

**ADVANCED BANK OF ASIA LIMITED**

(Registration No. 00010593)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2020**

**ADVANCED BANK OF ASIA LIMITED**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

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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 2019 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 2020, 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: 26 November 2020

## 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 2020 and the related condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, changes in equity and 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*.

### Other matters

We draw attention to the fact that the Bank prepared and presented the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2019, and condensed interim statements of changes in equity and cash flows for the nine-month period then ended for comparative purposes only. These statements including related notes were neither reviewed nor audited.

For Deloitte (Cambodia) Co., Ltd.

  
Ung Kimsopheaktra  
Director



Phnom Penh, Kingdom of Cambodia  
Date: 26 November 2020

**ADVANCED BANK OF ASIA LIMITED**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**

|                                     |      | 30 September 2020    |                       | 31 December 2019     |                       |
|-------------------------------------|------|----------------------|-----------------------|----------------------|-----------------------|
|                                     | Note | US\$                 | KHR'000               | US\$                 | KHR'000               |
| <b>ASSETS</b>                       |      |                      |                       |                      |                       |
| Cash on hand                        | 4    | 297,251,236          | 1,218,730,068         | 251,750,205          | 1,025,882,085         |
| Balances with the NBC               | 5    | 1,459,725,902        | 5,984,876,198         | 1,151,654,239        | 4,692,991,024         |
| Balances with other banks           | 6    | 356,469,092          | 1,461,523,277         | 93,411,689           | 380,652,633           |
| Loans to customers                  | 7    | 3,419,810,596        | 14,021,223,444        | 2,758,070,913        | 11,239,138,970        |
| Investment securities               | 8    | 6,463,453            | 26,500,157            | 33,285,434           | 135,638,144           |
| Property and equipment              | 9    | 42,488,890           | 174,204,449           | 40,448,758           | 164,828,689           |
| Right-of-use assets                 | 10   | 33,509,258           | 137,387,958           | 34,537,031           | 140,738,401           |
| Intangible assets                   | 11   | 7,866,271            | 32,251,711            | 7,174,737            | 29,237,053            |
| Deferred tax assets, net            | 12   | 2,903,253            | 11,903,337            | 2,191,391            | 8,929,918             |
| Other assets                        | 13   | 31,243,942           | 128,100,162           | 22,363,972           | 91,133,185            |
| <b>TOTAL ASSETS</b>                 |      | <b>5,657,731,893</b> | <b>23,196,700,761</b> | <b>4,394,888,369</b> | <b>17,909,170,102</b> |
| <b>LIABILITIES</b>                  |      |                      |                       |                      |                       |
| Deposits from customers             | 14   | 4,485,657,010        | 18,391,193,741        | 3,395,343,449        | 13,836,024,555        |
| Debt securities in issue            | 15   | 20,546,274           | 84,239,723            | 20,939,337           | 85,327,798            |
| Borrowings                          | 16   | 208,957,588          | 856,726,111           | 279,856,458          | 1,140,415,066         |
| Subordinated debts                  | 17   | 121,027,957          | 496,214,624           | 128,000,000          | 521,600,000           |
| Current tax liabilities             |      | 26,914,543           | 110,349,626           | 12,231,453           | 49,843,171            |
| Lease liabilities                   | 18   | 35,311,730           | 144,778,093           | 36,513,407           | 148,792,134           |
| Other liabilities                   | 19   | 39,026,113           | 160,007,063           | 25,624,103           | 104,418,220           |
| <b>TOTAL LIABILITIES</b>            |      | <b>4,937,441,215</b> | <b>20,243,508,981</b> | <b>3,898,508,207</b> | <b>15,886,420,944</b> |
| <b>EQUITY</b>                       |      |                      |                       |                      |                       |
| Share capital                       |      | 335,000,000          | 1,373,500,000         | 215,000,000          | 876,125,000           |
| Regulatory reserves                 |      | 42,057,657           | 172,436,394           | 33,661,778           | 137,171,744           |
| Retained earnings                   |      | 343,233,021          | 1,399,192,038         | 247,718,384          | 999,343,312           |
| Currency translation differences    |      | -                    | 8,063,348             | -                    | 10,109,102            |
| <b>TOTAL EQUITY</b>                 |      | <b>720,290,678</b>   | <b>2,953,191,780</b>  | <b>496,380,162</b>   | <b>2,022,749,158</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b> |      | <b>5,657,731,893</b> | <b>23,196,700,761</b> | <b>4,394,888,369</b> | <b>17,909,170,102</b> |

The accompanying notes from pages 9 to 40 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 2020**

|  |             | <b>Three-month period ended<br/>30 September 2020</b> |                    | <b>Three-month period ended<br/>30 September 2019</b> |                    |
|--|-------------|---|--------------------|---|--------------------|
|  | <b>Note</b> | <b>US\$</b>   | <b>KHR'000</b>     | <b>US\$</b>   | <b>KHR'000</b>     |
|  |             |   |                    | (Unaudited and unreviewed)                            |                    |
| Interest income  | 20          | 88,509,590  | 362,446,771        | 69,480,041  | 283,964,928        |
| Interest expense   | 20          | (15,533,476)  | (63,609,584)       | (12,941,546)  | (52,892,099)       |
| <b>Net interest income</b>                                     |             | <b>72,976,114</b>                                     | <b>298,837,187</b> | <b>56,538,495</b>                                     | <b>231,072,829</b> |
| Fee and commission income                                      | 21          | 13,228,688  | 54,171,477         | 10,855,555  | 44,366,653         |
| Fee and commission expense                                     | 21          | (3,940,906)   | (16,138,010)       | (3,518,737)   | (14,381,078)       |
| <b>Net fee and commission income</b>                           |             | <b>9,287,782</b>                                      | <b>38,033,467</b>  | <b>7,336,818</b>                                      | <b>29,985,575</b>  |
| Other operating income   | 22          | 721,591   | 2,954,915          | 497,018   | 2,031,313          |
| Personnel expenses   | 23          | (17,368,765)  | (71,125,093)       | (15,585,433)  | (63,697,665)       |
| Operating expenses   | 24          | (7,358,535)   | (30,133,201)       | (6,144,167)   | (25,111,211)       |
| Depreciation and amortisation                                  | 25          | (4,948,091)   | (20,262,433)       | (3,795,505)   | (15,512,229)       |
| <b>Operating profit</b>  |             | <b>53,310,096</b>                                     | <b>218,304,842</b> | <b>38,847,226</b>                                     | <b>158,768,612</b> |
| Net impairment losses on financial assets                      | 26          | (4,135,537)   | (16,935,024)       | (748,143)   | (3,057,660)        |
| <b>Profit before tax</b>                                       |             | <b>49,174,559</b>                                     | <b>201,369,818</b> | <b>38,099,083</b>                                     | <b>155,710,952</b> |
| Income tax expense   |             | (10,818,000)  | (44,299,710)       | (6,013,212)   | (24,575,997)       |
| <b>Profit for the period</b>                                   |             | <b>38,356,559</b>                                     | <b>157,070,108</b> | <b>32,085,871</b>                                     | <b>131,134,955</b> |
| Other comprehensive income                                     |             | -   | 2,490,001          | -   | (3,921,638)        |
| <b>Total comprehensive income for the period</b>               |             | <b>38,356,559</b>                                     | <b>159,560,109</b> | <b>32,085,871</b>                                     | <b>127,213,317</b> |
| <b>Profit attributable to shareholders</b>                     |             | <b>38,356,559</b>                                     | <b>157,070,108</b> | <b>32,085,871</b>                                     | <b>131,134,955</b> |
| <b>Total comprehensive income attributable to shareholders</b> |             | <b>38,356,559</b>                                     | <b>159,560,109</b> | <b>32,085,871</b>                                     | <b>127,213,317</b> |

The accompanying notes from pages 9 to 40 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 2020**

|  |             | <b>Nine-month period ended<br/>30 September 2020</b> |                    | <b>Nine-month period ended<br/>30 September 2019</b> |                    |
|--|-------------|--|--------------------|--|--------------------|
|  | <b>Note</b> | <b>US\$</b>  | <b>KHR'000</b>     | <b>US\$</b>  | <b>KHR'000</b>     |
|  |             |  |                    | (Unaudited and unreviewed)                           |                    |
| Interest income  | 20          | 250,478,644  | 1,022,453,825      | 188,237,042  | 762,171,783        |
| Interest expense   | 20          | (44,203,138)   | (180,437,209)      | (37,872,685)   | (153,346,502)      |
| <b>Net interest income</b>                                     |             | <b>206,275,506</b>                                   | <b>842,016,616</b> | <b>150,364,357</b>                                   | <b>608,825,281</b> |
| Fee and commission income                                      | 21          | 35,087,015   | 143,225,195        | 28,083,609   | 113,710,534        |
| Fee and commission expense                                     | 21          | (11,655,782)   | (47,578,902)       | (9,699,215)  | (39,272,121)       |
| <b>Net fee and commission income</b>                           |             | <b>23,431,233</b>                                    | <b>95,646,293</b>  | <b>18,384,394</b>                                    | <b>74,438,413</b>  |
| Other operating income   | 22          | 2,116,217  | 8,638,398          | 1,251,210  | 5,066,149          |
| Personnel expenses   | 23          | (53,275,505)   | (217,470,611)      | (40,477,867)   | (163,894,883)      |
| Operating expenses   | 24          | (22,411,573)   | (91,484,042)       | (16,032,434)   | (64,915,325)       |
| Depreciation and amortisation                                  | 25          | (13,996,029)   | (57,131,790)       | (10,568,586)   | (42,792,205)       |
| <b>Operating profit</b>  |             | <b>142,139,849</b>                                   | <b>580,214,864</b> | <b>102,921,074</b>                                   | <b>416,727,430</b> |
| Net impairment losses on financial assets                      | 26          | (8,921,331)  | (36,416,873)       | (1,512,178)  | (6,122,809)        |
| <b>Profit before tax</b>                                       |             | <b>133,218,518</b>                                   | <b>543,797,991</b> | <b>101,408,896</b>                                   | <b>410,604,621</b> |
| Income tax expense   |             | (29,308,000)   | (119,635,256)      | (18,432,212)   | (74,632,026)       |
| <b>Profit for the period</b>                                   |             | <b>103,910,518</b>                                   | <b>424,162,735</b> | <b>82,976,684</b>                                    | <b>335,972,595</b> |
| Other comprehensive income                                     |             | -  | 8,063,348          | -  | 14,030,740         |
| <b>Total comprehensive income for the period</b>               |             | <b>103,910,518</b>                                   | <b>432,226,083</b> | <b>82,976,684</b>                                    | <b>350,003,335</b> |
| <b>Profit attributable to shareholders</b>                     |             | <b>103,910,518</b>                                   | <b>424,162,735</b> | <b>82,976,684</b>                                    | <b>335,972,595</b> |
| <b>Total comprehensive income attributable to shareholders</b> |             | <b>103,910,518</b>                                   | <b>432,226,083</b> | <b>82,976,684</b>                                    | <b>350,003,335</b> |

The accompanying notes from pages 9 to 40 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 2020**

|  | Share<br>capital<br>US\$ | Regulatory<br>reserves<br>US\$ | Retained earnings<br>US\$ | Currency<br>translation<br>differences<br>US\$ | Total<br>US\$        |
|--|--------------------------|--------------------------------|---------------------------|--|----------------------|
| <b>Nine-month period ended 30 September 2019</b><br>(Unaudited and unreviewed) |                          |                                |                           |  |                      |
| <b>At 1 January 2019</b>   | 165,000,000              | 21,321,874                     | 132,646,912               | -  | 318,968,786          |
| Issuance of share capital  | 50,000,000               | -                              | -                         | -  | 50,000,000           |
| Profit for the period  | -                        | -                              | 82,976,684                | -  | 82,976,684           |
| Transfers from retained earnings to regulatory reserves                        | -                        | 12,644,603                     | (12,644,603)              | -  | -                    |
| <b>At 30 September 2019</b>  | <u>215,000,000</u>       | <u>33,966,477</u>              | <u>202,978,993</u>        | <u>-</u>                                       | <u>451,945,470</u>   |
| <b>In KHR'000 equivalents</b>  | <u>880,425,000</u>       | <u>139,092,722</u>             | <u>817,168,238</u>        | <u>14,030,740</u>                              | <u>1,850,716,700</u> |
| <b>Nine-month period ended 30 September 2020</b>                               |                          |                                |                           |  |                      |
| <b>At 1 January 2020</b>   | 215,000,000              | 33,661,778                     | 247,718,384               | -  | 496,380,162          |
| Issuance of share capital  | 120,000,000              | -                              | -                         | -  | 120,000,000          |
| Profit for the period  | -                        | -                              | 103,910,518               | -  | 103,910,518          |
| Transfers from retained earnings to regulatory reserves                        | -                        | 8,395,881                      | (8,395,881)               | -  | -                    |
| <b>At 30 September 2020</b>  | <u>335,000,000</u>       | <u>42,057,659</u>              | <u>343,233,021</u>        | <u>-</u>                                       | <u>720,290,680</u>   |
| <b>In KHR'000 equivalents</b>  | <u>1,373,500,000</u>     | <u>172,436,402</u>             | <u>1,399,192,038</u>      | <u>8,063,348</u>                               | <u>2,953,191,788</u> |

The accompanying notes from pages 9 to 40 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 2020**

|   |      | Nine-month period ended<br>30 September 2020 |                    | Nine-month period ended<br>30 September 2019 |                      |
|---|------|--|--------------------|--|----------------------|
|   | Note | US\$   | KHR'000            | US\$   | KHR'000              |
| (Unaudited and unreviewed)                            |      |  |                    |  |                      |
| <b>Cash flows from operating activities</b>           |      |  |                    |  |                      |
| Profit before income tax                              |      | 133,218,518                                  | 543,797,991        | 101,408,896                                  | 410,604,621          |
| <i>Adjustments for:</i>                               |      |  |                    |  |                      |
| Depreciation and amortisation                         | 25   | 13,996,029                                   | 57,131,790         | 10,568,586                                   | 42,792,205           |
| Net impairment losses on financial assets             | 26   | 8,921,331                                    | 36,416,873         | 1,512,178                                    | 6,122,809            |
| (Gains)/losses on disposals of property and equipment |      | (22,305)                                     | (91,049)           | 86,515                                       | 350,299              |
| Net interest income                                   | 20   | (206,275,506)                                | (842,016,616)      | (150,364,357)                                | (608,825,281)        |
|   |      | (50,161,933)                                 | (204,761,011)      | (36,788,182)                                 | (148,955,347)        |
| <i>Changes in:</i>                                    |      |  |                    |  |                      |
| Balances with the NBC                                 |      | (235,636,675)                                | (961,868,907)      | (342,523,256)                                | (1,386,876,664)      |
| Balances with other banks                             |      | (150,303,009)                                | (613,536,883)      | (187,695,813)                                | (759,980,347)        |
| Loans to customers                                    |      | (664,624,495)                                | (2,712,997,189)    | (677,716,038)                                | (2,744,072,238)      |
| Other assets  |      | (13,286,477)                                 | (54,235,399)       | (6,594,955)                                  | (26,702,973)         |
| Deposits from customers                               |      | 1,087,293,805                                | 4,438,333,312      | 1,110,552,389                                | 4,496,626,623        |
| Other liabilities                                     |      | 13,375,454                                   | 54,598,603         | 7,582,057                                    | 30,699,749           |
| Cash used in operations                               |      | (13,343,330)                                 | (54,467,474)       | (133,183,798)                                | (539,261,197)        |
| Interest received                                     |      | 246,058,998                                  | 1,004,412,830      | 184,357,369                                  | 746,462,987          |
| Interest paid   |      | (37,451,394)                                 | (152,876,590)      | (30,300,121)                                 | (122,685,190)        |
| Income tax paid                                       |      | (12,091,374)                                 | (49,356,989)       | (18,169,701)                                 | (73,569,119)         |
| <b>Net cash from operating activities</b>             |      | <b>183,172,900</b>                           | <b>747,711,777</b> | <b>2,703,749</b>                             | <b>10,947,481</b>    |
| <b>Cash flows from investing activities</b>           |      |  |                    |  |                      |
| Purchase of investment securities                     |      | (3,202,049)                                  | (13,070,764)       | (222,838,872)                                | (902,274,593)        |
| Sale proceeds from Investment securities              |      | 29,800,162                                   | 121,644,261        | 175,024,135                                  | 708,672,723          |
| Purchases of property and equipment                   |      | (10,698,813)                                 | (43,672,555)       | (10,834,021)                                 | (43,866,951)         |
| Purchases of intangible assets                        |      | (1,542,193)                                  | (6,295,232)        | (4,482,509)                                  | (18,149,679)         |
| Proceeds from disposals of property and equipment     |      | 22,882                                       | 93,404             | 19,651                                       | 79,567               |
| <b>Net cash from/(used in) investing activities</b>   |      | <b>14,379,989</b>                            | <b>58,699,114</b>  | <b>(63,111,616)</b>                          | <b>(255,538,933)</b> |

**ADVANCED BANK OF ASIA LIMITED**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (continued)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

| Note  | Nine-month period ended<br>30 September 2020 |                      | Nine-month period ended<br>30 September 2019 |                      |
|---|--|----------------------|--|----------------------|
|   | US\$   | KHR'000              | US\$   | KHR'000              |
|   | (Unaudited and unreviewed)                   |                      |  |                      |
| <b>Cash flows from financing activities</b>           |  |                      |  |                      |
| Issuance of share capital                             | 120,000,000                                  | 489,840,000          | 50,000,000                                   | 202,450,000          |
| Issuance of corporate bond                            | -  | -                    | 20,707,806                                   | 83,845,906           |
| Proceeds from borrowings                              | 382,941,689                                  | 1,563,167,974        | 277,263,411                                  | 1,122,639,551        |
| Repayments of borrowings                              | (454,742,844)                                | (1,856,260,289)      | (172,606,089)                                | (698,882,054)        |
| Repayments of subordinated debts                      | (9,000,000)                                  | (36,738,000)         | (3,000,000)                                  | (12,147,000)         |
| Principal elements of lease payments                  | (4,686,407)                                  | (19,129,913)         | (4,562,905)                                  | (18,475,202)         |
| <b>Net cash from financing activities</b>             | <b>34,512,438</b>                            | <b>140,879,772</b>   | <b>167,802,223</b>                           | <b>679,431,201</b>   |
| Net increase in cash and cash equivalents             | 232,065,327                                  | 947,290,663          | 107,394,356                                  | 434,839,749          |
| Cash and cash equivalents at the beginning of period  | 554,540,164                                  | 2,259,751,168        | 441,757,411                                  | 1,774,981,277        |
| Currency translation differences                      | -  | 18,040,682           | -  | 38,955,460           |
| <b>Cash and cash equivalents at the end of period</b> | <b>786,605,491</b>                           | <b>3,225,082,513</b> | <b>549,151,767</b>                           | <b>2,248,776,486</b> |

The accompanying notes from pages 9 to 40 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 2020**

#### **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 and commenced operations on 25 October 1996. 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, 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 26 November 2020.

#### **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 2019 and any public announcements made by the Bank during the interim reporting period. The results of the three-month and nine-month periods ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

##### **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 2019, except as disclosed in note 32.

##### **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 2019, except as disclosed in note 32.

## ADVANCED BANK OF ASIA LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020

#### 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 National Bank of Cambodia.

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<br/>Nine-month</i> | <i>Average rate<br/>three-month</i> |
|-------------------|---------------------|------------------------------------|-------------------------------------|
| 30 September 2020 | 4,100               | 4,082                              | 4,095                               |
| 31 December 2019  | 4,075               | N/A                                | N/A                                 |
| 30 September 2019 | 4,095               | 4,049                              | 4,087                               |

#### 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 2019, except as disclosed in Note 32 and for the adoption of new and amended standards as set out below.

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

|                                 |  |
|---------------------------------|--|
| Amendments to CIFRS 3           | <i>Definition of a business</i>  |
| Amendments to CIAS 1 and CIAS 8 | <i>Definition of material</i>  |
| Conceptual Framework            | <i>Amendments to References to the Conceptual Framework in CIFRS Standards</i> |
| Amendments to CIFRS 16          | <i>COVID-19-Related Rent Concessions</i>                                       |

The Bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

# ADVANCED BANK OF ASIA LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.2 New and revised CIFRSs in issue but not yet effective

|  |  |
|--|--|
| CIFRS 17   | <i>Insurance Contracts</i>   |
| CIFRS 10 and CIAS 28 (amendments)                      | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>   |
| Amendments to CIAS 1                                   | <i>Presentation of Financial Statements</i>  |
| Amendments to CIAS 37                                  | <i>Provisions, Contingent Liabilities and Contingent Assets</i>  |
| Further amendments to CIFRS 3                          | <i>Business Combinations</i>   |
| Amendments to CIAS 16,                                 | <i>Property, Plant and Equipment (PPE) – Proceeds before Intended Use</i>  |
| Annual Improvements to CIFRS standards 2018–2020 Cycle | <ul style="list-style-type: none"> <li>- Amendments to CIFRS 1, First-time Adoption of IFRS</li> <li>- Amendments to CIFRS 9, Financial Instruments</li> <li>- Amendments to Illustrative Examples accompanying CIFRS 16</li> <li>- Amendments to CIAS 41 Agriculture</li> </ul> |

The Bank determined that there will be no material adjustments expected from the initial application for Amendments to CIAS 1, CIAS 37, CIAS 16, CIFRS 1, CIFRS 9, and CIFRS 16. CIFRS 17, CIFRS 10, CIFRS 3, CIAS 41 and CIAS 28 are not applicable to the Bank.

### 4. CASH ON HAND

|                                     | 30 September 2020  |                      | 31 December 2019   |                      |
|-------------------------------------|--------------------|----------------------|--------------------|----------------------|
|                                     | US\$               | KHR'000              | US\$               | KHR'000              |
| Cash on hand                        | 279,663,046        | 1,146,618,489        | 237,592,862        | 968,190,913          |
| Cash items in process of collection | 17,588,190         | 72,111,579           | 14,157,343         | 57,691,172           |
|                                     | <u>297,251,236</u> | <u>1,218,730,068</u> | <u>251,750,205</u> | <u>1,025,882,085</u> |

### 5. BALANCES WITH THE NBC

|                                     | 30 September 2020    |                      | 31 December 2019     |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | US\$                 | KHR'000              | US\$                 | KHR'000              |
| Capital guarantee deposit (i)       | 33,507,579           | 137,381,074          | 21,553,770           | 87,831,613           |
| Reserve requirement (ii)            | 304,624,439          | 1,248,960,200        | 413,991,945          | 1,687,017,176        |
| Current account                     | 145,831,067          | 597,907,375          | 235,691,886          | 960,444,435          |
| Negotiable Certified Deposits (NCD) | 975,762,817          | 4,000,627,549        | 480,416,638          | 1,957,697,800        |
|                                     | <u>1,459,725,902</u> | <u>5,984,876,198</u> | <u>1,151,654,239</u> | <u>4,692,991,024</u> |

**ADVANCED BANK OF ASIA LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020****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 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 0.09% to 0.47% per annum (2019: 0.54% to 0.72% 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 National Bank of Cambodia's 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.

**6. BALANCES WITH OTHER BANKS**

|   | <b>30 September 2020</b> |                      | <b>31 December 2019</b> |                    |
|---|--------------------------|----------------------|-------------------------|--------------------|
|   | <b>US\$</b>              | <b>KHR'000</b>       | <b>US\$</b>             | <b>KHR'000</b>     |
| Balances with other banks at amortised cost | 357,204,877              | 1,464,539,996        | 93,472,431              | 380,900,156        |
| Impairment loss allowance                   | (735,785)                | (3,016,719)          | (60,742)                | (247,523)          |
|   | <u>356,469,092</u>       | <u>1,461,523,277</u> | <u>93,411,689</u>       | <u>380,652,633</u> |

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020

7. LOANS TO CUSTOMERS

|                                    | 30 September 2020    |                       | 31 December 2019     |                       |
|------------------------------------|----------------------|-----------------------|----------------------|-----------------------|
|                                    | US\$                 | KHR'000               | US\$                 | KHR'000               |
| <b>At amortised cost</b>           |                      |                       |                      |                       |
| Commercial loans:                  |                      |                       |                      |                       |
| Short-term loans                   | 11,999,810           | 49,199,221            | 8,642,654            | 35,218,815            |
| Long-term loans                    | 3,162,037,091        | 12,964,352,073        | 2,631,621,350        | 10,723,857,001        |
| Overdrafts                         | 215,713,043          | 884,423,476           | 95,217,125           | 388,009,784           |
| Consumer loans:                    |                      |                       |                      |                       |
| Housing loans                      | 27,090,161           | 111,069,660           | 14,295,649           | 58,254,770            |
| Vehicle loans                      | 1,328,587            | 5,447,207             | 16,060               | 65,445                |
| Staff loans                        | 13,822,300           | 56,671,430            | 12,605,152           | 51,365,994            |
| Credit cards                       | 2,079,916            | 8,527,656             | 2,028,375            | 8,265,628             |
| <b>Total gross carrying amount</b> | <b>3,434,070,908</b> | <b>14,079,690,723</b> | <b>2,764,426,365</b> | <b>11,265,037,437</b> |
| Impairment loss allowance          | (14,260,312)         | (58,467,279)          | (6,355,452)          | (25,898,467)          |
| <b>Net carrying amount</b>         | <b>3,419,810,596</b> | <b>14,021,223,444</b> | <b>2,758,070,913</b> | <b>11,239,138,970</b> |

8. INVESTMENT SECURITIES

|  | 30 September 2020 |                   | 31 December 2019  |                    |
|--|-------------------|-------------------|-------------------|--------------------|
|  | US\$              | KHR'000           | US\$              | KHR'000            |
| Investment securities at<br>amortised cost | 6,494,557         | 26,627,684        | 33,307,014        | 135,726,083        |
| Impairment loss allowance                  | (31,104)          | (127,527)         | (21,580)          | (87,939)           |
|  | <b>6,463,453</b>  | <b>26,500,157</b> | <b>33,285,434</b> | <b>135,638,144</b> |

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020

9. PROPERTY AND EQUIPMENT

|                                  | Leasehold<br>improvement<br>US\$ | Office equipment,<br>furniture and<br>fixture<br>US\$ | Motor<br>vehicles<br>US\$ | Computers and<br>IT equipment<br>US\$ | Construction in<br>progress<br>US\$ | Total      |             |
|----------------------------------|----------------------------------|---|---------------------------|---------------------------------------|-------------------------------------|------------|-------------|
|                                  | US\$                             | US\$  | US\$                      | US\$                                  | US\$                                | US\$       | KHR'000     |
| <b>31 December 2019</b>          |                                  |   |                           |                                       |                                     |            |             |
| Cost                             | 22,538,767                       | 12,179,042  | 1,632,835                 | 22,932,667                            | 279,908                             | 59,563,219 | 242,720,117 |
| Accumulated depreciation         | 5,589,733                        | 4,751,982   | 992,461                   | 7,780,285                             | -                                   | 19,114,461 | 77,891,428  |
| Carrying amounts                 | 16,949,034                       | 7,427,060   | 640,374                   | 15,152,382                            | 279,908                             | 40,448,758 | 164,828,689 |
|                                  |                                  |   |                           |                                       |                                     |            |             |
|                                  | Leasehold<br>improvement<br>US\$ | Office equipment,<br>furniture and<br>fixture<br>US\$ | Motor<br>vehicles<br>US\$ | Computers and<br>IT equipment<br>US\$ | Construction in<br>progress<br>US\$ | Total      |             |
|                                  | US\$                             | US\$  | US\$                      | US\$                                  | US\$                                | US\$       | KHR'000     |
| <b>30 September 2020</b>         |                                  |   |                           |                                       |                                     |            |             |
| <b>Cost</b>                      |                                  |   |                           |                                       |                                     |            |             |
| At 1 January 2020                | 22,538,767                       | 12,179,042  | 1,632,835                 | 22,932,667                            | 279,908                             | 59,563,219 | 242,720,117 |
| Additions                        | 82,365                           | 1,733,719   | 66,660                    | 6,680,054                             | 2,177,393                           | 10,740,191 | 43,841,460  |
| Transfers                        | 1,791,340                        | 146,054   | -                         | -                                     | (1,937,394)                         | -          | -           |
| Disposals                        | -                                | (1,466)   | (11,780)                  | (7,281)                               | -                                   | (20,527)   | (83,791)    |
| Written off                      | (7,418)                          | (40,122)  | -                         | (5,921)                               | -                                   | (53,461)   | (218,228)   |
| Currency translation differences | -                                | -   | -                         | -                                     | -                                   | -          | 1,681,072   |
| At 30 September 2020             | 24,405,054                       | 14,017,227  | 1,687,715                 | 29,599,519                            | 519,907                             | 70,229,422 | 287,940,630 |
| <b>Accumulated depreciation</b>  |                                  |   |                           |                                       |                                     |            |             |
| At 1 January 2020                | 5,589,733                        | 4,751,982   | 992,461                   | 7,780,285                             | -                                   | 19,114,461 | 77,891,428  |
| Depreciation                     | 2,420,889                        | 1,826,994   | 156,483                   | 4,253,739                             | -                                   | 8,658,105  | 35,342,385  |
| Disposals                        | -                                | (1,224)   | (11,780)                  | (7,278)                               | -                                   | (20,282)   | (82,791)    |
| Written off                      | (3,629)                          | (2,248)   | -                         | (5,875)                               | -                                   | (11,752)   | (47,972)    |
| Currency translation differences | -                                | -   | -                         | -                                     | -                                   | -          | 633,131     |
| At 30 September 2020             | 8,006,993                        | 6,575,504   | 1,137,164                 | 12,020,871                            | -                                   | 27,740,532 | 113,736,181 |
| <b>Carrying amounts</b>          |                                  |   |                           |                                       |                                     |            |             |
| At 30 September 2020             | 16,398,061                       | 7,441,723   | 550,551                   | 17,578,648                            | 519,907                             | 42,488,890 | 174,204,449 |



**ADVANCED BANK OF ASIA LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

**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.

|                                  | <b>Buildings</b>  | <b>Motor vehicles</b> | <b>Total</b>      |                    |
|----------------------------------|-------------------|-----------------------|-------------------|--------------------|
|                                  | <b>US\$</b>       | <b>US\$</b>           | <b>US\$</b>       | <b>KHR'000</b>     |
| <b>31 December 2019</b>          |                   |                       |                   |                    |
| <b>Cost</b>                      |                   |                       |                   |                    |
| Cost                             | 42,560,267        | 1,583,956             | 44,144,223        | 179,887,709        |
| Accumulated depreciation         | 8,558,382         | 1,048,810             | 9,607,192         | 39,149,308         |
| Carrying amount                  | <u>34,001,885</u> | <u>535,146</u>        | <u>34,537,031</u> | <u>140,738,401</u> |
| <b>30 September 2020</b>         |                   |                       |                   |                    |
| <b>Cost</b>                      |                   |                       |                   |                    |
| At 1 January 2020                | 42,560,267        | 1,583,956             | 44,144,223        | 179,887,709        |
| Additions                        | 3,061,132         | 398,360               | 3,459,492         | 14,121,646         |
| Currency translation differences | -                 | -                     | -                 | 1,165,876          |
| At 30 September 2020             | <u>45,621,399</u> | <u>1,982,316</u>      | <u>47,603,715</u> | <u>195,175,231</u> |
| <b>Accumulated depreciation</b>  |                   |                       |                   |                    |
| At 1 January 2020                | 8,558,382         | 1,048,810             | 9,607,192         | 39,149,308         |
| Depreciation                     | 4,091,790         | 395,475               | 4,487,265         | 18,317,016         |
| Currency translation differences | -                 | -                     | -                 | 320,949            |
| At 30 September 2020             | <u>12,650,172</u> | <u>1,444,285</u>      | <u>14,094,457</u> | <u>57,787,273</u>  |
| <b>Carrying amount</b>           |                   |                       |                   |                    |
| At 30 September 2020             | <u>32,971,227</u> | <u>538,031</u>        | <u>33,509,258</u> | <u>137,387,958</u> |

**ADVANCED BANK OF ASIA LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

**10. RIGHT-OF-USE ASSETS (continued)**

Amount recognised in profit and loss

|  | <b>Three-month period ended<br/>30 September 2020</b> |                   | <b>Three-month period ended<br/>30 September 2019</b> |                   |
|--|---|-------------------|---|-------------------|
|  | <b>US\$</b>   | <b>KHR'000</b>    | <b>US\$</b>   | <b>KHR'000</b>    |
|  |   |                   | (Unaudited and unreviewed)                            |                   |
| Depreciation expense on right-of-use assets    | 1,632,463   | 6,684,936         | 1,448,861   | 5,921,495         |
| Interest expense on lease liabilities          | 456,155   | 1,867,955         | 421,623   | 1,723,173         |
| Expense relating to leases of low value assets | 849,353   | 3,478,101         | 694,391   | 2,837,976         |
|  | <u>2,937,971</u>                                      | <u>12,030,992</u> | <u>2,564,875</u>                                      | <u>10,482,644</u> |
|  | <b>Nine-month period ended<br/>30 September 2020</b>  |                   | <b>Nine-month period ended<br/>30 September 2019</b>  |                   |
|  | <b>US\$</b>   | <b>KHR'000</b>    | <b>US\$</b>   | <b>KHR'000</b>    |
|  |   |                   | (Unaudited and unreviewed)                            |                   |
| Depreciation expense on right-of-use assets    | 4,487,265   | 18,317,016        | 4,134,244   | 16,739,554        |
| Interest expense on lease liabilities          | 1,194,822   | 4,877,263         | 1,224,663   | 4,958,660         |
| Expense relating to leases of low value assets | 3,189,405   | 13,019,151        | 1,879,398   | 7,609,683         |
|  | <u>8,871,492</u>                                      | <u>36,213,430</u> | <u>7,238,305</u>                                      | <u>29,307,897</u> |

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020

11. INTANGIBLE ASSETS

|                                  | 31 December 2019  |            |
|----------------------------------|-------------------|------------|
|                                  | US\$              | KHR'000    |
| <b>Software</b>                  |                   |            |
| Cost                             | 9,916,259         | 40,408,755 |
| Accumulated amortisation         | 2,741,522         | 11,171,702 |
| Carrying amounts                 | 7,174,737         | 29,237,053 |
|                                  |                   |            |
|                                  | 30 September 2020 |            |
|                                  | US\$              | KHR'000    |
| <b>Software</b>                  |                   |            |
| <b>Cost</b>                      |                   |            |
| At 1 January                     | 9,916,259         | 40,408,755 |
| Additions                        | 1,542,193         | 6,295,232  |
| Currency translation differences | -                 | 275,666    |
|                                  | 11,458,452        | 46,979,653 |
| <b>Accumulated amortisation</b>  |                   |            |
| At 1 January                     | 2,741,522         | 11,171,702 |
| Amortisation                     | 850,659           | 3,472,389  |
| Currency translation differences | -                 | 83,851     |
|                                  | 3,592,181         | 14,727,942 |
| <b>Carrying amounts</b>          | 7,866,271         | 32,251,711 |

**ADVANCED BANK OF ASIA LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

**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:

|                          | <b>30 September 2020</b> |                   | <b>31 December 2019</b> |                  |
|--------------------------|--------------------------|-------------------|-------------------------|------------------|
|                          | <b>US\$</b>              | <b>KHR'000</b>    | <b>US\$</b>             | <b>KHR'000</b>   |
| Deferred tax assets      | 5,189,398                | 21,276,532        | 4,792,722               | 19,530,342       |
| Deferred tax liabilities | (2,286,145)              | (9,373,195)       | (2,601,331)             | (10,600,424)     |
| Net deferred tax assets  | <u>2,903,253</u>         | <u>11,903,337</u> | <u>2,191,391</u>        | <u>8,929,918</u> |

Deferred tax assets arise mainly due to deferred revenue from processing fees and card fees and accrued management incentive.

**13. OTHER ASSETS**

|   | <b>30 September 2020</b> |                    | <b>31 December 2019</b> |                   |
|---|--------------------------|--------------------|-------------------------|-------------------|
|   | <b>US\$</b>              | <b>KHR'000</b>     | <b>US\$</b>             | <b>KHR'000</b>    |
| Deposits and advance payments                           | 12,571,140               | 51,541,674         | 12,199,827              | 49,714,295        |
| Master/Visa Card and MoneyGram<br>and other receivables | 10,113,954               | 41,467,211         | 3,918,470               | 15,967,764        |
| Prepayment  | 4,966,703                | 20,363,482         | 4,347,116               | 17,714,498        |
| Card supplies   | 3,566,557                | 14,622,884         | 1,872,971               | 7,632,357         |
| Investment – Credit Bureau                              | 25,588                   | 104,911            | 25,588                  | 104,271           |
|   | <u>31,243,942</u>        | <u>128,100,162</u> | <u>22,363,972</u>       | <u>91,133,185</u> |

**14. DEPOSITS FROM CUSTOMERS**

|                  | <b>30 September 2020</b> |                       | <b>31 December 2019</b> |                       |
|------------------|--------------------------|-----------------------|-------------------------|-----------------------|
|                  | <b>US\$</b>              | <b>KHR'000</b>        | <b>US\$</b>             | <b>KHR'000</b>        |
| Demand deposits  | 870,028,560              | 3,567,117,096         | 613,709,129             | 2,500,864,701         |
| Savings deposits | 2,668,566,235            | 10,941,121,563        | 2,036,708,869           | 8,299,588,641         |
| Fixed deposits   | 946,471,608              | 3,880,533,593         | 744,922,130             | 3,035,557,680         |
| Margin deposits  | 590,607                  | 2,421,489             | 3,321                   | 13,533                |
|                  | <u>4,485,657,010</u>     | <u>18,391,193,741</u> | <u>3,395,343,449</u>    | <u>13,836,024,555</u> |

**ADVANCED BANK OF ASIA LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020****15. DEBT SECURITIES IN ISSUE**

|                 | <b>30 September 2020</b> |                | <b>31 December 2019</b> |                |
|-----------------|--------------------------|----------------|-------------------------|----------------|
|                 | <b>US\$</b>              | <b>KHR'000</b> | <b>US\$</b>             | <b>KHR'000</b> |
| Corporate bonds | 20,546,274               | 84,239,723     | 20,939,337              | 85,327,798     |

On 31 May 2019, the Bank obtained an approval letter from the NBC on the corporate bond issuance.

On 7 August 2019, the Bank received a final approval and registration from the Securities and Exchange Commission of Cambodia ("SECC") on the Single Submission Form and the Disclosure Document for its Public Offering of the Bank's Corporate Bond. The Bond was issued to 65 investors on 14 August 2019 in aggregate principal amount KHR 84,821 billion (approximately USD 20.723 million) with tenor 3 years and coupon rate 7.75% per annum.

The Bank did not have any defaults of principal or interest or others breaches with respect to its debt securities during the period.

The interest is payable semi-annually. For the nine-month period ended 30 September 2020, the Bank has interest expenses on debt securities to investors in aggregate amounting to KHR 4,936 million (approximately US\$1,203,971). Interest expense for the three-month period ended 30 September 2020 amounted to KHR 1,649 million (approximately US\$400,939).

**ADVANCED BANK OF ASIA LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020****16. BORROWINGS**

|           | <b>30 September 2020</b> |                | <b>31 December 2019</b> |                |
|-----------|--------------------------|----------------|-------------------------|----------------|
|           | <b>US\$</b>              | <b>KHR'000</b> | <b>US\$</b>             | <b>KHR'000</b> |
| Borrowing | 208,957,588              | 856,726,111    | 279,856,458             | 1,140,415,066  |

During the nine-month period, the changes to the Bank's borrowing were as follows:

- 25 Liquidity-Providing Collateralised Operations (LPCOs) provided by the National Bank of Cambodia of US\$216,707,496 (equivalent to KHR884.6 billion) has been renewed and there were 13 new LPCO with total fund of US\$64,899,559 (equivalent to KHR265 billion). There were 22 LPCOs with total repayment amount of US\$149,828,515 (equivalent to KHR611.6 billion) reaching maturity date. The principal and interest are payable on maturities with 3 to 12 months term.
- The amount above included newly short-term loan obtained from AfrAsia Bank Limited, Mauritius, with the loan amount to US\$20,000,000 received on 19 May 2020. The principle and interest are payable on maturities.
- The amount above included Long term loan obtained from DEG-Deutsche Investitions und Entwicklungsgesellschaft Mbh with repayment amount US\$3,125,005 on 15 June 2020. The interest is payable semi-annually from the date of each drawdown.
- The amount above included long-term loan obtained from SME Bank of Cambodia with the committed limit loan amounting to US\$2,000,000. As at 30 September 2020, the bank has drawdown amounting to US\$1,192,500 and paid principle amount US\$103,780. The principle and interest are payable on a monthly basis.
- The bank paid principle and interest with International Finance Corporation (IFC) amount US\$714,286 on 15 June 2020 and paid off loan amount US\$2,857,143 on 24 August 2020.

**ADVANCED BANK OF ASIA LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

**17. SUBORDINATED DEBTS**

|                         | <b>30 September 2020</b> |                | <b>31 December 2019</b> |                |
|-------------------------|--------------------------|----------------|-------------------------|----------------|
|                         | <b>US\$</b>              | <b>KHR'000</b> | <b>US\$</b>             | <b>KHR'000</b> |
| National Bank of Canada | 121,027,957              | 496,214,624    | 128,000,000             | 521,600,000    |

**18. LEASE LIABILITIES**

|                                  | <b>30 September 2020</b> |                | <b>31 December 2019</b> |                |
|----------------------------------|--------------------------|----------------|-------------------------|----------------|
|                                  | <b>US\$</b>              | <b>KHR'000</b> | <b>US\$</b>             | <b>KHR'000</b> |
| Maturity Analysis                |                          |                |                         |                |
| Year 1                           | 695,208                  | 2,850,353      | 212,559                 | 866,178        |
| Year 2                           | 1,660,457                | 6,807,874      | 1,133,181               | 4,617,713      |
| Year 3                           | 537,044                  | 2,201,880      | 1,263,585               | 5,149,109      |
| Year 4                           | 1,631,007                | 6,687,129      | 745,657                 | 3,038,552      |
| Year 5                           | 2,574,934                | 10,557,229     | 3,484,059               | 14,197,540     |
| Year 6 onwards                   | 35,295,566               | 144,711,821    | 37,251,232              | 151,798,771    |
|                                  | 42,394,216               | 173,816,286    | 44,090,273              | 179,667,863    |
| Less: Discounted value using IBR | (7,082,486)              | (29,038,193)   | (7,576,866)             | (30,875,729)   |
|                                  | 35,311,730               | 144,778,093    | 36,513,407              | 148,792,134    |

**19. OTHER LIABILITIES**

|  | <b>30 September 2020</b> |                | <b>31 December 2019</b> |                |
|--|--------------------------|----------------|-------------------------|----------------|
|  | <b>US\$</b>              | <b>KHR'000</b> | <b>US\$</b>             | <b>KHR'000</b> |
| Accrued expenses                                     | 22,623,504               | 92,756,366     | 17,980,104              | 73,268,924     |
| Master/Visa Card and MoneyGram<br>and other payables | 10,229,816               | 41,942,246     | 4,236,999               | 17,265,771     |
| Unearned income                                      | 2,964,784                | 12,155,614     | 2,261,643               | 9,216,195      |
| Remittance in process                                | 2,530,191                | 10,373,783     | 269,195                 | 1,096,970      |
| Other tax payable                                    | 632,349                  | 2,592,631      | 857,246                 | 3,493,277      |
| Provision for off-balance sheets                     | 45,469                   | 186,423        | 18,916                  | 77,083         |
|  | 39,026,113               | 160,007,063    | 25,624,103              | 104,418,220    |

ADVANCED BANK OF ASIA LIMITED

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20. NET INTEREST INCOME

|                              | Three-month period ended<br>30 September 2020 |                      | Three-month period ended<br>30 September 2019 |                    |
|------------------------------|---|----------------------|---|--------------------|
|                              | US\$  | KHR'000              | US\$  | KHR'000            |
|                              | (Unaudited and unreviewed)                    |                      |   |                    |
| <b>Interest income from:</b> |   |                      |   |                    |
| Loans to customers           | 86,510,291                                    | 354,259,642          | 65,866,557                                    | 269,196,618        |
| Balances with banks          | 1,868,432                                     | 7,651,229            | 3,074,963                                     | 12,567,374         |
| Investment securities        | 101,160                                       | 414,250              | 538,521                                       | 2,200,936          |
| Unwinding of interest income | 29,707  | 121,650              | -   | -                  |
|                              | <u>88,509,590</u>                             | <u>362,446,771</u>   | <u>69,480,041</u>                             | <u>283,964,928</u> |
| <b>Interest expense on:</b>  |   |                      |   |                    |
| Deposits from customers      | 10,294,807                                    | 42,157,235           | 8,589,428                                     | 35,104,993         |
| Subordinated debts           | 2,458,237                                     | 10,066,481           | 1,948,700                                     | 7,964,337          |
| Borrowings                   | 1,923,339                                     | 7,876,073            | 1,772,268                                     | 7,243,259          |
| Lease liabilities            | 456,155                                       | 1,867,955            | 421,623                                       | 1,723,173          |
| Debt securities in issue     | 400,938                                       | 1,641,840            | 209,527                                       | 856,337            |
|                              | <u>15,533,476</u>                             | <u>63,609,584</u>    | <u>12,941,546</u>                             | <u>52,892,099</u>  |
| <b>Net interest income</b>   | <u>72,976,114</u>                             | <u>298,837,187</u>   | <u>56,538,495</u>                             | <u>231,072,829</u> |
|                              |   |                      |   |                    |
|                              | Nine-month period ended<br>30 September 2020  |                      | Nine-month period ended<br>30 September 2019  |                    |
|                              | US\$  | KHR'000              | US\$  | KHR'000            |
|                              | (Unaudited and unreviewed)                    |                      |   |                    |
| <b>Interest income from:</b> |   |                      |   |                    |
| Loans to customers           | 243,016,540                                   | 991,993,516          | 180,782,595                                   | 731,988,727        |
| Balances with banks          | 6,792,195                                     | 27,725,740           | 5,993,688                                     | 24,268,443         |
| Investment securities        | 416,858                                       | 1,701,614            | 1,460,759                                     | 5,914,613          |
| Unwinding of interest income | 253,051                                       | 1,032,955            | -   | -                  |
|                              | <u>250,478,644</u>                            | <u>1,022,453,825</u> | <u>188,237,042</u>                            | <u>762,171,783</u> |
| <b>Interest expense on:</b>  |   |                      |   |                    |
| Deposits from customers      | 27,459,301                                    | 112,088,867          | 26,515,006                                    | 107,359,259        |
| Subordinated debts           | 7,678,903                                     | 31,345,282           | 5,860,312                                     | 23,728,403         |
| Borrowings                   | 6,666,141                                     | 27,211,188           | 4,063,177                                     | 16,451,804         |
| Lease liabilities            | 1,194,822                                     | 4,877,263            | 1,224,663                                     | 4,958,660          |
| Debt securities in issue     | 1,203,971                                     | 4,914,609            | 209,527                                       | 848,376            |
|                              | <u>44,203,138</u>                             | <u>180,437,209</u>   | <u>37,872,685</u>                             | <u>153,346,502</u> |
| <b>Net interest income</b>   | <u>206,275,506</u>                            | <u>842,016,616</u>   | <u>150,364,357</u>                            | <u>608,825,281</u> |



ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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21. NET FEE AND COMMISSION INCOME

|  | Three-month period ended<br>30 September 2020 |                   | Three-month period ended<br>30 September 2019 |                   |
|--|---|-------------------|---|-------------------|
|  | US\$  | KHR'000           | US\$  | KHR'000           |
|  | (Unaudited and unreviewed)                    |                   |   |                   |
| <b>Fee and commission income</b>                   |   |                   |   |                   |
| Loan commitment fees                               | 3,484,816                                     | 14,270,322        | 3,708,704                                     | 15,157,473        |
| Inward and outward remittances                     | 1,854,239                                     | 7,593,109         | 1,604,229                                     | 6,556,484         |
| MasterCard, Visa and UPI cards                     | 4,024,871                                     | 16,481,847        | 4,108,406                                     | 16,791,055        |
| Cable charges                                      | 191,040                                       | 782,309           | 181,280                                       | 740,891           |
| Pin-less top up                                    | 826,050                                       | 3,382,675         | 431,100                                       | 1,761,906         |
| Commission fee from insurance                      | 687,033                                       | 2,813,400         | 226,032                                       | 923,793           |
| Special account number fees                        | 1,398,830                                     | 5,728,209         | -   | -                 |
| E-wallet   | 310,243                                       | 1,270,444         | 25,749  | 105,236           |
| Other fees   | 451,566                                       | 1,849,162         | 570,055                                       | 2,329,815         |
|  | 13,228,688                                    | 54,171,477        | 10,855,555                                    | 44,366,653        |
| <b>Fee and commission expense</b>                  |   |                   |   |                   |
| MasterCard   | 1,093,261                                     | 4,476,904         | 1,184,393                                     | 4,840,614         |
| Visa card  | 2,361,106                                     | 9,668,729         | 1,912,151                                     | 7,814,961         |
| Fees and commission paid to<br>other banks and FIs | 436,887                                       | 1,789,052         | 405,659                                       | 1,657,929         |
| UnionPay (UPI) card                                | 49,552  | 202,915           | 16,534  | 67,574            |
| Others   | 100   | 410               | -   | -                 |
|  | 3,940,906                                     | 16,138,010        | 3,518,737                                     | 14,381,078        |
| <b>Net fee and commission income</b>               | <b>9,287,782</b>                              | <b>38,033,467</b> | <b>7,336,818</b>                              | <b>29,985,575</b> |

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020

21. NET FEE AND COMMISSION INCOME (continued)

|  | Nine-month period ended<br>30 September 2020 |                   | Nine-month period ended<br>30 September 2019 |                   |
|--|--|-------------------|--|-------------------|
|  | US\$   | KHR'000           | US\$   | KHR'000           |
|  | (Unaudited and unreviewed)                   |                   |  |                   |
| <b>Fee and commission income</b>                   |  |                   |  |                   |
| Loan commitment fees                               | 10,166,046                                   | 41,497,800        | 9,334,073                                    | 37,793,662        |
| Inward and outward remittances                     | 5,043,568                                    | 20,587,845        | 4,141,316                                    | 16,768,188        |
| MasterCard, Visa and UPI cards                     | 12,221,320                                   | 49,887,428        | 11,153,463                                   | 45,160,372        |
| Cable charges                                      | 545,210                                      | 2,225,547         | 371,467                                      | 1,504,070         |
| Pin-less top up                                    | 2,156,050                                    | 8,800,996         | 1,049,500                                    | 4,249,426         |
| Commission fee from insurance                      | 1,101,994                                    | 4,498,340         | 613,601                                      | 2,484,470         |
| Special account number fees                        | 1,494,343                                    | 6,099,908         | -  | -                 |
| E-wallet   | 720,971                                      | 2,943,004         | 59,584                                       | 241,256           |
| Other fees   | 1,637,513                                    | 6,684,327         | 1,360,605                                    | 5,509,090         |
|  | 35,087,015                                   | 143,225,195       | 28,083,609                                   | 113,710,534       |
| <b>Fee and commission expense</b>                  |  |                   |  |                   |
| MasterCard   | 3,613,397                                    | 14,749,887        | 3,461,091                                    | 14,013,957        |
| Visa card  | 6,693,473                                    | 27,322,757        | 5,041,312                                    | 20,412,272        |
| Fees and commission paid to<br>other banks and FIs | 1,273,173                                    | 5,197,092         | 1,144,761                                    | 4,635,137         |
| UnionPay (UPI) card                                | 75,439                                       | 307,942           | 52,051                                       | 210,755           |
| Others   | 300  | 1,224             | -  | -                 |
|  | 11,655,782                                   | 47,578,902        | 9,699,215                                    | 39,272,121        |
| <b>Net fee and commission income</b>               | <b>23,431,233</b>                            | <b>95,646,293</b> | <b>18,384,394</b>                            | <b>74,438,413</b> |

22. OTHER OPERATING INCOME

|                             | Three-month period ended<br>30 September 2020 |           | Three-month period ended<br>30 September 2019 |           |
|-----------------------------|---|-----------|---|-----------|
|                             | US\$  | KHR'000   | US\$  | KHR'000   |
|                             | (Unaudited and unreviewed)                    |           |   |           |
| Foreign exchange gains, net | 701,851                                       | 2,874,080 | 493,688                                       | 2,017,703 |
| Other income                | 19,740  | 80,835    | 3,330   | 13,610    |
|                             | 721,591                                       | 2,954,915 | 497,018                                       | 2,031,313 |

**ADVANCED BANK OF ASIA LIMITED**

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**22. OTHER OPERATING INCOME (continued)**

|                             | <b>Nine-month period ended<br/>30 September 2020</b> |                  | <b>Nine-month period ended<br/>30 September 2019</b> |                  |
|-----------------------------|--|------------------|--|------------------|
|                             | <b>US\$</b>  | <b>KHR'000</b>   | <b>US\$</b>  | <b>KHR'000</b>   |
|                             | (Unaudited and unreviewed)                           |                  |  |                  |
| Foreign exchange gains, net | 2,084,747  | 8,509,937        | 1,115,717  | 4,517,538        |
| Other income                | 31,470   | 128,461          | 135,493  | 548,611          |
|                             | <u>2,116,217</u>                                     | <u>8,638,398</u> | <u>1,251,210</u>                                     | <u>5,066,149</u> |

**23. PERSONNEL EXPENSES**

|                          | <b>Three-month period ended<br/>30 September 2020</b> |                   | <b>Three-month period ended<br/>30 September 2019</b> |                   |
|--------------------------|---|-------------------|---|-------------------|
|                          | <b>US\$</b>   | <b>KHR'000</b>    | <b>US\$</b>   | <b>KHR'000</b>    |
|                          | (Unaudited and unreviewed)                            |                   |   |                   |
| Salaries and bonuses     | 16,362,583  | 67,004,777        | 14,354,479  | 58,666,756        |
| Seniority payments       | 684,734   | 2,803,986         | 568,077   | 2,321,731         |
| Other personnel expenses | 321,448   | 1,316,330         | 662,877   | 2,709,178         |
|                          | <u>17,368,765</u>                                     | <u>71,125,093</u> | <u>15,585,433</u>                                     | <u>63,697,665</u> |

  

|                          | <b>Nine-month period ended<br/>30 September 2020</b> |                    | <b>Nine-month period ended<br/>30 September 2019</b> |                    |
|--------------------------|--|--------------------|--|--------------------|
|                          | <b>US\$</b>  | <b>KHR'000</b>     | <b>US\$</b>  | <b>KHR'000</b>     |
|                          | (Unaudited and unreviewed)                           |                    |  |                    |
| Salaries and bonuses     | 49,492,659   | 202,029,034        | 38,571,726   | 156,176,919        |
| Seniority payments       | 2,508,553  | 10,239,913         | 353,330  | 1,430,633          |
| Other personnel expenses | 1,274,293  | 5,201,664          | 1,552,811  | 6,287,331          |
|                          | <u>53,275,505</u>                                    | <u>217,470,611</u> | <u>40,477,867</u>                                    | <u>163,894,883</u> |

**ADVANCED BANK OF ASIA LIMITED**

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**24. OPERATING EXPENSES**

|                                     | Three-month period ended<br>30 September 2020 |                   | Three-month period ended<br>30 September 2019 |                   |
|-------------------------------------|---|-------------------|---|-------------------|
|                                     | US\$  | KHR'000           | US\$  | KHR'000           |
|                                     |   |                   | (Unaudited and unreviewed)                    |                   |
| Repairs and maintenance             | 2,074,021                                     | 8,493,116         | 1,129,782                                     | 4,617,419         |
| Office supplies                     | 1,173,878                                     | 4,807,030         | 1,100,202                                     | 4,496,526         |
| Vehicle rental expenses             | 590,820                                       | 2,419,408         | 449,242                                       | 1,836,052         |
| Security expenses                   | 568,600                                       | 2,328,417         | 452,594                                       | 1,849,752         |
| Utilities expenses                  | 525,133                                       | 2,150,420         | 474,116                                       | 1,937,712         |
| Marketing and advertising           | 477,706                                       | 1,956,206         | 451,060                                       | 1,843,482         |
| Office rental                       | 258,533                                       | 1,058,693         | 245,149                                       | 1,001,924         |
| Communication                       | 390,901                                       | 1,600,740         | 316,633                                       | 1,294,079         |
| Professional fees                   | 340,825                                       | 1,395,678         | 484,602                                       | 1,980,568         |
| Insurance expenses                  | 229,237                                       | 938,726           | 120,154                                       | 491,069           |
| Motor vehicle operation<br>expenses | 192,982                                       | 790,261           | 179,455                                       | 733,433           |
| License fees                        | 168,719                                       | 690,904           | 168,184                                       | 687,368           |
| Board of Director fees              | 85,625  | 350,634           | 35,021  | 143,131           |
| Travelling                          | 89,783  | 367,661           | 123,586                                       | 505,096           |
| Credit report (CBC) expenses        | 91,768  | 375,790           | 89,421  | 365,464           |
| Business meal and entertainment     | 32,676  | 133,808           | 25,322  | 103,491           |
| Membership fees                     | 10,818  | 44,300            | 95,220  | 389,164           |
| Other expenses                      | 56,510  | 231,409           | 204,424                                       | 835,481           |
|                                     | <u>7,358,535</u>                              | <u>30,133,201</u> | <u>6,144,167</u>                              | <u>25,111,211</u> |

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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

**24. OPERATING EXPENSES (continued)**

|                                     | Nine-month period ended<br>30 September 2020 |                   | Nine-month period ended<br>30 September 2019 |                   |
|-------------------------------------|--|-------------------|--|-------------------|
|                                     | US\$   | KHR'000           | US\$   | KHR'000           |
|                                     | (Unaudited and unreviewed)                   |                   |  |                   |
| Repairs and maintenance             | 5,857,751                                    | 23,911,340        | 2,865,682                                    | 11,603,146        |
| Office supplies                     | 3,692,904                                    | 15,074,434        | 2,657,649                                    | 10,760,821        |
| Vehicle rental expenses             | 1,829,023                                    | 7,466,072         | 1,212,694                                    | 4,910,198         |
| Security expenses                   | 1,752,203                                    | 7,152,493         | 1,332,242                                    | 5,394,248         |
| Utilities expenses                  | 1,603,945                                    | 6,547,303         | 1,346,185                                    | 5,450,703         |
| Marketing and advertising           | 1,390,665                                    | 5,676,695         | 1,337,838                                    | 5,416,906         |
| Office rental                       | 1,360,382                                    | 5,553,079         | 666,704                                      | 2,699,484         |
| Communication                       | 1,153,803                                    | 4,709,824         | 852,757                                      | 3,452,813         |
| Professional fees                   | 974,573                                      | 3,978,207         | 961,049                                      | 3,891,287         |
| Insurance expenses                  | 607,553                                      | 2,480,031         | 364,688                                      | 1,476,622         |
| Motor vehicle operation<br>expenses | 575,219                                      | 2,348,044         | 492,543                                      | 1,994,307         |
| License fees                        | 523,511                                      | 2,136,972         | 488,368                                      | 1,977,402         |
| Board of Director fees              | 257,610                                      | 1,051,564         | 104,706                                      | 423,955           |
| Travelling                          | 248,531                                      | 1,014,504         | 306,701                                      | 1,241,832         |
| Credit report (CBC) expenses        | 238,698                                      | 974,365           | 229,743                                      | 930,229           |
| Business meal and entertainment     | 102,554                                      | 418,625           | 211,591                                      | 856,732           |
| Membership fees                     | 42,208                                       | 172,293           | 114,579                                      | 463,930           |
| Other expenses                      | 200,440                                      | 818,197           | 486,715                                      | 1,970,710         |
|                                     | <u>22,411,573</u>                            | <u>91,484,042</u> | <u>16,032,434</u>                            | <u>64,915,325</u> |

**25. DEPRECIATION AND AMORTISATION**

|                        | Three-month period ended<br>30 September 2020 |                   | Three-month period ended<br>30 September 2019 |                   |
|------------------------|---|-------------------|---|-------------------|
|                        | US\$  | KHR'000           | US\$  | KHR'000           |
|                        | (Unaudited and unreviewed)                    |                   |   |                   |
| Property and equipment | 3,010,133                                     | 12,326,495        | 2,112,421                                     | 8,633,465         |
| Right-of-use assets    | 1,632,463                                     | 6,684,936         | 1,448,861                                     | 5,921,495         |
| Intangible assets      | 305,495                                       | 1,251,002         | 234,223                                       | 957,269           |
|                        | <u>4,948,091</u>                              | <u>20,262,433</u> | <u>3,795,505</u>                              | <u>15,512,229</u> |

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**25. DEPRECIATION AND AMORTISATION (continued)**

|                        | Nine-month period ended<br>30 September 2020 |                   | Nine-month period ended<br>30 September 2019 |                   |
|------------------------|--|-------------------|--|-------------------|
|                        | US\$   | KHR'000           | US\$   | KHR'000           |
|                        | (Unaudited and unreviewed)                   |                   |  |                   |
| Property and equipment | 8,658,105                                    | 35,342,385        | 5,846,464                                    | 23,672,333        |
| Right-of-use assets    | 4,487,265                                    | 18,317,016        | 4,134,244                                    | 16,739,554        |
| Intangible assets      | 850,659                                      | 3,472,389         | 587,878                                      | 2,380,318         |
|                        | <u>13,996,029</u>                            | <u>57,131,790</u> | <u>10,568,586</u>                            | <u>42,792,205</u> |

**26. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

|   | Three-month period ended<br>30 September 2020 |                   | Three-month period ended<br>30 September 2019 |                  |
|---|---|-------------------|---|------------------|
|   | US\$  | KHR'000           | US\$  | KHR'000          |
|   | (Unaudited and unreviewed)                    |                   |   |                  |
| Loans to customers                                    | 4,156,663                                     | 17,021,535        | 589,981                                       | 2,411,252        |
| Balances with other banks                             | (45,281)                                      | (185,426)         | 48,342  | 197,574          |
| Investment securities                                 | 10,258  | 42,007            | (2,681)                                       | (10,957)         |
| Rental deposit  | 483   | 1,978             | 1,238   | 5,059            |
| Loan commitments and financial<br>guarantee contracts | 13,414  | 54,930            | 111,263                                       | 454,732          |
|   | <u>4,135,537</u>                              | <u>16,935,024</u> | <u>748,143</u>                                | <u>3,057,660</u> |

  

|   | Nine-month period ended<br>30 September 2020 |                   | Nine-month period ended<br>30 September 2019 |                  |
|---|--|-------------------|--|------------------|
|   | US\$   | KHR'000           | US\$   | KHR'000          |
|   | (Unaudited and unreviewed)                   |                   |  |                  |
| Loans to customers                                    | 8,218,680                                    | 33,548,652        | 1,392,613                                    | 5,638,690        |
| Balances with other banks                             | 675,043                                      | 2,755,526         | 23,833                                       | 96,500           |
| Investment securities                                 | 9,524  | 38,877            | (8,206)                                      | (33,226)         |
| Rental deposit  | (8,472)                                      | (34,583)          | 1,512  | 6,122            |
| Loan commitments and financial<br>guarantee contracts | 26,556                                       | 108,401           | 102,426                                      | 414,723          |
|   | <u>8,921,331</u>                             | <u>36,416,873</u> | <u>1,512,178</u>                             | <u>6,122,809</u> |

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**27. CASH AND CASH EQUIVALENTS**

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

|                           | <b>30 September 2020</b>   |                      | <b>30 September 2019</b> |                      |
|---------------------------|----------------------------|----------------------|--------------------------|----------------------|
|                           | <b>US\$</b>                | <b>KHR'000</b>       | <b>US\$</b>              | <b>KHR'000</b>       |
|                           | (Unaudited and unreviewed) |                      |                          |                      |
| Cash on hand              | 297,251,236                | 1,218,730,068        | 246,690,695              | 1,010,198,396        |
| Balances with the NBC     | 362,241,396                | 1,485,189,724        | 128,777,696              | 527,344,665          |
| Balances with other banks | 127,112,859                | 521,162,721          | 173,683,376              | 711,233,425          |
|                           | <u>786,605,491</u>         | <u>3,225,082,513</u> | <u>549,151,767</u>       | <u>2,248,776,486</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.

**28. RELATED PARTIES**

**(a) Related party balances**

|   | <b>30 September 2020</b> |                    | <b>31 December 2019</b> |                    |
|---|--------------------------|--------------------|-------------------------|--------------------|
|   | <b>US\$</b>              | <b>KHR'000</b>     | <b>US\$</b>             | <b>KHR'000</b>     |
| Borrowings from National Bank of Canada                               | <u>121,027,957</u>       | <u>496,214,624</u> | <u>128,000,000</u>      | <u>521,600,000</u> |
| Deposits and placements by shareholders, directors and key management | <u>5,409,135</u>         | <u>22,177,453</u>  | <u>5,257,192</u>        | <u>21,423,057</u>  |

**(b) Other related party transactions**

|   | <b>Three-month period ended<br/>30 September 2020</b> |                   | <b>Three-month period ended<br/>30 September 2019</b> |                  |
|---|---|-------------------|---|------------------|
|   | <b>US\$</b>   | <b>KHR'000</b>    | <b>US\$</b>   | <b>KHR'000</b>   |
|   | (Unaudited and unreviewed)                            |                   |   |                  |
| Interest expenses to National Bank of Canada                    | <u>2,458,237</u>                                      | <u>10,066,481</u> | <u>1,948,700</u>                                      | <u>7,964,337</u> |
| Interest expenses to shareholders, directors and key management | <u>30,541</u>   | <u>125,065</u>    | <u>15,653</u>   | <u>63,974</u>    |

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**28. RELATED PARTIES (continued)**

**(b) Other related party transactions (continued)**

|   | <b>Nine-month period ended<br/>30 September 2020</b> |                | <b>Nine-month period ended<br/>30 September 2019</b> |                |
|---|--|----------------|--|----------------|
|   | <b>US\$</b>  | <b>KHR'000</b> | <b>US\$</b>  | <b>KHR'000</b> |
|   | (Unaudited and unreviewed)                           |                |  |                |
| Interest expenses to National Bank of Canada                    | 7,678,903  | 31,345,282     | 5,860,312  | 23,728,403     |
| Interest expenses to shareholders, directors and key management | 81,945   | 334,499        | 67,755   | 274,340        |

**(c) Shareholders, directors, and key management personnel remuneration**

|                       | <b>Three-month period ended<br/>30 September 2020</b> |                | <b>Three-month period ended<br/>30 September 2019</b> |                |
|-----------------------|---|----------------|---|----------------|
|                       | <b>US\$</b>   | <b>KHR'000</b> | <b>US\$</b>   | <b>KHR'000</b> |
|                       | (Unaudited and unreviewed)                            |                |   |                |
| Salaries and benefits | 4,219,182   | 17,277,550     | 3,978,931   | 16,261,891     |

  

|                       | <b>Nine-month period ended<br/>30 September 2020</b> |                | <b>Nine-month period ended<br/>30 September 2019</b> |                |
|-----------------------|--|----------------|--|----------------|
|                       | <b>US\$</b>  | <b>KHR'000</b> | <b>US\$</b>  | <b>KHR'000</b> |
|                       | (Unaudited and unreviewed)                           |                |  |                |
| Salaries and benefits | 11,999,923   | 48,983,686     | 9,501,739  | 38,472,541     |



**ADVANCED BANK OF ASIA LIMITED****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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|                                | <b>30 September 2020</b> |                    | <b>31 December 2019</b> |                    |
|--------------------------------|--------------------------|--------------------|-------------------------|--------------------|
|                                | <b>US\$</b>              | <b>KHR'000</b>     | <b>US\$</b>             | <b>KHR'000</b>     |
| Unused portion of overdrafts   | 104,508,337              | 428,484,182        | 50,342,438              | 205,145,435        |
| Performance bonds              | 12,393,780               | 50,814,498         | 15,367,603              | 62,622,982         |
| Letter of credits              | 6,545,977                | 26,838,506         | 8,724,349               | 35,551,722         |
| Unused portion of credit cards | 9,760,392                | 40,017,607         | 9,430,316               | 38,428,538         |
| Securities                     | 4,400,000                | 18,040,000         | 4,400,000               | 17,930,000         |
| Payment guarantees             | 8,585,484                | 35,200,484         | 5,897,103               | 24,030,695         |
| Bid bonds                      | 4,500,945                | 18,453,874         | 5,213,899               | 21,246,638         |
| Warranty bonds                 | 53,667                   | 220,035            | 15,201                  | 61,944             |
| Other guarantees               | 237,000                  | 971,700            | 330,402                 | 1,346,388          |
|                                | <u>150,985,582</u>       | <u>619,040,886</u> | <u>99,721,311</u>       | <u>406,364,342</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**

Except as disclosed in note 32, the Bank's financial risk management policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2019.

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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.

|  | <b>30 September 2020</b> |                  |                   |                   |                   |
|--|--------------------------|------------------|-------------------|-------------------|-------------------|
|  | <b>Stage 1</b>           | <b>Stage 2</b>   | <b>Stage 3</b>    | <b>Total</b>      |                   |
|  | <b>12-month</b>          | <b>Lifetime</b>  | <b>Lifetime</b>   |                   |                   |
|  | <b>ECL</b>               | <b>ECL</b>       | <b>ECL</b>        | <b>US\$</b>       | <b>KHR'000</b>    |
|  | <b>US\$</b>              | <b>US\$</b>      | <b>US\$</b>       |                   |                   |
| Loss allowance as at 1 January 2020        | 1,573,881                | 566,317          | 4,215,254         | 6,355,452         | 25,898,467        |
| Changes in the 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 allowances (*)   | 13,138                   | 1,762,913        | 6,085,833         | 7,861,884         | 32,233,724        |
| New financial assets originated            | 809,441                  | 7,782            | -                 | 817,223           | 3,350,614         |
| Financial asset that has been derecognised | (296,739)                | (31,410)         | (70,073)          | (398,222)         | (1,632,710)       |
| Other changes                              | (187)                    | (35,087)         | (340,751)         | (376,025)         | (1,541,703)       |
| Currency translation differences           | -                        | -                | -                 | -                 | 158,887           |
| 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>58,467,279</u> |

(\*) 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)**

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

|  | <b>30 September 2019</b> |                 |                  |                  |                   |
|--|--------------------------|-----------------|------------------|------------------|-------------------|
|  | <b>Stage 1</b>           | <b>Stage 2</b>  | <b>Stage 3</b>   | <b>Total</b>     |                   |
|  | <b>12-month</b>          | <b>Lifetime</b> | <b>Lifetime</b>  |                  |                   |
|  | <b>ECL</b>               | <b>ECL</b>      | <b>ECL</b>       |                  |                   |
|  | <b>US\$</b>              | <b>US\$</b>     | <b>US\$</b>      | <b>US\$</b>      | <b>KHR'000</b>    |
| Loss allowance as at 1 January 2019        | 1,100,909                | 782,334         | 2,975,843        | 4,859,086        | 19,523,806        |
| Change in loss allowance                   |                          |                 |                  |                  |                   |
| Transfer to stage 1                        | 77,893                   | (77,893)        | -                | -                | -                 |
| Transfer to stage 2                        | (5,011)                  | 54,942          | (49,931)         | -                | -                 |
| Transfer to stage 3                        | (3,786)                  | (198,846)       | 202,632          | -                | -                 |
| Net remeasurement of loss allowance (*)    | (210,655)                | 160,695         | 1,176,579        | 1,126,619        | 4,613,505         |
| New financial assets originated            | 735,743                  | 50,498          | 333,594          | 1,119,835        | 4,585,724         |
| Financial asset that has been derecognised | (358,940)                | (113,942)       | (265,745)        | (738,627)        | (3,024,678)       |
| Other changes                              | (577)                    | (42,422)        | (581,958)        | (624,957)        | (2,559,199)       |
| Currency translation differences           | -                        | -               | -                | -                | 374,151           |
| Loss allowance as at 30 September 2019     | <u>1,335,576</u>         | <u>615,366</u>  | <u>3,791,014</u> | <u>5,741,956</u> | <u>23,513,309</u> |

(\*) 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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**31. FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk (continued)**

**Maturity analysis for financial assets and financial liabilities (continued)**

|                                 | Carrying<br>amount<br>US\$ | Gross nominal<br>inflow/<br>(outflow)<br>US\$ | Up to 1 month<br>US\$ | > 1 – 3<br>months<br>US\$ | > 3 – 12<br>months<br>US\$ | > 1 – 5<br>years<br>US\$ | Over 5<br>years<br>US\$ | No maturity<br>US\$  |
|---------------------------------|----------------------------|---|-----------------------|---------------------------|----------------------------|--------------------------|-------------------------|----------------------|
| <b>30 September 2020</b>        |                            |   |                       |                           |                            |                          |                         |                      |
| <b>Financial assets by type</b> |                            |   |                       |                           |                            |                          |                         |                      |
| Non-derivative assets           |                            |   |                       |                           |                            |                          |                         |                      |
| Cash on hand                    | 297,251,236                | 297,251,236                                   | 297,251,236           | -                         | -                          | -                        | -                       | -                    |
| Balances with the NBC           | 1,459,725,902              | 1,460,642,867                                 | 193,435,708           | 314,776,227               | 614,306,493                | -                        | -                       | 338,124,439          |
| Balances with other banks       | 356,469,092                | 361,095,446                                   | 173,753,815           | 56,514,465                | 130,827,166                | -                        | -                       | -                    |
| Loans to customers              | 3,419,810,596              | 4,708,856,636                                 | 75,592,642            | 141,497,626               | 772,205,057                | 2,555,080,096            | 1,164,481,215           | -                    |
| Investment securities           | 6,463,453                  | 7,568,337                                     | -                     | -                         | -                          | 7,568,337                | -                       | -                    |
| Other assets                    | 17,503,959                 | 17,503,959                                    | 6,981,890             | 10,490                    | 6,869,777                  | 857,637                  | 2,784,165               | -                    |
|                                 | <u>5,557,224,238</u>       | <u>6,852,918,481</u>                          | <u>747,015,291</u>    | <u>512,798,808</u>        | <u>1,524,208,493</u>       | <u>2,563,506,070</u>     | <u>1,167,265,380</u>    | <u>338,124,439</u>   |
| <b>In US\$ equivalents</b>      | <u>5,557,224,238</u>       | <u>6,852,918,481</u>                          | <u>747,015,291</u>    | <u>512,798,808</u>        | <u>1,524,208,493</u>       | <u>2,563,506,070</u>     | <u>1,167,265,380</u>    | <u>338,124,439</u>   |
| <b>In KHR'000 equivalents</b>   | <u>22,784,619,376</u>      | <u>28,096,965,772</u>                         | <u>3,062,762,693</u>  | <u>2,102,475,113</u>      | <u>6,249,254,821</u>       | <u>10,510,374,887</u>    | <u>4,785,788,058</u>    | <u>1,386,310,200</u> |

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**31. FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk (continued)**

**Maturity analysis for financial assets and financial liabilities (continued)**

|  | Carrying<br>amount    | Gross nominal<br>inflow/<br>(outflow) | Up to 1 month           | > 1 – 3<br>months      | > 3 – 12<br>months     | > 1 – 5<br>years     | Over 5<br>years      | No maturity |
|--|-----------------------|---------------------------------------|-------------------------|------------------------|------------------------|----------------------|----------------------|-------------|
|  | US\$                  | US\$                                  | US\$                    | US\$                   | US\$                   | US\$                 | US\$                 | US\$        |
| <b>30 September 2020</b>                           |                       |                                       |                         |                        |                        |                      |                      |             |
| <b>Financial liabilities by type</b>               |                       |                                       |                         |                        |                        |                      |                      |             |
| Non-derivative liabilities                         |                       |                                       |                         |                        |                        |                      |                      |             |
| Deposits from customers                            | 4,485,657,010         | (4,519,284,503)                       | (3,661,589,399)         | (225,293,667)          | (591,048,502)          | (41,352,935)         | -                    | -           |
| Debt securities in issue                           | 20,546,274            | (25,654,449)                          | (1,613,160)             | -                      | (1,613,160)            | (22,428,129)         | -                    | -           |
| Borrowings   | 208,957,588           | (230,089,118)                         | (37,749,906)            | (74,056,959)           | (105,246,531)          | (12,042,235)         | (993,487)            | -           |
| Subordinated debts                                 | 121,027,957           | (164,761,530)                         | -                       | -                      | -                      | (86,445,182)         | (78,316,348)         | -           |
| Lease liabilities                                  | 35,311,730            | (41,886,324)                          | (1,038,444)             | (2,064,652)            | (8,796,004)            | (26,578,219)         | (3,409,005)          | -           |
| Other liabilities                                  | 32,117,551            | (32,117,551)                          | (632,349)               | (22,271,521)           | (6,788,166)            | (11,416)             | (340,567)            | -           |
|  | <u>4,903,618,110</u>  | <u>(5,013,793,475)</u>                | <u>(3,702,623,258)</u>  | <u>(323,686,799)</u>   | <u>(713,492,363)</u>   | <u>(188,858,116)</u> | <u>(83,059,407)</u>  | <u>-</u>    |
| Loan commitments and financial guarantee contracts | -                     | (120,814,706)                         | (3,078,115)             | (10,368,843)           | (91,856,428)           | (8,965,343)          | (6,545,977)          | -           |
| <b>In US\$ equivalents</b>                         | <u>4,903,618,110</u>  | <u>(5,134,608,181)</u>                | <u>(3,705,701,373)</u>  | <u>(334,055,642)</u>   | <u>(805,348,791)</u>   | <u>(197,823,459)</u> | <u>(89,605,384)</u>  | <u>-</u>    |
| <b>In KHR'000 equivalents</b>                      | <u>20,104,834,251</u> | <u>(21,051,893,542)</u>               | <u>(15,193,375,629)</u> | <u>(1,369,628,132)</u> | <u>(3,301,930,043)</u> | <u>(811,076,182)</u> | <u>(367,382,074)</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<br>amount    | Gross nominal<br>inflow/<br>(outflow) | Up to 1<br>month     | > 1 – 3<br>months    | > 3 – 12<br>months   | > 1 – 5<br>years     | Over 5<br>years      | No maturity          |
|---------------------------------|-----------------------|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                 | US\$                  | US\$                                  | US\$                 | US\$                 | US\$                 | US\$                 | US\$                 | US\$                 |
| <b>31 December 2019</b>         |                       |                                       |                      |                      |                      |                      |                      |                      |
| <b>Financial assets by type</b> |                       |                                       |                      |                      |                      |                      |                      |                      |
| Non-derivative assets           |                       |                                       |                      |                      |                      |                      |                      |                      |
| Cash on hand                    | 251,750,205           | 251,750,205                           | 251,750,205          | -                    | -                    | -                    | -                    | -                    |
| Balances with the NBC           | 1,151,654,239         | 1,152,756,349                         | 357,106,106          | 168,088,439          | 192,016,089          | -                    | -                    | 435,545,715          |
| Balances with other banks       | 93,411,689            | 94,817,433                            | 24,823,416           | 12,699,983           | 57,294,034           | -                    | -                    | -                    |
| Loans to customers              | 2,758,070,913         | 3,816,133,311                         | 59,607,316           | 79,529,495           | 376,344,461          | 1,505,372,298        | 759,439,277          | -                    |
| Investment securities           | 33,285,434            | 36,581,217                            | -                    | -                    | 30,000,000           | 6,581,217            | -                    | -                    |
| Other assets                    | 9,432,070             | 9,432,070                             | 5,915,499            | 10,340               | 47,247               | 651,599              | 2,807,385            | -                    |
|                                 | <u>4,297,604,550</u>  | <u>5,361,470,585</u>                  | <u>699,202,542</u>   | <u>260,328,257</u>   | <u>655,701,831</u>   | <u>1,512,605,114</u> | <u>762,246,662</u>   | <u>435,545,715</u>   |
| <b>In US\$ equivalents</b>      | <u>4,297,604,550</u>  | <u>5,361,470,585</u>                  | <u>699,202,542</u>   | <u>260,328,257</u>   | <u>655,701,831</u>   | <u>1,512,605,114</u> | <u>762,246,662</u>   | <u>435,545,715</u>   |
| <b>In KHR'000 equivalents</b>   | <u>17,512,738,541</u> | <u>21,847,992,634</u>                 | <u>2,849,250,359</u> | <u>1,060,837,647</u> | <u>2,671,984,961</u> | <u>6,163,865,840</u> | <u>3,106,155,148</u> | <u>1,774,848,789</u> |

**ADVANCED BANK OF ASIA LIMITED**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

**31. FINANCIAL RISK MANAGEMENT (continued)**

**Liquidity risk (continued)**

**Maturity analysis for financial assets and financial liabilities (continued)**

|  | Carrying<br>amount    | Gross nominal<br>inflow/(outflow) | Up to 1 month           | > 1 – 3<br>months      | > 3 – 12<br>months     | > 1 – 5<br>years     | Over 5<br>years      | No Maturity |
|--|-----------------------|-----------------------------------|-------------------------|------------------------|------------------------|----------------------|----------------------|-------------|
|  | US\$                  | US\$                              | US\$                    | US\$                   | US\$                   | US\$                 | US\$                 | US\$        |
| <b>31 December 2019</b>                                  |                       |                                   |                         |                        |                        |                      |                      |             |
| <b>Financial liabilities by type</b>                     |                       |                                   |                         |                        |                        |                      |                      |             |
| Non-derivative liabilities                               |                       |                                   |                         |                        |                        |                      |                      |             |
| Deposits from customers                                  | 3,395,343,449         | (3,427,173,497)                   | (2,763,070,848)         | (161,020,729)          | (449,267,093)          | (53,814,827)         | -                    | -           |
| Debt securities in issue                                 | 20,939,337            | (25,654,450)                      | -                       | (806,580)              | (806,580)              | (24,041,290)         | -                    | -           |
| Borrowings   | 279,856,458           | (285,744,023)                     | (42,962,054)            | (88,606,830)           | (148,206,410)          | (5,968,729)          | -                    | -           |
| Subordinated debts                                       | 128,000,000           | (178,440,382)                     | -                       | -                      | (20,126,904)           | (70,708,880)         | (87,604,598)         | -           |
| Lease liabilities  | 36,513,407            | (44,090,273)                      | (559,558)               | (1,066,053)            | (4,999,773)            | (22,954,837)         | (14,510,052)         | -           |
| Other liabilities  | 23,386,944            | (23,386,944)                      | (5,363,440)             | (10,707,112)           | -                      | (6,784,819)          | (531,573)            | -           |
|  | <u>3,884,039,595</u>  | <u>(3,984,489,569)</u>            | <u>(2,811,955,900)</u>  | <u>(262,207,304)</u>   | <u>(623,406,760)</u>   | <u>(184,273,382)</u> | <u>(102,646,223)</u> | <u>-</u>    |
| Loan commitments and<br>financial guarantee<br>contracts | -                     | (68,497,103)                      | (55,463,748)            | (2,773,524)            | (1,535,595)            | (8,724,236)          | -                    | -           |
| <b>In US\$ equivalents</b>                               | <u>3,884,039,595</u>  | <u>(4,052,986,672)</u>            | <u>(2,867,419,648)</u>  | <u>(264,980,828)</u>   | <u>(624,942,355)</u>   | <u>(192,997,618)</u> | <u>(102,646,223)</u> | <u>-</u>    |
| <b>In KHR'000 equivalents</b>                            | <u>15,827,461,350</u> | <u>(16,515,920,688)</u>           | <u>(11,684,735,066)</u> | <u>(1,079,796,874)</u> | <u>(2,546,640,097)</u> | <u>(786,465,293)</u> | <u>(418,283,359)</u> | <u>-</u>    |



## **ADVANCED BANK OF ASIA LIMITED**

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

#### **32. 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 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 National Bank of Cambodia 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 National Bank of Cambodia and CIFRSs, which have resulted in the following:

##### **i) Expected credit losses**

Management has assessed and analysed events that can be identified and have correlations to the probability of defaults rates of the expected credit loss model of the bank. As at 30 September 2020, no correlations have been identified between current macroeconomic conditions adjusted for COVID-19 that are relevant for the Bank to use in making credit loss estimates.

However, in addition to the assumption outlined above, the Bank has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining significant increase in credit risk and assessing indicators for impairment for the exposure in the potentially affected sectors as highlighted by the NBC circular:

- Tourism
- Garment manufacturing
- Constructions
- Transportation and logistics sector.

As of 30 September 2020, there were loan restructured cases due to impact of COVID-19 which resulted in staging downgrade of certain exposures and recognition of relevant ECLs and impairment allowances are disclosed in note 31 to the condensed interim financial statements.

Management has further leveraged on industry delinquency data as of 31 May 2020 based on the overall industry report from Credit Bureau of Cambodia (“CBC”) and performed additional analysis on the Bank’s level of ECL. Industry delinquent loans from CBC database over 30 days are assumed under Stage 2 and over 90 days overdue are assumed under Stage 3. The Bank’s ECL is linearly scaled based on industry delinquency proportion of loans under stage 2 and 3. With this analysis the management decided to provide additional ECL of US\$4,000,000 in addition to existing ECL due to the impact of COVID-19. Management will continue to provide additional ECL if deemed necessary.

## ADVANCED BANK OF ASIA LIMITED

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020

#### 32. IMPACT OF COVID-19 (continued)

##### i) Expected credit losses (continued)

Management is under the process of refining ECL model with the help of external consultant wherein the major revisions on Probability of Default, Loss Given Default and Forward-Looking element incorporating Macro Economic Variables will be made.

Management expects ECL calculation to be performed under refined model before 2021.

##### 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.

#### 33. EVENTS AFTER THE REPORTING PERIOD

On 12 November 2020, the Bank obtained an approval from the National Bank of Cambodia on a share transfer of Mr. Damir Karassayev to Natcan Trust Company, a company incorporated in Canada. The detail of new shareholdings was as follows:

| Shareholder             | Number of shares | Amount US\$ |
|-------------------------|------------------|-------------|
| National Bank of Canada | 334,999          | 334,999,000 |
| Natcan Trust Company    | 1                | 1,000       |
|                         | 335,000          | 335,000,000 |