22% growth compared to Q4 2019.

5. NET PROFIT ANALYSIS

i) Net Profit For The Period Analysis

Statement of Net Profit	Quarter 4 2021 <i>(in KHR million)</i>	Quarter 4 2020 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit Before Tax	288,506	226,171	62,335	27.56
Income Tax Expense	(48,769)	(33,141)	(15,628)	47.16
Net Profit for the Period	239,737	193,030	46,707	24.20

In Q4 2021, the net profit for the period was KHR239,737 million with 24.20% higher than Q4 2020 showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 5.76% and the Return on Average Assets of 0.77% for the fourth quarter of year ended 31 December 2021.

ii) Net Profit For The Prior Period Analysis

Statement of Net Profit	Quarter 4 2020 <i>(in KHR million)</i>	Quarter 4 2019 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Profit before tax	226,171	156,854	69,317	44.19
Income tax expense	(33,141)	14,427	(47,568)	(329.72)
Net profit for the period	193,030	171,281	21,749	12.70

In Q4 2020, the net profit for the period was KHR193,030 million with 12.70% higher than Q4 2019 showing rapid growth of ABA Bank. As a result, ABA Bank achieved the Return on Average Equity of 6.37% and the Return on Average Assets of 0.80% for the fourth quarter of year ended 31 December 2020.

6. TOTAL COMPREHENSIVE INCOME ANALYSIS

i) Total Comprehensive Income For The Period Analysis

Statement of Total Comprehensive Income	Quarter 4 2021 <i>(in KHR million)</i>	Quarter 4 2020 <i>(in KHR million)</i>	Variance <i>(in KHR million)</i>	Variance (%)
Net profit for the period	239,737	193,030	46,707	24.20
Other comprehensive income	(1,869)	(20,339)	18,470	(90.81)
Total comprehensive income	237,868	172,691	65,177	37.74

ii) Total Comprehensive Income For The Prior Period Analysis

Statement of Total Comprehensive Income	Quarter 4 2020 (in KHR million)	Quarter 4 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	193,030	171,281	21,749	12.70
Other comprehensive income	(20,339)	(4,026)	(16,313)	405.19
Total comprehensive income	172,691	167,255	5,436	3.25

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 PROFIT

1. DEMAND AND SUPPLY CONDITIONS ANALYSIS

ABA considers the following key factors positively 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 expanded 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 2-year validity period for the tax year 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 CHANGES IN SALE AND REVENUE

In Q4 2021, ABA Bank recorded a growth in revenue, securing 445 billion KHR in net interest income, which represents 32.45% 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 2021 according to Annual Report 2021 from the National Bank of Cambodia. Therefore, in Q4 2021 there was no material impact of inflation on the Bank's operational expenses.

F. ECONOMIC, FISCAL AND MONETARY POLICY OF ROYAL GOVERNMENT

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

- Direct money support of unemployed garment and tourism workers and for the most disadvantaged population.
- Tax holidays for garment, tourism, and airlines.
- Simplification of rules for logistics, import and export; discount on electricity bills for the most impacted industries.
- Stimulation of a wide restructuring of loan to borrowers affected by the COVID-19 crisis.

- Prudential support of banks in order to further stimulate the financial support to the economy via capital ratio, minimum reserve requirements and loan restructuring.
- Launch of the national SME Bank and SME Co-Financing Scheme 2020 (SCFS) to support impacted borrowers by providing loans with special conditions.

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

Signatures of Directors of the Listed Entity

February 14, 2022

Seen and Agreed

For Dominic Jacques

Non-Executive Director

<SIGNED>

<SIGNED>

Madi Akmambet

Executive Director

Madi Akmambet

Executive Director



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