

NOTIFICATION
on the reaffirmation of the credit rating of ABA Bank
at 'B+' with Stable outlook
by Standard and Poor's Global Ratings

The Advanced Bank of Asia Ltd. (ABA Bank) announces that Standard & Poor's Global Ratings Agency (S&P) on December 07 reaffirmed its long-term issuer rating on ABA Bank at 'B+' with Stable outlook.

The Stable ratings outlook on ABA reflects S&P's view that the Bank will sustainably manage rapid loan and deposit growth as the country emerges from the Covid-19 pandemic. The researchers also express the opinion that ABA's digital platforms are a competitive advantage that supports loan and deposit expansion. The bank also employs more sophisticated risk management systems, including cash flow analysis to support its credit decisions, compared with domestic peers.

Based on the report from S&P, ABA's franchise is strengthening, underpinned by substantial growth in its market share in terms of loans and deposits, physical and digital distribution network, and customer base. Combined with good operating efficiency, these factors support its superior profitability. S&P experts also view management as having the skills, capabilities, and flexibility to navigate volatile operating conditions amid the pandemic and believes the oversight provided by the National Bank of Canada, both in ABA's board and group audits, supports risk-based decision-making at ABA.

The researchers mentioned the stable business position of ABA and its potential for further growth: "The bank's large customer deposit base will likely continue to grow at least in line with loans, given its strong digital platforms. Our base case is that the bank's business franchise trajectory, capitalization, risk profile, as well as funding and liquidity will remain broadly stable over the next 12-18 months."

S&P assigned the credit rating on ABA Bank at 'B' in 2017. The rating was upgraded to 'B+' in 2019 based on the Bank's material and growing market share of loans and deposits, with above-average profitability.

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