



# **2021 Annual Report Appendix For Advanced Bank of Asia Limited**

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**Annual Corporate Governance Report**

# PART 1

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SHAREHOLDERS

## A. SHAREHOLDER STRUCTURE (AS OF 31 DECEMBER 2021)

### 1. Shareholder information

Description	Nationality	Type of Shareholders	Number of Shareholder	Number of Shares	Percentage
Less than 5%	Cambodian	Individual			
		Legal Person			
	Non-Cambodian	Individual			
		Legal Person	1	1	0.01
From 5% up to less than 30%	Cambodian	Individual			
		Legal Person			
	Non-Cambodian	Individual			
		Legal Person			
From 30%	Cambodian	Individual			
		Legal Person			
	Non-Cambodian	Individual			
		Legal Person	1	519,999	99.99

## B. SHAREHOLDERS' AND PROTECTION OF SHAREHOLDERS' RIGHTS

### 1. Rights of Shareholders

Shareholders have rights to make decisions at the General Shareholders meeting regardless of their status and number of shares. If the Board of Directors wishes to do so, they may convene a General Meeting of Shareholders at any place within or outside of Cambodia or via email circulation.

### 2. Protection of Shareholders' Rights and the Company's Practice of the Protection of Shareholders' Rights

Basic rights of Shareholders include:

- Right to dividend;
- Right to obtain relevant information of the Bank;
- Right to participate and vote in Annual General Shareholder Meeting.

The rights of Shareholders are protected by the Board of Directors and stipulated in Chapter III of Articles of Association of ABA Bank. In accordance with Article 16 (1) of the Articles of Association of ABA Bank, "Each shareholder shall have one (1) vote for each share of stock owned".

### 3. Protection of Minority Shareholders' Rights and the Company's Practice of the Protection of Shareholders' Rights

Shareholders have rights equivalent to the number of their shares to vote without any restriction. The minority shareholders have right to seek redress or damages from the Bank in case of violating their rights.

## C. GENERAL SHAREHOLDER MEETING

### 1. Procedures of General Shareholder Meeting and Voting

The Procedure of General Shareholder Meeting and Voting is based on Article 224 of the Law on Commercial Enterprises, 2005, "At every Annual General Meeting of Shareholders, the directors shall present an Annual Financial Statement to the shareholders. The statement shall include the following:

- a) Comparative financial statements for the current financial year and the prior financial year,
- b) The report of the auditor,
- c) Any further information respecting the financial position of the company and the results of its operations required by the articles, the by-laws or any unanimous shareholder agreement"

and Article 12 of ABA Memorandum and Article of Association, "the Ordinary General Meeting of Shareholders shall be held within 6 months after the end of each fiscal year."

#### ■ Procedure framework of Annual General Shareholders Meeting

When organizing the Annual General Shareholders Meeting, the Bank follows the Law on Commercial Enterprises, which defines the information that need to be presented to the shareholders, and Memorandum and Articles of Association of ABA Bank, which defines the timeframe for holding ordinary Annual General Shareholders Meetings.

#### ■ Quorum

A quorum for holding a General Meeting of Shareholders shall be more than fifty percent (50%) of the shares issued and outstanding. All resolutions of a General Meeting of Shareholders shall be passed by the affirmative vote of a majority of the shares represented at a Meeting at which a quorum is present.

#### ■ Notice

The written notice is provided to all shareholders in hard copy 14 days before the scheduled Meeting. The Notice clearly specifies the date, time and place of the Meeting, and the purpose for which it is called.

#### ■ During the meeting and voting process

Each shareholder shall have one vote for each share of stock owned. A shareholder may exercise their vote by proxy; provided, however, that any proxy holder must file with the Bank a document evidencing their authority to act as a proxy no later than the beginning of each General Meeting of Shareholders. The General Meeting of Shareholders is conducted via the execution of Circular Resolution, which shall be duly signed by all representatives of shareholders attending the Meeting. Electronic copy of signed Circular Resolution shall be sent to all Shareholders within 14 days after the Meeting.

#### ■ After the meeting

The Bank is subject to continuous disclosure and reporting obligations under SERC Prakas 007/18 K.M.K/BB.K. "On Corporate Disclosure" dated 30 October 2018.

**2. Information of General Shareholder Meeting**

No.	Date	Type of Meeting	Quorum	Agenda	Resolutions
1	19 April 2021	Circular Resolution	Present	Consideration of the Annual Financial Statements of ABA Bank for the year ended 31 December 2020	<ul style="list-style-type: none"> <li>i) The AGM of Shareholders noted and considered financial results of ABA Bank for F.Y. 2020 positively.</li> <li>ii) The AGM of Shareholders approved the the audited Financial Statements of ABA Bank for the year ended 31 December 2020.</li> </ul>

**D. DIVIDEND DISTRIBUTION**

**1. Dividend Policy**

The Dividend Policy of ABA Bank is based on NBC Prokor B7-04-006 dated January 14, 2004 and Memorandum and Articles of Association of ABA Bank. The Bank paid no dividend in 2021.

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# PART 2

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BOARD OF DIRECTORS

## A. BOARD OF DIRECTORS

### 1. Board of Directors Composition

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

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

### 2. Director Biography

#### Yves Jacquot

*Chairman*

Senior Vice-President – International Development Natcan International Investments (National Bank of Canada)

Mr. Yves Jacquot graduated from ESSEC in France. Between 1980 and 1993, he occupied different positions, including the position of CEO in different banks and financial institutions in France, as well as in retail banking sector, investment and financial markets sectors and asset management sector.

He entered BRED Banque Populaire in 1993 and then became the deputy CEO of the Bank and CEO of COFIBRED, the holding company owning the subsidiaries of the group.

Yves was notably the supervisor of the finance, IT, all the Back offices, and the general administration departments of the bank. In addition, he took the vice-chairman position of the Credit Committees and Chairman of the Finance Committee, as well as the Risk management Committee for the subsidiaries. He supervised the prominent activities of the bank in the payment sector and was in charge of the innovation experiences.

Mr. Jacquot also promoted and managed the external growth of the Group in both France and French overseas territories in European, Asian Pacific, and African areas.

**Dominic Jacques**

*Non-Executive Director*

Deputy Vice-President, International Development (National Bank of Canada)

Dominic Jacques is a graduate of HEC in Canada. He is a Chartered Accountant (CPA, CA) and a CFA Charterholder.

Mr. Jacques holds the position of Deputy Vice-President, International Development at National Bank of Canada. As such, he is responsible for managing the Bank's portfolio of international investments as well as developing ancillary business opportunities.

Mr. Jacques started his career as an auditor at PriceWaterhouseCoopers. He was appointed Senior Manager, Transaction Services in 2008. As such, he was responsible for due diligence, valuation and M&A advisory. Mr. Jacques joined National Bank of Canada in 2010 as Senior Manager in the Strategy and Corporate Development team. In this capacity, he was advising the Bank's senior management on strategic initiatives, partnerships and M&A activities.

Mr. Jacques has a sound knowledge of the banking industry, having spent 15 years advising financial institutions on transactions and partnerships. Over the years, he has been based in Montreal, London, Paris and in the Silicon Valley (USA).

**Madi Akmambet**

*Executive Director*

Madi Akmambet holds an Executive MBA with distinction from Cass Business School, City University London (2013) and a degree in Economics from Kazakh State Academy of Management (1996).

He started his career in 1997 in Treasury Department of the Ministry of Finance of the Republic of Kazakhstan and then Banking Supervision Department of the National Bank of Kazakhstan.

Between 2000 and 2007, he held top management positions at several national companies, the Financial Institutions' Association and commercial banks in Kazakhstan.

His international working experience started in 2007 with business projects in Uzbekistan run by the Kazakhstan-based private equity firm Visor Holding.

In March 2009, Madi was appointed the CEO of ABA Bank in Cambodia, where he had led a major turnaround of the Bank. Since 2012, he has been the Executive Director of the Board of Directors of ABA.

**Martin Ouellet**

*Non-Executive Director*

Having graduated from the École des Hautes Études Commerciales in Montreal, Martin Ouellet is a treasury management specialist, actively involved in the management of liquidity and funding and in the management of financial risks related to interest rates and foreign exchange. After starting his career in 1977 with Crédit Foncier Franco-Canadien and then Bank of Montreal, he worked for more than 30 years at National Bank of Canada, where he raised to the position of Senior Vice-President and Corporate Treasurer. He held positions in Montreal, Toronto and London.

Martin now acts as a corporate director. In that capacity, he served on the board or advisory board of various institutions, of which the Auditing and Assurance Standards Oversight Council (Canada), and Assurance-vie Banque Nationale. He is a member of the board and Chair of the Risk & Capital Committee of Haventree Bank, a Canadian chartered bank specializing in alternative residential mortgage lending. He is a member of the Institute of Corporate Directors (Canada).

Martin is a member of the Honour Circle of the Orchestre Symphonique de Montréal.



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

Mr. Christian St-Arnaud graduated from the École des Hautes Études Commerciales in Montréal, Canada. Between 1983 and 2009, he occupied different positions in international and Canadian financial institutions in Canada, with a focus on credit capital market.

He joined National Bank of Canada in 2009 as Vice-President – Credit capital market and real estate and was appointed Senior Vice-President – Credit in 2012, overseeing all retail, commercial, and financial market credit activities of the Bank, including adjudication, portfolio management, and credit model development. He was also a member of numerous senior committees of the Bank, including the Global risk committee, the Risk management committee and the Model oversight committee.

**Paolo Pizzuto***Non-Executive Director*

Paolo Pizzuto graduated from Université du Québec à Montréal in 2003, with a Master's Degree in Business Administration.

A career banker, he joined National Bank of Canada in 1986 where he occupied several managerial positions within the organization until 2001, when he was appointed Vice-President Sales and Service.

Over the following years, he was assigned several executive functions that spanned across Retail Banking, Commercial Banking, Payment Solutions, Process and IT Transformation.

From 2009 to 2015, he was responsible for reengineering key end to end processes across multiple lines of business by introducing new origination platforms and automated workflows, and led several modernization programs to improve Bank-wide efficiency and customer experience.

Since 2015, Pizzuto holds the position of Senior Vice-President, Retail Banking across Canada. He also occupies the role of Chairman of the Board of Natbank, a US bank in the state of Florida and has been an acting governor for the Canadian Italian Foundation since 2004.

Paolo Pizzuto joined the Board of Directors of ABA Bank in 2020.

**Etienne Chenevier***Independent Director*

A graduate from Ecole Polytechnique and Ecole des Ponts et Chaussées in France, Etienne started his career at the French Ministry of Industry (notably as head of the Foreign Investments Bureau). Etienne then joined the Air Liquide Group where he created in 1993 the first operations in China before being given responsibility of large supply contracts of industrial gases to the steel sector in Asia. After that, Etienne joined Rio Tinto where he directed the Asia Division of a subsidiary, which led him to create, develop and manage a number of operations in Singapore, Australia, China and Japan.

He then partnered with the French Private Equity firm CityStar to create their Asian Division in 2005, of which he is Partner and Director. CityStar Private Equity Asia develops today several large investment projects in Cambodia in the tourism and hospitality sector.

Etienne has been living in Asia since 1993 and is based in Singapore and Cambodia.

## **Henri Calvet**

*Independent Director*

Qualifications: Graduate of Ecole Normale Supérieure de Cachan and University degree (Economics, Paris-I Panthéon-Sorbonne).

Henri Calvet is the founder of H2C CONSEIL, a company offering advisory and training services to credit institutions and securities firms, in the main following fields: banking accounting, prudential rules, internal control (including risk management and compliance control).

Prior to setting up his own business, Mr. Calvet had spent 10 years with the French Banking Commission and had later worked for numerous banks, namely, BRED-BANQUE POPULAIRE, Compagnie Financière Edmond de Rothschild Banque and Compagnie Parisienne de Reescompte, inter-alia.

## **Guy Quaden**

*Independent Director*

Guy Quaden graduated in economic and social sciences from the University of Liège (Belgium) and La Sorbonne (France). He obtained a PhD in economics at the University of Liège in 1973.

Quaden started his academic career as Full Professor at the University of Liège in 1977. In 1987-88, he served as Dean of the Faculty of Economy, Management and Social Sciences.

Between 1988 and 1996, he was a member of the Board of the National Bank of Belgium and later was appointed as General Commissioner for the Euro of the Belgian government. After successfully accomplishing this role, Quaden became the Governor of the National Bank of Belgium (the central bank of the country) from 1999 until 2011. During the same period, he was a member of the Governing Council of the European Central Bank, IMF Governor for Belgium, and member of the Board of the Bank of International Settlements.

Quaden holds the medal of «Officier de la Légion d'honneur» from the French President Chirac (2001) and a nobility title from King Albert II of Belgium (2007).

### **3. Board Roles, Duties, and Responsibilities and Performance**

The Board has overall responsibility for the Bank, including supervision over Executive Management, approving and overseeing the implementation of the Bank's strategic objectives, governance framework and corporate culture. In particular, the Board should at least:

- Approve the Bank's financial statements, corporate and business strategy, its business plan and the annual budget;
- Approve the Bank's code of conduct, risk, compliance, audit and other key policies;
- Appoint CEO and approve appointment of other key executives, specifically in compliance control and internal audit;
- Design a management information system that enables it to perform its duties in a timely and knowledgeable manner;
- Communicate efficiently and meet regularly with Executive Management and internal audit;
- Periodically assess the Bank's strategies and policies in light of actual performance and further development and improvement.

#### 4. If any Director serves as Director, Shareholders or Co-owner of other company

No.	Name of Director	Name of Relevant Companies	Director/Shareholder/Co-owner
		WYSH Holdings Pte Ltd	Owner and Director (as Etienne Chenevier)
		Cuauhtli Resources CRF 1 Pte Ltd	Owner and Director (as Etienne Chenevier)
		Cuauhtli Resources Management Pte Ltd	Owner and Director (as Etienne Chenevier)
		CityStar Group of Companies	Minority shareholder (as Etienne Chenevier) in 6 companies of the Group, Director of all companies (as Etienne Chenevier or Meas Sovann, depending on companies)
		CityStar Services Ream Co., Ltd	Director (as Etienne Chenevier)
		Koh Takiev Investment Co., Ltd	Sole Shareholder's representative and Director (as Etienne Chenevier)
		Koh Russey Resort Ltd	Sole Shareholder's representative and Director (as Etienne Chenevier)
1	Etienne Chenevier / Meas Sovann	Koh Russey Hotel Ltd	Sole Shareholder's representative (as Etienne Chenevier) and Director (as Meas Sovann)
		Koh Russey Development Ltd	Sole Shareholder's representative (as Etienne Chenevier) and Director (as Meas Sovann)
		Koh Russey Middle Ltd	Sole Shareholder's representative (as Etienne Chenevier) and Director (as Meas Sovann)
		Koh Russey South Ltd	Sole Shareholder's representative (as Etienne Chenevier) and Director (as Meas Sovann)
		CityStar Phnom Penh Condos Ltd	Minority Shareholder (as Etienne Chenevier) and Director (as Meas Sovann)
		CityStar Phnom Penh Residences Ltd	Minority Shareholder (as Etienne Chenevier) and Director (as Meas Sovann)
		CityStar Phnom Penh Properties Ltd	Minority Shareholder (as Etienne Chenevier) and Director (as Meas Sovann)
		CityStar Phnom Penh Villas Ltd	Minority Shareholder (as Etienne Chenevier) and Director (as Meas Sovann)
		Asia Gourmet (Cambodia) Co., Ltd	Controlling Shareholder and Director (as Meas Sovann)
2	Guy Quaden	Byblos Bank Europe	Independent Director (term of office ended in April 2021)
3	Henri Calvet	H2C Conseil	General Manager

No.	Name of Director	Name of Relevant Companies	Director/Shareholder/ Co-owner
4	Christian St-Arnaud	AfrAsia Bank Limited	Director
5	Martin Ouellet	Haventree Bank	Director
6	Paolo Pizzuto	NatBank	Chairman of the Board
7	Madi Akmambet	Palmera (M) SDN. BHD.	Director and Shareholder
8	Dominic Jacques	NSIA Participations NSIA Banque Cote d'Ivoire ATA IT Ltd.	Director Director Director
9	Yves Jacquot	ATA IT Xacbank and TenGer Byblos Bank	Chairman of the Board Director Director

## 5. Board Meetings

No.	Date	Meeting Type	Names of Directors Attending the Meeting
1	March 25	Physical meeting with video conference broadcast	Yves Jacquot Dominic Jacques Madi Akmambet Martin Ouellet Christian St-Arnaud Paolo Pizzuto Etienne Chenevier Henri Calvet Guy Quaden
2	June 9	Physical meeting with video conference broadcast	Yves Jacquot Dominic Jacques Madi Akmambet Martin Ouellet Christian St-Arnaud Paolo Pizzuto Etienne Chenevier Henri Calvet Guy Quaden
3	August 11	Physical meeting with video conference broadcast	Yves Jacquot Dominic Jacques Madi Akmambet Martin Ouellet Christian St-Arnaud Paolo Pizzuto Etienne Chenevier Henri Calvet Guy Quaden

No.	Date	Meeting Type	Names of Directors Attending the Meeting
4	November 24	Physical meeting with video conference broadcast	Yves Jacquot Dominic Jacques Madi Akmambet Martin Ouellet Christian St-Arnaud Paolo Pizzuto Etienne Chenevier Henri Calvet Guy Quaden

## B. BOARD COMMITTEES

### 1. Board Committees Structure

#### 1.1. Audit Committee

No.	Name	Position	Number of Attending the Meeting	Total Number of Meetings
1	Etienne Chenevier	Chairman	4	
2	Henri Calvet	Member	4	
3	Christian St-Arnaud	Member	4	4
4	Paolo Pizzuto	Member	4	

#### Roles and Responsibilities of Audit Committee

Audit Committee is responsible for fulfillment of the Internal Audit function delegated by BOD that includes the followings:

##### *General*

- Oversight Internal Audit Department and review Internal audit reports with findings and recommendations;
- Regular meetings with CEO, Head of Internal Audit, and other respective managers in regards to audit findings and recommendations;
- Submitting to BOD suggestions and proposals on issues required BOD approval.

##### *Independent external auditor*

- Approbation of external auditor Plan, for recommendation or information to the Board;
- In camera meeting with external auditor;
- Proposing nomination of external audit;
- Approving annual audit fees, for recommendation or information to the Board;
- Approving non-audit engagement and fees.

##### *Internal audit*

- Approbation of Internal Audit Plan, for recommendation or information to the Board;
- Reviewing Internal Audit reports;

- Follow-up on remediation of internal audit findings;
- Reviewing mandate and scope of Internal Audit Function;
- Approving Internal Audit Policy, for recommendation or information to the Board;
- Approving Internal Audit function budget, for recommendation or information to the Board;
- Annual performance evaluation of Chief/Head of Internal Audit Department;
- Annual review of Head of Internal Audit annual compensation;
- In camera meeting with Head of Internal Audit;
- Providing recommendation for the nomination of the Chief Audit Officer;
- Reviewing and providing recommendation on the root cause of changing, terminating, and resigning of Chief/Head of Internal Audit.

#### ***Regulatory***

- Reviewing Audit reports from regulators;
- Follow-up remediation of regulators findings.

#### ***Finance***

- Reviewing annual Financial Statements;
- In camera meeting with CFO;
- Providing recommendation for the nomination of the Chief Financial Officer.

Invitees (except the Chairman of the Board) and Observers do not attend to in camera sessions.

#### **Results of Audit Committee Performance**

In 2021, Audit Committee convened 4 meetings; the meetings were convened every quarter.

The following activities have been made by the Committee:

- Discussed and resolved internal audit findings;
- Discussed the KPIs for the Internal Audit team, budgeting, and staffing matters;
- Reviewed implementation following recommendations from the Internal Audit Department and Audit Committee;
- Discussed the ECL calculation for the loans restructured due to Covid;
- Reviewed training report for internal auditors;
- Conducted meeting with external auditors;
- Approved annual reports to regulators;
- Reviewed and approved work plan of Internal Audit for 2022;
- Approved the appointment of external auditors;
- Evaluated annual performance of the Head of the Internal Audit Division.

## 1.2. Governance Committee

No.	Name	Position	Number of Attending the Meeting	Total Number of Meetings
1	Yves Jacquot	Chairman	4	
2	Dominic Jacques	Member	4	4
3	Etienne Chenevier	Member	4	

### Roles and Responsibilities of Governance Committee

Prakas No B-7-08-211 Prokor on "Governance in Bank and Financial Institutions" stipulates strengthening Banks and Financial Institutions by organizing different levels of management such as an independent and active board, and Executive board and specialized committees with the qualifications, capacity and integrity for effectively managing the institutions (Article 1).

The BOD of the Bank on its resolution from March 15, 2016 decided to put in place Governance Committee. The Governance Committee recommend the members of each Committees of Board and will get final approval from Board of Directors of the Bank.

#### *General*

- Oversight the Bank's compliance with general corporate governance principles;
- Recommending to the Board policies and procedures designed to provide with effective and efficient corporate governance, including proposal on structuring and composition of the Board committees;
- Submitting to BOD suggestions and proposals on issues required BOD approval.

#### *Board governance*

- Reviewing Board and Committees mandate and rules, for recommendation or information to the Board;
- Reviewing and Propose Committees membership;
- Assessing new Board members candidacy, for recommendation or information to the Board;
- Reviewing Board members compensation, for recommendation or information to the Board;
- Reviewing potential Board members conflict of interest;
- Proposing and follow-up on Board member training, for recommendation or information to the Board;
- Reviewing D&O Insurance.

#### *Chief Executive Officer*

- Approbation of CEO objectives;
- Assess performance of CEO;
- Annual review of CEO compensation, for recommendation or information to the Board.

#### *Related parties*

- Reviewing and follow-up on related parties transactions.

#### *Compensation*

- Approbation of annual compensation plan, for recommendation or information to the Board;
- Approbation of employee benefits plan, for recommendation or information to the Board;

- Approbation of annual variable compensation envelope, for recommendation or information to the Board;
- Approbation of C-Level compensation, for recommendation or information to the Board.

#### **Human resources**

- Senior Management Succession Planning;
- Employee mobilisation.

Invitees (except the Chairman of the Board) and Observers do not attend to in camera sessions.

#### **Results of Governance Committee Performance**

In 2021, Governance Committee convened 4 meetings; the meetings were convened every quarter.

The following activities have been made by the Committee:

- Reviewed the information on Related Parties Transactions;
- Reviewed the Cost/Income Analysis Report by Business Lines;
- Discussed the schedule of the Board and its Committees meetings in 2021 and 2022;
- Discussed the remuneration amount for Heads of Departments and Talent Pool as per ABA Succession Plan 2021-2022;
- Discussed the Board meeting fees for BOD members.

#### **1.3. Risk Management Committee**

No.	Name	Position	Number of Attending the Meeting	Total Number of Meetings
1	Dominic Jacques	Chairman	4	
2	Martin Ouellet	Member	4	
3	Etienne Chenevier	Member	4	4
4	Guy Quaden	Member	4	

#### **Roles and Responsibilities of Risk Management Committee**

The Committee has been formulated based on Prakas No B-7-08-211 Prokor on " Governance in Banks and Financial Institutions" dated November 25, 2008, according to which financial institutions shall establish a Risk Committee (Article 7). The Risk Committee shall be chaired by a person with expertise in finance and risk management. That person shall be independent from day-to-day operations. As a minimum Risk Committee shall be responsible for monitoring the implementation of risk management policies, as defined by the board (Article 9).

Based on above and other related regulations, the Bank put in place Risk Management Committee, with the membership proposed by the Governance Committee and approved by the BOD.

#### **General**

- Oversight risk management system of the Bank and review risk reports with findings and recommendations from Executive Management;



- Regular meetings with CEO, Chief Risk Officer, and other respective managers in regards to risk findings and recommendations;
- Submitting to BOD suggestions and proposals on issues required BOD approval;
- Annual performance evaluation of CRO/Head of Risk Management Department.

***Risk management policies***

- Review and approval of Risk Management Policy;
- Review and approval of Country Limits Policy;
- Review and approval of Credit Limits Policy for Interbank Operations;
- Review and approval of Liquidity Risk Management Framework;
- Review and approval of Penetration Test Policy;
- Review and approval of Credit Limits Policy (Overall, not product level);
- Review and approval of ALCO Policy;
- Review and approval of Fund Transfer Pricing Policy;
- Review and approval of Operational Risk Management Policy;
- Review and approval of Reputational Risk Policy;
- Review and approval of IT Security Policy;
- Review and approval of Complaint Handling and Resolution Policy;
- Review and approval of Physical Security Policy;
- Review and approval of New Product and Business Process Development Policy;
- Review and approval of Investment Policy;
- Review and approval of other related documents.

***Risk management function***

With regard to Risk Management Function, the Committee shall be involved in:

- Approving Risk Management Function Charter, for recommendation or information to the Board;
- In camera meeting with CRO/ Head of Risk Management Department;
- Providing recommendation for the nomination of the Chief Risk Officer/Head of Risk Management Department;
- Reviewing and providing recommendation on the root cause of changing, terminating, and resigning of the Chief Risk Officer/Head of Risk Management Department.

***Risk management, monitoring and remediation***

- Reviewing Quarterly Risk Report, including market risk, liquidity, credit and counterparty risk, operational risk, reputation risk, for recommendation or information to the Board;
- Risk Appetite - reviewing (quarterly) and update (annually);
- Approving Balanced Scorecards System Regulation, for recommendation or information to the Board;
- Approving Annual Funding Plan;
- Approving Liquidity and Contingency Funding Plan, for recommendation or information to the Board;

- Reviewing Stress-Tests;
- Approval of Pen Test Annual Plan;
- Quarterly discussing of Pen Tests, conducted in the reporting period and status of Action plans based on previous Pen Tests;
- Approving Business Continuity and Disaster Recovery Plan;
- Approving Risk limits (except related to credit risk) above ALCO authority, for recommendation or information to the Board.

Invitees (except the Chairman of the Board) and Observers do not attend to in camera sessions.

### Results of Risk Management Committee Performance

In 2021, Risk Management Committee convened 4 meetings; the meetings were convened every quarter.

The following activities have been made by the Committee:

- Discussed the Risk Profile of the Bank;
- Discussed the annual update of Risk Appetite Metrics;
- Discussed the implementation of Liquidity Risk Management Framework;
- Discussed Open Currency Position limit and special limits for FIs;
- Approved the updated Credit Limits Policy for Interbank Operations and new Market Risk Policy;
- Reviewed the Bank's Information Security Profile and approved Information Security Policies;
- Discussed the Bank's Business Continuity Management (BCP);
- Discussed Penetration Test reports and approved Penetration Test Annual Plan 2022;
- Evaluated annual performance of Head of Risk Management Department.

#### 1.4. Compliance Committee

No.	Name	Position	Number of Attending the Meeting	Total Number of Meetings
1	Henri Calvet	Chairman	4	
2	Paolo Pizzuto	Member	4	
3	Dominic Jacques	Member	4	4
4	Guy Quaden	Member	4	

#### Roles and Responsibilities of other Committee

Prakas B 7-08-089 Prokor on "Anti-Money Laundering and Combating the Financing of Terrorism", Article 34, Risk Management, stipulates that the Board of Directors of banks should establish an effective internal control system for AML/CFT compliant with legal and regulatory requirements.

Based on above and other related regulations, in order to strengthen the internal control system in compliance area, the Bank put in place Compliance Committee, with the membership proposed by the Governance Committee and approved by the BOD.

### **General**

- Oversight compliance function and review compliance reports with findings and recommendations from Executive Management;
- Regular meetings with CEO, Chief Compliance Officer, and other respective managers in regards to the compliance findings and recommendations;
- Submitting to BOD suggestions and proposals on issues required BOD approval.

### **Compliance policy**

- Review and approval of Compliance Management Policy;
- Review and approval of Code of Business Conduct and Ethics;
- Review and approval of Gift Policy;
- Review and approval of Anti-Money Laundering and Combating the Financing of Terrorism Policy;
- Review and approval of other related documents.

### **Compliance Risk**

- Approbation of AML Action Plan, for recommendation or information to the Board;
- Follow-up on AML Action Plan, for recommendation or information to the Board;
- Approbation of Compliance Audit Plan, for recommendation or information to the Board;
- Reviewing Compliance Audit reports, for recommendation or information to the Board;
- Follow-up on remediation of Compliance Audit findings;
- Reviewing report on Compliance risk, for recommendation or information to the Board;
- Acceptation of higher risk clients.

### **Compliance Function**

- Reviewing mandate and scope of Compliance function;
- Approving Compliance function budget, for recommendation or information to the Board;
- Annual performance evaluation of Chief/Head of Compliance Department;
- Annual review of Chief Compliance Officer compensation;
- In camera meeting with Chief Compliance Officer;
- Providing recommendation for the nomination of the Chief Compliance Officer;
- Reviewing and providing recommendation on the root cause of changing, terminating, and resigning of Chief/Head of Compliance Department.

Invitees (except the Chairman of the Board) and Observers do not attend to in camera sessions.

### **Results of Compliance Committee Performance**

In 2021, Compliance Committee convened 4 meetings; the meetings were convened every quarter.

The following activities have been made by the Committee:

- Discussed Compliance Profile of the Bank;
- Discussed and approved the updated AML/CFT Policy and new Compliance Management Policy and Insider Trading Policy of the Bank;

- Discussed FATCA reporting in 2021;
- Discussed Quality Control Department performance on Compliance;
- Approved revisions of the Anti-Bribery and Anti-Corruption Policy;
- Discussed Regulatory Compliance Risk Report;
- Evaluated annual performance of Chief Compliance Advisor to the CEO and the Head of the Compliance Department.

### 1.5. Credit Committee

No.	Name	Position	Number of Attending the Meeting	Total Number of Meetings
1	Christian St-Arnaud	Chairman	4	
2	Dominic Jacques	Member	4	
3	Martin Ouellet	Member	4	4
4	Henri Calvet	Member	4	

Prakas No B7-05-054 Prokor on "Loan Policies, Procedures and Lending Authority" states that all financial institutions must establish written policies and procedures approved by management and/or board of directors and establish limits of lending authority of its officers and/or Credit Committee and board of directors (Article 2).

Based on above and other related regulations, the Bank put in place Credit Committee, with the membership proposed by the Governance Committee and approved by the BOD.

#### **General**

- Oversight the Bank's credit activity in line with its credit strategy and policies;
- Regular meetings with CEO and Chief Credit Officer to assess effectiveness of the Bank' s business strategy and credit policies;
- Submitting to BOD suggestions and proposals on issues requiring BOD approval.

#### **Credit Policy**

- Approving Credit Policy and delegating approval authority to Management Credit Committee, for recommendation or information to the Board;
- Approving Collateral Management Policy, for recommendation or information to the Board;
- Approving Collection and Recovery Policy, for recommendation or information to the Board.

#### **Credit portfolio**

- Reviewing Credit Portfolio trends and performance;
- Reviewing NPL Portfolio;
- Reviewing individual credit provisioning;
- Recommending the adoption of tools for monitoring and measuring risk of credit.

#### **Loan approbation**

- Approving loans as per its authority defined in the Credit Policy.

### **Credit function**

- Conducting in camera meeting with Chief Credit Officer;
- Providing recommendation for the nomination of the Chief Credit Officer.

Invitees (except the Chairman of the Board) and Observers do not attend to in camera sessions.

### **Results of Credit Committee Performance**

In 2021, Credit Committee convened 4 meetings; the meetings were convened every quarter.

The following activities have been made by the Committee:

- Discussed the Credit Portfolio of the Bank;
- Discussed the performance vs. regulatory requirements for loans in KHR;
- Discussed overlay ECL amount for the loans restructured due to Covid;
- Revised the Credit Risk Grading methodology;
- Discussed the lending strategy to LSMES;
- Approved revisions to the Credit Policy of the Bank.

### **2. Changes of Committee Member**

No.	Committee	Name	Reasons
1	Audit	N/A	N/A
2	Governance	N/A	N/A
3	Risk Management	N/A	N/A
4	Compliance	N/A	N/A
5	Credit	N/A	N/A

## **C. REMUNERATION OR COMPENSATION**

### **1. Brief Policies of Remuneration or Compensation for Directors and Senior Officers**

Remuneration and Compensation matters are under full responsibility of the Governance Committee of the Board and the Board of Directors.

### **2. Remuneration and Compensation Receivers**

The remuneration and compensation of directors and key management personnel is approved by the Board of Directors and fully reflected in the Audited Financial Report of the Independent Auditor under Note 31(d).

No.	Remuneration and Compensation Receivers	Remuneration and Compensation Amount
1	Directors and key management personnel	US\$ 24,003,742

## D. ANNUAL PERFORMANCE EVALUATION OF BOARD OF DIRECTORS, DIRECTORS, COMMITTEES AND CEO

No.	Descriptions	Evaluation Processes	Marketing Criteria
1	Board of Directors	The performance of the Board of Directors is evaluated by the Shareholders	<ul style="list-style-type: none"> <li>■ Composition of Board of Directors;</li> <li>■ Understanding of the Bank and its business;</li> <li>■ Participation in Board meetings.</li> </ul>
2	Directors	The performance of the Directors of the Board of Directors is evaluated by the Shareholders	<ul style="list-style-type: none"> <li>■ Core competency;</li> <li>■ Understanding of the Bank and its business;</li> <li>■ Participation in Board and its Committees meetings.</li> </ul>
3	Committee	The performance of the Committees of the Board of Directors is evaluated by the Chairman of the Board of Directors	<ul style="list-style-type: none"> <li>■ Authority of board committee</li> <li>■ Quality of duty.</li> </ul>
4	CEO	The performance of the CEO is evaluated by the Governance Committee of the Board of Directors. After that, Chairman of the Governance Committee passes the evaluation to the Board of Directors for the final approval.	<ul style="list-style-type: none"> <li>■ Performance KPIs;</li> <li>■ Core competencies.</li> </ul>

## E. TRAINING FOR DIRECTORS AND SENIOR OFFICERS

In 2021, The Bank's Senior Officers participated in the following trainings from SERC:

Name	Position	Course
Mr. Zhiger Atchabarov	Chief International Operations Officer	Workshop on "ASEAN+3 Multi-Currency Bond Issuance Framework and Potential Thematic Bond Issuance in Cambodia".
Ms. Lay Chivmey	Head of Corporate Disclosure Unit	Workshop to raise awareness of the circular on "the use of language and currency in accounting records and financial statement that related to preparation of financial statement".

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# PART 3

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CODE OF BUSINESS CONDUCTS PRACTICES

## A. CODE OF BUSINESS CONDUCTS PRACTICES FOR DIRECTOR AND SENIOR OFFICERS POLICIES

We have a responsibility to safeguard the integrity and credibility as to preserve depositors' and investors' interests and confidence in the business of the Bank. In ABA, it is everyone's responsibility to ensure that the Bank is soundly and professionally managed.

Thus, each and every member of ABA family must conduct their businesses with utmost honesty and respect as well as the highest moral values and compliance with the laws. The Bank expects the same from all counterparties it deals with.

The Code of Business Conduct and Ethics "the Code" is documented to set out the rules and standards for how we all together work to develop ABA and deliver services to our customers, how we protect the values of ABA and interest of our shareholders, and how we treat our staff and community we are in.

The Code sets a high level of rules and norms of business conduct and ethics and applies for everyone in ABA Bank, including Board of Directors, management and employees. The Code is also applicable to staff in probation period, trainees, and staff of third parties providing financial and other services based on outsourcing partnership with the Bank.

ABA Bank's Code affirms our six principles of conduct:

- We achieve our goals adhering to our corporate values;
- We all form ABA family and treat each other fairly;
- We aim at delivering benefits to our customers;
- We protect and grow our shareholders' value;
- We eventually contribute to the country's fortune; and
- Reminders on asking questions and reporting.

### WE ACHIEVE OUR GOALS ADHERING TO OUR CORPORATE VALUES

**Our Vision:** To be the country's number one supplier of dependable, easy-to-use, technologically advanced and easily accessible banking services.

**Our Mission:** To help Cambodia, to help Cambodian businesses and to help Cambodian people build a bigger and brighter future for themselves and their country by providing highly professional, technologically advanced banking services for all.

#### Our Values:

*Honesty & Respect* - at ABA we make it our responsibility to treat each and every customer with honesty and respect;

*Trust & Partnership* - at ABA we are here to help and assist. We see ourselves as a partner that our customers can always trust;

*Service Quality* - at ABA we strive to find solutions to every banking need. We intend to provide the most technologically advanced, reliable banking services to all of our Cambodian customers - be their personal or business account holders;

*Contributing* - at ABA we aim to make a positive contribution to Cambodia. We want to play a beneficial role in the lives of our customers as well as the future of the country as a whole;

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



*Ethics & Morals* - at ABA we take our social responsibility seriously. We apply our high ethical and moral standards to each and everything we do - inside and outside the Bank.

It is these homegrown principles that form the basis for every relationship - with the customers and communities we serve as well as with our staff.

## **WE ALL FORM ABA FAMILY AND TREAT OTHERS FAIRLY**

**Recruitment and Selection:** ABA Bank is committed to recruit employees who are suitably qualified and experienced and who have the competence and appropriate qualities to undertake their roles within the team.

**Respect and Non-discrimination in Employment Opportunities:** We value diversity in our workforce, as well as in our customers, suppliers, and others. We provide equal employment opportunity for all applicants and employees. We do not discriminate on the basis of race, color, religion, gender, national origin, ancestry, age, marital status, or any other characteristics protected by Cambodian law and regulations.

**Anti-Harassment:** We are committed to providing a workplace free from harassment based on any personal characteristics.

**Human Trafficking, Child and Forced Labor:** We do not tolerate forced labor practices, or human trafficking. ABA does not allow harsh or inhumane treatment, including physical punishment or threat of mental punishment. We will not employ anyone under the age of 18 in any position.

**Health and Safety:** ABA commits to comply at least with the minimum requirement set up by Cambodian Labor Laws and applicable international standard making bodies (e.g. ILO). We provide a comfortable working environment with modern technological facilities for staff at all levels.

**Open and Honest Communication:** We value the free flow of thoughts, ideas, questions, and concerns. We encourage employees to raise work-related issues, initiatives or concerns through established processes as soon as issues or concerns arise.

**Financial and Credit Support for Our Staff:** ABA aims to pay to our employees fair remuneration, which usually include fixed monthly salary and performance bonuses on annual or quarterly basis. However, in case of emergency, our staff may apply to Financial Department asking an advance for urgent personal or family use.

**Employee's Representatives:** According to Cambodian Labour Law, our employees have rights to form professional organization or nominate representatives for the exclusive purpose of studying and promoting employees interests, protecting their rights, and making relative suggestions to the management of the Bank.

**Knowledge and Teamwork:** We encourage our staff to continuously educate themselves and share this knowledge with others as we are going together to the common goals. Thus, any knowledge sharing, coaching and mentoring, seminars and training are parts of continuous education process.

## **WE AIM AT BENEFITS FOR OUR CUSTOMERS**

**Benefiting Customers:** Our success depends on both our team and our customers. We see our mission fulfilled when our customers get benefited from our products and services. That is why while doing business, our prime focus is at benefiting customers.

**Etiquette and Quality:** Our business is based on strong relationship of mutual respect and trust with our customers, suppliers, and partners. To maintain this strong relationship, we treat everyone we deal with the way we would expect to be treated: with fairness, honesty, and respect.

**Follow the Letter and Spirit of Law:** As a bank, we must comply with the local laws and regulations as well as international best practices in our business. We are responsible for knowing and following all applicable laws or regulations.

**Legality and Capability:** We provide our customers with products and services only when we have the relevant legal licenses and sufficient expertise in them, including qualified staff, proper premises and facilities, necessary support function and capability to control, monitor, and manage associated risks.

**Communication and Language:** We aim to make all possible documentations, including advertising and agreements, in our operations in both languages i) English and ii) Khmer to avoid and reduce language barrier for our customers.

**Customer Feedback:** Any customer complaints are subject to thorough internal investigation and appropriate actions to eliminate the unveiled drawbacks, improve customer service and bring about high customer satisfaction.

**AML/CFT Policy:** ABA Bank commits to participate in international efforts to fight against money laundering and terrorist financing (AML/CFT). In order to comply with international and local laws, ABA Bank has developed and implemented 'Anti-Money Laundering Policy' with respective procedures and controls mechanisms.

**Prohibited Businesses:** In line with ABA Bank's vision, missions, and values, we are energetic for a sustainable growth, whereby social and environmental protection takes important part in our business development.

**Privacy and Confidentiality:** We are committed to protect the privacy expectations of everyone with whom we do business, including our customers, suppliers and partners, as prescribed by Banking Laws. We believe responsible stewardship of personal information helps maintain trust in ABA and in financial system in Cambodia overall.

**Fair Competition and Antitrust:** The competition regulations govern the way that companies behave in the marketplace. In all branches where we do business, we are committed to competing for suppliers and customers vigorously, but fairly.

**Anti-Bribery & Anti-Corruption:** We shall never offer or accept bribes or kickbacks and must not participate in or facilitate corruption activities of any kind. As bribery and corruption are substantial threats to good governance, fair business practices and sustainable development, ABA's management is committed to contributing to combat and prevent bribery and corruption in the public and private sector.

## **WE PROTECT AND GROW OUR SHAREHOLDER'S VALUE**

**Do Best in Interest of ABA:** We will do our best to preserve and increase the value of ABA shareholders. This requires our best conduct in interest of ABA, without ignoring interests of our customers and our country as stated in this Code.

**Right Use of ABA Resources:** We spend considerable amount of resources to maintain and develop the business of ABA. Our resources include facilities, equipment, computers and communications systems, intellectual property, financial and other assets.

**Maintenance of Information Security:** Proprietary information is one of the valuable assets of the Bank and includes internal and external communication; digital information stored on laptops, handhelds, desktops, servers, backups, and portable storage devices; and hard copy documents, verbal discussions, and interactions via social media channels.

**Safeguarding ABA Brand Equity:** Among our most valuable assets is the ABA's brand. To protect the value and recognition of our brand, we have established guidelines that specify how and when the brand and its attributes may be used.

**Public Relations:** The value of our reputation and good name must be upheld whenever we represent ABA. If you are responsible for preparing reports or contributing information for PR, you need to ensure that the disclosures are accurate, reliable, and complete.

**Financial Transparency and Accuracy:** We are responsible for ensuring that ABA's financial status and records are full, fair, accurate, timely, and understandable reflections of the Bank's operations and business activities.

**Avoid Conflict of Interest:** Our staff must not engage directly or indirectly in any business activity that competes or conflicts with the Bank's interest. If our staff has a financial interest in a customer, whether as family connection, partner, shareholder, and/or creditor, such an interest must be disclosed immediately to the staff's immediate supervisor who in turn should report to the Bank's top management.

**Outside Activities:** Before making any commitments, for example, taking part-time employment or other business activities outside the Bank's working hours, the written approval of Human Resource Department or any other designated person should be obtained before the staff embarks on part-time employment or other business activities.

**Continuous Improvement:** To improve, we use our own findings on drawbacks and shortcomings in our business via customers feedback, Internal Audit, Compliance and Risk management procedures, external auditors and regulators as well as independent consultancies and advisors.

## WE EVENTUALLY CONTRIBUTE TO THE COUNTRY'S FORTUNE

**Corporate Social Responsibility:** For us, corporate social responsibility means achieving business success in ways that demonstrate respect and contribution for people, the country and the planet. We uphold generally accepted human rights principles and our corporate values, including high standards of ethics.

**Environmental Management and Compliance:** A number of environmental laws, standards, requirements, and policies apply to our business operations, practices, and products. Our exclusion list on lending and deposit activity prohibits ABA in dealing with such environmentally harmful businesses as wood logging and sand dredging.

**Apolitical Business:** While supporting political freedom of our staff on individual basis, we as a bank are not engaged in any political activity such as financing of election campaigns, lobbying or advertising our political preferences in any other way. We are for just and fair political combat within boundaries of Cambodian Laws. We would respect any political power, which wins officially in open and fair competition.

## REMINDERS ON ASKING QUESTIONS AND REPORTING

To fulfill the Code with uncompromising integrity and professionalism, every employee has the duty to report to his or her manager and/or Regulatory Compliance Department any possible violations of law, the Code, and other company guidelines. All employee of ABA is encouraged to ask questions or raise concerns with their direct manager or specialist teams who specialize in handling such questions or issues, including Human Resources, Compliance, Risk, Legal and Security Departments.

## B. PUBLISHING OF CODE OF BUSINESS CONDUCTS PRACTICES

The Code has been approved by the BOD and has been implemented since 2015.

## C. MECHANISMS AND PROCEDURES TO ASSESS CODE OF BUSINESS CONDUCTS PRACTICES

To ensure understanding of the Code by everyone, the Bank has its self-certification program where all staff are required to read and confirm the understanding annually in addition to the training provided during their first 3 months of employment and annual refreshment training program.

The Bank's Compliance Department, in accordance with applicable laws and regulations, monitors adherence to and violations of rules and regulations, as well as the approved Code. Furthermore, the Bank's whistle-blowing procedure allows employees to proactively report any suspicion of a violation of the Code. Employees who violate the Code face disciplinary action, which may result in termination.

## D. RELATED PARTIES TRANSACTIONS

### 1. Related Parties Transactions Policies

No	Related Persons	Policy
1	Holding Company	N/A
2	Joint Venture	N/A
3	Subsidiaries	N/A
4	Majority Shareholders and Controlling Shareholders	Related Parties Transactions Policy
5	Directors and Their Family	Related Parties Transactions Policy
6	Employees and Their Family	Related Parties Transactions Policy
7	Others	N/A

ABA Bank follows the definition of "Related Party" as stipulated in the Law on Banking and Financial Institutions and Related Parties Transactions Policy approved by the Board of Directors of the Bank.

ABA Bank also prepared Transfer Pricing Documentation to ensure that all Related Parties transactions comply within the arm's length principle, in line with the requirement from the General Department of Taxation.

### 2. Important Transactions with Related Parties

No	Name of Related Parties	Type of Transaction	Transaction Size	Transaction Summary
1	National Bank of Canada	Deposits and Placements	US\$ 185,703,301	ABA placed fund US\$ 186M at National Bank of Canada for 1 month term, earning interest at 0.4% p.a.
		Subordinated Debt	US\$ 148,027,962	ABA Bank borrowed US\$ 148M from its parent company, The National Bank of Canada, as a subordinated debt

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

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# PART 4

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RISK MANAGEMENT INTERNAL  
CONTROL AND AUDITING

## A. BRIEF RISK MANAGEMENT SYSTEM OR RISK MANAGEMENT POLICIES

The Bank has a comprehensive Risk Management System, built according to regulatory requirements of National Bank of Cambodia, Group risk management standards of National Bank of Canada and international best practice. In the end of 2020, the Risk Function was strengthened by hiring of Chief Risk and Compliance Officer.

Here is the hierarchy of ABA Risk Management System:

1. Board of Directors – approval of Risk Appetite and Risk Policies.
2. Board Risk Management Committee – preliminary approval of Risk Appetite and Risk Policies, quarterly analyses of Risk Report, recommendations for Board of Directors about risk management, setting limits above executive authorities.
3. Executive Committees to manage different type of risks – range of Credit Committees (credit risk management), Assets and Liability Management Committee (liquidity and market risk management), IT and Digital Committee (IT and cyber security risk management), Operational and Reputational Risk Committee (operational risk management). These committees approve risk procedures, set limits, accept action plans to mitigate risk.
4. Internal Audit Department which is responsible for independent inspection of ABA Risk Management System as the 3rd line of defense, and reports to Board of Directors.

Risk Management Department which contents Credit, Financial and Operational Units, is responsible for the risk management processes as the 2<sup>nd</sup> line of defense, reports to Board Risk Management Committee quarterly.

## B. BRIEF INTERNAL CONTROL SYSTEM

- Internal control is a process effected by the BOD, executive management and all levels of staff of the Bank and operates continually.
- Essentially it is a system of procedures and policies of internal control, that provides the Bank with facilities to:
  - i) realization of its strategic goals;
  - ii) maintenance of sound financial practices;
  - iii) reliable financial statements and management reports;
  - iv) compliance with law and regulations as well as Bank's internal regulations;
  - v) mitigation of risk of losses and reputational risk.
- At ABA Bank the BOD and senior management establishes appropriate culture to facilitate an effective internal control process and for monitoring its effectiveness on an ongoing basis. At the same time, each individual within the ABA Bank participates in the process.
- Key policies related to the Internal Control System are approved by the BOD which encompasses both permanent and periodic control functions.
- The BOD and its committees conduct meeting regularly at least on quarterly basis.

On the course of the meetings, the Committees reviewed and approved number of polices which are part of the Internal Control System of the Bank.

## C. AUDITING

### 1. Internal Audit

#### 1.1. Roles and Responsibilities of Internal Auditors

Internal Audit Division is responsible for execution of the Internal Audit function delegated by Audit Committee that includes the following:

- Preparation, including audit programming, planning, allocation of resources, and budgeting and getting approval from Audit Committee;
- Implementation, Internal Audit examinations according to Audit Plan and Audit Committee guidance;
- Examination, evaluation and recommendations on effectiveness and efficiency of the internal control system, specifically on existence and application of its tools such as procedures and processes of segregation of duties, dual control, authorization, approval, audit trails, reporting, information security and others;
- Examination, evaluation and recommendations on effectiveness and efficiency of the risk management system, specifically on existence and application of its tools in risks identification, measurement, monitoring, and mitigation;
- Examination, evaluation and recommendations on effectiveness and efficiency of the corporate governance and compliance control function, specifically on the Bank's staff and business processes adherence to Code of business conduct and ethics, other internal documents and the regulations;
- Examination, evaluation and recommendations on effectiveness and efficiency of the AML/CFT compliance function, specifically on existence and application of its tools in identifying suspicious and high-risk transactions, customer due-diligence, corrective actions or termination relations with risky customers, reporting to regulators and Senior Management;
- Prevention of internal fraud or other breaches of trust by internal staff through regular and surprised audit examination.

#### 1.2. New Appointment and Removal/Resignation of Head and/or Deputy Head of Internal Auditors

In the year of 2021, there was no resignation or new appointment of Head and/or Deputy Head of Internal Auditors.

### 2. External Audit

No.	Name of Company	Appointment Date	Audit Fee	Non Audit Fee
1	Deloitte (Cambodia) Limited	6 June 2019 (annual audit) and 29 March 2021 (Q1-Q4 2021 review)	US\$ 122,000 (excluding VAT)	N/A

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# PART 5

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## STAKEHOLDERS



## A. IDENTIFY POLICIES AND ACTIVITIES RELATED TO THE FOLLOWING:

No.	Contents	Policies	Activities
1	Suppliers and Subcontractors Selection	Administration Procedure	Tenders and biddings on a regular basis to identify the best suppliers for the Bank
2	Management and Protection of Employees	<ul style="list-style-type: none"> <li>■ Life Insurance Program;</li> <li>■ NSSF Insurance;</li> <li>■ Code of Business Conduct and Ethics;</li> <li>■ Conflict of Interest Guideline;</li> <li>■ Performance Incentive Program;</li> <li>■ Whistle-blowing Procedure;</li> <li>■ Staff Loan Guideline</li> </ul>	Staff trainings on a regular basis on Code of Business Conduct and Ethics, Whistle-blowing procedure, staff loan guidelines. Activities on other policies are being undertaken on a daily basis and when necessary.
3	Environment Protection	List of Prohibited Businesses and Activities in lending	The Bank in its activities doesn't provide loans to certain businesses that are considered by the Bank as harmful for environment or well-being of Cambodian people. The screening for such activities is performed on a daily basis at the stage of the loan request analysis.
4	Community Interaction	CSR Policy	See Section B for the list of main CSR activities of the Bank in 2021.
5	Creditors' Rights Protection	Bondholders Representative Agreement	Stipulates the rights and obligations of bondholders on bonds that comply with SERC regulations on the settlement date, including any other modifications that are in accordance with this Agreement. If there is a discrepancy between the terms of the bond and the Bondholders Representative Agreement, the Bondholders Representative Agreement will be implemented.
6	Anti-Corruption Program	Code of Business Conduct and Ethics	Regular trainings to all staff on anti-bribery and gift policy of the Bank.

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## B. DESCRIBE THE CORPORATE SOCIAL RESPONSIBILITIES

No.	Beneficiaries	Purposes of CSR
1	EmbraceAbility NPO	To promote community empowerment and inclusion through education and sports and promote the rights of disabled and disadvantaged children, ABA contributed US\$ 5,000 and in-kind support to EmbraceAbility, independent non-profit organization.

No.	Beneficiaries	Purposes of CSR
2	Covid-19 Relief Fund	ABA Bank donated US\$ 1 million to support the efforts of the Royal Government and the people of Cambodia in fighting the Covid-19 outbreak in the country.
3	Little Hearts Organisation	ABA Bank contributed US\$ 3,000 to Little Heart Organization to support underprivileged and abandoned children.
4	Sipar	ABA Bank provided an in-kind donation of educational materials to promote literacy and employability among the underprivileged. Sipar's Youth Employability, the project under The Ministry of Education, Youth and Sport and Sipar, and the Agence Française de Développement (AFD), aims to strengthen participation in civil society of young Cambodians in the post-Covid context.
5	Tennis Cambodia	The Bank contributed US\$ 10,000 to support the national tennis team on its way in the Davis Cup 2021 in Bahrain, as well as promote further country's tennis movement and sports culture.

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# PART 6

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## DISCLOSURE AND TRANSPARENCY

## A. IDENTIFY THE FOLLOWING INFORMATION IN THE ANNUAL REPORT:

No.	Information	Yes/No
1	Vision/Mission/Objectives	Yes
2	Financial Indicators	Yes
3	Non-financial Indicators	Yes
4	Main Risk Factors	Yes
5	Dividend Policy	Yes
6	Biography of Directors	Yes
7	Training for Directors	No <sup>[2]</sup>
8	Number of Board of Director Meetings	Yes
9	Attendance of Directors in Board Meetings	Yes
10	Remuneration or Compensation for Directors and Senior Officers	Yes

<sup>[2]</sup> There were no trainings for Directors during the reporting period.

## B. DESCRIBE THE MECHANISM OF DISCLOSURE INCLUDING MEANS, PROCEDURES AND RESPONSIBLE PERSON IN CHARGE OF DISCLOSURE

Based on Prakas 007/18 SECC/Pr.K. dated 30 October 2018 on Corporate Disclosure, ABA Bank appointed the following Disclosure Officers and Disclosure Assistant Officers:

### *Disclosure Officers*

No.	Name	Position
1	Babu Ram Gyawali	Chief Financial Officer
2	Zhiger Atchabarov	Chief International Operations Officer
3	Kong Samean	Head of Treasury Department
4	Tol Phirith	Head of Finance Department

### *Disclosure Assistant Officers*

No.	Name	Position
1	Chea Pagnchanak	Deputy Head of Finance Department
2	Thul Sothea	Deputy Head of Treasury Department
3	Lay Chivmey	Head of Corporate Disclosure Unit

## **C. INVESTOR RELATIONS**

### **1. Demonstrate Mechanisms and Procedures for Investor Relations**

ABA Bank welcomes investors and provides the necessary information on its activities and financial performance on its corporate website: <https://www.ababank.com/about-aba/for-investors/>

### **2. Briefly Describe Investor Relations Within One Last Year**

In 2021, ABA Bank fulfilled its obligations and transferred in full the first and second coupon payments of Corporate Bond to its bondholders in February and August through ACLEDA Bank Plc. acting as the Paying Agent. The total of KHR 6,561,887,660 (approx. US\$ 1.61M) was paid to 68 bondholders as interest within the year.

Additionally, the Bank opened correspondent accounts in as Thai Baht (Kasikornbank Public Company Limited, Thailand) response to the growing demand of its customers.

The Bank's IR specialists also communicated with potential lenders for international borrowings throughout the year.

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