

ADVANCED BANK OF ASIA LIMITED

(Registration No. 00010593)

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2021**

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

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The condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020 and any public announcements made by Advanced Bank of Asia Limited during the interim reporting period.

STATEMENT OF THE BOARD OF DIRECTORS

In the opinion of the Board of Directors, the accompanying condensed interim financial statements present fairly, in all material respects, the financial position of Advanced Bank of Asia Limited (the "Bank") as at 30 September 2021, its financial performance for the three-month and nine-month periods then ended, and its cash flows for the nine-month period then ended in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*, and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



Madi Akmambet
Executive Director

Phnom Penh, Kingdom of Cambodia
Date: 12 November 2021

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REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of Advanced Bank of Asia Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Advanced Bank of Asia Limited (the "Bank") as at 30 September 2021 and the related condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine-month period then ended, and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Cambodian International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements are not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

For Deloitte (Cambodia) Co., Ltd.

Ung Kimsopheaktra
Partner

Phnom Penh, Kingdom of Cambodia

Date: 12 November 2021

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

		30 September 2021		31 December 2020	
	Note	US\$	KHR Million	US\$	KHR Million
ASSETS					
Cash on hand	4	444,280,102	1,812,219	378,101,373	1,529,420
Balances with the NBC	5	1,459,796,953	5,954,512	1,481,626,701	5,993,180
Balances with other banks	6	591,815,781	2,414,017	325,956,497	1,318,494
Loans to customers	7	4,840,321,055	19,743,670	3,814,599,414	15,430,055
Investment securities	8	7,458,760	30,424	7,434,086	30,071
Property and equipment	9	43,285,677	176,562	41,731,890	168,805
Right-of-use assets	10	35,523,663	144,901	33,719,074	136,394
Intangible assets	11	13,892,360	56,667	8,931,430	36,128
Deferred tax assets, net	12	8,508,549	34,706	5,668,114	22,928
Other assets	13	38,658,918	157,690	30,514,392	123,431
TOTAL ASSETS		7,483,541,818	30,525,368	6,128,282,971	24,788,906
LIABILITIES					
Deposits from customers	14	5,969,275,126	24,348,673	4,871,468,376	19,705,090
Debt securities in issue	15	20,836,775	84,993	21,282,088	86,086
Borrowings	16	277,053,847	1,130,103	242,004,091	978,907
Subordinated debts	17	104,248,932	425,231	117,023,035	473,358
Current tax liabilities		36,476,968	148,790	36,217,048	146,498
Lease liabilities	18	37,998,786	154,997	35,721,902	144,496
Other liabilities	19	46,713,710	190,546	36,778,120	148,767
TOTAL LIABILITIES		6,492,604,144	26,483,333	5,360,494,660	21,683,202
EQUITY					
Share capital		520,000,000	2,121,080	335,000,000	1,355,075
Regulatory reserves		47,462,269	193,599	42,141,887	170,464
Retained earnings		423,475,405	1,715,743	390,646,424	1,582,330
Currency translation differences		-	11,613	-	(2,165)
TOTAL EQUITY		990,937,674	4,042,035	767,788,311	3,105,704
TOTAL LIABILITIES AND EQUITY		7,483,541,818	30,525,368	6,128,282,971	24,788,906

The accompanying notes from pages 9 to 39 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

	Note	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
		US\$	KHR Million	US\$	KHR Million
Interest income	20	117,406,117	478,547	90,634,150	371,147
Interest expense	20	(15,614,845)	(63,646)	(15,533,476)	(63,610)
Net interest income		101,791,272	414,901	75,100,674	307,537
Fee and commission income	21	12,654,685	51,580	11,104,128	45,471
Fee and commission expense	21	(5,283,728)	(21,536)	(3,940,906)	(16,138)
Net fee and commission income		7,370,957	30,044	7,163,222	29,333
Other operating income	22	1,452,453	5,920	721,591	2,955
Personnel expenses	23	(20,729,571)	(84,494)	(17,368,765)	(71,125)
Depreciation and amortisation	24	(4,847,687)	(19,759)	(4,948,091)	(20,262)
Operating expenses	25	(7,994,210)	(32,584)	(7,358,535)	(30,133)
Net impairment losses on financial assets	26	(928,345)	(3,784)	(4,135,537)	(16,935)
Profit before tax		76,114,869	310,244	49,174,559	201,370
Income tax expense		(15,919,000)	(64,886)	(10,818,000)	(44,300)
Profit for the period		60,195,869	245,358	38,356,559	157,070
Other comprehensive income		-	2,369	-	2,490
Total comprehensive income for the period		60,195,869	247,727	38,356,559	159,560

The accompanying notes from pages 9 to 39 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

	Note	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
		US\$	KHR Million	US\$	KHR Million
Interest income	20	329,612,319	1,340,204	257,367,353	1,050,574
Interest expense	20	(47,107,248)	(191,538)	(44,203,138)	(180,437)
Net interest income		282,505,071	1,148,666	213,164,215	870,137
Fee and commission income	21	38,119,316	154,993	28,198,306	115,105
Fee and commission expense	21	(14,639,744)	(59,525)	(11,655,782)	(47,579)
Net fee and commission income		23,479,572	95,468	16,542,524	67,526
Other operating income	22	3,868,294	15,728	2,116,217	8,638
Personnel expenses	23	(61,219,285)	(248,918)	(53,275,505)	(217,471)
Depreciation and amortisation	24	(13,874,157)	(56,412)	(13,996,029)	(57,132)
Operating expenses	25	(24,180,434)	(98,318)	(22,411,573)	(91,485)
Net impairment losses on financial assets	26	(16,719,698)	(67,982)	(8,921,331)	(36,417)
Profit before tax		193,859,363	788,232	133,218,518	543,796
Income tax expense		(40,710,000)	(165,527)	(29,308,000)	(119,635)
Profit for the period		153,149,363	622,705	103,910,518	424,161
Other comprehensive income		-	13,778	-	8,065
Total comprehensive income for the period		153,149,363	636,483	103,910,518	432,226

The accompanying notes from pages 9 to 39 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

	Share capital		Regulatory reserves		Retained earnings		Currency translation differences	Total	
	US\$	KHR Million	US\$	KHR Million	US\$	KHR Million	KHR Million	US\$	KHR Million
Nine-month period ended 30 September 2020									
At 1 January 2020	215,000,000	876,125	33,661,778	137,172	247,718,384	999,343	10,109	496,380,162	2,022,749
Issuance of share capital	120,000,000	489,840	-	-	-	-	-	120,000,000	489,840
	335,000,000	1,365,965	33,661,778	137,172	247,718,384	999,343	10,109	616,380,162	2,512,589
Profit for the period	-	-	-	-	103,910,518	424,161	-	103,910,518	424,161
Other comprehensive income – currency translation differences	-	-	-	-	-	-	8,065	-	8,065
	-	-	-	-	103,910,518	424,161	8,065	103,910,518	432,226
Transfers from retained earnings to regulatory reserves	-	-	8,395,881	34,423	(8,395,881)	(34,423)	-	-	-
Currency translation difference	-	7,535	-	841	-	-	-	-	8,376
At 30 September 2020	335,000,000	1,373,500	42,057,659	172,436	343,233,021	1,389,081	18,174	720,290,680	2,953,191
Nine-month period ended 30 September 2021									
At 1 January 2021	335,000,000	1,355,075	42,141,887	170,464	390,646,424	1,582,330	(2,165)	767,788,311	3,105,704
Conversion of retained earnings	115,000,000	467,590	-	-	(115,000,000)	(467,590)	-	-	-
Issuance of share capital	70,000,000	284,620	-	-	-	-	-	70,000,000	284,620
	520,000,000	2,107,285	42,141,887	170,464	275,646,424	1,114,740	(2,165)	837,788,311	3,390,324
Profit for the period	-	-	-	-	153,149,363	622,705	-	153,149,363	622,705
Other comprehensive income – currency translation differences	-	-	-	-	-	-	13,778	-	13,778
	-	-	-	-	153,149,363	622,705	13,778	153,149,363	636,483
Transfers from retained earnings to regulatory reserves	-	-	5,320,382	21,702	(5,320,382)	(21,702)	-	-	-
Currency translation difference	-	13,795	-	1,433	-	-	-	-	15,228
At 30 September 2021	520,000,000	2,121,080	47,462,269	193,599	423,475,405	1,715,743	11,613	990,937,674	4,042,035

The accompanying notes from pages 9 to 39 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021**

		Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	Note	US\$	KHR Million	US\$	KHR Million
Cash flows from operating activities					
Profit before income tax		193,859,363	788,232	133,218,518	543,796
<i>Adjustments for:</i>					
Depreciation and amortisation	24	13,874,157	56,412	13,996,029	57,132
Net impairment losses on financial assets	26	16,719,698	67,982	8,921,331	36,417
Gains on disposals of property and equipment		(103,398)	(420)	(22,305)	(91)
Gains on lease modification		(43,324)	(176)	-	-
Net interest income	20	(282,505,071)	(1,148,666)	(213,164,215)	(870,137)
		(58,198,575)	(236,636)	(57,050,642)	(232,883)
<i>Changes in:</i>					
Balances with the NBC		87,479,990	355,694	(496,295,496)	(2,025,878)
Balances with other banks		(59,828,706)	(243,264)	(104,588,490)	(426,930)
Loans to customers		(1,033,578,291)	(4,202,529)	(664,624,495)	(2,712,997)
Other assets		(8,308,947)	(33,784)	(13,286,477)	(54,235)
Deposits from customers		1,096,923,012	4,460,089	1,087,293,805	4,438,333
Other liabilities		9,806,846	39,874	13,375,454	54,599
Cash generated from/(used in) operations		34,295,329	139,444	(235,176,341)	(959,991)
Interest received		320,033,860	1,301,258	251,640,808	1,027,198
Interest paid		(40,600,532)	(165,082)	(37,451,394)	(152,877)
Income tax paid		(43,290,516)	(176,019)	(12,091,374)	(49,357)
Net cash from/(used in) operating activities		270,438,141	1,099,601	(33,078,301)	(135,027)
Cash flows from investing activities					
Purchase of investment securities		-	-	(3,202,049)	(13,071)
Proceeds on sale of investment securities		-	-	29,800,162	121,644
Purchases of property and equipment		(8,609,391)	(35,006)	(10,698,813)	(43,673)
Purchases of intangible assets		(6,377,861)	(25,932)	(1,542,193)	(6,295)
Proceeds on disposals of property and equipment		103,398	420	22,882	93
Net cash (used in)/from investing activities		(14,883,854)	(60,518)	14,379,989	58,698

ADVANCED BANK OF ASIA LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (continued)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Note	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
		US\$	KHR Million	US\$	KHR Million
Cash flows from financing activities					
Issuance of share capital		70,000,000	284,620	120,000,000	489,840
Proceeds from borrowings		329,504,601	1,339,766	382,941,689	1,563,168
Repayments of borrowings		(297,700,889)	(1,210,452)	(454,742,844)	(1,856,260)
Repayments of subordinated debts		(14,200,000)	(57,737)	(9,000,000)	(36,738)
Principal elements of lease payments		(6,131,366)	(24,930)	(4,686,407)	(19,130)
Net cash from financing activities		81,472,346	331,267	34,512,438	140,880
Net increase in cash and cash equivalents		337,026,633	1,370,350	15,814,126	64,551
Cash and cash equivalents at the beginning of period		595,220,388	2,407,666	711,881,699	2,900,918
Currency translation differences		-	24,620	-	18,084
Cash and cash equivalents at the end of period	27	932,247,021	3,802,636	727,695,825	2,983,553

Significant non-cash transactions

On 19 March 2021, the National Bank of Cambodia approved the conversion of US\$115 million of the Bank's retained earnings to share capital, bringing the total share capital to US\$450 million, which is equivalent to 450,000 shares.

The accompanying notes from pages 9 to 39 form an integral part of these condensed interim financial statements.

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

1. REPORTING ENTITY

Advanced Bank of Asia Limited (the “Bank”) was incorporated in Cambodia on 25 October 1996 under Registration No. Co. 322/97E (renewed to No. 00010593) dated 25 October 1996 granted by the Ministry of Commerce. On 28 November 2006, the Bank was granted a permanent banking license No. 14 from the National Bank of Cambodia (“NBC”).

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in the Kingdom of Cambodia. There have been no significant changes in the nature of these principal activities during the period.

The registered office of the Bank is located at No. 141, 146, 148, and 148 ABCD Preah Sihanouk Blvd., and No. 15 and 153 ABC, Street 278, and No. 171, Street Preah Trasak Paem, Phum 4, Sangkat Boeng Keng Kang Ti Muoy, Khan Boeng Keng Kang, Phnom Penh, Kingdom of Cambodia.

The condensed interim financial statements of the Bank were authorised for issue by the Board of Directors on 12 November 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020 and any public announcements made by the Bank during the interim reporting period.

2.2 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, significant judgements made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2020.

2.3 Financial risk management

The Bank’s financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2020.

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

2. BASIS OF PREPARATION (continued)

2.4 Presentation in Khmer Riel

The translation of the US\$ amounts into Khmer Riel (“KHR”) is presented in the condensed interim financial statements to comply with the Law on Accounting and Auditing dated 11 April 2016 using the closing and average rates for the period, as announced by the NBC.

Assets and liabilities for each statement of financial position presented are translated at the closing rate ruling at each reporting date whereas income and expense items for each statement of profit or loss and other comprehensive income and cash flow items presented are translated at the average rate for the period then ended. All resulting exchange differences are recognised in other comprehensive income (“OCI”).

The condensed interim financial statements presented in KHR are based on the following applicable exchange rates per US\$1:

	<i>Closing rate</i>	<i>Average rate nine-month</i>	<i>Average rate three-month</i>
30 September 2021	4,079	4,066	4,076
31 December 2020	4,045	N/A	N/A
30 September 2020	4,100	4,082	4,095

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Bank’s annual financial statements for the year ended 31 December 2020 and for the adoption of new and amended standards as set out below.

3.1 New and amended CIFRSs that are effective for the current period

Amendment to CIFRS 16	<i>COVID-19-Related Rent Concessions</i>
Amendments to CIFRS 9, CIAS 39, CIFRS 7, CIFRS 4 and CIFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to CIFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 September 2021</i>

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

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 New and revised CIFRSs in issue but not yet effective

Amendments to CIAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to CIFRS standards 2018–2020 Cycle	- <i>Amendments to CIFRS 1, First-time Adoption of CIFRSs</i> - <i>Amendments to CIFRS 9, Financial Instruments</i> - <i>Amendments to Illustrative Examples accompanying CIFRS 16</i> - <i>Amendments to CIAS 41 Agriculture</i>
Amendments to CIAS 16	<i>Property, Plant and Equipment (PPE) – Proceeds before Intended Use</i>
Amendments to CIFRS 3	<i>Reference to Conceptual Framework</i>
Amendments to CIAS 1	<i>Classification of Liabilities as Current or Non-current</i>
CIFRS 17	<i>Insurance Contracts</i>
Amendments to CIFRS 10 and CIAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to CIAS 8	<i>Definition of Accounting Estimates</i>
Amendments to CIAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to CIAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

Management does not expect that the adoption of the Standards listed above will have a significant impact on the financial statements of the Bank in future periods.

4. CASH ON HAND

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Cash on hand	416,636,121	1,699,459	360,160,946	1,456,851
Cash items in process of collection	27,643,981	112,760	17,940,427	72,569
	<u>444,280,102</u>	<u>1,812,219</u>	<u>378,101,373</u>	<u>1,529,420</u>

5. BALANCES WITH THE NBC

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Capital guarantee deposit (i)	52,004,677	212,127	33,515,158	135,569
Reserve requirement (ii)	405,835,487	1,655,403	349,501,480	1,413,733
Current account	146,553,668	597,792	138,612,043	560,686
Negotiable Certified Deposits (NCD)	<u>855,403,121</u>	<u>3,489,190</u>	<u>959,998,020</u>	<u>3,883,192</u>
	<u>1,459,796,953</u>	<u>5,954,512</u>	<u>1,481,626,701</u>	<u>5,993,180</u>

ADVANCED BANK OF ASIA LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021****5. BALANCES WITH THE NBC (continued)****(i) Capital guarantee deposits**

Under the NBC's Prakas No. B7-01-136 dated 15 October 2001, the Bank is required to maintain a statutory deposit of 10% of its registered capital. This deposit is not available for use in the Bank's day-to-day operations and is only refundable should the Bank voluntarily cease its operations in Cambodia.

During the period, interest was earned at rates ranging from 0.04% to 0.06% per annum (2020: 0.06% to 0.47% per annum).

(ii) Reserve requirement

This is a reserve requirement which fluctuates depending on the level of the Bank's customers' deposits and non-residential borrowings. It is maintained in compliance with the NBC Prakas No. B7-020-230 dated 18 March 2020 at the rates of 7.00% of customers' deposits in KHR and currency other than KHR. On 26 May 2021, NBC issued a notification letter no. B13-021-363 on the outcome of 55th meeting of Monetary Policy Committee confirming the extension of reserve requirement maintenance at the rate of 7.00% for both KHR and USD currency.

6. BALANCES WITH OTHER BANKS

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Balances with other banks at amortised cost	592,851,413	2,418,241	326,725,625	1,321,605
Impairment loss allowance	(1,035,632)	(4,224)	(769,128)	(3,111)
	<u>591,815,781</u>	<u>2,414,017</u>	<u>325,956,497</u>	<u>1,318,494</u>

ADVANCED BANK OF ASIA LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

7. LOANS TO CUSTOMERS

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
At amortised cost				
Commercial loans:				
Short-term loans	9,956,931	40,614	10,305,471	41,686
Long-term loans	4,246,614,439	17,321,940	3,470,263,818	14,037,216
Overdrafts	513,063,671	2,092,787	288,643,431	1,167,563
Consumer loans:				
Housing loans	79,845,599	325,690	43,933,942	177,712
Vehicle loans	7,377,978	30,095	3,813,475	15,426
Staff loans	16,042,224	65,436	14,722,847	59,554
Personal Loans	1,068,018	4,357	452,047	1,829
Credit cards	1,290,359	5,264	1,236,518	5,002
Total gross carrying amount	4,875,259,219	19,886,183	3,833,371,549	15,505,988
Impairment loss allowance	(34,938,164)	(142,513)	(18,772,135)	(75,933)
	<u>4,840,321,055</u>	<u>19,743,670</u>	<u>3,814,599,414</u>	<u>15,430,055</u>

8. INVESTMENT SECURITIES

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Investment securities at amortised cost	7,490,834	30,555	7,467,591	30,206
Impairment loss allowance	(32,074)	(131)	(33,505)	(135)
	<u>7,458,760</u>	<u>30,424</u>	<u>7,434,086</u>	<u>30,071</u>

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9. PROPERTY AND EQUIPMENT

	Leasehold improvement US\$	Office equipment, furniture and fixture US\$	Motor vehicles US\$	Computers and IT equipment US\$	Work in progress US\$	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR Million
31 December 2020							
Cost	25,270,673	14,326,772	1,729,615	31,042,869	145,801	72,515,730	293,326
Accumulated depreciation	8,859,653	7,196,606	1,190,907	13,536,674	-	30,783,840	124,521
Carrying amounts	16,411,020	7,130,166	538,708	17,506,195	145,801	41,731,890	168,805
	Leasehold improvement US\$	Office equipment, furniture and fixture US\$	Motor vehicles US\$	Computers and IT equipment US\$	Work in progress US\$	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR Million
30 September 2021							
Cost							
At 1 January 2021	25,270,673	14,326,772	1,729,615	31,042,869	145,801	72,515,730	293,326
Additions	57,775	694,391	285,925	5,151,509	2,419,791	8,609,391	35,006
Transfers	861,999	98,248	-	-	(960,247)	-	-
Disposals	-	-	(219,369)	(59,353)	-	(278,722)	(1,133)
Currency translation differences	-	-	-	-	-	-	2,573
At 30 September 2021	26,190,447	15,119,411	1,796,171	36,135,025	1,605,345	80,846,399	329,772
Accumulated depreciation							
At 1 January 2021	8,859,653	7,196,606	1,190,907	13,536,674	-	30,783,840	124,521
Depreciation	2,698,394	1,875,358	184,091	2,297,761	-	7,055,604	28,688
Disposals	-	-	(219,369)	(59,353)	-	(278,722)	(1,133)
Currency translation differences	-	-	-	-	-	-	1,134
At 30 September 2021	11,558,047	9,071,964	1,155,629	15,775,082	-	37,560,722	153,210
Carrying amounts							
At 30 September 2021	14,632,400	6,047,447	640,542	20,359,943	1,605,345	43,285,677	176,562

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10. RIGHT-OF-USE ASSETS

The Bank leases assets including office buildings and motor vehicles. Information about leases for which the Bank is a lessee is presented below.

	Buildings	Motor vehicles	Total	
	US\$	US\$	US\$	KHR Million
31 December 2020				
Cost	47,852,233	2,203,204	50,055,437	202,474
Accumulated depreciation	14,695,437	1,640,926	16,336,363	66,080
Carrying amounts	33,156,796	562,278	33,719,074	136,394
30 September 2021				
Cost				
At 1 January 2021	47,852,233	2,203,204	50,055,437	202,474
Additions	7,126,010	765,410	7,891,420	32,087
Lease modification	(576,588)	(108,621)	(685,209)	(2,786)
Currency translation differences	-	-	-	1,795
At 30 September 2021	54,401,655	2,859,993	57,261,648	233,570
Accumulated depreciation				
At 1 January 2021	14,695,437	1,640,926	16,336,363	66,080
Depreciation	4,953,941	516,036	5,469,977	22,241
Lease modification	(25,512)	(42,843)	(68,355)	(278)
Currency translation differences	-	-	-	626
At 30 September 2021	19,623,866	2,114,119	21,737,985	88,669
Carrying amounts				
At 30 September 2021	<u>34,777,789</u>	<u>745,874</u>	<u>35,523,663</u>	<u>144,901</u>

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10. RIGHT-OF-USE ASSETS (continued)

Amounts recognised in profit and loss

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Depreciation expense on right-of-use assets (Note 24)	1,877,660	7,653	1,632,463	6,685
Interest expense on lease liabilities (Note 20)	466,494	1,901	456,155	1,868
Expense relating to leases of low value assets and short-term lease	830,233	3,384	849,353	3,478
	<u>3,174,387</u>	<u>12,938</u>	<u>2,937,971</u>	<u>12,031</u>
	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Depreciation expense on right-of-use assets (Note 24)	5,401,622	21,963	4,487,265	18,317
Interest expense on lease liabilities (Note 20)	1,396,349	5,678	1,194,822	4,877
Expense relating to leases of low value assets and short-term lease	2,550,107	10,369	3,189,405	13,019
	<u>9,348,078</u>	<u>38,010</u>	<u>8,871,492</u>	<u>36,213</u>

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11. INTANGIBLE ASSETS

	31 December 2020	
	US\$	KHR Million
Software		
Cost	12,853,839	51,994
Accumulated amortisation	3,922,409	15,866
Carrying amounts	8,931,430	36,128
	30 September 2021	
	US\$	KHR Million
Software		
Cost		
At 1 January	12,853,839	51,994
Additions	6,377,861	25,932
Currency translation differences	-	520
	19,231,700	78,446
Accumulated amortisation		
At 1 January	3,922,409	15,866
Amortisation	1,416,931	5,761
Currency translation differences	-	152
	5,339,340	21,779
Carrying amounts	13,892,360	56,667

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12. DEFERRED TAX ASSETS, NET

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority. The offset amounts were as follows:

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Deferred tax assets	10,398,331	42,415	7,082,970	28,651
Deferred tax liabilities	(1,889,782)	(7,709)	(1,414,856)	(5,723)
Net deferred tax assets	<u>8,508,549</u>	<u>34,706</u>	<u>5,668,114</u>	<u>22,928</u>

Net deferred tax assets are arising from the components of deferred tax asset such as impairment loss allowance, deferred revenue from processing fees and card fees and accrual management incentives, and components of deferred tax liability such as depreciable assets and interest in suspense.

13. OTHER ASSETS

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Deposits and advance payments Master/Visa Card and MoneyGram and other receivables	18,672,849	76,167	13,333,496	53,934
Prepayment	11,994,760	48,927	10,108,141	40,887
Card supplies	4,202,799	17,143	3,961,188	16,023
Other investments	3,712,325	15,142	3,085,979	12,483
	<u>76,185</u>	<u>311</u>	<u>25,588</u>	<u>104</u>
	<u>38,658,918</u>	<u>157,690</u>	<u>30,514,392</u>	<u>123,431</u>

14. DEPOSITS FROM CUSTOMERS

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Savings deposits	3,833,001,728	15,634,814	3,038,599,194	12,291,134
Demand deposits	1,163,772,502	4,747,028	868,648,938	3,513,685
Fixed deposits	972,077,327	3,965,103	964,147,674	3,899,977
Margin deposits	423,569	1,728	72,570	294
	<u>5,969,275,126</u>	<u>24,348,673</u>	<u>4,871,468,376</u>	<u>19,705,090</u>

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15. DEBT SECURITIES IN ISSUE

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Corporate bonds	20,836,775	84,993	21,282,088	86,086

The interest is payable semi-annually. As at 30 September 2021, the Bank incurred interest expenses on debt securities to investors in aggregate amounting to KHR 4,942 million or approximately US\$1,211,526 (2020: KHR 4,936 million or approximately US\$1,203,971).

16. BORROWINGS

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
<i>Borrowings at amortised cost</i>				
LPCO (i)	249,030,121	1,015,794	225,853,501	913,577
Bank loans (ii)	28,023,726	114,309	16,150,590	65,330
	<u>277,053,847</u>	<u>1,130,103</u>	<u>242,004,091</u>	<u>978,907</u>

- (i) This represents 24 Liquidity-Providing Collateralised Operations (LPCOs) provided by the NBC. The principal and interest are payable on maturities with terms ranging from 3 to 12 months.
- (ii) This represents bank loans obtained from various banks with terms ranging from 5 months to 7 years (2020: 2 months to 7 years).

The NCD in US dollars fully collateralise the LPCOs acquired from the NBC. Other borrowings are unsecured. All the borrowings bear fixed interest rates ranging from 0.45% to 6.84% per annum (2020: 0.42% to 6.84%).

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17. SUBORDINATED DEBTS

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
National Bank of Canada	104,248,932	425,231	117,023,035	473,358

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

18. LEASE LIABILITIES

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Maturity analysis:				
Year 1	7,603,495	31,015	7,505,622	30,360
Year 2	7,327,093	29,887	6,470,534	26,173
Year 3	7,032,273	28,685	6,262,674	25,333
Year 4	6,273,238	25,589	5,965,129	24,129
Year 5	5,713,022	23,303	5,490,824	22,210
Onwards	10,697,905	43,636	10,898,970	44,087
	44,647,026	182,115	42,593,753	172,292
Less: Unearned interest	(6,648,240)	(27,118)	(6,871,851)	(27,796)
	37,998,786	154,997	35,721,902	144,496

19. OTHER LIABILITIES

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Accrued expenses	32,798,665	133,786	27,732,108	112,176
Remittance in process	5,869,667	23,942	1,592,606	6,442
Master/Visa Card and MoneyGram and other payables	3,853,946	15,722	3,790,716	15,333
Unearned income	3,441,864	14,039	2,814,586	11,385
Other tax payable	486,425	1,984	713,705	2,887
Provision for off-balance sheets	263,143	1,073	134,399	544
	46,713,710	190,546	36,778,120	148,767

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20. NET INTEREST INCOME

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Interest income from:				
Loans to customers	114,925,038	468,434	88,634,851	362,960
Balances with the NBC and other banks	2,283,829	9,309	1,868,432	7,651
Investment securities	159,473	650	101,160	414
Others	37,777	154	29,707	122
	<u>117,406,117</u>	<u>478,547</u>	<u>90,634,150</u>	<u>371,147</u>
Interest expense on:				
Deposits from customers	9,505,398	38,744	10,294,807	42,157
Subordinated debts	2,196,907	8,955	2,458,237	10,066
Borrowings	3,043,134	12,404	1,923,339	7,876
Lease liabilities	466,494	1,901	456,155	1,868
Debt securities in issue	402,912	1,642	400,938	1,643
	<u>15,614,845</u>	<u>63,646</u>	<u>15,533,476</u>	<u>63,610</u>
Net interest income	<u>101,791,272</u>	<u>414,901</u>	<u>75,100,674</u>	<u>307,537</u>
	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Interest income from:				
Loans to customers	323,077,743	1,313,634	249,905,249	1,020,113
Balances with the NBC and other banks	5,952,821	24,204	6,792,195	27,726
Investment securities	479,390	1,949	416,858	1,702
Others	102,365	417	253,051	1,033
	<u>329,612,319</u>	<u>1,340,204</u>	<u>257,367,353</u>	<u>1,050,574</u>
Interest expense on:				
Deposits from customers	28,358,577	115,306	27,459,301	112,089
Subordinated debts	6,783,479	27,582	7,678,903	31,345
Borrowings	9,357,317	38,047	6,666,141	27,211
Lease liabilities	1,396,349	5,678	1,194,822	4,877
Debt securities in issue	1,211,526	4,925	1,203,971	4,915
	<u>47,107,248</u>	<u>191,538</u>	<u>44,203,138</u>	<u>180,437</u>
Net interest income	<u>282,505,071</u>	<u>1,148,666</u>	<u>213,164,215</u>	<u>870,137</u>

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21. NET FEE AND COMMISSION INCOME

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Fee and commission income				
MasterCard, Visa and UPI cards	3,262,953	13,300	4,024,871	16,482
Inward and outward remittances	2,791,364	11,378	1,854,239	7,593
Loan commitment and early settlement fees	2,233,482	9,104	1,360,256	5,570
Pin-less top up	1,343,000	5,474	826,050	3,383
Special account number fees	915,139	3,730	1,398,830	5,728
E-wallet	646,126	2,633	310,243	1,270
Commission fee from insurance	344,095	1,403	687,033	2,813
Cable charges	215,525	878	191,040	782
Other fees	903,001	3,680	451,566	1,850
	<u>12,654,685</u>	<u>51,580</u>	<u>11,104,128</u>	<u>45,471</u>
Fee and commission expense				
MasterCard, Visa and UPI cards	4,488,573	18,295	3,503,919	14,349
Fees and commission paid to other banks and FIs	687,677	2,803	436,887	1,789
Other fees	107,478	438	100	-
	<u>5,283,728</u>	<u>21,536</u>	<u>3,940,906</u>	<u>16,138</u>
Net fee and commission income	<u>7,370,957</u>	<u>30,044</u>	<u>7,163,222</u>	<u>29,333</u>

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21. NET FEE AND COMMISSION INCOME (continued)

	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Fee and commission income				
MasterCard, Visa and UPI cards	13,463,940	54,744	12,221,320	49,887
Inward and outward remittances	7,511,880	30,543	5,043,568	20,588
Loan commitment and early settlement fees	5,311,648	21,597	3,277,337	13,378
Pin-less top up	3,623,224	14,732	2,156,050	8,801
Special account number fees	2,220,833	9,030	1,494,343	6,100
E-wallet	1,585,697	6,447	720,971	2,943
Commission fee from insurance	1,040,409	4,230	1,101,994	4,498
Cable charges	607,697	2,471	545,210	2,226
Other fees	2,753,988	11,199	1,637,513	6,684
	<u>38,119,316</u>	<u>154,993</u>	<u>28,198,306</u>	<u>115,105</u>
Fee and commission expense				
MasterCard, Visa and UPI cards	11,954,533	48,607	10,382,309	42,381
Fees and commission paid to other banks and FIs	2,506,606	10,192	1,273,173	5,197
Other fees	178,605	726	300	1
	<u>14,639,744</u>	<u>59,525</u>	<u>11,655,782</u>	<u>47,579</u>
Net fee and commission income	<u>23,479,572</u>	<u>95,468</u>	<u>16,542,524</u>	<u>67,526</u>

22. OTHER OPERATING INCOME

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Foreign exchange gains, net	1,451,884	5,918	701,851	2,874
Other income	569	2	19,740	81
	<u>1,452,453</u>	<u>5,920</u>	<u>721,591</u>	<u>2,955</u>

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22. OTHER OPERATING INCOME (continued)

	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Foreign exchange gains, net	3,803,004	15,463	2,084,747	8,510
Other income	65,290	265	31,470	128
	<u>3,868,294</u>	<u>15,728</u>	<u>2,116,217</u>	<u>8,638</u>

23. PERSONNEL EXPENSES

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Salaries and bonuses	18,984,073	77,379	15,761,183	64,542
Seniority payments	1,116,000	4,549	684,734	2,804
Other personnel expenses	629,498	2,566	922,848	3,779
	<u>20,729,571</u>	<u>84,494</u>	<u>17,368,765</u>	<u>71,125</u>

	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Salaries and bonuses	55,736,712	226,625	48,306,659	197,188
Seniority payments	3,344,851	13,600	2,508,553	10,240
Other personnel expenses	2,137,722	8,693	2,460,293	10,043
	<u>61,219,285</u>	<u>248,918</u>	<u>53,275,505</u>	<u>217,471</u>

24. DEPRECIATION AND AMORTISATION

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Property and equipment	2,418,074	9,856	3,010,133	12,326
Right-of-use assets	1,877,660	7,653	1,632,463	6,685
Intangible assets	551,953	2,250	305,495	1,251
	<u>4,847,687</u>	<u>19,759</u>	<u>4,948,091</u>	<u>20,262</u>

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24. DEPRECIATION AND AMORTISATION (continued)

	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Property and equipment	7,055,604	28,688	8,658,105	35,343
Right-of-use assets	5,401,622	21,963	4,487,265	18,317
Intangible assets	1,416,931	5,761	850,659	3,472
	<u>13,874,157</u>	<u>56,412</u>	<u>13,996,029</u>	<u>57,132</u>

25. OPERATING EXPENSES

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Repairs and maintenance	1,820,101	7,419	2,074,021	8,493
Office supplies	1,309,406	5,337	1,173,878	4,807
Rental expenses	830,233	3,384	849,353	3,478
Security expenses	703,929	2,869	568,600	2,328
Utilities expenses	619,252	2,524	525,133	2,150
Communication	615,551	2,509	390,901	1,601
Marketing and advertising	490,219	1,998	477,706	1,956
Donation	62,720	256	13,499	55
Professional fees	334,253	1,362	340,825	1,396
Insurance expenses	264,553	1,078	229,237	939
Motor vehicle operation expenses	222,914	909	192,982	790
License fees	175,084	714	168,719	691
Board of Director fees	182,387	743	85,625	351
Credit report (CBC) expenses	83,213	339	91,768	376
Travelling	49,514	202	89,783	368
Membership fees	42,082	172	10,818	44
Business meal and entertainment	23,158	94	32,676	134
Other expenses	165,641	675	43,011	176
	<u>7,994,210</u>	<u>32,584</u>	<u>7,358,535</u>	<u>30,133</u>

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25. OPERATING EXPENSES (continued)

	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Repairs and maintenance	5,539,237	22,523	5,857,751	23,911
Office supplies	3,890,235	15,818	3,692,904	15,074
Rental expenses	2,550,107	10,369	3,189,405	13,019
Security expenses	2,019,905	8,213	1,752,203	7,152
Utilities expenses	1,677,888	6,822	1,603,945	6,547
Communication	1,671,273	6,795	1,153,803	4,710
Marketing and advertising	1,474,548	5,996	1,390,665	5,677
Donation	1,092,526	4,442	42,439	173
Professional fees	963,301	3,917	974,573	3,978
Insurance expenses	770,064	3,131	607,553	2,480
Motor vehicle operation expenses	598,980	2,435	575,219	2,348
License fees	538,992	2,192	523,511	2,137
Board of Director fees	353,637	1,438	257,610	1,052
Credit report (CBC) expenses	279,253	1,135	238,698	974
Travelling	200,881	817	248,531	1,015
Membership fees	74,638	303	42,208	172
Business meal and entertainment	61,542	250	102,554	419
Other expenses	423,427	1,722	158,001	647
	<u>24,180,434</u>	<u>98,318</u>	<u>22,411,573</u>	<u>91,485</u>

26. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Loans to customers	716,840	2,922	4,156,663	17,022
Balances with other banks	158,197	645	(45,281)	(185)
Investment securities	(3,594)	(15)	10,258	42
Rental deposit	6,854	28	483	2
Loan commitments and financial guarantee contracts	50,048	204	13,414	54
	<u>928,345</u>	<u>3,784</u>	<u>4,135,537</u>	<u>16,935</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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26. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS (continued)

	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Loans to customers	16,312,445	66,326	8,218,680	33,549
Balances with other banks	266,505	1,084	675,043	2,756
Investment securities	(1,431)	(6)	9,524	39
Rental deposit	13,435	55	(8,472)	(35)
Loan commitments and financial guarantee contracts	128,744	523	26,556	108
	<u>16,719,698</u>	<u>67,982</u>	<u>8,921,331</u>	<u>36,417</u>

27. CASH AND CASH EQUIVALENTS

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

	30 September 2021		30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Cash on hand	444,280,102	1,812,219	297,251,236	1,218,730
Balances with the NBC	214,487,646	874,895	246,399,180	1,010,237
Balances with other banks	273,479,273	1,115,522	184,045,409	754,586
	<u>932,247,021</u>	<u>3,802,636</u>	<u>727,695,825</u>	<u>2,983,553</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in statement reporting position as shown above.

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28. RELATED PARTIES

(a) Related parties and relationships

The related parties of and their relationships with the Bank are as follows:

Related parties	Relationships
National Bank of Canada	Ultimate parent shareholder
Key management personnel	Executive management team of the Bank who make critical decisions in relation to the strategic direction of the Bank.

(b) Related party balances

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Loans to management	4,529,115	18,474	4,648,955	18,805
Deposits and placements by directors and management	3,396,232	13,853	3,409,816	13,793
Subordinated debts from National Bank of Canada	104,248,932	425,231	117,023,035	473,358
Deposits and placements with National Bank of Canada	185,499,466	756,652	212,398	859

(c) Other related party transactions

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Interest income on loans to management	50,279	205	63,679	261
Interest expenses on deposits and placements to directors and management	9,379	38	4,299	18
Interest expenses to National Bank of Canada	2,196,907	8,955	2,458,237	10,066
Interest income from National Bank of Canada	176,470	719	-	-

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28. RELATED PARTIES (continued)

(c) Other related party transactions (continued)

	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Interest income on loans to management	185,534	754	170,452	696
Interest expenses on deposits and placements to directors and management	35,230	143	81,945	334
Interest expenses to National Bank of Canada	6,783,479	27,582	7,678,903	31,345
Interest income from National Bank of Canada	306,611	1,247	-	-

(d) Directors and key management personnel remuneration

	Three-month period ended 30 September 2021		Three-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Salaries and benefits	6,107,965	24,896	4,219,181	17,278
	Nine-month period ended 30 September 2021		Nine-month period ended 30 September 2020	
	US\$	KHR Million	US\$	KHR Million
Salaries and benefits	16,112,107	65,512	11,999,923	48,984

ADVANCED BANK OF ASIA LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021****29. LOAN COMMITMENTS AND FINANCIAL GUARANTEE CONTRACTS**

	30 September 2021		31 December 2020	
	US\$	KHR Million	US\$	KHR Million
Unused portion of overdrafts	222,162,606	906,201	116,567,480	471,515
Performance bonds	10,070,303	41,077	13,635,793	55,157
Unused portion of credit cards	9,749,949	39,770	9,693,537	39,210
Letter of credits	9,477,265	38,658	10,455,894	42,294
Payment guarantees	9,208,989	37,563	8,903,461	36,014
Securities	4,400,000	17,948	4,400,000	17,798
Warranty bonds	890,885	3,634	176,593	714
Bid bonds	398,292	1,625	2,214,644	8,958
Other guarantees	237,000	967	237,000	959
	<u>266,595,289</u>	<u>1,087,443</u>	<u>166,284,402</u>	<u>672,619</u>

30. SEGMENT REPORTING

Segment reporting is not required for the Bank as the majority of the income is from the same business segment, which is credit and lending, all activities are carried out in the Kingdom of Cambodia.

31. FINANCIAL RISK MANAGEMENT

The Bank's financial risk management policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2020.

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31. FINANCIAL RISK MANAGEMENT (continued)

Loss allowance - movement of ECL for loans to customers

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

	30 September 2021				
	Stage 1	Stage 2	Stage 3	Total	
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL	US\$	KHR Million
	US\$	US\$	US\$		
Loss allowance as at 1 January 2021	9,283,767	2,993,995	6,494,373	18,772,135	75,933
Changes in the loss allowance					
Transfer to stage 1	90,507	(90,507)	-	-	-
Transfer to stage 2	(101,919)	125,817	(23,898)	-	-
Transfer to stage 3	(58,093)	(1,172,565)	1,230,658	-	-
Net remeasurement of loss allowances ⁽¹⁾	1,624,937	1,699,371	1,942,539	5,266,847	21,483
New financial assets originated	2,060,076	60,513	300	2,120,889	8,651
Financial assets that have been derecognised	(829,882)	(312,356)	(931,074)	(2,073,312)	(8,457)
Other changes	10,946,367 ⁽²⁾	(3,809)	(90,953)	10,851,605	44,264
Currency translation differences	-	-	-	-	639
Loss allowance as at 30 September 2021	<u>23,015,760</u>	<u>3,300,459</u>	<u>8,621,945</u>	<u>34,938,164</u>	<u>142,513</u>

⁽¹⁾ Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volume and in the credit quality of existing loans.

⁽²⁾ This represents additional management overlay for the period ended 30 September 2021. Refer to Note 33(i) for more details.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

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

	30 September 2020				
	Stage 1	Stage 2	Stage 3	Total	
	12-month	Lifetime	Lifetime		
	ECL	ECL	ECL	US\$	KHR Million
	US\$	US\$	US\$		
Loss allowance as at 1 January 2020	1,573,881	566,317	4,215,254	6,355,452	25,898
Change in loss allowance					
Transfer to stage 1	1,122	(1,122)	-	-	-
Transfer to stage 2	(10,816)	10,816	-	-	-
Transfer to stage 3	(5,793)	(214,724)	220,517	-	-
Net remeasurement of loss allowance ⁽¹⁾	13,138	1,762,913	6,085,833	7,861,884	32,234
New financial assets originated	809,441	7,782	-	817,223	3,351
Financial assets that have been derecognised	(296,739)	(31,410)	(70,073)	(398,222)	(1,633)
Other changes	(187)	(35,087)	(340,751)	(376,025)	(1,542)
Currency translation differences	-	-	-	-	159
Loss allowance as at 30 September 2020	<u>2,084,047</u>	<u>2,065,485</u>	<u>10,110,780</u>	<u>14,260,312</u>	<u>58,467</u>

⁽¹⁾ Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volume and in the credit quality of existing loans.

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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Maturity analysis for financial assets and financial liabilities

The following tables set out the remaining contractual maturities of the Bank's financial assets and financial liabilities. The sum of the balances depicted in the maturity analysis do not reconcile with the carrying amount of the assets/liabilities as disclosed in the statement of financial position, this is because maturity analysis incorporates, on an undiscounted basis, all cash flow relating to principal. The amount for issued loan commitments and financial guarantees contract is the maximum amount that may be drawn down under the loan commitment, or called under the financial guarantees contract, both included in the earliest possible period under these could be paid. The undiscounted cash flows potentially payable under financial guarantees and similar contracts are classified on the basis of the earliest date they can be called.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities (continued)

	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No specified maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
30 September 2021								
Financial assets by types								
Non-derivative assets								
Cash on hand	444,280,102	444,280,102	444,280,102	-	-	-	-	-
Balances with the NBC	1,459,796,953	1,460,237,619	272,655,415	169,310,934	560,435,783	-	-	457,835,487
Balances with other banks	591,815,781	597,006,450	324,314,044	73,126,888	199,565,518	-	-	-
Loans to customers	4,840,321,055	6,030,980,890	95,050,501	162,152,645	721,799,624	3,292,261,512	1,759,716,608	-
Investment securities	7,458,760	7,976,590	-	-	3,343,242	4,633,348	-	-
Other assets	17,527,640	17,527,640	12,083,795	51,528	253,611	1,218,281	3,920,425	-
In US\$ equivalents	7,361,200,291	8,558,009,291	1,148,383,857	404,641,995	1,485,397,778	3,298,113,141	1,763,637,033	457,835,487
In KHR Million equivalents	30,026,336	34,908,120	4,684,258	1,650,535	6,058,938	13,453,004	7,193,875	1,867,511

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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities (continued)

	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No specified maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
30 September 2021								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	(5,969,275,126)	(5,999,304,033)	(5,124,601,719)	(238,724,008)	(597,547,233)	(38,431,073)	-	-
Debt securities in issue	(20,836,775)	(22,428,129)	-	-	(22,428,129)	-	-	-
Borrowings	(277,053,847)	(292,909,939)	(63,466,768)	(62,412,419)	(165,106,634)	(150,548)	(1,773,570)	-
Subordinated debts	(104,248,932)	(135,699,883)	-	-	-	(80,244,920)	(55,454,963)	-
Lease liabilities	(37,998,786)	(44,647,026)	(726,549)	(1,447,081)	(5,429,865)	(26,345,626)	(10,697,905)	-
Other liabilities	(42,522,278)	(42,522,278)	-	(24,270,913)	(9,726,509)	(7,714,765)	(810,091)	-
	<u>(6,451,935,744)</u>	<u>(6,537,511,288)</u>	<u>(5,188,795,036)</u>	<u>(326,854,421)</u>	<u>(800,238,370)</u>	<u>(152,886,932)</u>	<u>(68,736,529)</u>	<u>-</u>
Loan commitments and financial guarantee contracts								
	-	(261,958,290)	(10,136,630)	(23,547,579)	(165,495,279)	(27,508,488)	(35,270,314)	-
In US\$ equivalents	<u>(6,451,935,744)</u>	<u>(6,799,469,578)</u>	<u>(5,198,931,666)</u>	<u>(350,402,000)</u>	<u>(965,733,649)</u>	<u>(180,395,420)</u>	<u>(104,006,843)</u>	<u>-</u>
In KHR Million equivalents	<u>(26,317,446)</u>	<u>(27,735,035)</u>	<u>(21,206,442)</u>	<u>(1,429,290)</u>	<u>(3,939,228)</u>	<u>(735,833)</u>	<u>(424,244)</u>	<u>-</u>

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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities (continued)

	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No specified maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2020								
Financial assets by type								
Non-derivative assets								
Cash on hand	378,101,373	378,101,373	378,101,373	-	-	-	-	-
Balances with the NBC	1,481,626,701	1,482,463,671	227,602,290	140,897,102	730,962,799	-	-	383,001,480
Balances with other banks	325,956,497	329,159,013	62,531,584	28,085,945	238,541,484	-	-	-
Loans to customers	3,814,599,414	4,925,131,069	74,208,223	134,659,696	635,309,114	2,763,621,205	1,317,332,831	-
Investment securities	7,434,086	8,921,826	-	-	-	8,921,826	-	-
Other assets	17,347,962	17,347,962	6,433,942	18,025	6,906,760	837,270	3,151,965	-
In US\$ equivalents	<u>6,025,066,033</u>	<u>7,141,124,914</u>	<u>748,877,412</u>	<u>303,660,768</u>	<u>1,611,720,157</u>	<u>2,773,380,301</u>	<u>1,320,484,796</u>	<u>383,001,480</u>
In KHR Million equivalents	<u>24,371,392</u>	<u>28,885,850</u>	<u>3,029,209</u>	<u>1,228,308</u>	<u>6,519,408</u>	<u>11,218,323</u>	<u>5,341,361</u>	<u>1,549,241</u>

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31. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Maturity analysis for financial assets and financial liabilities (continued)

	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 – 3 months	> 3 – 12 months	> 1 – 5 years	Over 5 years	No specified maturity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
31 December 2020								
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customers	(4,871,468,376)	(4,904,949,197)	(4,026,303,308)	(212,310,676)	(622,882,632)	(43,452,581)	-	-
Debt securities in issue	(21,282,088)	(24,041,289)	-	(806,580)	(806,580)	(22,428,129)	-	-
Borrowings	(242,004,091)	(260,392,244)	(3,830,605)	(65,192,233)	(183,997,232)	(6,117,277)	(1,254,897)	-
Subordinated debts	(117,023,035)	(156,286,668)	-	-	-	(100,381,437)	(55,905,231)	-
Lease liabilities	(35,721,902)	(42,593,753)	(644,918)	(1,274,527)	(5,586,177)	(24,189,161)	(10,898,970)	-
Other liabilities	(33,829,136)	(33,829,136)	(713,705)	(16,781,230)	(5,383,728)	(10,613,390)	(337,083)	-
	<u>(5,321,328,628)</u>	<u>(5,422,092,287)</u>	<u>(4,031,492,536)</u>	<u>(296,365,246)</u>	<u>(818,656,349)</u>	<u>(207,181,975)</u>	<u>(68,396,181)</u>	<u>-</u>
Loan commitments and financial guarantee contracts	-	(161,647,403)	(10,471,284)	(19,474,031)	(120,369,486)	(11,332,602)	-	-
In US\$ equivalents	<u>(5,321,328,628)</u>	<u>(5,583,739,690)</u>	<u>(4,041,963,820)</u>	<u>(315,839,277)</u>	<u>(939,025,835)</u>	<u>(218,514,577)</u>	<u>(68,396,181)</u>	<u>-</u>
In KHR Million equivalents	<u>(21,524,774)</u>	<u>(22,586,227)</u>	<u>(16,349,744)</u>	<u>(1,277,570)</u>	<u>(3,798,360)</u>	<u>(883,891)</u>	<u>(276,663)</u>	<u>-</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

32. COMPARATIVE INFORMATION

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

33. IMPACT OF COVID-19

The impact of the Coronavirus ("COVID-19") pandemic has spread across various geographies globally. The World Health Organisation declared an international health emergency due to the outbreak of COVID-19 in January 2020 and has characterised the spread of COVID-19 as a global pandemic since March 2020. The continuing spread of COVID-19 has caught the world off-guard, with significant implications for personal health and business continuity.

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

Management will continue to monitor the potential impact of COVID-19 and will take all steps to mitigate any effects on the Bank's operations.

The Bank has performed assessments of COVID-19 impacts in the light of the available guidance of the NBC and CIFRSs, which have resulted in the following:

i) Expected credit losses

Probability of Default (PD)

PD is calculated using monthly migration matrices over past seven years data consisting of 72 matrices. More granular approach is adopted by breaking Stage-1 in to "Bucket 0" which 0 days past due and "Bucket-1" with 1-29 days past due loans.

Loss Given Default (LGD)

Active accounts for which the recovery is still ongoing have been included in LGD calculation based on the LGD period workout analysis. Exposure for LGD calculation has been taken as on the default period as revised from Exposure at Default (EAD) which used to increase over the period adopted in the previous model. Industry level LGD is calculated which aligns to the segmentation used for PD calculation.

Probability weighted outcome

Currently, base, upside and downside scenarios have been given weightages as 60%, 20% and 20% respectively.

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Forward-looking information is used only for PD. For LGD, the forward-looking information is not considered as the default counts in the earlier quarters are not sufficient to undertake reliable forward-looking statistical analysis.

Main macroeconomic factors

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

PD segment	Macroeconomic Factor⁽¹⁾
Agriculture	Cambodia Consumer Price Index
Construction and Real Estate	Industry Contribution to GDP Growth
Real Estate Rentals	Cambodia GDP at Constant 2000 Price
Manufacturing	Foreign Direct Investment Growth
Wholesale and Retail	Cambodia Consumer Price Index
Services	Industry Contribution to GDP Growth
Personal Loan	Industry Contribution to GDP Growth

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

The Bank has also incorporated ECL overlay of US\$10.95 million during 2021, resulting in total overlay of US\$15.6million as at 30 September 2021. This represents additional ECL under stressed scenario if all multiple restructured loans with grace period for principal and interest repayment as of the reporting date were classified under Stage 2 due to uncertainties under COVID-19 environment.

ii) Accounting for modified financial assets

Considering the economic factors, the Bank has delayed loan repayments for borrowers involved in all sectors whose businesses are affected by the COVID-19 outbreak up to 12 months. The modification gain and loss on those financial assets was not considered to be material.

iii) Valuations estimates and judgements

The Bank has considered potential impacts of the current economic volatility in determination of the reported amounts of the Bank's financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets, however, remain volatile and the recorded amounts remain sensitive to market fluctuations.