

KINGDOM OF CAMBODIA

Nation Religion King



**Disclosure Document for the Issuance
of Corporate Bond for KHR 128 Billion**

ABA Bond

Advanced Bank of Asia Limited (ABA Bank) is one of Cambodia's premier banking institutions. In 2017, the bank was ranked as the third largest commercial bank in terms of loans and the fourth largest commercial bank in terms of assets and deposits. ABA Bank was rated "B" by Standard & Poor's (S&P) Global Ratings with "Positive" outlook in 2018.

As of 31 December 2018, ABA Bank continued to record an impressive performance on gross loans and customer deposits, which amounted to USD 1,835 million and USD 2,175 million, respectively. The bank's total assets reached USD 2,706 million, and net profit grew to USD 71.8 million by 2018.

ABA Bank will issue its first corporate bond to the public in the total principal amount of KHR 128 billion with a tenor of 3 years and coupon rate of 7.75% p.a. The Bond is rated "B" by S&P.

Net proceeds will be used for operating expenditure as well as growth in the lending business which will support rural micro, small and medium enterprises ("MSME"), including women entrepreneurs in Cambodia.

Financial Advisor and Underwriter

SBI Royal Securities

DISCLOSURE DOCUMENT

Advanced Bank of Asia Limited (ABA Bank)

(Incorporated in Cambodia as a Public Limited Company)

Offering in Cambodia of Unsecured and Unsubordinated Bonds Namely,
“ABA Bond”
to Institutional and Retail Investors

Issue Price: 100 per cent

"ABA Bond" (the "Bonds") will be issued in registered form. The Bonds will be offered in the total principal amount of KHR 128 billion. The interest rate per annum is 7.75% due 2022 from and including the issue date of the Bonds and shall be paid semi-annually on 14 February and 14 August in arrears in each year. The Bonds have a nominal value of KHR 100,000 each. Payment on the Bonds will be made subject to deductions for or on account of taxes of Cambodia. The Bonds are expected to be listed on the Cambodia Securities Exchange (CSX).

Financial Advisor and Underwriter

SBI Royal Securities Plc.

Bondholders' Representative

ACLEDA Securities Plc.

Registrar

ACLEDA Bank Plc.

Tentative Subscription Period

12 August - 13 August 2019

Registration Number: 155/19 SECC/SSR

Issued by Securities and Exchange Commission of Cambodia dated 07 August 2019

This Disclosure Document is based on information and materials provided by Advanced Bank of Asia Limited ("ABA Bank") and other sources that ABA Bank believes to be reliable. The Underwriter makes no representation or warranty, express or implied, as to the accuracy or completeness of such information and materials, and nothing contained in this Disclosure Document is, or shall be relied upon or construed as a promise, undertaking or representation by the Underwriter. The Underwriter assumes no responsibility or liability for the accuracy or completeness of the information or materials that are contained or referred to in this Disclosure Document.

Each person receiving or viewing this Disclosure Document acknowledges that such person has not relied on the Underwriter or any person affiliated with the Underwriter in connection with their investment decisions or their investigation of the accuracy or completeness of the information or materials contained in this Disclosure Document. Neither ABA Bank nor the Underwriter is making any representation to the aforementioned person regarding the legality of the bid, subscription and purchase of, or investment in ABA Bank's debt securities by such person. This Disclosure Document and all information and materials contained herein and their distribution or transmission must not, under any circumstances, be considered as legal, business or investment advice.

This Disclosure Document has been prepared for the purpose of obtaining an Approval and Registration from the Securities and Exchange Commission of Cambodia (the "SECC"). It is intended solely for use and distribution during the Subscription process as contemplated by the Underwriter hereof. This Disclosure Document, as it currently stands, includes the final terms of the Bond determined by agreement between ABA Bank and the Underwriter. ABA Bank, with the prior consent of the Underwriter, may change certain parts of the Disclosure Document at any time prior to the registration with the SECC.

The investors should note that any approval or registration of this Disclosure Document from the SECC is not an indication that the SECC either recommends the subscription of (or “an investment in”) ABA Bank’s debt securities or assumes the responsibility for the accuracy of information, opinion or statements contained in this Disclosure Document.

Investors should rely on their own valuations or assessments as to the soundness of and the risks associated with an investment in ABA Bank’s Bonds by considering the objective of the investment, risk profile, their own financial position and so on. If investors have any doubt about this Disclosure Document or any of the matters contained herein, they should consult with qualified securities firms, investment advisors, or other professional advisers.

The distribution of this Disclosure Document and the offer and sale of the Bonds may be illegal in certain jurisdictions. ABA Bank and the Underwriter require persons into whose possession this Disclosure Document may come to inform them of and observe any restrictions, which may apply to this Disclosure Document and the offer and sale of the Bonds in relevant jurisdictions. This Disclosure Document does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any Bonds of ABA Bank in any jurisdiction, to or from any person to whom it is unlawful to make such an offer in such jurisdictions.

Any person in any jurisdiction outside Cambodia, in which the distribution of the Disclosure Document and the offer and sale of the Bonds is not restricted, must seek professional advice in relation to the contents of this Disclosure Document and the relevant laws and system of taxation in Cambodia.

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The Disclosure Document and supplementary materials can be obtained at:

SBI Royal Securities Plc.	#13A th Floor, Phnom Penh Tower, No.445, Street Preah Monivong Blvd, Sangkat Boeung Pralit, Khan 7 Makara, Phnom Penh Tel: (855) 23 999 595
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Date:...../...../.....

Person in Charge of Providing the Disclosure Document

Name: Mr. Shuzo Shikata
Position: Chief Executive Officer
Tel: (855) 23 999 595
Fax: (855) 23 996 973
E-mail: sshikata@sbigroup.co.jp

NOTE TO INVESTORS

The Disclosure Document has been fully approved by the Board of Directors (BOD) of ABA Bank for the public offering of corporate bonds to targeted investors. All members of the BOD jointly and severally take full responsibility for the accuracy of the information contained in the Khmer version of this Disclosure Document. The information in the Disclosure Document has been verified, confirmed, and reviewed by the BOD, its officers, and all relevant persons of ABA Bank to their best knowledge and beliefs. Therefore, the BOD of ABA Bank would like to assure that there is no false or misleading statement or other fact that if omitted would make any statement in the Khmer version of the Disclosure Document false or misleading.

The Bonds will be approved by the SECC, and the Disclosure Document will be registered and filed at the SECC. However, the SECC would like to state the following regarding the approval and registration of the Khmer version of the Disclosure Document:

Registration of the Disclosure Document is not an indication that the SECC recommends the subscription of or investment in this securities offering or that the SECC assumes responsibility for the accuracy of the information, opinion or statements contained in this Disclosure Document at all. Thus, the SECC is neither liable for nor certifies the accuracy or completeness of the information or contents in this Disclosure Document. The SECC is not liable for any loss that investors may suffer from the whole or a part of the content of this Disclosure Document.

The investment or subscription of the Bonds is the sole responsibility of each investor and he/she should rely on his/her own judgment in determining the accuracy and risks associated with this investment. Investors should take into consideration the objective of investment, risk appetite, his/her own financial position, and so on.

If investors have any doubt about this Disclosure Document or in considering the investment, they should consult with securities firms, investment advisors, or other professional advisers.

Date:/...../.....

Signature and Stamp

Mr. Yves Raymond Jacquot

Chairman

TIMETABLE FOR THE OFFERING

Events	Date
Opening Date for Subscription	12 August 2019
Closing Date for Subscription	13 August 2019
Issue Date	14 August 2019
Listing Date	23 August 2019
First Interest Payment Date	14 February 2020

The timetable above is subject to change if necessary to follow all necessary legal requirements of the Bonds. The subscription starts on 12 August 2019 until 13 August 2019 at 5:00PM.

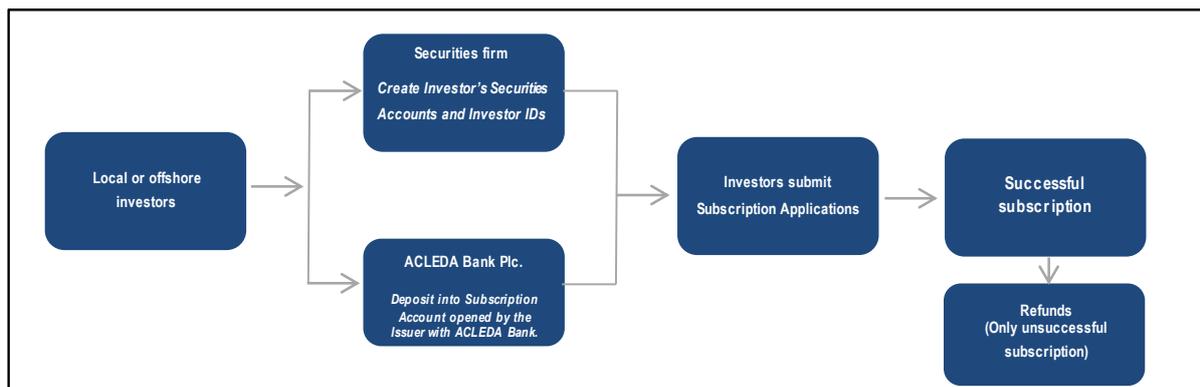
If the closing date of subscription is delayed, the date for securities allotment and CSX listing date will be extended. ABA Bank will make the public announcement in Khmer and English of the changes to the dates in the daily newspapers accredited by the SECC.

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THE GUIDELINE ON THE SUBSCRIPTION, ALLOCATION AND REFUND



I. The offered Coupon Rate

- 7.75% per annum

II. Obtaining of the Disclosure Document, Subscription Forms and Subscription Period

- (a) Investors may obtain the registered Disclosure Document and subscription forms at the address as specified below during business hours and days.

SBI Royal Securities Plc.	#13A th Floor, Phnom Penh Tower, No.445, Street Preah Monivong Blvd, Sangkat Boeung Pralit, Khan 7 Makara, Phnom Penh Tel: (855) 23 999 595
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- (b) The subscription period of the Bonds is from 12 August 2019 to 13 August 2019 (the “**Subscription Period**”).

III. Method for Subscription

- (a) SBIR will provide the registered Disclosure Document and subscription forms to investors.
- (b) Before subscribing the Bonds, investors shall have an investor ID and Securities Account. Local or offshore investors approach SBIR or any securities firm to open a securities account and obtain an investor ID from the SECC. During this period, SBIR will conduct KYC procedures.

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Required Documents for Securities Account Opening (Individual Investors) at SBIR

Required Application Forms	Status
1. Investor Identification Number Application Form (Form A)	1 Original Copy
2. Application for Individual Account Opening	1 Original Copy
3. Specimen Signature for Individual Account Opening	1 Original Copy
4. Application For Web-based Information Service	1 Original Copy
5. Client Agreement	2 Original Copies
Required Documents	
1. ID Card or Passport	1 Certified True Copy
2. Bank Reference Letter	1 Original Copy
3. Photo	2 (Passport Size)
4. Fee for Investor ID for Individual	KHR 20,000 or USD 5

Required Documents for Securities Account Opening (Institutional Investors) at SBIR

Required Application Forms	Status
1. Investor Identification Number Application Form (Form B)	1 Original Copy
2. Application for Institutional/Legal Entity Account Opening	1 Original Copy
3. Specimen Signature for Institutional/Legal Entity Account Opening	1 Original Copy
4. Application For Web-based Information Service	1 Original Copy
5. Client Agreement	2 Original Copies
Required Documents	
1. Memorandum and Articles of Association	1 Certified True Copy
2. Certificate of Incorporation	1 Certified True Copy
3. Business License	1 Certified True Copy
4. Board Resolution	1 Certified True Copy
5. Power of Attorney ¹	1 Certified True Copy
6. List of Directors & Shareholders	1 Certified True Copy
7. Patent or Tax Certificate	1 Certified True Copy
8. ID card or Passport of Company's Representative	1 Certified True Copy
9. Bank Reference Letter	1 Original Copy
10. Photo of Representative	2 (passport size)
11. Fee for Investor ID for Institutional Investor	KHR 50,000 or USD 13

- (c) Each investor shall duly, completely and clearly fill in and sign the subscription form and affix the company seal (if any) thereto.
- (d) Investors shall submit the completed subscription form to the Underwriter at its office, specified in point (a) above, during the business hours/days during the Subscription Period.

The successful investors can subscribe more than the pre-allocated Bonds in the Letter of Undertaking. The additional Bond subscription will be subject to competition with other subscribers. The allocation of the remaining Bonds in subscription is at the discretion of SBIR and ABA Bank.

In subscribing for the Bonds, an institutional investor is required to subscribe for a minimum of KHR 800 million in value and, if more, in a multiple of KHR 200 million in value. A retail investor is required to subscribe for a minimum of KHR 4 million in value and, if more, in a multiple of KHR 1 million.

- (e) Investors may deposit money for investment directly into ABA Bank's Subscription Bank Account without opening a local bank account.

Subscription payments for the Bonds shall be made by investors on the date of subscription in full in the following accounts namely:

"Subscription Account for Bonds of ABA Bank"

Account Number for Deposit	Account Name for Deposit	Currency
00010267105638	ADVANCED BANK OF ASIA LIMITED – Subscription Account	KHR

- (f) Investors who have submitted their subscription forms and made payments for their subscriptions may not cancel their subscriptions or request a refund of their subscription payments, except as specified in paragraph IV. (b) below.
- (g) If there has occurred any event causing or requiring the Issuer to suspend or cancel the offering of the Bonds or to be unable to issue or deliver the Bonds to investors, investors who have subscribed and made payments for the Bonds will be entitled to a refund of their subscription payments as specified in Clause V. (b) below.

¹ If persons authorized to open account and person listed on the trading instructions are different persons, a certified true copy of their ID cards or passports is required.

- (h) Investors will not be entitled to receive any interest or compensation during the Subscription period of the Bonds.
- (i) The list of the Bonds Allocation will be publicly announced through a newspaper accredited by the SECC.
- (j) With approval from the SECC, the total Bond proceeds are transferred from the Subscription Bank Accounts to ABA Bank's separate bank account. Then, the Subscription Bank Accounts are closed.

IV. Allocation of Bonds

- (a) Allocation of the Bonds

The allocation of the Bonds to investors shall be at the absolute discretion of the Issuer and the Underwriter. The Issuer and the Underwriter may allocate any amount of the Bonds to any person or may refuse to allocate the Bonds subscribed by any investors as they deem appropriate.

- (b) Cancellation of Subscription

The Underwriter is entitled to revoke or cancel any subscription for the Bonds by any investor who fails to comply with the procedures indicated above or whose payment of subscription price by a crossed cheque or cashier's cheque is not honored upon presentation thereof.

An investor is entitled to revoke the subscription for the Bonds in the event that the Issuer suspends or ceases the offering of the Bonds or is unable to deliver the offered Bonds, from the announcement date of the suspension or cessation of the offering or the Issuer's inability to deliver the Bonds in seven (7) Business Days after the last day of the Subscription Period.

V. Refund procedure

- (a) Procedure for Refunding Subscription Payments in case of Excess Subscriptions

If an investor is not allocated any Bonds or is allocated Bonds in an amount less than that subscribed for, the issuer will return the subscription payments received by it to the investor without interest and/or compensation through a bank transfer to their respective bank accounts as mentioned in their subscription application or via any other reasonable methods.

For the refund currency, the investor shall agree that the refund currency shall be the same currency as the subscription deposit.

Any and all expenses, fees and charges related to the refund including, without limitation, the bank transfer fee and service charge, shall be borne by the investor.

- (b) Procedure for Refunding Subscription Payments in case of Repression or Cessation

If an investor revokes the subscription for the Bonds as specified in the second paragraph of Clause IV- (b) above, the issuer will return the subscription payments received by it to the investor without interest and/or compensation via a bank transfer to their respective bank accounts as mentioned in their subscription application or via any other reasonable methods.

VI. Delivery of Bonds

The Issuer will ensure that the Registrar enters the name of each Bondholder to whom the Bonds have been allotted, together with details of the number of Bonds allotted to such Bondholder, into the Bondholders' Book no later than 7 (seven) Business Days after the Subscription Closing Date.

ABBREVIATIONS

ABA	Advanced Bank of Asia Limited
AML	Anti-Money Laundering
ASEAN	Association of Southeast Asian Nations
ATM	Automated Teller Machine
BOD	Board of Directors
CIFRS	Cambodian International Financial Reporting Standards
CSX	Cambodia Securities Exchange
GDP	Gross Domestic Product
GDT	General Department of Taxation
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
KYC	Know Your Customer
KHR	Khmer Riel
LCR	Liquidity Coverage Ratio
LPCCO	Liquidity-Providing Collateralized Operation (from National Bank of Cambodia)
MEF	Ministry of Economy and Finance
MFI	Microfinance Institution
MOA	Memorandum and Articles of Association
MSME	Micro, Small and Medium Enterprise
NBC	National Bank of Cambodia
NCD	Negotiable Certificate of Deposit
NID	National Identification Card
NPL	Non-Performing Loan
SBIR	SBI Royal Securities Plc.
SME	Small and Medium Enterprise
SECC	Securities and Exchange Commission of Cambodia
S&P	S&P Global Ratings
USD	United States Dollar

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DEFINITIONS

“**Affiliate**” means, in relation to a person, a Subsidiary or Holding Company of that person or a Subsidiary of that Holding Company.

“**Appointment Agreement**” means the Contract on Providing Services of Securities Registrar, Securities Transfer Agent and Paying Agent dated 06 May 2019 and entered into or to be entered into by and between the Issuer and **ACLEDA Bank Plc.** in connection with the issuance of the Bonds.

“**Banking Regulations**” means the Law on Banking and Financial Institutions promulgated by Royal Kram No. NS/RKM/1199/13 dated 18 November 1999 and the implementation regulations and subsequent amendments thereto.

“**Board of Directors**” means a group of individuals that are appointed by the Shareholders from time to time and have the responsibility of administrating, overseeing and managing the company.

“**Bondholder(s)**” means the person(s) who owns the Bond(s) in accordance with *Clause III of Section 7: Terms and Conditions of the Bonds*

“**Bondholders’ Book**” means the book of bondholders of the Bonds, recording particulars of the Bondholders or other sources of registration information relating to the transfer, pledge, attachment, and other matters related to the Bonds as required by Appointment Agreement and the relevant rules and procedures prescribed pursuant to the applicable rule under Cambodian Laws.

“**Bondholders Representative**” means **ACLEDA Securities Plc.** acting as bondholders’ representative in respect of the Bonds, or any successor appointed as the bondholders’ representative in respect of the Bonds from time to time in accordance with the Terms and Conditions and the Bondholders Representative Agreement.

“**Bondholders Representative Agreement**” means the Bondholders Representative Agreement entered into by and between the Bondholders Representative and the Issuer dated 24 April 2019 or any agreement appointing a new Bondholders Representative to replace the existing Bondholders Representative (if any) from time to time.

“**Business Day**” means a day (other than a Saturday, Sunday or public holidays recognized by the Ministry of Labor and Vocational Training of Cambodia) when banks are open for banking business in Cambodia.

“**Cambodia**” means the Kingdom of Cambodia.

“**Chairman**” means the leader of the Board of Directors who is responsible for setting the agenda of board meetings, works to gather consensus on decisions, and ensures meeting run smoothly.

“**Change of Control**” means any of the following circumstances:

- (a) National Bank of Canada (“**National Bank of Canada**”), at any time, and for any reason, fails to own directly or indirectly at least 90 (ninety) per cent of both the economic and voting interests in the Issuer’s share capital (determined on a fully diluted basis);
- (b) any person or group shall have obtained the power (whether or not exercised) to elect a majority of the board of directors of the Issuer;
- (c) the board of directors of the Issuer ceases to consist of a majority of directors that has been elected by National Bank of Canada; or
- (d) a “change of control” or similar event shall occur as provided in any other loan or preferred stock documentation relating to the Issuer.

“**Default Interest Rate**” means the Interest Rate plus 2% per cent per annum.

“Disclosure Document” means a document that describes a financial security for potential buyers with a description of the company's business, financial statements, biographies of officers and directors, information about their compensation, any litigation that is taking place, a list of material properties and any other material information.

“Executive Director” means a member of the Board of Directors that also holds a position of a senior manager of the company.

“Holding Company” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“Indebtedness” means any obligation or obligations (whether present or future, actual or contingent) for the payment or repayment of money borrowed and/or interest thereon.

“Independent Director” means a director who has no direct or indirect material relationship with the company other than membership on the Board of Directors.

“Interest Payment Date” means every August 14 and February 14 of each year with the first Interest Payment Date on February 14, 2020 and the last Interest Payment Date on the Maturity Date.

“Interest Rate” means a rate of 7.75% per annum.

“Investment Securities” means any present or future Indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities (other than the Bonds) which are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market.

“Issue Date” means 14 August 2019, being the issue date of the Bonds.

“Maturity Date” means 14 August 2022. .

“Memorandum and Articles of Association” means a set of documents filed with a government body for the purpose of legally documenting the creation of a corporation. Articles of incorporation typically contain pertinent information such as the firm's address, profile, distribution of corporate powers and the amount/type of stock to be issued.

“Non-Executive Director” means a member of the Board of Directors who is not responsible for daily management or operations of the company.

“Paying Agent” means **ACLEDA Bank Plc.** as appointed under Appointment Agreement or any successor or replacement entity thereto, to provide paying agent services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent dated 30 June 2010 and subsequent amendments thereto.

“Principal Amount” means at any time the outstanding principal amount in respect of the Bonds due on the Maturity Date, or on an accelerated basis.

“Public Limited Company” means a company created and registered in accordance with the Law on Commercial Enterprises with the purpose of issuing securities to the public.

“Securities and Exchange Commission of Cambodia (SECC)” means the legal entity created by the government with the mandate of supervising and regulating the securities industry. The commission administers laws related to securities, formulates and enforces rules to protect against malpractice, and seeks to ensure that companies provide the fullest possible disclosure to investors. All of the national exchanges and virtually all institutions in the securities industry fall under its jurisdiction.

“Secondary Market” means CSX and any other securities trading platforms that are permitted by the SECC.

“Securities Registrar” means **ACLEDA Bank Plc.** as appointed under Appointment Agreement or any successor or replacement entity thereto, to provide securities registrar services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent dated 30 June 2010 and subsequent amendment thereto.

“Securities Transfer Agent” means **ACLEDA Bank Plc.** as appointed under Appointment Agreement or any successor or replacement entity thereto, to provide securities transfer agent services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent dated 30 June 2010 and subsequent amendment thereto.

“Subscriber” means a person who is applying for subscription of securities at a time of public offering of securities.

“Subscription Closing Date” means 13 August 2019, being the last day of the subscription period in respect of the Bonds.

“Subscription Date” means 12 August 2019, being the first day of the subscription period in respect of the Bonds.

“Subsidiary” means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company;
- (b) all entities whose financial statements are required to be fully consolidated with the first mentioned company in accordance with the accounting standards adopted for the consolidated financial statements of such company; or
- (c) which is a subsidiary of another subsidiary of the first mentioned company,

and for this purpose, a company shall be treated as being controlled by another if that other company is able to direct its affairs and/or to control the composition of its Board of Directors or equivalent body.

“Trading Account” means an account which each Bondholder opens with a securities firm to transact the trading of securities on the Secondary Market.

“Underwriter” means **SBI Royal Securities**, a public limited company incorporated under the laws of the Kingdom of Cambodia, having a commercial registration No. 00000824 and a registered address at 13Ath floor, Phnom Penh Tower, No. 445, Preah Monivong Blvd, Sangkat Boeung Pralit, Khan 7 Makara, Phnom Penh, Cambodia, as appointed under the Underwriting Agreement entered between the Issuer and the Underwriter.

“Underwriting Agreement” means the contract between an underwriter or syndicated underwriters for full or partial subscription by the underwriter or syndicated underwriters of the remaining shares and corporate bonds after selling to public investors at a pre-determined date for subscription following the legal procedure from the regulator. The agreement spells out the terms, price, and account settlement details. The agreement also refers to underwriting agreements made to third parties who underwrite the remaining shares after the main underwriter.

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DISCLAIMER

The Responsibility of the Issuer, Underwriter, and Other Relevant Advisors

The information in the Disclosure Document has been provided by ABA Bank except as stated otherwise on the sources of the information. After careful review, to the best of its understanding and beliefs, ABA Bank confirms that all the information in this Disclosure Document is accurate, and there is no omitted information or misleading material statements on the information or content in this Disclosure Document.

ABA Bank would like to take full responsibility for the accuracy and completeness of the information contained in the Disclosure Document. The Underwriter also has studied its legal aspect and verified the accuracy of the information in this Disclosure Document. The Underwriter takes no responsibility for the accuracy or completeness of the information in the Disclosure Document.

Forward-Looking Statements

The Disclosure Document contains forward-looking statements. All the statements except statements or information about the past are forward-looking statements. These forward-looking statements are not historic facts. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “assumes”, “projects”, “forecasts”, “estimates”, “expects”, “anticipates”, “believes”, “plans”, “intends”, “may”, “might”, “will”, “would”, “can”, “could”, “should” or, in each case, their negative, other variations, or comparable terminology.

The forward-looking statements appear in a number of places throughout the Disclosure Document and include statements regarding ABA Bank’s intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industry in which ABA Bank operates.

By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events, and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Thus, forward-looking statements are not guarantees that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur. ABA Bank does not take responsibility for the differences between what is stated in the forward-looking statements and what actually happens in the future.

Important factors that could cause those differences include, but are not limited to:

- ABA Bank’s capacity in implementing its strategic business plan
- Business opportunities that ABA Bank can catch
- ABA Bank’s dividend policy
- Resignation of capable staff or experienced persons which may affect ABA Bank’s business operation
- Changes in the demand for ABA Bank’s services
- Business plan and strategy of its competitors
- ABA Bank’s financial position
- Capital investment plan such as large expenditure and procurement
- Tax auditing and tax reassessment, which affects its liability

Some of the risks that could affect ABA Bank’s future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in *Section 3: Risk Factors*.

ABA Bank undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as the result of new information, future events or otherwise.

Disclaimer in Relation to Representations other than Those Contained in This Disclosure Document

ABA Bank and the Underwriter take no responsibility for any statements or arguments which differ from those in this Disclosure Document, and no person has been given the authorization to give any information or to make any representation, except as expressly contained in this Disclosure Document. If given or made, any such information or representation may not be relied upon as having been authorized by ABA Bank or the Underwriter.

Prospective Investors in Jurisdictions outside Cambodia

The distribution of this Disclosure Document and the offer and sale of the Bonds may be illegal in certain jurisdictions. ABA Bank and the Underwriter require persons into whose possession this Disclosure Document may come, to inform them of and observe any restrictions which may apply to this Disclosure Document and the offer and sale of the Bonds in relevant jurisdictions. This Disclosure Document does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of ABA Bank in any jurisdiction, to or from any person to whom it is unlawful to make such an offer in such jurisdiction. Any person in any jurisdiction outside Cambodia, in which the distribution of the Disclosure Document and the offer and sale of the Bonds is not restricted, must seek professional advice in relation to the contents of this Disclosure Document and the relevant laws and system of taxation in Cambodia.

Status of the English Version of this Disclosure Document

The Khmer version of this Disclosure Document is the official version of the Disclosure Document that is approved and registered with the SECC. The official Disclosure Document may be translated into different languages to help investors who cannot read Khmer. Investors who use a translated Disclosure Document should be cautious about the meaning of technical terms in securities and financial sectors, translated into Khmer, due to limited technical words in Khmer. The translation may have a meaning different from those meanings commonly used. Thus, investors are advised to seek opinions from professional advisors in the sector.

The English version of this Disclosure Document is entirely for the convenience of public investors who are unable to read Khmer. The prospective investor should use the Khmer version as material for making decisions and the English version is served as a reference purpose only.

Translation of Amount into Khmer Riel or Other Currencies

In this Disclosure Document, references to "\$," "U.S. \$," "USD" or "U.S. dollars" are to United States Dollars. In accordance with the Law on Corporate Accounts, Their Audit, and the Accounting Profession, ABA Bank prepares its accounts in the Khmer language and expresses amounts in Khmer Riels, which are referred to as "Riels" or "KHR."

In this Disclosure Document, references to "\$," "U.S.\$," "USD" or "U.S. dollars" are to translations of certain amounts into United States Dollars at specified rates solely for the convenience of potential investors based on the fact that the USD is the de facto currency of commerce in the Kingdom of Cambodia. The KHR: USD exchange rate is published by the National Bank of Cambodia as of 31 December 2016, 2017 and 2018.

No representation is made that KHR, USD or any other currency amounts referred to in this Disclosure Document herein could have been or could be converted into KHR, USD or any other currency, as the case may be, at this rate, at any particular rate, or at all.

DISTRIBUTION

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Conventions

ABA Bank's fiscal year commences on 1 January and ends on 31 December of each year. Unless otherwise stated herein, references to a year is 31 December of that year. For example, a reference to 2017 in a table would be a reference to 31 December 2017.

All references to "Cambodia" contained in this Disclosure Document are to the Kingdom of Cambodia.

All references to KHR are to Khmer Riels, the official currency of the Kingdom of Cambodia.

FACT SHEET

This Fact Sheet constitutes an integral part of the Disclosure Document for the Bonds (as defined below). This Fact Sheet contains only summarized information on the material terms of the Bonds and significant risks relating to the Bonds offered. Prospective investors should thoroughly study information contained in the Disclosure Document before making a decision to invest in the Bonds.

Name Registered, Unsecured, and Unsubordinated Bonds Namely,
“ABA Bond”
 to be issued by Advanced Bank of Asia Limited (ABA Bank)

Part 1: Material Terms of the Bonds

Issuer	Advanced Bank of Asia Limited (ABA Bank) Under the banking regulation of Cambodia, ABA Bank is a licensed commercial bank. The institution provides loans, deposit, money transfer service, ATM service, cash-in service, and mobile banking.
Bond Name	ABA Bond (the “Bonds”)
Bond Type	Unsecured and unsubordinated bonds in a registered form
Value of Bonds offered	KHR 128 billion
Currency	KHR
Maturity Date	3 years [2019-2022] from the Issue Date
Coupon Rate	7.75% per annum
Default Interest Rate	Interest Rate plus 2 per cent per annum
Offering Price	Fully Paid
Coupon Payment	The Bonds will bear interest from 14 August 2019, payable semi-annually in arrears on 14 February and 14 August of each year, with the first payment to be made on 14 February 2020. The coupon is scheduled to be paid on a semi-annual basis in arrears on each coupon payment date. Coupon = Coupon Rate / 2 x Par Price
Issue Date	14 August 2019
Number of Bonds offered	1,280,000 bonds
Nominal Amount	KHR 100,000 per bond
Minimum Investment Amount	- With application amount of KHR 800 million and in multiples of KHR 200 million for institutional investors - With application amount of KHR 4 million and in multiples of KHR 1 million for retail investors
Principal Payment	Bullet payment at maturity
Early Redemption	None

Credit Rating	The Bonds are rated “B” by S&P Global Ratings.
Conversion Right	None
Governing Law	The Bonds are governed by and construed in accordance with the laws of Cambodia.
Registration	The Issuer will apply for the Bonds to be offered with the Securities and Exchange Commission of Cambodia (SECC) and expects to be listed on the Cambodia Securities Exchange (CSX).
Purpose	Through the issuance of 1,280,000 bonds, ABA Bank expects to raise KHR 124.83 billion after deduction of registration fee of Disclosure Document, listing fee at CSX, depository fees and other advisory fees (underwriting, accounting, legal, and other offering expenses). ABA Bank intends to use the net proceeds for funding the growth in lending business and for operating expenditure. The proceeds from ABA Bank’s KHR bond issuance will support rural micro, small and medium enterprises (“MSME”), including women entrepreneurs in the Kingdom of Cambodia.
Underwriter	SBI Royal Securities Plc.
Bondholders’ Representative	ACLEDA Securities Plc.
Registrar, Transfer and Paying Agent	ACLEDA Bank Plc.

Part 2: Special characteristics and risks relating to the Bonds

(Details of which are described under **Section 3: Risk Factors** in the Disclosure Document.)

The purchase of Bonds may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Bonds. Please see *Section 3: Risk Factors* in the Disclosure Document.

Key information on the key risks that are associated with the Issuer	<p>In purchasing the Bonds, investors assume the risk that the Issuer may become insolvent or otherwise may be unable to make all payments due in respect of the Bonds. There are a number of risk factors, both specific to the Bank and relating to the general business environment, which may impact the operating performance and financial position of the Bank and affect the future financial performance. Investors should note that the following list is not an exhaustive list of all the risks that the Bank faces or risks that may develop in the future. These factors include:</p> <ul style="list-style-type: none"> • Operational risk • Credit risk • Market risk • Foreign currency risk • Interest rate risk • Inflation risk • Competition risk • Reputational risk • Liquidity risk • Capital management risk • Regulatory capital risk • Capital allocation risk
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Key information on the key risks that are associated with investing in ABA Bank's Corporate Bond

- Liquidity risk of bond market
- Risk in relation to changes in credit ratings of the Issuer
- Risk in relation to changes in credit ratings of the Bonds
- Financial market conditions
- Risk in relation to the withholding tax on the coupon rate
- Risk in relation to the newly established bond market
- The Bonds may not be a suitable investment for prospective investors
- The Bonds are protected by covenants such as change of control, negative pledge and financial covenants that include solvency ratio, non-performing loan ratio, liquidity coverage ratio and aggregated unhedged foreign currency open position.
- Political risk

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SECTION 1: TRENDS OF KEY FINANCIAL DATA

1- Exchange rate

Some parts of financial data of ABA Bank in this Disclosure Document use both “Khmer Riel (KHR)”, the national currency, and “US dollars (USD)” to make it easy for local and foreign readers to understand. ABA Bank’s “functional currency” is USD.

The exchange rates between KHR and USD are presented in ABA Bank’s financial statements for the financial years ended 31 December 2016, 31 December 2017, and 31 December 2018 using the official exchange rate of the National Bank of Cambodia as follows:

Date	Exchange rate
Exchange rate of 31 December 2018	USD 1 equals KHR 4,018
Exchange rate of 31 December 2017	USD 1 equals KHR 4,037
Exchange rate of 31 December 2016	USD 1 equals KHR 4,037

2- Historical financial information

The following information shows financial information for the years ended 31 December 2016, 2017, and 2018. The financial information has been audited for the years ended 31 December 2016, 2017 and 2018 by accredited auditors.

a- Statement of comprehensive income for the year ended 31 December 2016, 2017 and 2018

The table below shows the comprehensive income statements for the years ended 31 December 2016, 2017 and 2018 (audited).

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Description	31 December 2016 Audited		31 December 2017 Audited		31 December 2018 Audited	
	KHR '000	USD	KHR '000	USD	KHR '000	USD
Interest income	343,969,892	85,204,333	507,979,016	125,830,819	737,208,320	183,476,436
Interest expense	(125,111,131)	(30,991,115)	(156,281,805)	(38,712,362)	(188,864,069)	(47,004,497)
Net interest income	218,858,761	54,213,218	351,697,211	87,118,457	548,344,251	136,471,939
Fee and commission income-net	49,580,581	12,281,541	64,972,431	16,094,236	91,272,261	22,715,844
Other income-net	4,662,190	1,154,865	123,137	30,502	5,910,679	1,471,050
Personnel cost	(57,200,576)	(14,169,080)	(85,824,202)	(21,259,401)	(141,785,320)	(35,287,536)
General and administrative expenses	(40,376,649)	(10,001,647)	(56,494,590)	(13,994,201)	(81,742,264)	(20,344,018)
Depreciation and amortization	(9,899,386)	(2,452,164)	(13,165,485)	(3,261,205)	(20,485,520)	(5,098,437)
Operating profit	165,624,921	41,026,733	261,308,502	64,728,388	401,514,087	99,928,842
Allowance for bad and doubtful loans and advances	(19,399,836)	(4,805,508)	(27,284,250)	(6,758,546)	(38,782,266)	(9,652,132)
Profit before income tax	146,225,085	36,221,225	234,024,252	57,969,842	362,731,821	90,276,710
Income tax expense	(29,102,676)	(7,208,986)	(47,558,601)	(11,780,679)	(74,169,050)	(18,459,196)
Net profit for the year	117,122,409	29,012,239	186,465,651	46,189,163	288,562,771	71,817,514

b- Statement of financial position as of 31 December 2016, 2017 and 2018

The table below shows the statement of financial position as of 31 December 2016, 2017 and 2018 (audited).

Description	31 December 2016 Audited		31 December 2017 Audited		31 December 2018 Audited	
	KHR '000	USD	KHR '000	USD	KHR '000	USD
Assets						
Cash on hand	168,031,869	41,622,955	278,497,693	68,986,300	606,719,177	151,000,293
Balances with the NBC	589,607,269	146,050,847	836,827,162	207,289,364	1,751,694,557	435,961,811
Balances with other banks	313,137,442	77,566,867	342,837,764	84,923,895	830,223,441	206,626,043
Loans to customers, net	3,167,276,096	784,561,827	4,954,904,078	1,227,372,821	7,314,533,903	1,820,441,489
Foreclosed properties	7,456,589	1,847,062	2,427,751	601,375	-	-
Investment securities	102,430,987	25,373,046	68,021,964	16,849,632	132,558,883	32,991,260
Other assets	33,176,163	8,218,024	67,370,595	16,688,282	102,098,344	25,410,240
Deferred tax asset	5,422,507	1,343,202	7,953,903	1,970,251	11,158,741	2,777,188
Intangible assets	7,635,255	1,891,319	7,128,325	1,765,748	10,635,927	2,647,070

Description	31 December 2016 Audited		31 December 2017 Audited		31 December 2018 Audited	
	KHR '000	USD	KHR '000	USD	KHR '000	USD
Property and equipment	40,497,254	10,031,522	52,090,408	12,903,247	114,274,616	28,440,671
Total Assets	4,434,671,431	1,098,506,671	6,618,059,643	1,639,350,915	10,873,897,589	2,706,296,065
Liabilities and Equity						
Liabilities						
Deposits from customers	3,454,950,383	855,821,249	5,104,759,630	1,264,493,344	8,739,560,865	2,175,102,256
Borrowings	274,516,000	68,000,000	349,200,504	86,500,001	322,065,763	80,155,740
Subordinated debts	100,925,000	25,000,000	222,035,000	55,000,000	373,674,000	93,000,000
Other liabilities	51,879,733	12,851,061	89,275,885	22,114,413	115,462,248	28,736,249
Current income tax payable	31,568,363	7,819,758	44,566,021	11,039,391	69,433,210	17,280,540
Total Liabilities	3,913,839,479	969,492,068	5,809,837,040	1,439,147,149	9,620,196,086	2,394,274,785
Equity						
Share capital	212,519,791	52,643,000	504,625,000	125,000,000	662,970,000	165,000,000
Share premium	74,107,209	18,357,000	–	–	–	–
Retained earnings	234,204,952	58,014,603	303,597,603	75,203,766	590,731,503	147,021,280
Total Equity	520,831,952	129,014,603	808,222,603	200,203,766	1,253,701,503	312,021,280
Total Liabilities And Equity	4,434,671,431	1,098,506,671	6,618,059,643	1,639,350,915	10,873,897,589	2,706,296,065

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3- Capitalization and indebtedness

a- Capitalization

The table below sets out the capitalization of ABA Bank for the year ended 31 December 2016, 2017 and 2018, which has been prepared in accordance with Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the National Bank of Cambodia. The information in this table should be read in conjunction with audited historical financial statements and the related notes and management's discussion and analysis included elsewhere in this Disclosure Document.

Description	31 December 2016 Audited	31 December 2017 Audited	31 December 2018 Audited
	USD	USD	USD
Share capital	52,643,000	125,000,000	165,000,000
Share premium	18,357,000	-	-
Retained earnings	58,014,603	75,203,766	147,021,280
Total equity	129,014,603	200,203,766	312,021,280

b- Indebtedness

ABA Bank's liabilities are classified into current and long-term liabilities. The table below shows ABA Bank's liabilities for the years ended 31 December 2016, 2017 and 2018.

Description	31 December 2016 Audited	31 December 2017 Audited	31 December 2018 Audited
Liabilities	USD	USD	USD
Current Liabilities	870,770,740	1,260,827,769	2,198,639,151
Saving deposits	375,112,155	582,179,614	1,158,553,383
Demand deposits	88,498,223	170,017,128	377,770,458
Time Deposits (<= 1 year)	353,489,543	460,477,223	577,017,785
Short term Borrowed Funds (<=1 year)	33,000,000	15,000,000	39,280,736
Interests payable	8,883,662	12,156,068	12,256,626
Other short term liabilities	11,787,157	20,997,736	33,760,163
Subordinated debts (<=1 year)	-	-	-
Long Term Liabilities	98,721,328	178,319,380	195,635,634
Time Deposits (> 1 year)	38,721,328	51,819,379	61,760,630
Long term Borrowed Funds (> 1 year)	35,000,000	71,500,001	40,875,004
Other long term liabilities	-	-	-
Subordinated debts (>1 year)	25,000,000	55,000,000	93,000,000
Total Liabilities	969,492,068	1,439,147,149	2,394,274,785

4- Management's discussion and analysis

The following discussion should be read together with the audited financial statements for the years ended 31 December 2016, 2017 and 2018 as set out in section 10 of the Disclosure Document. These financial statements have been prepared in accordance with Cambodian Accounting Standards (CAS) and relevant accounting regulations and guidelines issued by the National Bank of Cambodia, which are recognized and practiced in Cambodia.

The discussion in this section contains uncertainties and risks with regard to forward-looking statements or unforeseen events. Thus, investors should read other parts of the Disclosure Document such as *Risk Factors*. In case of doubt, investors should seek advice from professionals.

a- Overview of business operation

a-1- Net interest income analysis

Year ended 31 December 2018 compared to year ended 31 December 2017:

Description	31 December 2017	31 December 2018	Changes	
	USD	USD	USD	%
Loans to customers (1)	121,316,858	179,634,702	58,317,844	48.07%
Deposits with banks (2)	2,811,813	3,146,267	334,454	11.89%
Investment securities (3)	1,702,148	695,467	(1,006,681)	(59.14%)
Interest income (4)=(1)+(2)+(3)	125,830,819	183,476,436	57,645,617	45.81%
Borrowings (5)	7,599,213	11,418,597	3,819,384	50.26%
Deposits from customers (6)	31,113,149	35,585,900	4,472,751	14.38%
Interest expense (7)=(5)+(6)	38,712,362	47,004,497	8,292,135	21.42%
Net interest income (8)=(4)-(7)	87,118,457	136,471,939	49,353,482	56.65%
Net interest margin (NIM)	7.82%	8.00%	-	0.18%
Net interest income	87,118,457	136,471,939	49,353,482	56.65%
Average earning assets	1,114,719,793	1,705,963,577	591,243,784	53.04%
Portfolio yield	11.98%	11.70%	-	(0.28%)
Interest income from loans	121,316,858	179,634,702	58,317,844	48.07%
Average gross loan portfolio	1,012,368,073	1,535,268,162	522,900,089	51.65%
Cost of Funds	3.29%	2.50%	-	(0.78%)
Interest and fee expense on funding liabilities	38,712,362	47,004,497	8,292,135	21.42%
Average deposit + borrowing (includes subordinated debt)	1,177,407,297	1,877,125,671	699,718,374	59.43%
Cost of Deposits	2.93%	2.07%	-	(0.87%)
Interest expense on deposits	31,113,149	35,585,900	4,472,751	14.38%
Average balance deposits	1,060,157,297	1,719,797,800	659,640,503	62.22%
Cost of Borrowed Funds	6.48%	7.26%	-	0.78%
Interest and fee expense on borrowing	7,599,213	11,418,597	3,819,384	50.26%
Average borrowing (includes subordinated debt)	117,250,001	157,327,871	40,077,870	34.18%

During the period from 2017 to 2018, net interest income increased by USD 49,353,482 (56.65%) from USD 87,118,457 in 2017 to USD 136,471,939 in 2018. The increase was primarily due to an increase in average earning assets by 53.04%, driven by a 48.49% increase of loan growth to USD 1,834,855,760 in 2018 up from USD 1,235,680,563 in 2017. The growth also contributed to a marginal increase of net interest margin by 0.18% in 2018.

The drop in portfolio yield of 0.28% in 2018 was mainly driven by the modest increases in bad and doubtful loans although interest income from loans saw growth of USD 58,317,844 (48.07%) from USD 121,316,858 in 2017 to USD 179,634,702 in 2018.

Cost of funds decreased by 0.78% from 3.29% in 2017 down to 2.50% in 2018. The decline was mostly due to lower cost of deposits of 0.87% in 2018 as the interest rates offered to customers for all the products were reduced from time to time in relation to ABA's growing reputation. ABA Bank is considered low-risk with a strong credit rating of "B" from S&P with a positive outlook, as well as being backed by National Bank of Canada, which is a 90% shareholder.

Cost of borrowed funds rose slightly to 7.26% in 2018 from 6.48% in 2017 mainly arising from an increase in interest and fee expense on borrowing by 50.26% in 2018, which is associated with the rapid expansion of the bank.

Year ended 31 December 2017 compared to year ended 31 December 2016:

Description	31 December 2016	31 December 2017	Changes	
	USD	USD	USD	%
Loans to customers (1)	78,145,043	121,316,858	43,171,815	55.25%
Deposits with banks (2)	3,779,234	2,811,813	(967,421)	(25.60%)
Investment Securities (3)	3,280,056	1,702,148	(1,577,908)	(48.11%)
Interest income (4)=(1)+(2)+(3)	85,204,333	125,830,819	40,626,486	47.68%
Borrowings (5)	3,468,668	7,599,213	4,130,545	119.08%
Deposits from customers (6)	27,522,447	31,113,149	3,590,702	13.05%
Interest expense (7)=(5)+(6)	30,991,115	38,712,362	7,721,247	24.91%
Net interest income (8)=(4)-(7)	54,213,218	87,118,457	32,905,239	60.70%
Net interest margin (NIM)	7.05%	7.82%	-	0.76%
Net interest income	54,213,218	87,118,457	32,905,239	60.70%
Average earning assets	768,757,857	1,114,719,793	345,961,936	45.00%
Portfolio yield	12.28%	11.98%	-	(0.30%)
Interest income from loan	78,145,043	121,316,858	43,171,815	55.25%
Average gross loan portfolio	636,385,575	1,012,368,073	375,982,498	59.08%
Cost of Funds	3.77%	3.29%	-	(0.49%)
Interest and fee expense on funding liabilities	30,991,115	38,712,362	7,721,247	24.91%
Average deposit + borrowing (includes subordinated debt)	821,116,264	1,177,407,297	356,291,033	43.39%
Cost of Deposits	3.64%	2.93%	-	(0.71%)
Interest expense on deposit	27,522,447	31,113,149	3,590,702	13.05%
Average balance deposits	755,116,264	1,060,157,297	305,041,033	40.40%
Cost of Borrowed Funds	5.26%	6.48%	-	1.23%
Interest and fee expense on borrowing	3,468,668	7,599,213	4,130,545	119.08%
Average borrowing (includes subordinated debt)	66,000,000	117,250,001	51,250,001	77.65%

During the period from 2016 to 2017, net interest income increased by USD 32,905,239 (60.70%) from USD 54,213,218 in 2016 to USD 87,118,457 in 2017. The increase is primarily due to an increase in average earning assets by 45.00%, driven by a 56.60% increase of loan growth to USD 1,235,680,563 in 2017 up from USD 789,055,582 in 2016. The growth also contributed to an increase of net interest margin by 0.76% in 2017.

The drop in portfolio yield of 0.30% in 2017 mainly resulted from the modest increases in bad and doubtful loans, although interest income from loans saw growth of USD 43,171,815 (55.25%) from USD 78,145,043 in 2016 to USD 121,316,858 in 2017.

The cost of funds fell by 0.49% from 3.77% in 2016 down to 3.29% in 2017. The decrease can be explained by lower cost of deposits of 0.71% in 2017 due to the reduction in the bank's interest rate provided to customers.

Cost of borrowed funds rose slightly by 1.23% to 6.48% in 2017 up from 5.26% in 2016.

a-2- Analysis of operating profit

Year ended 31 December 2018 compared to year ended 31 December 2017:

Description	31 December 2017	31 December 2018	Changes	
	USD	USD	USD	%
Net interest income	87,118,457	136,471,939	49,353,482	56.65%
Other income	16,124,738	24,186,894	8,062,156	50.00%
Net fee and commission income	16,094,236	22,715,844	6,621,608	41.14%
Gain/loss on sales of investment securities	(857,170)	326,257	1,183,427	138.06%
Foreign exchange gain, net	592,591	796,902	204,311	34.48%
Other income	295,081	347,891	52,810	17.90%
Operating expenses	(38,514,807)	(60,729,991)	(22,215,184)	57.68%
Salaries and wages	(20,927,741)	(32,244,868)	(11,317,127)	54.08%
Other personnel cost	(331,660)	(1,315,966)	(984,306)	296.78%
Seniority indemnity	-	(1,726,702)	(1,726,702)	-
Office rental	(3,365,298)	(4,937,455)	(1,572,157)	46.72%
Marketing and advertising	(1,491,209)	(1,578,316)	(87,107)	5.84%
Repairs and maintenance	(1,218,511)	(2,579,028)	(1,360,517)	111.65%
Utilities expenses	(843,845)	(1,249,851)	(406,006)	48.11%
Office supplies	(1,199,238)	(2,034,419)	(835,181)	69.64%
License fees	(546,782)	(619,201)	(72,419)	13.24%
Communication	(622,282)	(868,825)	(246,543)	39.62%
Motor vehicle operation expenses	(287,659)	(532,200)	(244,541)	85.01%
Traveling	(647,253)	(485,890)	161,363	(24.93%)
Foreclosed properties written off	-	(421,551)	(421,551)	-
Business meal and entertainment	(153,778)	(99,683)	54,095	(35.18%)
Professional fees	(414,157)	(632,766)	(218,609)	52.78%
Insurance expenses	(277,337)	(375,311)	(97,974)	35.33%
Security expenses	(804,952)	(1,226,065)	(421,113)	52.32%
Membership fees	(25,621)	(14,559)	11,062	(43.18%)
Credit report (CBC) expense	(219,081)	(244,558)	(25,477)	11.63%
Vehicle rental expense	(955,358)	(1,715,355)	(759,997)	79.55%
Board of director fees	(126,320)	(182,503)	(56,183)	44.48%
Publications and subscription	(90,078)	-	90,078	100%
Other expenses	(705,442)	(546,482)	158,960	(22.53%)
Depreciation	(2,915,073)	(4,690,466)	(1,775,393)	60.90%
Amortization	(346,132)	(407,971)	(61,839)	17.87%
Operating profit	64,728,388	99,928,842	35,200,454	54.38%

ABA Bank posted a record operating profit of USD 99,928,842 in 2018, resulting in a 54.38% increase compared to USD 64,728,388 in 2017. Other matters that were analyzed below could be the driving factors for a fluctuation of the operating profit.

Operating expenses:

Only the material increase or decrease of the main items under the operating expenses were included for analyzing:

- Salaries and wages
- Other personnel costs
- Seniority indemnity
- Office Rental
- Foreclosed properties written off

Description	31-Dec-2017	31-Dec-2018	Changes		Reasons
	USD	USD	USD	%	
Salaries and wages	20,927,741	32,244,868	11,317,127	54.08%	Salaries and wages increased dramatically in 2018, underpinning the Bank's significant growth. There was an increase of 54.08% amounting to USD 32,244,868 in 2018 from USD 20,927,741 in 2017. ABA's staff increased by 71.19% to 4,213 in 2018 up from 2,465 in 2017.
Other personnel costs	331,660	1,315,966	984,306	296.78%	There was a large increase in other personnel costs in 2018. The costs increased by 296.78% to USD 1,315,966 in 2018 up from USD 331,660 in 2017. The main costs related to training and education are necessary to improve the staffs' productivity and keep the staff motivated in order to respond to ABA Bank's growth. In addition, expenses on allowances and other benefits including uniform and employee recreation & sport also increased to cope with the number of staff in 2018.
Seniority indemnity	-	1,726,702	1,726,702	100%	Seniority indemnity payments incurred USD 1,726,702 in 2018 due to the obligation for "Back Pay Seniority Payment" required by the Ministry of Labor and Vocational Training. The payment is applicable for work performed from the years 2008-2018.
Office rental	3,365,298	4,937,455	1,572,157	46.72%	Most of the rental expense increase in 2018 was due to the new offices opening within the year. Office locations increased to 66 in 2018 from 51 in 2017. The expenses on office rentals were USD 4,937,455 in 2018 and USD 3,365,298 in 2017, representing a 46.72% increase. The growth of ABA Bank in 2018 also impacted the bank's expenditure on: (1) repairs & maintenance, which rose by 111.65%, (2) utilities rose by 48.11%, (3) office supplies rose by 69.64%, and (4) security rose by 52.32%.
Foreclosed properties written off	-	421,551	421,551	100%	Foreclosed properties written off incurred USD 421,551 in 2018 due to expected uncollectible foreclosed properties written-off from the balance sheet.

Year ended 31 December 2017 compared to year ended 31 December 2016:

Description	31 December 2016	31 December 2017	Changes	
	USD	USD	USD	%
Net interest income	54,213,218	87,118,457	32,905,239	60.70%
Other income	13,436,406	16,124,738	2,688,332	20.01%
Net fee and commission income	12,281,541	16,094,236	3,812,695	31.04%
Gain/loss on sales of investment securities	600,341	(857,170)	(1,457,511)	(242.78%)
Foreign exchange gain, net	412,643	592,591	179,948	43.61%
Other income	141,881	295,081	153,200	107.98%
Operating expenses	(26,622,891)	(38,514,807)	(11,891,916)	44.67%
Salaries and wages	(13,901,741)	(20,927,741)	(7,026,000)	50.54%
Other personnel cost	(267,339)	(331,660)	(64,321)	24.06%
Office rental	(2,609,655)	(3,365,298)	(755,643)	28.96%
Marketing and advertising	(1,191,958)	(1,491,209)	(299,251)	25.11%
Repairs and maintenance	(642,450)	(1,218,511)	(576,061)	89.67%
Utilities expenses	(652,139)	(843,845)	(191,706)	29.40%
Office supplies	(816,025)	(1,199,238)	(383,213)	46.96%
License fees	(502,581)	(546,782)	(44,201)	8.79%
Communication	(450,906)	(622,282)	(171,376)	38.01%
Motor vehicle operation expenses	(231,419)	(287,659)	(56,240)	24.30%
Traveling	(509,640)	(647,253)	(137,613)	27.00%
Business meal and entertainment	(60,604)	(153,778)	(93,174)	153.74%
Professional fees	(280,511)	(414,157)	(133,646)	47.64%
Insurance expenses	(191,511)	(277,337)	(85,826)	44.82%
Security expenses	(577,165)	(804,952)	(227,787)	39.47%
Membership fees	(145,493)	(25,621)	119,872	(82.39%)
Credit report (CBC) expense	(146,485)	(219,081)	(72,596)	49.56%
Vehicle rental expense	(535,878)	(955,358)	(419,480)	78.28%
Board of director fees	(85,793)	(126,320)	(40,527)	47.24%
Publications and subscription	(65,213)	(90,078)	24,865	38.13%
Other expenses	(306,221)	(705,442)	399,221	130.37%
Depreciation	(2,117,322)	(2,915,073)	(797,751)	37.68%
Amortization	(334,842)	(346,132)	(11,290)	3.37%
Operating profit	41,026,733	64,728,388	23,701,655	57.77%

ABA Bank posted a record operating profit of USD 64,728,388 in 2017, resulting in a 57.77% increase compared to USD 41,026,733 in 2016. Other matters that were analyzed below could be the driving factors for a fluctuation of the Operating Profit.

Operating expenses:

Only the material increase or decrease of the main items under the operating expenses were included for analyzing:

- Salaries and wages
- Office rental
- Marketing and advertising
- Repairs and maintenance
- Depreciation

Description	31-Dec-2016	31-Dec-2017	Changes		Reasons
	USD	USD	USD	%	
Salaries and wages	13,901,741	20,927,741	7,026,000	50.54%	Salaries and wages increased by 50.54% to USD 20,927,741 in 2017 up from USD 13,901,741 in 2016. The increase corresponds to the growth of the bank requiring more human resources. The number of staffs increased to 2,465 in 2017 from 1,678 in 2016.
Office rental	2,609,655	3,365,298	755,643	28.96%	The office rental expense increased by 28.96% (USD 755,643) to USD 3,365,298 in 2017 from USD 2,609,655 in 2016. This was due to the opening of 8 new offices bringing the total number of offices to 51 in 2017 up from 43 in 2016.
Marketing and advertising	1,191,958	1,491,209	299,251	25.11%	Marketing and advertising costs increased 25.11% in 2017 to USD 1,491,209 from USD 1,191,958 in 2016. The increase was in proportion with the expanding presence of the Bank.
Repairs and maintenance	642,450	1,218,511	576,061	89.67%	Repairs and maintenance costs in 2017 increased 89.67% (USD 576,061) totaling USD 1,218,511 from USD 642,450 in 2016 due to the necessity of repairs and maintenance on the increased number of branches.
Depreciation	2,117,322	2,915,073	797,751	37.68%	The expense of depreciation increased by 37.68% to USD 2,915,073 in 2017 from USD 2,117,322 in 2016 due to more capital expenditure during the year, which corresponded to the growth of the Bank.

a-3- Analysis of profit before income tax

Year ended 31 December 2018 compared to year ended 31 December 2017:

Description	31 December 2017	31 December 2018	Changes	
	USD	USD	USD	%
Operating profit	64,728,388	99,928,842	35,200,454	54.38%
Allowance for bad and doubtful loans and advances	(6,758,546)	(9,652,132)	(2,893,586)	42.81%
Profit before income tax	57,969,842	90,276,710	32,306,868	55.73%

ABA Bank's profit before income tax equaled USD 90,276,710 in 2018 and USD 57,969,842 in 2017, an increase of USD 32,306,868 equivalent to 55.73%. The main reason for the upturn was the growth in interest income from loans to customers. There was an increase of 48.07% (USD 58,317,844) in 2018 compared to 2017. With a moderate increase of bad and doubtful loans of 42.81%, the profit before income tax recorded healthy growth in 2018.

Year ended 31 December 2017 compared to year ended 31 December 2016:

Description	31 December 2016	31 December 2017	Change	
	USD	USD	USD	%
Operating profit	41,026,733	64,728,388	23,701,655	57.77%
Allowance for bad and doubtful loans and advances	(4,805,508)	(6,758,546)	(1,953,038)	40.64%
Profit before income tax	36,221,225	57,969,842	21,748,617	60.04%

ABA Bank's profit before income tax equaled USD 57,969,842 in 2017 and USD 36,221,225 in 2016, an increase of USD 21,748,617 equivalent to 60.04%. The main reason for the upturn was due to the growth in interest income from loans to customers. There was an increase of 55.25% (USD 43,171,815) in 2017 compared to 2016. With a moderate increase of bad and doubtful loans of 40.64%, the profit before income tax recorded healthy growth in 2017.

a-4- Analysis of profit after income tax

The annual income tax ABA Bank is required to pay is 20% of its taxable income.

Year ended 31 December 2018 compared to year ended 31 December 2017:

Description	31 December 2017	31 December 2018	Change	
	USD	USD	USD	%
Profit before income tax (a)	57,969,842	90,276,710	32,306,868	55.73%
Income tax expense (b)	(11,780,679)	(18,459,196)	(6,678,517)	56.69%
Net profit	46,189,163	71,817,514	25,628,351	55.49%
Average tax rate(b)/(a)	20.32%	20.45%	N/A	0.13%

Net profit was USD 71,817,514 in 2018 and USD 46,189,163 in 2017, an increase of USD 25,628,351 equivalent to 55.49%. ABA Bank maintained an effective tax rate of 20.45% in 2018, slightly higher than the official tax rate of 20.00%.

Year ended 31 December 2017 compared to year ended 31 December 2016:

Description	31 December 2016	31 December 2017	Change	
	USD	USD	USD	%
Profit before income tax (a)	36,221,225	57,969,842	21,748,617	60.04%
Income tax expense (b)	(7,208,986)	(11,780,679)	(4,571,693)	63.42%
Net profit for the year	29,012,239	46,189,163	17,176,924	59.21%
Average tax rate(b)/(a)	19.90%	20.32%	N/A	0.42%

Net profit was USD 46,189,163 in 2017 and USD 29,012,239 in 2016, an increase of USD 17,176,924 equivalent to 59.21%. ABA Bank had an effective tax rate of 20.32% in 2017, slightly higher than the official tax rate of 20.00%.

b- Analysis of factors affecting financial position and results

ABA Bank's business can be affected by a number of factors as follows:

b-1- Economic situation in the country, the region and the world

The economic situation in Cambodia, the region, and the world has a strong impact on the imports and exports of goods, which causes a fluctuation in the demand for ABA Bank's services. Agriculture and manufacturing are the main sectors of exports that create the most income for Cambodia. Financial institutions have supported these sectors. According to the World Bank Cambodia Economic Update released April 2018, following more than two decades of strong economic growth, Cambodia has attained the lower middle-income status as of 2015, with gross national income (GNI) per capita reaching \$1,070. Driven by garment exports and tourism, Cambodia has sustained an average real GDP growth rate of 7.6% from 1994 to 2015, ranking sixth in the world. According to the World Bank, the real GDP growth is estimated at 7.1% in 2018 and 6.8% for 2019 and 2020, as growing tourism activity coupled with fiscal expansion compensate for some moderation in garment exports and construction growth.

Rates of real GDP growth in the world

Countries	2015	2016	2017*	2018**	2019**
EU	2.2%	1.9%	2.2%	2.1%	1.9%
USA	2.9%	1.5%	2.2%	2.1%	2.1%
China	6.9%	6.7%	6.8%	6.5%	6.3%
East Asia	5.7%	5.6%	5.9%	5.7%	5.6%
South Asia	6.2%	7.7%	6.3%	6.5%	7.0%

Source: UN's World Economic Situation and Prospect 2018

*Figures are partially estimated

**Baseline scenario forecasts, based in part on Project LINK and the UN/DESA World Economic Forecasting Model

b-2- Preferential treatment of the trade between Cambodia and those in the region and the world

Any factor affecting trade between Cambodia and its trading partners in the region and the world will make the demand for financial services fluctuate. Those factors are, for example:

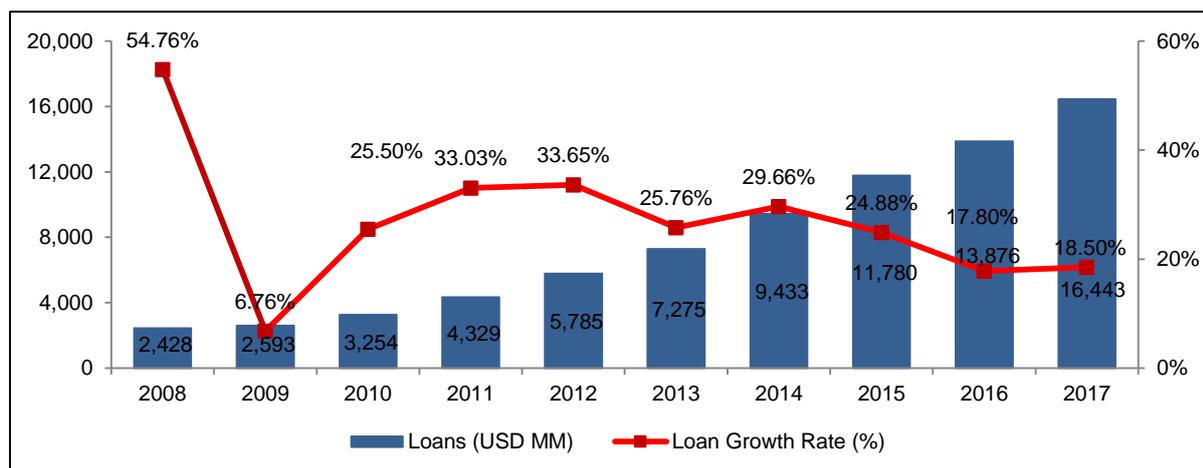
- Tariffs on imports and exports and the preferential treatment of customs and excise taxes;
- Non-tariff factors such as the membership in the ASEAN Economic Community, which will positively affect Cambodia's trade because the tariffs will be reduced or eliminated for some goods.

b-3- Performance of banking industry

b-3-1- Loans

Although moderately decreasing from previous years, the growth rate of loans in the Cambodian banking industry has remained strong. Loans to customers totaled USD 16,443 million in 2017, an increase of 18.50% from 2016. The loan growth rate has averaged 20.39% per year from 2015-2017.

Commercial banking industry's total loans and loan growth rate (USD' MM, %)

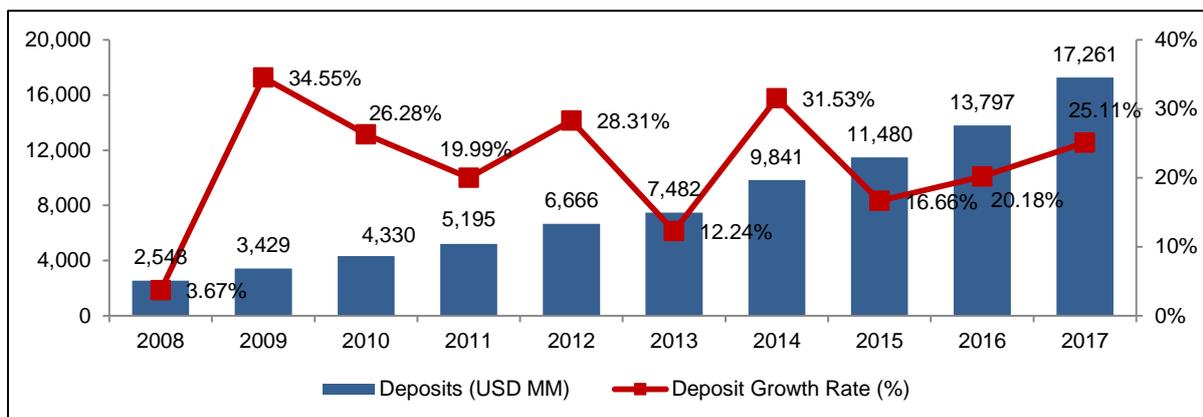


(Source: National Bank of Cambodia, 2017), Exchange Rate: USD 1 = KHR 4,037

b-3-2- Deposits

The industry's total deposits recorded 25.11% YOY growth in 2017, up from USD 13,797 million in 2016 to USD 17,261 million in 2017. The strong growth rate may reflect the increased consumer confidence in the banking industry. The loan to deposit ratio was 95% in 2017.

Commercial banking industry's total deposits and deposit growth rate (USD' MM, %)

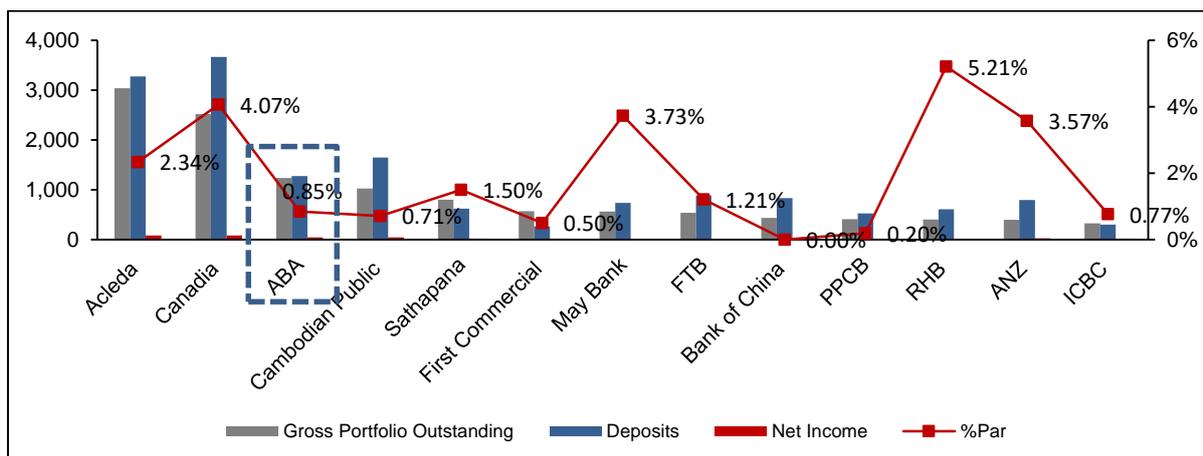


(Source: National Bank of Cambodia, 2017), Exchange Rate: USD 1 = KHR 4,037

b-4- Market position of ABA Bank

There is intense competition in the banking industry in Cambodia. There are over 50 banks and over 70 microfinance institutions competing for market share. ABA Bank is growing rapidly and has gained significant market share over the last few years. In 2017, ABA Bank ranked 3rd for loans, accounting for around 7.73% of the total loan portfolio of all Cambodian commercial banks; this compares to the market leader, ACLEDA Bank, at 19.91%. In 2017, ABA Bank ranked 4th for assets, accounting for around 5.89% of the total assets of all Cambodian commercial banks; this compares to the market leader, ACLEDA Bank, at 18.45%. In 2017, ABA Bank ranked 4th for deposits, accounting for around 6.55% of the total deposits of all Cambodian commercial banks; this compares to the market leader, Canadia Bank, at 18.82%. In 2017, ABA Bank ranked 4th for net profits, accounting for around 10.68% of the total net profits of all Cambodian commercial banks; this compares to the market leader, ACLEDA Bank, at 19.80%. In 2017, ABA Bank ranked 1st for return on equity. The chart below shows how the Bank compares to its nearest competitors.

Peer performance in commercial banking industry 2017 (USD' MM, %)



(Source: National Bank of Cambodia, 2017), Exchange Rate: USD 1 = KHR 4,037

b-5- Tax analysis

ABA Bank is obliged to pay taxes and excises to the state under the existing laws of Cambodia. ABA Bank is a large taxpayer and is required to pay tax under the real regime tax system as set forth by the GDT. Tax expenses include current tax and deferred tax. Tax expenses are recorded in the Income Statement.

b-6- Analysis of any exceptional and extraordinary items

The management of ABA Bank believes there are no exceptional or extraordinary items accruing as of the date of this Disclosure Document.

c- Material changes in revenues

The main source of ABA Bank's revenue is interest income from the loan portfolio. It is roughly 97.91% of total interest income in 2018. Therefore, any important modification in the service may have a large influence on the total income of ABA Bank.

Description	31 December 2017	%	31 December 2018	%
	USD		USD	
Total Interest Income	125,830,819	100.00%	183,476,436	100.00%
Loans to customers	121,316,858	96.41%	179,634,702	97.91%
Deposits with banks	2,811,813	2.23%	3,146,267	1.71%
Investment securities	1,702,148	1.35%	695,467	0.38%

d- Impacts of inflation

Inflation refers to the overall increase in the price of goods and services, reducing the purchasing power of the currency. High inflation leads to increased interest rates, and businesses and individuals suffer, as they have to pay higher interest rates for their borrowings. The risk of loan default increases as inflation rises. Changes in interest rates marginally affect financial institutions as their spread narrows. Increase in inflation also leads to higher interest rates for deposits. Therefore, some of the gains ABA Bank makes from higher loan rates are offset by higher interest rate payments to depositors. However, if the inflation rate is low, the borrowing interest rate is lower too. A lower interest rate will add to economic growth and is beneficial to the economy, provided inflation is under control. As interest rates fall, interest payable to depositors as well as interest income received from borrowers comes down.

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5- Liquidity and capital resources

a- Maturity gap

31 December 2018	Up to 1 month USD	> 1 - 3 months USD	> 3 - 12 months USD	1 - 5 years USD	Over 5 Years USD	No fixed terms USD	Total USD
Asset							
Cash on hand	151,000,293	-	-	-	-	-	151,000,293
Balance with the NBC	108,971,710	37,944,500	10,000,000	-	-	279,045,601	435,961,811
Balance with other banks	53,668,573	87,094,196	58,363,274	7,500,000	-	-	206,626,043
Loans to customers							
- Performing	24,940,138	52,616,213	227,732,399	1,007,097,872	508,090,333	-	1,820,476,955
- Non-performing	1,716,757	289,158	2,057,668	8,241,130	2,074,092	-	14,378,805
- Specific allowance	-	-	-	-	-	(7,804,280)	(7,804,280)
- General allowance	-	-	-	-	-	(18,047,844)	(18,047,844)
- Interest receivable	-	-	-	-	-	13,004,271	13,004,271
- Interest in suspense	-	-	-	-	-	(1,566,418)	(1,566,418)
Investment securities	-	-	29,719,104	3,272,156	-	-	32,991,260
Other assets	16,782,584	1,320,552	-	-	-	378,489	18,481,625
	357,080,055	179,264,619	327,872,445	1,026,111,158	510,164,425	265,009,819	2,665,502,521
Liabilities							
Deposit from customer	1,358,018,035	188,859,863	566,463,728	61,760,630	-	-	2,175,102,256
Borrowings	6,991,040	12,289,696	26,250,000	34,625,004	-	-	80,155,740
Subordinated debts	-	-	-	23,000,000	70,000,000	-	93,000,000
Other liabilities	28,736,249	-	-	-	-	-	28,736,249
	1,393,745,324	201,149,559	592,713,728	119,385,634	70,000,000	-	2,376,994,245
Maturity Gap	(1,036,665,269)	(21,884,940)	(264,841,283)	906,725,524	440,164,425	265,009,819	288,508,276

31 December 2017	Up to 1 month USD	> 1 - 3 months USD	> 3 - 12 months USD	1-5 years USD	Over 5 Years USD	No fixed terms USD	Total USD
Asset							
Cash on hand	68,986,300	-	-	-	-	-	68,986,300
Balance with the NBC	35,222,915	3,046,792	-	-	-	169,019,657	207,289,364
Balance with other banks	54,435,206	25,600,021	4,888,668	-	-	-	84,923,895
Loans to customers							-
- Performing	17,947,345	38,191,721	109,666,278	743,255,199	316,856,178	-	1,225,916,721
- Non-performing	874,576	157,511	1,861,968	5,845,671	1,024,116	-	9,763,842
- Specific allowance	-	-	-	-	-	(4,464,450)	(4,464,450)
- General allowance	-	-	-	-	-	(12,217,831)	(12,217,831)
- Interest receivable	-	-	-	-	-	9,135,475	9,135,475
- Interest in suspense	-	-	-	-	-	(760,936)	(760,936)
Investment securities	-	-	5,755,133	11,094,499	-	-	16,849,632
Other assets	10,227,341	22,100	1,563,468	449,201	1,341,080	259,064	13,862,254
	<u>187,693,683</u>	<u>67,018,145</u>	<u>123,735,515</u>	<u>760,644,570</u>	<u>319,221,374</u>	<u>160,970,979</u>	<u>1,619,284,266</u>
Liabilities							
Deposit from customer	626,573,942	148,586,323	437,513,700	51,819,379	-	-	1,264,493,344
Borrowings	15,000,000	-	4,999,999	66,500,002	-	-	86,500,001
Subordinated debts	-	-	-	10,000,000	45,000,000	-	55,000,000
Other liabilities	22,114,413	-	-	-	-	-	22,114,413
	<u>663,688,355</u>	<u>148,586,323</u>	<u>442,513,699</u>	<u>128,319,381</u>	<u>45,000,000</u>	<u>-</u>	<u>1,428,107,758</u>
Maturity Gap	(475,994,672)	(81,568,178)	(318,778,184)	632,325,189	274,221,374	160,970,979	191,176,508

The Maturity gap table provides an analysis of the liquidity gap of the Bank into relevant maturity groupings based on the remaining periods to repayment. The table does not include imputed interests on financial assets and financial liabilities as the efforts to compute the imputed interest outweigh disclosure benefits.

The management considers that the imputed interest receivables from loans are greater than imputed interest payables to customers on deposits and borrowings due to their sizes and interest rates. Hence, the liquidity gap when including the imputed interest is favourable to the Bank.

Although the table shows a negative liquidity gap, based on past experience, the management believes that customers will not withdraw their deposits according to the maturity. The deposits keep rolling from one cycle to another. Therefore, management believes that underlying liquidity risk is manageable.

b- Forecasted cash flow

The financial projections are prepared by ABA Bank based on projected growth of ABA Bank in the next three years, projected growth of the banking and finance industry, and by also taking Cambodia economic growth into consideration (referring to the reports from National Bank of Cambodia and World Bank). It is not reviewed by any auditing firm. Therefore, there is no guarantee to be presented or implied as to the accuracy of these projections. There are some variables and uncertainties that involve demand, industry trends and other factors.

(Unit: USD MM)

Description	31 December 2019	31 December 2020	31 December 2021
Cash flows from operating activities			
Income before taxation	114.31	145.56	178.52
Adjustments for			
Depreciation and amortization	7.94	10.54	13.12
Provision for bad and doubtful loans and advances	20.83	20.23	21.13
Operating profit before changes in Operating assets and liabilities	143.08	176.33	212.77
Increased/(decrease) in assets and liabilities:			
Loans and advances	(658.18)	(677.99)	(707.34)
Statutory deposits	(72.47)	(86.25)	(91.72)
Other assets	(11.10)	(14.06)	(14.67)
Deposits from customers and bank	588.00	700.10	731.18
Other liabilities	3.43	20.89	5.26
Cash generated from operation	(7.24)	119.02	135.48
Income tax paid	(12.50)	(15.21)	(17.98)
Net cash generated from operating activities	(19.74)	103.81	117.50
Cash flows from investing activity			
Proceed from sale/(Purchased) security			
Purchased of intangible asset	(10.59)	(13.97)	(17.71)
Purchase of property and equipment	(17.71)	(17.73)	(17.76)
Net cash used in investing activities	(28.30)	(31.70)	(35.47)
Cash flows from financial activity*			
Share capital issued	20.00		
Borrowing	(48.58)	1.15	2.52
Subordinated debt	40.00	40.00	35.00
Net cash from financing activities	11.42	41.15	37.52
Net increase/(decrease) in cash and cash equivalents	(36.62)	113.26	119.55
Cash and cash equivalents at the beginning of the year	404.66**	368.04	481.30
Cash and cash equivalents at the end of the year	368.04	481.30	600.85

Note

*: The projected cash flows from financial activity for the year ended 31 December 2019 is not included the proceeds from bonds issuance since the financial projections of ABA Bank was prepared in the third quarter of 2018.

** : The projected cash and cash equivalents at the beginning of the year for the year ended 31 December 2019 is the projected figure based on the financial projections of ABA Bank in the third quarter of 2018.

c- Borrowings

Description	31 December 2016	31 December 2017	31 December 2018
	USD	USD	USD
Industrial and Commercial Bank of China Limited	20,000,000	34,000,000	34,000,000
National Bank of Cambodia (LPCO)	-	-	14,280,737
Taiwan Cooperative Bank	-	25,000,000	-
AfrAsia Bank Limited	30,000,000	15,000,000	5,000,000
DEG-Deutsche Investitions und Entwicklungsgesellschaft Mbh	15,000,000	12,500,001	11,875,003
First Commercial Bank	-	-	10,000,000
International Finance Corporation	-	-	5,000,000
Shanghai Commercial & Savings Bank Limited	3,000,000	-	-
Total	68,000,000	86,500,001	80,155,740

c-1- Borrowings by maturity

Description	31 December 2016	31 December 2017	31 December 2018
	USD	USD	USD
Up to 1 month	25,000,000	15,000,000	6,991,040
> 1-3 months	8,000,000	-	12,289,696
>3-12 months	2,499,999	4,999,999	26,250,000
>12 months	32,500,001	66,500,002	34,625,004
Total	68,000,000	86,500,001	80,155,740

c-2- Borrowings by currencies

Description	31 December 2016	31 December 2017	31 December 2018
	USD	USD	USD
US Dollars	68,000,000	86,500,001	65,875,003
Khmer Riel	-	-	14,280,737
Total	68,000,000	86,500,001	80,155,740

d- Breach of terms and conditions associated with credit arrangement or bank loans

As of the date of this Disclosure Document, to the best of its knowledge, ABA Bank is not nor has been in breach of terms and conditions associated with any credit arrangement or bank loan.

e- Net financial asset position

Financial instruments used at ABA Bank include financial assets and liabilities as shown in the table below:

Description	31 December 2016	31 December 2017	31 December 2018
	USD	USD	USD
Financial assets			
Cash on hand	41,622,955	68,986,300	151,000,293
Balance with the NBC	146,050,847	207,289,364	435,961,811
Balance with other banks	77,566,867	84,923,895	206,626,043

Description	31 December 2016	31 December 2017	31 December 2018
	USD	USD	USD
Loans to customers, net	784,561,827	1,227,372,821	1,820,441,489
Investment securities	25,373,046	16,849,632	32,991,260
Other assets	6,728,846	13,862,254	18,481,625
Total financial assets	1,081,904,388	1,619,284,266	2,665,502,521
Financial liabilities			
Deposits from customers	855,821,249	1,264,493,344	2,175,102,256
Borrowings	68,000,000	86,500,001	80,155,740
Subordinated debts	25,000,000	55,000,000	93,000,000
Other liabilities	12,851,061	22,114,413	28,736,249
Total financial liabilities	961,672,310	1,428,107,758	2,376,994,245
Net financial assets position	120,232,078	191,176,508	288,508,276

f- Policy on cash management and purposes

In order to create long-term value for the shareholders as well as maximize profit of the Bank, the temporary surplus of the Bank's funds shall be well managed by making placements with local or overseas financial institutions.

The Bank uses various instruments at local and overseas financial institutions as detailed below:

Instruments used at local financial institutions

- NCDs issued by the NBC
- Fixed deposit and savings accounts at local banks and financial institutions

Instruments used at overseas financial institutions:

- NOSTRO accounts
- Fixed income securities
- Fixed deposit and savings accounts at foreign banks

g- Material commitments

As of the date of this Disclosure Document, the Bank does not have any material commitments for capital expenditures other than the annual budget expenses and capital expenditures for the future development plan.

h- Material litigation and contingent liabilities

h-1- Material litigation

As of the date of this Disclosure Document, the Bank does not have any material litigation or any suit, claim, action, complaint, legal proceeding, order, investigation or enquiry now pending or threatened against or relating to the Bank, including its solvency status, by any person or by or before any court or governmental or regulatory authority or body or arbitration panel, other than legal proceedings with regard to enforcement of loans against customers.

h-2- Contingencies liabilities

As of the date of this Disclosure Document, the Bank has not undergone any tax audit by the General Tax Department of Cambodia. To the best of its knowledge, the Bank does not have any contingent liability that affects its business operation or financial position.

i- Key financial ratios

INDICATORS NAME		31 December 2016	31 December 2017	31 December 2018
PROFITABILITY				
1	Portfolio yield (1)/(2)	12.28%	11.98%	11.70%
	Interest income from loan (1)	78,145,043	121,316,858	179,634,702
	Average gross loan portfolio (2)	636,385,575	1,012,368,073	1,535,268,162
2	Net Margin After Tax (1)/(2)	34.05%	36.71%	39.14%
	Net Profit After Tax (1)	29,012,239	46,189,163	71,817,514
	Total Interest Income (2)	85,204,333	125,830,819	183,476,436
3	Net Operating Margin (1)/(2)	75.68%	74.30%	73.53%
	Net Operating Margin (1)	41,026,733	64,728,388	100,350,393
	Total Financial Income (2)	54,213,218	87,118,457	136,471,939
4	Net interest margin (NIM) (1)/(2)	7.05%	7.82%	8.00%
	Net interest income (1)	54,213,218	87,118,457	136,471,939
	Average earning assets (2)	768,757,857	1,114,719,793	1,705,963,577
5	Return on average assets (ROA) (1)/(2)	3.05%	3.37%	3.31%
	Net income after tax (1)	29,012,239	46,189,163	71,817,514
	Average assets (2)	952,072,142	1,368,928,793	2,172,823,490
6	Return on average regulatory equity (RORE) (1)/(2)	22.30%	21.84%	21.44%
	Net income after tax (1)	29,012,239	46,189,163	71,817,514
	Average regulatory equity (2)	130,070,738	211,464,702	334,900,397
7	Return on average equity (ROE) (1)/(2)	25.34%	28.06%	28.04%
	Net income after tax (1)	29,012,239	46,189,163	71,817,514
	Average equity (2)	114,508,484	164,609,185	256,112,523
8	Cost of Deposits (1)/(2)	3.64%	2.93%	2.07%
	Interest expense on deposit (1)	27,522,447	31,113,149	35,585,900
	Average balance deposits (2)	755,116,264	1,060,157,297	1,719,797,800
9	Cost of Borrowed Funds (1)/(2)	5.26%	6.48%	7.26%
	Interest and fee expense on borrowing (1)	3,468,668	7,599,213	11,418,597
	Average borrowing (includes subordinated debt) (2)	66,000,000	117,250,001	157,327,871
10	Cost of Funds (1)/(2)	3.77%	3.29%	2.50%
	Interest and fee expense on funding liabilities (1)	30,991,115	38,712,362	47,004,497
	Average deposit + borrowing (includes subordinated debt) (2)	821,116,264	1,177,407,297	1,877,125,671
11	Funding expense ratio (1)/(2)	4.87%	3.82%	3.06%

INDICATORS NAME		31 December 2016	31 December 2017	31 December 2018
	Interest and fee expense on funding liabilities (1)	30,991,115	38,712,362	47,004,497
	Average gross loan portfolio (2)	636,385,575	1,012,368,073	1,535,268,162
12	Provision expense ratio (1)/(2)	1.5%	1.65%	1.68%
	Provision for Loan Loss (1)	9,929,909	16,682,281	25,852,124
	Average gross loan portfolio (2)	636,385,575	1,012,368,073	1,535,268,162
13	Operating expense ratio (1)/(2)	1.96%	1.70%	1.66%
	Operating expense (1)	12,453,811	17,255,406	25,442,455
	Average gross loan portfolio (2)	636,385,575	1,012,368,073	1,535,268,162
14	Operating expense ratio (excludes depre. & amor.) (1)/(2)	1.57%	1.38%	1.33%
	Operating expense (excludes depre. & amor.) (1)	10,001,647	13,994,201	20,344,018
	Average gross loan portfolio (2)	636,385,575	1,012,368,073	1,535,268,162
CAPITAL ADEQUACY AND SOLVENCY				
15	Debt to regulatory equity ratio (leverage or gearing ratio) (1)/(2)	6.16	5.42	5.92
	Total liabilities (1)	969,492,068	1,439,147,149	2,394,274,785
	Total regulatory equity (2)	157,348,919	265,580,485	404,220,310
16	Debt to equity ratio (leverage or gearing ratio) (1)/(2)	751.46%	718.84%	767.34%
	Total liabilities (includes subordinated debt) (1)	969,492,068	1,439,147,149	2,394,274,785
	Total equity (2)	129,014,603	200,203,766	312,021,280
17	Regulatory Equity to assets ratio (1)/(2)	14.32%	16.20%	14.94%
	Total regulatory equity (1)	157,348,919	265,580,485	404,220,310
	Total assets (2)	1,098,506,671	1,639,350,915	2,706,296,065
18	Equity to assets ratio (1)/(2)	11.74%	12.21%	11.53%
	Total equity (1)	129,014,603	200,203,766	312,021,280
	Total assets (2)	1,098,506,671	1,639,350,915	2,706,296,065
19	Equity Multiplier (1)/(2)	8.51	8.19	8.67
	Total assets (1)	1,098,506,671	1,639,350,915	2,706,296,065
	Total equity (2)	129,014,603	200,203,766	312,021,280
20	Capital adequacy ratio (NBC≥15%) (1)/(2)	17.37%	19.49%	19.94%
	Net worth (NBC) (1)	157,348,919	265,580,485	404,220,310
	Risk weighted assets (NBC) (2)	905,833,053	1,362,374,841	2,027,615,244
21	Uncovered capital ratio (UCR - regulatory equity) (1)/(2)	1.10%	3.68%	3.56%
	NPL30 - Loan loss reserve (1)	1,727,192	9,763,842	14,378,805

INDICATORS NAME		31 December 2016	31 December 2017	31 December 2018
	Total regulatory equity (2)	157,348,919	265,580,485	404,220,310
22	Uncovered capital ratio (UCR) (1)/(2)	1.34%	4.88%	4.61%
	NPL30 - Loan loss reserve (1)	1,727,192	9,763,842	14,378,805
	Total equity (2)	129,014,603	200,203,766	312,021,280
LIQUIDITY				
23	Liquidity Coverage Ratio (LCR) (1)/(2)	73.18%	91.65%	132.51%
	Numerator (1)	146,029,480	194,816,529	495,569,224
	Denominator (2)	199,558,725	212,569,103	373,978,223
24	Liquidity ratios (NBC≥100%)	N/A	N/A	N/A
	Numerator	N/A	N/A	N/A
	Denominator	N/A	N/A	N/A
25	Cash on Hand & in Bank to total assets(1)/(2)	14.25%	11.72%	19.01%
	Cash and balance with banks (1)	156,515,493	192,179,902	514,542,546
	Total assets (2)	1,098,506,671	1,639,350,915	2,706,296,065
26	Unrestricted cash to total assets (1)/(2)	14.25%	11.72%	19.01%
	Unrestricted cash (1)	156,515,493	192,179,902	514,542,546
	Total assets (2)	1,098,506,671	1,639,350,915	2,706,296,065
27	Saving liquidity (1)/(2)	2.85%	2.27%	1.69%
	Cash and balance with banks - Obligated cash (1)	1,393,372	1,022,247	1,909,958
	Total demand deposits (2)	48,861,594	44,944,880	113,034,064
28	Loans to deposit ratio (1)/(2)	92.20%	97.72%	84.36%
	Gross loan portfolio (1)	789,055,582	1,235,680,563	1,834,855,760
	Customers 'deposit (2)	855,821,249	1,264,493,344	2,175,102,256
LOAN QUALITY (PORTFOLIO QUALITY)				
29	Non-performing loan ratio (1)/(2)	0.22%	0.79%	0.78%
	Portfolio at risk >30days (1)	1,727,192	9,763,842	14,378,805
	Gross loan portfolio (2)	789,055,582	1,235,680,563	1,834,855,760
30	Loan loss reserve ratio (1)/(2)	1.26%	1.35%	1.41%
	Loan loss reserve (1)	9,929,909	16,682,281	25,852,124
	Gross loan portfolio (2)	789,055,582	1,235,680,563	1,834,855,760
31	Risk coverage ratio (1)/(2)	574.92%	170.86%	179.79%
	Loan loss reserve (1)	9,929,909	16,682,281	25,852,124
	Portfolio at risk >30days (2)	1,727,192	9,763,842	14,378,805

INDICATORS NAME		31 December 2016	31 December 2017	31 December 2018
32	Write-off rate (1)/(2)	0.01%	0.00%	0.01%
	Value of loans written off (1)	57,763	6,174	143,455
	Average gross loan portfolio (2)	636,385,575	1,012,368,073	1,535,268,162
33	Portfolio at risk write-off index (1)/(2)	3.24%	0.06%	0.99%
	Value of loans written off (1)	57,763	6,174	143,455
	NPL30 + Value of loans written off (2)	1,784,955	9,770,016	14,522,260
34	NPL30 + write-offs ratio (1)/(2)	0.28%	0.97%	0.95%
	NPL30 + Value of loans written off (1)	1,784,955	9,770,016	14,522,260
	Average gross loan portfolio (2)	636,385,575	1,012,368,073	1,535,268,162

j- Allowance for bad and doubtful loans

Description	31 December 2016	31 December 2017	31 December 2018
	USD	USD	USD
Loans to customer (1)	794,491,736	1,244,055,102	1,846,293,613
Allowance for bad and doubtful loans (2)	(9,929,909)	(16,682,281)	(25,852,124)
Loans to customers, net (1)-(2)	784,561,827	1,227,372,821	1,820,441,489
% Allowance for bad and doubtful loans	(1.25%)	(1.34%)	(1.40%)
Portfolio at risk >30Days (1)	1,727,192	9,763,842	14,378,805
Gross loan portfolio (2)	789,055,582	1,235,680,563	1,834,855,760
Non-performing loan ratio (1)/(2)	0.22%	0.79%	0.78%

k- Secured and unsecured loans

Description	31 December 2016	31 December 2017	31 December 2018
	USD	USD	USD
By performance			
Standard loans			
Secured	765,610,182	1,214,837,648	1,785,110,360
Unsecured	19,748,608	6,945,560	19,674,003
Special-mention loans			
Secured	1,969,600	4,133,513	15,692,592
Unsecured	-	-	-
Sub-standard loans			
Secured	876,378	5,658,116	6,527,770
Unsecured	-	-	-
Doubtful loans			
Secured	817,713	1,793,809	3,646,172
Unsecured	-	-	-
Loss loans			
Secured	15,575	2,301,833	4,197,992
Unsecured	17,526	10,084	6,871
Total	789,055,582	1,235,680,563	1,834,855,760

I- Non-current assets

ABA Bank's non-current assets include property and equipment, intangible assets, and deferred tax assets as described in Section 10: Financial Statements - Significant Accounting Policies.

I-1- Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separated items of property and equipment.

Depreciation of property and equipment is charged to the income statement on a straight-line basis over the useful lives of the individual assets as follows:

Description	Useful lives
Leasehold improvements	1 - 10 years
Office equipment, furniture and fixtures	5 years
Motor vehicles	5 years
Computers and IT equipment	3 - 6 years

Work in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Subsequent expenditure relating to items of property and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of existing asset, will flow to the Bank. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the income statement on the date of the retirement or disposal.

Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.

I-2- Intangible assets

Intangible assets comprised of software including costs incurred in acquiring and developing software, which is not integral to the operation of hardware, is carried at cost less accumulated amortization and accumulated impairment losses, if any. Software costs are amortized over the expected useful lives of 3 to 20 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalized.

m- Material contracts

m-1- Material financial contracts

The Bank has disclosed information about material financial contracts with a value threshold of at least USD 5 million.

As of 11 April 2019, there are 19 borrowing and material financial agreements shown below in the table.

No.	Name of Lender(s)	Agreement	Value (USD)	Tenure
1	National Bank of Canada	Subordinated Loan Agreement	10,000,000	29 Dec 2015 – 31 Dec 2022
2		Subordinated Loan Agreement	15,000,000	01 Apr 2016 – 30 Jun 2023
3		Subordinated Loan Agreement	10,000,000	26 Sep 2016 – 31 Dec 2023

No.	Name of Lender(s)	Agreement	Value (USD)	Tenure
4		Subordinated Loan Agreement	20,000,000	06 Jul 2017 – 31 Dec 2024
5		Subordinated Loan Agreement	40,000,000	30 Jan 2018 – 31 Mar 2026
6		Subordinated Loan Agreement	20,000,000	08 Jan 2019 – 31 Dec 2026
7	DEUTSCHE INVESTITIONS UND ENTWICKLUNGSGESELLSCHAFT MBH (“DEG”)	Senior Long Term Loan Agreement	10,000,000	09 Jun 2015 – 15 Jun 2020
8		Senior Long Term Loan Agreement	5,000,000	08 Jan 2016 – 15 Jun 2020
9		Senior Long Term Loan Agreement	15,000,000	31 Jul 2017 – 15 Jun 2022
10	International Finance Corporation	Loan Agreement	10,000,000	31 May 2017 – 15 Jun 2022
11	First Commercial Bank and syndicated lenders	Syndicated Facility Agreement	50,000,000	29 Dec 2017 – 29 Dec 2020
12	AfrAsia Bank Limited	Committed Line of Credit	30,000,000	12 months
13	National Bank of Cambodia (“NBC”)	Request Letter of the Company No. ABATRD1902089, NBC’s Letter No. B5.019.272 Chor.Tor, Addendum Agreement, and Credit Advice No. 00106yx190800001	6,000,000	21 March 2019 – 19 March 2020
14		Request Letter of the Company No. ABATRD1902089, NBC’s Letter No. B5.019.272 Chor.Tor, Addendum Agreement, and Credit Advice No. 00106yz190800001	2,500,000	21 March 2019 – 20 June 2019
15		NBC Platform, Confirmation Letter on the Result of the Buy-Back Transaction with NBC, and Credit Advice No. 00105bk190170001	3,150,000	17 January 2019 – 18 April 2019
16		NBC Platform, Confirmation Letter on the Result of the Buy-Back Transaction with NBC, and Credit Advice No. 001068a190520001	7,500,000	21 February 2019 – 23 May 2019
17		NBC Platform, Confirmation Letter on the Result of the Buy-Back Transaction with NBC and Credit Advice No. 00106ym190800001	10,000,000	21 March 2019 – 20 June 2019
18		NBC Platform, Confirmation Letter on the Result of the Buy-Back Transaction with NBC and Credit Advice No. 00106ym190800001	7,500,000	21 March 2019 – 19 September 2019
19		NBC Platform, Confirmation Letter on the Result of the Buy-Back Transaction with NBC, and Credit Advice No. 00106ym190800001	7,500,000	21 March 2019 – 19 March 2020

m-2- Material commercial contracts

The value threshold of material commercial contracts for review and disclosure is set at USD 1 million. Even though some of the following contracts may not necessarily meet the commercial value threshold, they are of long-term nature.

No.	Name	Party	Date	Term	Value of the Contract
1	MasterCard License Agreement	MasterCard International Incorporated	11 July 2008	The term is 10 years from 11 July 2008 and renewable automatically for 10 years if no written notice on non-renewal from Licensor at least 90 days prior to the end of the term.	N/A
2	Client Services and Trademark License Agreement	Visa Worldwide Pte. Limited	11 June 2013	The term is five years from 11 June 2013 and renewable automatically if no at least 180 days prior notice by the Client on termination at the end of the term;	The Client shall pay to Visa Worldwide the service fees, royalties and other fees and charges as set in Visa Worldwide's pricing schedules published from time to time and notified by Visa Worldwide.
3	Member Service and Trademark License Agreement	UnionPay International Co., Ltd	06 November 2013	The term is five years from 06 November 2013 and renewable automatically for five years if no at least 120 days prior to the end of the term (or any renewal term) notice by the Member on termination;	Member shall pay service fees, royalties and other fees and charges set in UPI Rules published from time to time and or notified by UPI.
4	Trademark License Agreement	National Bank of Canada	04 July 2016	Until the termination by National Bank upon giving a 15 days' prior written notice to the Licensee.	N/A
5	Second Amended and Restated Shareholders' Agreement	National Bank of Canada as "NBC" and Damir Karassayev as "Minority Shareholder"	16 May 2016	This Agreement shall terminate if there is only one shareholder remain, the Minority Shareholder ceases to hold more than 5% of the Shares, the Company has wound up and distributed its assets among the Company's creditors, Shareholders or other contributors, or the Option Period expires and this Agreement has not been otherwise terminated.	N/A
6	Amended and Restated Agreement on Referral of Insurance Products	Manulife (Cambodia) Plc.	26 June 2017	The Term is from the date of the Agreement until 30 September 2032.	Upfront Access Fee + Bonus + Variable Access Fee + Basic Referral Fees + Marketing Allowances + Training Allowances for amounts from time to time agreed between the parties

6- Trend information

Loan productivity is analyzed by loan size up to USD 70,000 (classified as Micro Business Loan and managed by Micro Business Loan Officers) and above USD 70,000 (classified as SME/Commercial Loans and managed by SME loan officers).

Description		31 December 2016	31 December 2017	31 December 2018
1	Client's accounts per staff member	37	32	28
	Number of client accounts	26,226	37,612	49,295
	Total number of personnel	711	1,193	1,730
2	Gross loan portfolio per staff member (USD)	1,109,783	1,035,776	1,060,610
	Gross loan portfolio (USD)	789,055,582	1,235,680,563	1,834,855,759
	Total number of personnel	711	1,193	1,730
3	Loan Productivity (≤\$20,000)			
	Borrowers per loan officer	53	43	38
	Number of Loan active borrowers	24,522	35,072	44,974
	Total number of Loan Officers	464	826	1,172
	Portfolio per loan officer (USD)	1,062,560	1,005,938	983,983
	Gross Portfolio of Loan (USD)	493,027,636	830,905,101	1,153,227,549
	Total number of Loan Officers	464	826	1,172
	Average loan Size per Borrower	20,106	23,691	25,642
	Gross Portfolio of Loan (USD)	493,027,636	830,905,101	1,153,227,549
	Number of Loan active borrowers	24,522	35,072	44,974
4	Loan Productivity (>\$20,000-\$70,000)			
	Borrowers per loan officer	22	26	30
	Number of active borrowers	1,704	2,540	4,321
	Total number of Loan Officers	79	97	142
	Portfolio per loan officer (USD)	3,747,189	4,172,943	4,800,199
	Gross Portfolio of Loan (USD)	296,027,945	404,775,463	681,628,211
	Total number of Loan Officers	79	97	142
	Average loan Size per Borrower (USD)	173,725	159,361	157,748
	Gross Portfolio of Loan (USD)	296,027,945	404,775,463	681,628,211
	Number of active borrowers	1,704	2,540	4,321
5	Active clients per staff member	37	32	28
	Number of active clients	26,226	37,612	49,295
	Total number of personnel	711	1,193	1,730
6	Borrowers per staff member	37	32	28
	Number of active borrowers	26,226	37,612	49,295
	Total number of personnel	711	1,193	1,730
7	Borrowers per loan officer	48	41	37
	Number of active borrowers	26,226	37,612	49,295

Description	31 December 2016	31 December 2017	31 December 2018
Number of loan officers	543	923	1,314

7- Dividend policy

As stated in Article 33 of the Memorandum and Articles of Association of ABA Bank dated 30 April 2008, dividends shall be declared only at the Ordinary General Meeting of Shareholders and shall be paid to the shareholders of the Bank who have been duly entered in the Register of Shareholders Book as of the end of each fiscal year within one month after the date of the declaration of dividends, unless otherwise decided in the Ordinary General Meeting of Shareholders.

During the past three years, the Shareholders have not adopted or passed any dividend policy and, it is noted that no dividend has been declared or distributed to any Shareholders. This is also confirmed in audited financial statements from 2016-2018.

8- Projected financial information

The financial projections are prepared by ABA Bank based on projected growth of ABA Bank in the next three years, projected growth of the banking and finance industry, and by also taking Cambodian economic growth into consideration (referring to the projections from National Bank of Cambodia and World Bank). It is not reviewed by any auditing firm. Therefore, there is no guarantee to be presented or implied as to the accuracy of these projections. There are some variables and uncertainties that involve demand, industry trends and other factors.

(Unit: Million, USD)

Balance Sheet	Audited 2016	Audited 2017	Audited 2018	2019P	2020P	2021P	2022P	2023P
Cash & Bank Balance	156.52	192.18	514.54	368.04	481.30	600.85	737.80	784.66
Statutory Reserves	108.73	169.02	279.05	338.61	424.86	516.58	616.15	716.68
Investment Portfolio	25.37	16.85	32.99	3.29	3.29	3.29		
Gross Loans to Customers (1)	789.06	1,235.68	1,834.86	2,441.29	3,119.28	3,826.62	4,596.35	5,437.94
Accumulated LL Provisions (2)	(9.93)	(16.68)	(25.85)	(48.15)	(68.37)	(89.51)	(112.14)	(137.08)
Net Loan to Customers (3=1-2)	779.13	1,219.00	1,809.00	2,393.14	3,050.91	3,737.11	4,484.21	5,300.86
Fixed and Intangible Assets	11.92	14.67	31.09	41.78	49.03	53.67	56.15	56.41
Other assets	16.84	27.63	39.63	51.16	65.22	79.89	95.87	111.55
Total assets	1,098.51	1,639.35	2,706.30	3,196.02	4,074.61	4,991.38	5,990.17	6,970.16
Deposits from customers	855.82	1,264.49	2,175.10	2,547.07	3,247.17	3,978.35	4,773.85	5,575.35
Borrowings	68.00	86.50	80.16	27.58	28.73	31.25	32.33	35.11
Sub-ordinated Debt	25.00	55.00	93.00	155.00	195.00	230.00	260.00	235.00
Other liabilities	20.67	33.15	46.02	44.57	65.46	70.72	71.49	73.33
Paid-up Capital	52.64	125.00	165.00	185.00	185.00	185.00	185.00	185.00
Retained Earnings	76.37	75.20	147.02	236.80	353.24	496.06	667.51	866.38
Shareholders' Equity	129.01	200.20	312.02	421.80	538.24	681.06	852.51	1,051.38
Total liabilities and equity	1,098.51	1,639.35	2,706.30	3,196.02	4,074.61	4,991.38	5,990.17	6,970.16

(Unit: Million, USD)

Income statement	Audited 2016	Audited 2017	Audited 2018	2019P	2020P	2021P	2022P	2023P
Interest income	85.20	125.83	183.48	244.42	308.64	377.62	448.76	518.29
Interest expense	(30.99)	(38.71)	(47.00)	(52.11)	(62.05)	(72.74)	(83.49)	(92.07)
Net Interest Income	54.21	87.12	136.47	192.31	246.59	304.88	365.27	426.22
Non Interest Income	13.43	16.12	24.19	30.20	33.75	38.37	44.97	53.14
Operating Income	67.64	103.24	160.66	222.51	280.34	343.25	410.24	479.36
Non Interest Expense	(26.62)	(38.51)	(60.73)	(87.38)	(114.55)	(143.59)	(173.30)	(205.83)
Loan Loss Provision Expense	(4.80)	(6.76)	(9.65)	(20.83)	(20.23)	(21.13)	(22.63)	(24.94)
Profit before Income Tax	36.22	57.97	90.28	114.30	145.56	178.53	214.31	248.59
Income Tax	(7.21)	(11.78)	(18.46)	(23.09)	(29.11)	(35.70)	(42.86)	(49.72)
Net Profit	29.01	46.19	71.82	91.21	116.45	142.83	171.45	198.87

9- Consolidated financial information

ABA Bank does not have subsidiary companies. Thus, it does not have a consolidated financial statement.

10- Commitments and Contingencies

10-1- Operating lease commitments

The Bank has operating lease commitments for the lease of its headquarters and provincial offices as follows:

Description	31 December 2016 Audited		31 December 2017 Audited		31 December 2018 Audited	
	USD	KHR '000	USD	KHR '000	USD	KHR '000
No later than 1 year	2,388,914	9,644,046	3,210,375	12,960,284	4,827,581	19,397,220
Later than 1 year and no later than 5 years	6,073,614	24,519,178	10,524,487	42,487,354	19,850,867	79,760,784
Later than 5 years	2,869,558	11,584,405	7,635,171	30,823,185	17,116,474	68,773,993
Total	11,332,086	45,747,629	21,370,033	86,270,823	41,794,922	167,931,997

10-2 Other Commitments

Description	31 December 2016 Audited		31 December 2017 Audited		31 December 2018 Audited	
	USD	KHR '000	USD	KHR '000	USD	KHR '000
Unused portion of overdrafts	14,319,977	57,809,747	17,305,614	69,862,764	24,289,131	97,593,728
Performance bonds	5,512,706	22,254,794	7,498,846	30,272,841	10,933,517	43,930,871
Letter of credit	37,461,866	151,233,553	5,419,972	21,880,427	7,415,280	29,794,595
Securities	7,005,285	28,280,336	4,775,000	19,276,675	4,400,000	17,679,200
Payment guarantees	-	-	-	-	746,744	3,000,417
Bid bonds	157,514	635,884	683,000	2,757,271	71,000	285,278
Warranty bonds	-	-	-	-	5,466	21,962
Other guarantees	2,792,872	11,274,824	3,361,246	13,569,350	2,314,679	9,300,380
Total	67,250,220	271,489,138	39,043,678	157,619,328	50,175,817	201,606,431

SECTION 2: DESCRIPTION OF BUSINESS

1- Introduction and history

Advanced Bank of Asia Limited (ABA Bank) was founded in 1996 and is one of Cambodia's premier banking institutions. With more than two decades of solid growth, ABA Bank has significantly strengthened its reputation in the Cambodian banking sector, leveraging on its customer-centric approach, its dedication to innovation, and its overall contribution to the development of the financial sector in Cambodia. In 2017, the bank gained its market share position as the third largest commercial bank in terms of loans, the fourth largest commercial bank in terms of assets and deposits, and the fifth largest commercial bank in terms of net worth. ABA Bank offers a vast array of banking services to all customer segments from SMEs to micro businesses and individuals.

The following are key milestones in ABA Bank's history:

- 1996
 - Advanced Bank of Asia Limited (ABA Bank) was established
- 2015
 - Successfully launched ABA Mobile, the first full-scale mobile banking app in Cambodia
 - Joined Easy Cash, the largest ATM network in Cambodia
 - Started issuing UnionPay International (UPI) cards, the largest issuer of UPI cards in Cambodia
 - Euromoney Magazine awarded ABA Bank as "The Best Bank in Cambodia 2015"
 - Global Finance Magazine named ABA Bank "Best Emerging Markets Bank in Cambodia 2015"
 - Cooperation with Booking.com offered an exclusive 6% discount to ABA Bank card holders
 - Opened eight new branches with five of them on the district level in rural areas
 - National Bank of Canada increased its share in ABA Bank to 42%
- 2016
 - National Bank of Canada increased its share in ABA Bank to 90%
 - Issuance of ABA Bank Platinum cards started
 - Opened nine new branches with five of them on the district level in rural areas
 - ABA Bank was named as "The Best Bank in Cambodia" by the world's top financial magazines – The Banker, Euromoney and Global Finance
 - Received "Fastest Growing Trade Finance Bank in Cambodia" award from Global Banking and Finance Review magazine
 - Became one of the founding institutions of "FAST" Payment System that enables customers to immediately send/receive funds between the participants
 - Cooperated with Manulife for distributing life insurance products in the Bank's branches
 - Cooperated with Agoda.com to offer special booking rates to ABA Bank cardholders
- 2017
 - Logo of ABA Bank updated to denote membership in National Bank of Canada Group
 - ABA Mobile app ranked #1 free financial app on iOS in Cambodia
 - Global Finance magazine recognized ABA Bank as "Best Trade Finance Provider 2017"
 - Opened nine new branches expanding ABA Bank's branch network
 - PayWay e-commerce gateway launched to boost online businesses in Cambodia
 - Online Account Opening web service introduced to ease client onboarding process
 - ABA Bank was named "The Best Bank in Cambodia 2017" by *Euromoney* and *Global Finance* magazines
 - Became the first bank in Cambodia with two credit ratings
 - Joined IFC's Global Trade Finance Program to enhance support of Cambodian businesses
 - Long-term exclusive partnership agreement signed with Manulife Cambodia
- 2018
 - Opened 18 new branches and extended operation hours at 6 branches;
 - Officially introduced Customer Acquisition Officers for off-site account opening;
 - Received "The Best Bank in Cambodia 2018" award by Global Finance magazine;
 - Relunched its Head Office building and opened its Operation Hall;

- Global Finance named ABA Bank “Best Trade Finance Provider 2018”;
- Received Euromoney’s Best Bank title for the fifth time in a row;
- UnionPay (UPI) Platinum extended the lineup of privileged cards offered by ABA Bank;
- The Bank extended its loan repayment facilities via cooperation with TrueMoney, Speed Pay and SmartLuy;
- S&P reaffirmed ‘B’ long-term and short-term issuer credit ratings of ABA with “Positive” outlook;
- Partnered with Visa and other Cambodian commercial banks to officially introduce QR payments in Cambodia

2- Vision

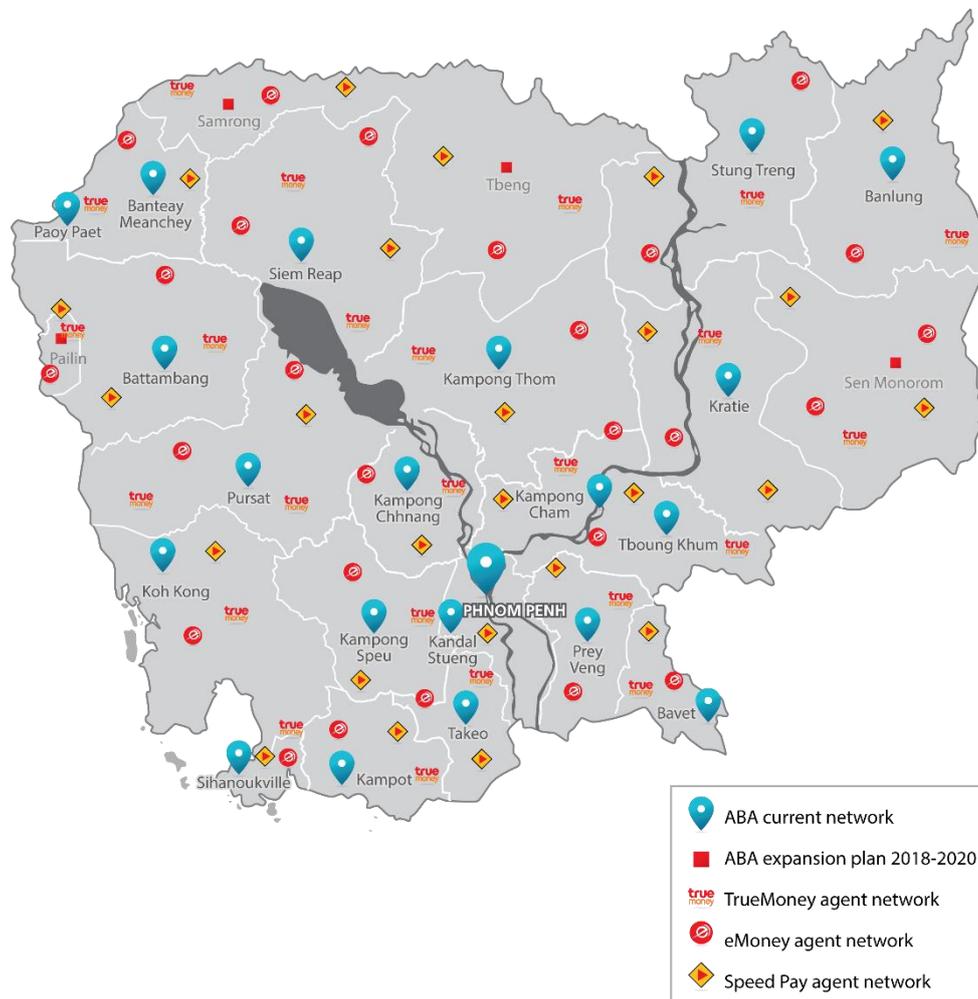
ABA Bank’s vision is to be the country’s number one supplier of dependable, easy-to-use, technologically advanced and easily accessible banking services. ABA Bank wants to be the bank that Cambodians trust to take care of all their personal and business banking needs.

3- Mission

ABA Bank’s mission is to help Cambodia, Cambodian businesses and people to build a bigger and brighter future by providing highly professional, technologically advanced banking services for all. The bank sees themselves as working in partnership with the Cambodian community as well as with private businesses and individuals. ABA Bank is here to serve Cambodia.

4- Business

ABA Bank operates through a network of 66 offices including the head office across the capital city and 25 provinces in Cambodia as of 31 December 2018. ABA had 4,213 employees as of 31 December 2018.



Brief information about ABA Bank:

Description	31 December 2016	31 December 2017	31 December 2018
Gross Loan (USD MM)	789	1,236	1,835
Customer Deposits (USD MM)	856	1,264	2,175
Number of Borrowers	26,226	37,612	49,295
Number of Depositors	115,105	186,015	345,598
Number of Offices	43	51	66
Number of Staff	1,678	2,465	4,213

ABA Bank has a full range of products designed to benefit every sector of the Cambodian community from business loans and trade finance to payment cards and deposits.

Following are the main products and services, which are specially created to suit the needs of ABA Bank's clients in their everyday banking needs:

- Deposits / Accounts – Fixed Deposit, Savings, Current, and Current PLUS accounts, as well as Online and Off-site Account Opening.
- Loans – Business loans for microbusinesses and SMEs, as well as Tuition fee loans with selected schools / universities.
- Money Transfers – local and international transfers both inward and outward through SWIFT, MoneyGram, MoneyGrado, IME, RemitEx, and DBP.
- Payment Cards – ATM, credit and debit cards of different levels from Visa, MasterCard, and UnionPay International (UPI).
- ABA Mobile – full-scale mobile banking experience with opportunity to open deposit and savings accounts, to transfer money, to issue virtual cards, to pay bills without commission, and other free features.
- iBanking for Business – convenient internet banking service that helps companies to handle their corporate finances.
- Self-banking facilities – ATMs (second-largest network in Cambodia) and Cash-In kiosks.
- Life Insurance – referral of Manulife insurance products.
- Payroll Service – helps companies to reduce costs on payment of wages, eliminate paperwork, and improve security.
- PayWay Online Gateway – e-commerce platform that helps local businesses and entrepreneurs to easily and securely accept online payments to their bank account.
- Trade Finance – letters of credit, bank guarantees, documentary collection, and more.

5- Strategic plan

In the business plan and strategy for 2019 and onwards, ABA Bank aims to become the customer's first bank of choice in the market and to retain the customer for a longer-term relationship. For that, the Bank has been intensively focusing on the development of new products and services such those as listed below:

- Convenient loan products tailored for micro, small and medium enterprises (MSMEs) that form the backbone of Cambodian economy
- Further introduction and development of the technologically advanced solutions, especially the full-scale mobile banking application, account opening solutions (online account opening service, Off-Site account opening project), PayWay online payment gateway, and others.
- Further development of card products and modern cashless payment methods (including QR-based) and deeper cooperation with the leading payment systems to expand the opportunities for clients
- Further branch expansion (mostly on provincial and district level), as well as expansion of ATM, cash-in kiosks, and POS terminals in the market.
- Significant development of banking solutions for business customers to tap the growing amount of enterprises, large companies and multinational corporations, which reflect the growth of Cambodian economy.
- Further improvement of the service quality in order to cater to the needs of the clients and provide them with a pleasant and seamless experience with ABA Bank.

In short, the majority of ABA Bank's attention in 2019-2021 is focused to the further development of its main advantage – modern digital (remote) banking solutions and 24/7 customer support. The solutions ABA Bank is going to introduce within this period will also include several projects aimed at an easy onboarding process and seamless banking experience in its omnichannel environment.

6- ABA Bank's strengths and weaknesses

Strengths

- Rapid expansion in domestic market with a strong presence in the micro and small and midsize enterprise (MSME) segment;
- Conservative lending practice and sound asset quality;
- Strong profitability associated with robust economic growth in Cambodia;
- Stable funding structure;
- Improving risk management and corporate governance.

Weaknesses

- Capitalization under pressure from aggressive loan growth;
- Potential latent credit and operational risks from credit growth;
- Weak legal framework and regulatory environment;
- Geographical concentration in a small economy;
- Intensifying competition in the local market that may lead to lower interest spread and more lenient lending standards.

7- ABA Bank's products and services

7-1-Some of the main loan products

Product Types	Loan Amount	Loan Term & Interest Rate
Micro Business Loan	Up to USD 70,000	Subject to the credit committee approval
SME Loan	More than USD 70,000- Less than USD 1,000,000	Subject to the credit committee approval
Commercial Loan	USD 1,000,000 and up	Subject to the credit committee approval
Financial Institution Loan	Any amount	Subject to the credit committee approval
Retail Loan	Any amount	Subject to the credit committee approval

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7-2-Some of the main savings and deposit products

Account Types	Products	Currency	Min. Requirements	Terms Deposit
Saving Account	Individual Saving Account	USD & KHR	<ul style="list-style-type: none"> ▪ Initial deposit USD 10 or KHR equivalent ▪ Copy of valid NID or passport 	No terms
	Corporate Saving Account	USD & KHR	<ul style="list-style-type: none"> ▪ Initial deposit USD 100 or KHR equivalent ▪ Memorandum of Articles and Association issued by the Ministry of Commerce ▪ Certificate of incorporation ▪ Board resolution ▪ Declaration form of Ultimate Beneficiary Owner ▪ Copy of valid NID or passport of shareholders and authorized signatories 	No terms
Fixed Deposit Account	Individual Fixed Deposit Account	USD & KHR	<ul style="list-style-type: none"> ▪ Initial deposit USD 100 or KHR equivalent ▪ Copy of valid NID or passport 	1 month 3 months 6 months 12 months 24 months (existing accounts) 36 months (existing accounts) 48 months (existing accounts)
	Corporate Fixed Deposit Account	USD & KHR	<ul style="list-style-type: none"> ▪ Initial deposit USD 100 or KHR equivalent ▪ Memorandum of Articles and Association issued by the Ministry of Commerce ▪ Certificate of incorporation ▪ Board resolution ▪ Declaration form of Ultimate Beneficiary Owner ▪ Copy of valid NID or passport of shareholders and authorized signatories 	1 month 3 months 6 months 12 months 24 months (existing accounts) 36 months (existing accounts)
Current Account	Individual Current Account	USD & KHR	<ul style="list-style-type: none"> ▪ Initial deposit USD 100 or KHR equivalent ▪ Copy of valid NID or passport 	No terms
	Corporate Current Plus Account	USD & KHR	<ul style="list-style-type: none"> ▪ Initial deposit USD 100 or KHR equivalent ▪ Memorandum of Articles and Association issued by the Ministry of Commerce ▪ Certificate of incorporation ▪ Board resolution ▪ Declaration form of Ultimate Beneficiary Owner 	No terms

Account Types	Products	Currency	Min. Requirements	Terms Deposit
			<ul style="list-style-type: none"> ▪ Copy of valid NID or passport of shareholders and authorized signatories 	
Current Plus Account	Individual Current Plus Account	USD & KHR	<ul style="list-style-type: none"> ▪ Initial deposit USD 500 or KHR equivalent ▪ Copy of valid NID or passport 	No terms
	Corporate Current Plus Account	USD & KHR	<ul style="list-style-type: none"> ▪ Initial deposit USD 500 or KHR equivalent ▪ Memorandum of Articles and Association issued by the Ministry of Commerce ▪ Certificate of incorporation ▪ Board resolution ▪ Declaration form of Ultimate Beneficiary Owner ▪ Copy of valid NID or passport of shareholders and authorized signatories 	No terms

7-3-ATM service

Transaction Fees for ATM transactions include: cash deposit, cash withdrawal, fund transfer, remittance etc.

Card Fee	ATM Card		Visa Classic Card		Visa Platinum Lite		Visa Platinum		Visa Business	
	USD	KHR	USD	KHR	USD	KHR	USD	KHR	USD	KHR
1 st Card Request (issuing Fee for debit card)	N/A	Free	Free	N/A	Free	N/A	Free	N/A	Free	N/A
1 st Card Request – urgent (issuing Fee for debit card)	N/A	Free	Free		Free		Free			
Card Re-issuance (Lost/Stolen)	\$5 (Payroll account)	\$5	\$5		\$10		\$10			
Card Re-issuance – urgent (Lost/Stolen)	\$5 (Payroll account)	\$5	\$5		\$10		\$10			
Supplementary card (issuing Fee for debit card)	N/A	\$5	Free		Free		Free			
Supplementary card - urgent (issuing Fee for debit card)	N/A	\$5	Free		Free		Free			
Annual Maintenance (Primary/Supplementary)	N/A	Free	\$5		\$20		\$100			

Card Fee	UPI Classic		UPI Platinum		MasterCard Standard		MasterCard Platinum	
	USD	KHR	USD	KHR	USD	KHR	USD	KHR
1 st Card Request (issuing Fee for debit card)	Free	N/A	Free	N/A	Free	N/A	Free	N/A
1 st Card Request – urgent (issuing Fee for debit card)	Free		Free		Free			
Card Re-issuance (Lost/Stolen)	\$3		\$10		\$5			
Card Re-issuance – urgent (Lost/Stolen)	\$3		\$10		\$5			
Supplementary card (issuing Fee for debit card)	Free		Free		Free			
Supplementary card - urgent (issuing Fee for debit card)	Free		Free		Free			
Annual Maintenance (Primary/Supplementary)	\$3		\$30		\$5			

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7-4-Trade Finance Service

Import Letter of Credit	Issuance fee	Under cash cover	0.1% per month (min USD 25 p.m.) plus cable fee 40 USD
		Under credit limit	0.12% per month (min USD 50 p.m.) plus cable fee 40 USD
	Settlement fee		USD 25 each
	Acceptance fee (Usance Bill)		Same as issuance fee
	Amendment of amount and validity		Same as issuance fee
	All other Amendments		USD 50 each
	Cancellation fee		USD 50
	Reimbursement fee		USD 40 (deducted from proceeds)
	Discrepancy fee		USD 50 (deducted from proceeds) plus cable fee USD 20
Export Letter of Credit	Advising		USD 45
	Confirmation	Under cash cover	0.1% per month (min USD 50 p.m.)
		Under credit limit	by agreement
	Acceptance (Usance Bill)		0.125% per month (min USD 25 p.m.)
	Documents examination / negotiation fee		0.20% (min. USD 50) per set of documents
	Courier fee		USD 50 per set of documents
Documentary Collection	Collection handling fee		0.125% (min. USD 40)
	Collection Settlement fee		USD 25
	Courier fee		USD 50
Bank Guarantee/ Standby Letter of Credit	Shipping Guarantee under LC		USD 50 p.m.
	Guarantee Issuance	Under cash cover	0.1% per month (min. USD 25 p.m.)
		Under credit limit	0.125% per month (min. USD 50 p.m.)
	Guarantee amendment of amount and validity		Same as issuance fee
	All other Guarantee amendments		USD 35 each
	Guarantee Cancellation fee		USD 50
Payment of claim / drawing (deducted from beneficiary)		0.1% (min. USD 100)	
Other Fees	Foreign bank's confirmation (indicative only, subject to revision from time to time)		0.5% for 90 days period
	Sourcing for international buyers/sellers		0.1% of the contract amount in case of success (success fee)

7-5-Remittance Service

Domestic Money Transfer	Fee
Inward Transfer	Free of charge
Outward transfer	0.05% min. USD 5

International Money Transfer (SWIFT)	Currency	Amount	Commission	Cable charge	Amendment
Outward Transfer	USD	<=9,000	USD 15	N/A	USD 30
	USD	>9,000	0.15% or min. USD 15 (whichever is higher)	USD 15	USD 30
	EUR	Any amount	0.15% or min. USD 15 (whichever is higher)	USD 15	USD 40
	GBP	Any amount	0.15% or min. USD 15 (whichever is higher)	USD 15	USD 40
	SGD	Any amount	0.15% or min. USD 15 (whichever is higher)	USD 15	USD 40
	THB	Any amount	0.15% or min. USD 15 (whichever is higher)	USD 15	USD 40
	CNY/RMB	Any amount	0.15% or min. USD 15 (whichever is higher)	USD 15	USD 40

International Money Transfer (SWIFT)	Currency	Amount	Commission*
Inward Transfer	USD	0.01 – 1.00	Equal to the transfer amount
	USD	1.01 – 10.00	USD 10
	USD	Above 10	0.10% or min. USD 10 (whichever is higher)
	EUR	Any amount	0.10% or min. USD 10 (whichever is higher)
	GBP	Any amount	0.10% or min. USD 10 (whichever is higher)
	SGD	Any amount	0.10% or min. USD 10 (whichever is higher)
	THB	Any amount	0.10% or min. USD 10 (whichever is higher)
	CNY/RMB	Any amount	0.10% or min. USD 10 (whichever is higher)

*Cancellation fee for any currency/amount: USD 20.

7-6- Other main products

ABA Bank is also providing other banking products for its customers including ABA Mobile, Internet Banking, and Payroll Service, etc.

8- Banking regulation description

The National Bank of Cambodia (NBC) performs the role of a central bank and governs banking activities. The NBC has the authority to supervise and regulate banks and financial institutions including commercial banks, specialized banks and microfinance institutions (MFIs). The role of the NBC is to oversee the banking system and its related activities such as the money market, the interbank settlement system, and financial intermediation. The NBC also conducts monetary policy, issues operating licenses to banking and financial institutions and issues regulations for implementation.

8-1- Minimum capital requirement

According to the NBC's Prakas B7-016-003 on the implementation of Minimum Registered Capital of Banking and Financial Institutions, the NBC requires that locally incorporated licensed commercial banks, whether subsidiaries of foreign banks or otherwise, have minimum capital of KHR 300 billion (approximately USD 75 million).

8-2- Minimum reserve requirement

According to the NBC's Prakas B7-018-282 on the maintenance of reserve requirement against Commercial Bank's Deposits and Borrowings, the bank is required to maintain the following:

- 8% for Khmer Riel
- 12.5% for any foreign currency.

8-3- Provision of credit in national currency

According to the NBC's Prakas B7-016-334 on Provision of Credit in National Currency of Banking and Financial Institutions, at least 10% of an institution's total loan portfolio shall be in the national currency, which is the Khmer Riel. The Prakas shall take effect from the signing date and will be fully implemented by 31 December 2019. Moreover, the provision of credit in national currency shall be included in the institution's strategies and policies.

8-4- Interest rate

The NBC's Prakas B7-017-109 on the Interest Rate Ceiling on Loans requires that banks charge interest on their loans of only up to 18% per annum.

8-5- Net worth

Net worth is the aggregate of two types of capital: Tier I capital (Core capital) and Tier II capital (Supplementary capital).

According to the NBC's Prakas on the Calculation of Net Worth, Tier 1 capital shall include:

- Paid-in capital or endowment;
- Reserves, other than revaluation reserves;
- Share premium;
- Retained earnings;
- Net profit last year;
- Own shares held by bank at book value;
- Accumulated losses;
- Intangible assets;
- Unpaid portion of capital;
- Loans, overdrafts and other advances;
- Debt instruments held by the bank at net book value;
- Losses determined on dates other than regular year-end.

Tier II capital shall include:

- Reevaluation reserves;
- Provisions for general banking risks;
- General provision;
- Subordinated debt;
- Equity participation; and
- Other items.

8-6- Solvency ratio (capital adequacy ratio)

The NBC's Prakas B7-00-46 requires banks to maintain at least 15% capital adequacy ratio against net worth.

The weighting system applied to assets and off-balance-sheet items includes:

- a. 0 percent: cash, gold, claims on the NBC, assets collateralized by deposits lodged with the bank, and claims on or guaranteed by sovereigns rated AAA to AA- or equivalent rated under the methodology used by a rating agency acknowledged by the NBC.
- b. 20 percent: claims on or guaranteed by sovereigns rated A+ to A- or equivalent rated under the methodology used by a rating agency acknowledged by the NBC, claims on or guaranteed by banks or corporations rated AAA to AA- or equivalent rated under the methodology used by a rating agency acknowledged by the NBC.
- c. 50 percent: claims on or guaranteed by sovereigns rated BBB+ to BBB- or equivalent rated under the methodology used by a rating agency acknowledged by the NBC, and claims on or guaranteed by banks or corporations rated A+ to A- or equivalent rated under the methodology used by a rating agency acknowledged by the NBC.
- d. 100 percent: All other assets and all off-balance sheet items.

8-7- Liquidity coverage ratio (LCR)

According to the NBC's Prakas on Liquidity Coverage Ratio, commercial banks are required to maintain a minimum liquidity coverage ratio as follows:

With effect from	1 Sep 2016	1 Sep 2017	1 Sep 2018	1 Jun 2019	1 Jan 2020
Minimum LCR	60%	70%	80%	90%	100%

8-8- Net open position in foreign currency

The NBC's Prakas B7-07-134 on The Monitoring of Banks' and Financial Institutions' Net Open Position in Foreign Currency requires that banks' and financial institutions' net open position in foreign currencies in any of the foreign currencies or overall net open position in all foreign currencies, whether long or short, shall not exceed 20% of banks' and financial institutions' net worth.

According to the NBC, "the net open position in one foreign currency is the net outstanding balance of all assets, liabilities, and off balance sheet items in that currency. The net open position in debt is defined as "long". The net open position in credit is defined as "short".

8-9- Loan classification, provisioning, and delinquency ratio

Prior to December 2017, the NBC guideline required a Bank to calculate the allowance for bad and doubtful loans or loans identified as non-performing as follows:

Classification	Number of days past due	Provision
Short-term loans (less than one year)		
Sub-standard	30 days or more	3%
Doubtful	60 days or more	50%
Loss	90 days or more	100%
Long-term loans (more than one year)		
Sub-standard	30 days or more	3%
Doubtful	180 days or more	50%
Loss	360 days or more	100%

In addition, a general allowance for bad and doubtful loans was 1% of standard loan growth during the period.

A new Prakas B7-017-344, issued by the NBC on 1 December 2017, on Credit Risk Grading and Impairment Provisioning requires banking and financial institutions to calculate the allowance for bad and doubtful loans pursuant to the regulatory provision and simultaneously with the calculation pursuant to Cambodian International Financial Reporting Standards (CIFRS). The provision calculated pursuant to CIFRS shall be recognized and recorded. In the event that there is an excess amount of provision calculated pursuant to the regulatory provision compared to provision calculated pursuant to CIFRS, the difference shall be transferred from retained earnings to regulatory reserve of Shareholder's Equity in the Balance Sheet.

During the transition period from 1 December 2017 to 31 December 2018, the NBC's regulation requires banking and financial institutions to calculate the allowance for bad and doubtful loans pursuant to the regulatory provision as follows:

	Classification	Number of days past due	Provision
1	General Allowance		
	Short-term loans (one year or less):		
	Normal loans	0-14 days	1%
	Long-term loans (more than one year):		
	Normal loans	0-29 days	1%
2	Specific allowance		
	Short-term loans (one year or less)		
	Special mention	15-30 days	3%
	Sub-standard	31-60 days	20%
	Doubtful	61-90 days	50%
	Loss	91 days & above	100%
	Long-term loans (more than one year)		
	Special mention	30-89	3%
	Sub-standard	90-179	20%
	Doubtful	180-359	50%
	Loss	360 days & above	100%
	Loans with repayment as quarterly, semi-annually or longer shall be classified as substandard if their repayments are past due from 5 working days.		

8-10- Equity investment

The Law on Banking and Financial Institutions requires that each equity participation of banking and financial institutions in another company shall not exceed 15% of its own fund, and the maximum total equity participation shall not exceed 60% of its own fund. The Law defines equity participation as holding at least 10% of the capital or voting rights of another company.

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SECTION 3: RISK FACTORS

ABA Bank's business, financial condition and operating results could be materially adversely affected by any of the factors discussed below. Prospective investors should also read the detailed information set out elsewhere in this document (including any documents deemed to be incorporated by reference herein) and reach their own view prior to making any investment decision.

1. Business related risk

a. Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The operational risk losses are managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the senior management of the Bank.

In 2017, the bank was faced with two cases of operational risks, which lead direct money losses – physical robbery of an ATM and a hacker attack to an ATM by a “black box” device. The total losses of about \$200 thousand were mostly covered by insurance companies (excluding deductibles of insurance policies). Also, the Bank took all necessary actions to prevent the same incidents in the future. All cases were discussed in details at the extraordinary meetings of Operational and Reputational Risk Committee. The Committee identified reasons of this cases and set Action Plans to improve situations and to prevent such cases in the future:

- For physical robbery case - all ATMs were equipped by alarm systems; security departments received additional budget for new guards and motorcycles.
- For hacker's attack case - the Bank replaced all old ATM models, which were not properly protected from this type of attack.

Since 2017 the bank did not have material operational risks events causing direct money losses.

The Bank's operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented, including the establishment of signing authorities, defining system parameter controls, streamlining procedures and documentation and compliance with regulatory and other legal requirements.

Important tools to manage operational risks are the range of insurance policies covering different types of operational risks:

- Bankers Blanket Bond and Electronic Computer Crime Insurance (BBB Policy);
- Directors and officers liability Insurance (D&O Policy);
- Money insurance in ATM and in transit.

The Bank pays very significant attention to IT and Cyber Security risks. Such issues are discussed in details on executive level (IT and Digital Committee and Operational and Reputational Risk Committee) and Board level (Risk Committee). Risk Department prepares quarterly reporting about IT and Cyber Security risks for the Board of Directors. The Bank created a special unit (Information and communications technology) which is responsible for this area, also IT security risk management is supported on the National Bank of Canada Group level. IT department and independent specialized IT companies conduct penetration tests regularly. IT and Cyber risks are also covered by BBB Insurance Policy mentioned above.

b. Credit risk

Credit risk is the financial loss that the Bank may suffer if a borrower or counterparty fails to meets its contractual obligations. Credit risk arises principally from the loans and advances to customers.

The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved. These objectives include a strong and healthy loan portfolio and well diversified credit risks. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with NBC guidelines.

ABA Bank has established the Credit and Risk Policy which is designed to govern the Bank's risk undertaking activities. Extension of credit is governed by credit programs that sets out the plan for a particular product or portfolio, including the target market, terms and conditions, documentation and procedures under which a credit product will be offered and measured.

Risk ratings are reviewed and updated on a semi-annual basis for all loans with outstanding balances greater than USD 200,000, and in the event of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

In the Bank's view, it is not practical to obtain fair value of collateral because the costs of obtaining such information outweigh the potential benefits. The Bank's policy is to fund approximately 65% of the collateral value, except margin deposits or restricted fixed deposits. Under NBC regulation, the value of collateral is not taken into account when determining the allowance for bad and doubtful loans.

An additional factor of credit risk is concentration, which refers to the proportion of loans made to any particular sector. As at December 31, 2018, the percentage of ABA Bank's loans to customers in the Retail Trade sector made up 26.98% of its outstanding loans. Loans in the Real Estate sector accounted for 16.77% of total loans. If either of these sectors suffers economically, then the non-payment of individual loans within each sector could increase dramatically, which would impact ABA Bank's financial position and results of operations. Further details of analysis of concentration of credit risk can be viewed in *Note 7* of the financial statements in *Section 10: Financial Statements*.

ABA Bank takes measures to mitigate credit risk such as creating and implementing its credit risk policy as well as diversification to limit concentration. However, many factors that may affect credit risk are out of the Bank's control. Such factors include macroeconomic conditions, specific industry performance, political events that could harm the Cambodian economy, and climate events that could harm specific industries such as agriculture or tourism. Any adverse events or conditions related to the aforementioned could negatively affect borrowers' ability to repay loans, which could have a materially adverse effect on the Bank's interest income, results of operations, and profitability.

c. Market Risk

Market Risk is the risk of loss arising from adverse movements in financial markets from factors including interest rates, foreign exchange rates, inflation, and competition.

i) Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

As at December 31, 2018, net foreign currency exchange open positions in currencies other than USD are not significant. The Bank's net open positions were 0.14% long for USD, 0.22% short for KHR, 0.05% long for EUR, 0.01% long for SGD, 0.01% long for GBP, 0.01% short for THB, 0.01% long for AUD and 0.00% short for CNY, JPY, CAD, VND, MYR and HKD of the Bank's net worth as at 31 December 2018.

Therefore, the Bank does not believe there is any significant foreign exchange risk. However, any future change in the currency denominations of monetary assets and liabilities could leave the Bank exposed to a greater amount of foreign currency exchange risk.

The detailed net open position calculation is disclosed in the following table.

Net open position in foreign currency as at 31 December 2018

Currency	Element after deduction of affected provisions				Net open position	Net open position/Net worth	Limit	Excess
	1	2	3	4	5			
	Assets	Liabilities and capital	Currency receivables	Currencies payables	+(long) or- (short)			
			Off-balance sheet	Off-balance sheet				
	+	-	+	-	(1+2+3+4)			
US\$	2,660,729,625	(2,660,161,402)	49,839,763	(49,839,763)	568,223	0.14%	20%	-
KHR	45,220,299	(46,098,887)	37,332	(37,332)	(878,588)	-0.22%	20%	-
EUR	195,884	11,952	298,722	(298,722)	207,836	0.05%	20%	-
SGD	27,568	10,740	-	-	38,308	0.01%	20%	-
GBP	28,176	2,585	-	-	30,761	0.01%	20%	-
THB	19,192	(41,158)	-	-	(21,966)	-0.01%	20%	-
AUD	45,949	1,325	-	-	47,274	0.01%	20%	-
CNY	8,677	(1,875)	-	-	6,820	0.00%	20%	-
JPY	4,717	(16,140)	-	-	(11,423)	0.00%	20%	-
CAD	12,395	(258)	-	-	12,137	0.00%	20%	-
VND	1,218	(615)	-	-	603	0.00%	20%	-
MYR	1,664	(499)	-	-	1,165	0.00%	20%	-
HKD	701	(1,851)	-	-	(1,150)	0.00%	20%	-
Grand total	2,706,296,065	(2,706,296,065)	50,175,817	(50,175,817)	-	-	-	-

(Source: ABA Audited Report 2018)

ii) Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rates and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of return on investment, market pricing, cost of funds, and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the set risk tolerance limits.

As of 31 December 2018, the Bank does not account for any fixed rate liabilities at fair value through profit and loss, and the bank does not have derivatives. Therefore, a change in interest rates at the reporting date would not affect profit and loss.

In addition, the Bank does not have significant variable-rate instruments. Therefore, no cash flow sensitivity analysis for variable-rate instruments was presented.

While the Bank closely monitors its return on investment and can take actions to mitigate any unfavorable changes in interest rates, it could still suffer adverse and material changes to net interest income, financial position, and profitability in the event of significant interest rate fluctuations.

An analysis of the interest rate risk pertaining to the Bank's assets and liabilities is disclosed below.

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Interest rate risk analysis as at 31 December 2018

	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	Non-interest sensitive US\$	Total US\$
31 December 2018							
Assets							
Cash on hand	-	-	-	-	-	151,000,293	151,000,293
Balance with the NBC	21,151,752	37,944,500	10,000,000	-	-	366,865,559	435,961,811
Balance with other banks	28,454,468	87,094,196	58,363,274	7,500,000	-	25,214,105	206,626,043
Loans to customers							
- Performing	4,320,734	9,316,951	38,450,005	398,997,326	1,369,391,939	-	1,820,476,955
- Non-performing	67,915	5,054	615,187	7,391,655	6,298,994	-	14,378,805
- Specific allowance	-	-	-	-	-	(7,804,280)	(7,804,280)
- General allowance	-	-	-	-	-	(18,047,844)	(18,047,844)
- Interest receivable	-	-	-	-	-	13,004,271	13,004,271
- Interest in suspense	-	-	-	-	-	(1,566,418)	(1,566,418)
Investment securities	-	-	29,719,104	3,272,156	-	-	32,991,260
Other assets	-	-	-	-	-	18,481,625	18,481,625
	53,994,869	134,360,701	137,147,570	417,161,137	1,375,690,933	547,147,311	2,665,502,521
Liabilities							
Deposits from customers	1,474,971,813	123,466,157	370,282,609	61,760,630	-	144,621,047	2,175,102,256
Borrowings	6,991,040	12,289,696	20,000,000	40,875,004	-	-	80,155,740
Subordinated debts	-	-	-	23,000,000	70,000,000	-	93,000,000
Other liabilities	-	-	-	-	-	28,736,249	28,736,249
	1,481,962,853	135,755,853	390,282,609	125,635,634	70,000,000	173,357,296	2,376,994,245
Interest sensitivity gap	(1,427,967,984)	(1,395,152)	(253,135,039)	291,525,503	1,305,690,933	373,790,015	288,508,276

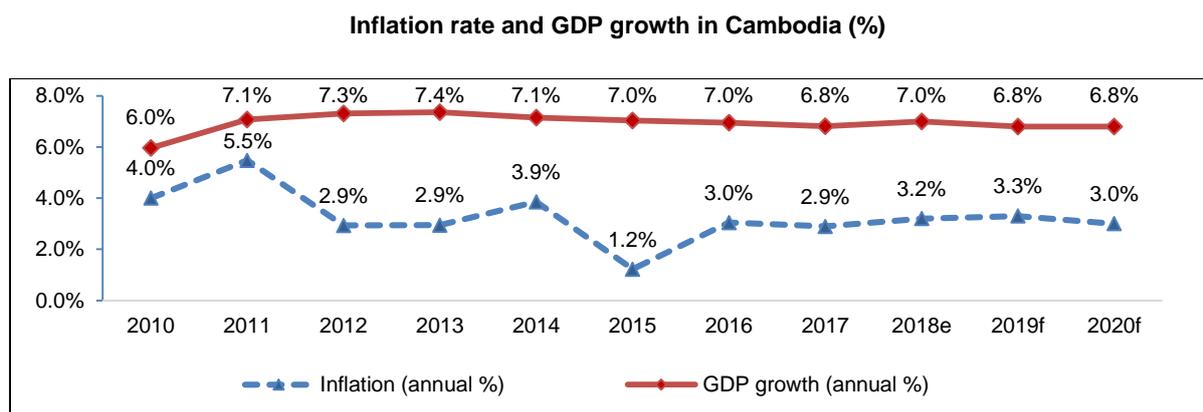
(Source: ABA Audited Report 2018)

iii) Inflation risk

Inflation refers to the general increase in the prices of goods and services. It has a direct effect on consumers and business. A significant increase in inflation could adversely affect ABA Bank's business, results of operations, and profitability.

The inflation rate in Cambodia was at an estimated 3.2% in 2018, which remained low risk. The rate was slightly up 0.3% compared with 2017, mainly due to the rise of food & utilities prices, wage growth, and influence of the upturn in international oil prices and other commodities, according to the World Bank. Nevertheless, inflation across the East Asia and Pacific region is also seen edging up, especially in Myanmar, the Philippines, and Vietnam.

Inflation is expected to stay at 3.3% and 3.0% in 2019 and 2020, respectively, according to the World Bank.



(Source: East Asia and Pacific Economics Update Oct 2018 World Bank)

iv) Competition risk

Competition risk refers to the risk of reduced business growth or market share due to actions taken by competitors within the banking industry. While there is much room for business growth, the banking market in Cambodia is saturated with over 50 banks and over 70 microfinance institutions which are all competing for customers and market share.

ABA Bank is one of the leading banks in terms of assets, loans to customers, customer deposits, and profitability. Furthermore, the Bank has experienced rapid growth which it expects to continue in the near and midterm. For 2017, ABA Bank ranked 3rd for loans, 4th for assets and customer deposits, and 1st for return on equity.

The Bank's management believes it will not only maintain its current market share but will make gains on the competition through effective management, innovative technology, leading digital banking platforms, and superior customer service. Although the Bank expects to remain in a strong position in relation to its competitors, any significant actions by its competitors or increase in overall competitors in the market could affect ABA Bank's market share as well as the services and rates that ABA Bank offers to its customers, which in turn could have a materially adverse effect on revenue, interest income, results of operations, and profitability.

v) Reputational risk

Reputational risk refers to losses that a business may suffer due to any action or negligence on the part of ABA Bank or its employees that may cause harm to the way the Bank is perceived by customers, the community, lenders, and regulators.

Although reputational risk is monitored by ABA Bank and measures are taken to prevent events that may cause reputational harm, such events are not entirely within the control of ABA Bank. Thus, an event that damages the Bank's reputation could occur and may cause materially adverse effects on ABA Bank's business, financial position, and results of operations.

d. Liquidity risk

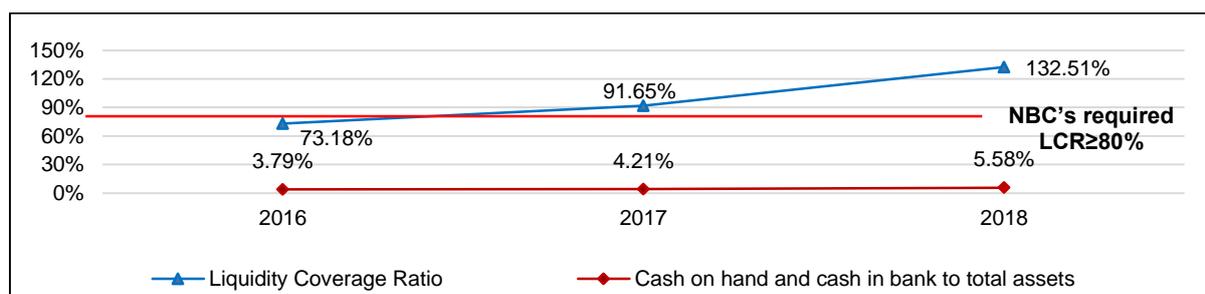
Liquidity risk relates to the ability of ABA Bank to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the management of the Bank closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customer deposits are monitored, and liquidity requirements are adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as they fall due. The liquidity position of ABA Bank remains favorable. The average liquidity coverage ratio (LCR) increased to 132.51% in 2018, from 91.65% in 2017. The LCR remains high above the regulatory minimum level in 2018 of 80%.

In addition to the liquidity buffer, the Bank has a second source of liquidity for crises events – open credit lines from foreign and local banks with total amount of about USD 250 million, including the open credit line from National Bank of Canada of USD 125 million.

Overall, ABA Bank has a strong liquidity position with continued support from National Bank of Canada and has an ideal liquidity ratio ensuring that the bank has sufficient liquid assets to cover the short term and long term liabilities. However, any failure of the Bank to adhere to regulatory liquidity requirements or any failure to maintain adequate liquidity to meet its financial obligations as they fall due could materially adversely affect the Bank's business, financial position, and results of operations.

ABA Bank's Liquidity Coverage Ratio (LCR, %)



(Source: ABA Bank Data)

e. Capital management risk

i) Regulatory capital

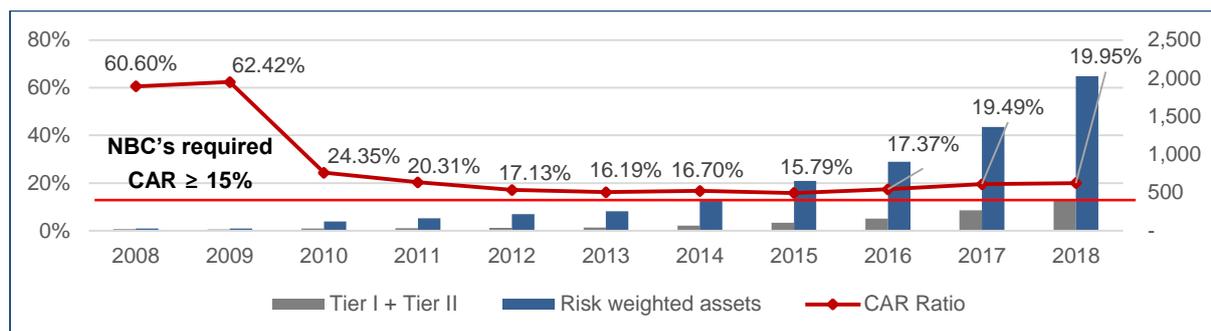
ABA Bank's lead regulator, the National Bank of Cambodia, sets and monitors capital requirements for the Bank as a whole.

The Bank's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of its business. The impact of the level of capital on shareholders' return is also recognized, and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing, advantages, and security afforded by a sound capital position.

Capitalization of ABA Bank remained well above the minimum requirement of 15% by the NBC. The capital adequacy ratio increased to 19.95% at the end of December 2018 from 19.49% at the end of December 2017, while the tier-one capital adequacy ratio (the ratio of tier-one capital to total risk-weighted assets) slightly decreased to 14.46% in 2018 from 14.56% in 2017, and Tier2 Capital Ratio increased by 0.56% in 2018 compared to 2017.

As at the date of this Disclosure Document, the Bank is in compliance with and exceeds the amounts of capital requirements imposed by the National Bank of Cambodia. The Bank is confident it can remain compliant with all current and future regulatory capital requirements. However, any changes made to the regulations could affect the Bank's ability to remain compliant with regulatory capital requirements. Failure to remain compliant with regulatory capital requirements could lead to serious sanctions by the NBC up to and including revocation of its banking license.

ABA Bank's Capital Adequacy Ratio (CAR, million USD, %)



(Source: ABA Bank Data)

ii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital. Any regulatory changes could affect the ways in which the Bank is able to allocate capital and could have negative effects on its business and results of operations.

ABA Bank sets a Capital Adequacy Ratio 1% above the minimum requirements given from the National Bank of Cambodia at all times. If the CAR ratio declines below the target, the Bank may consider proactive actions such as requesting for capital injections from shareholders, restricting risk weighted assets, and rearranging risk weighted assets.

2- Risks associated with investing in ABA Bank's corporate bond

a. Liquidity risk of bond market

There may be no liquid market for the Bond as it will be one of the first listings on the CSX. Bondholders who wish to sell their Bonds may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Bonds. They may be traded at a discount to their initial offering price, depending upon prevailing interest rates, general economic conditions and the financial condition of ABA Bank. There may be a limited number of buyers when investors decide to sell the Bonds. This may affect the price investors receive for the Bonds or the ability to sell the Bonds at all.

b. Risk in relation to changes in credit ratings of the issuer

Cost of funds, margins, access to capital markets, competitive position and other aspects of ABA Bank's performance may be affected if it fails to maintain credit ratings. As of November 27, 2018, the global company rating of ABA Bank long-term and short-term is "B", outlook "Positive" by Standard and Poor's (S&P). Real or anticipated changes in the credit rating of ABA Bank may affect any trading market for, or trading value of, the Bonds. A credit rating is subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any suspension, reduction or withdrawal of a rating by a rating agency could reduce the liquidity or market value of the Bonds.

c. Risk in relation to changes in credit ratings of the bonds

Ratings are assigned to the Bonds based on the rating agency's assessment of ABA Bank's financial condition and its ability to repay its obligations in a timely manner. A rating is an evaluation of the likelihood that the issuer will repay the principal and interest of a particular bond on time and in full. ABA Bond is assigned a credit rating of "B" by S&P. There is no guarantee that the Bond will retain this credit rating. The Bond rating can be upgraded or downgraded by the rating agency at any time due to changes in the financial condition and future prospects of the Issuer as well as the perceived ability of the Issuer to repay the Bonds on time and in full, as assessed by the rating agency. If the Bonds' credit rating is downgraded or withdrawn, the market value and liquidity of the Bonds could be reduced.

d. Risk in relation to the withholding tax on the coupon rate

While the relevant rules and regulations related to corporate bonds have been developed by the SECC, the specific regulation with regard to withholding tax on the coupon rate has not been clearly stipulated by the General Department of Taxation of Cambodia or the SECC. Based on the general tax information on Cambodian Taxation, interest received by a resident taxpayer of Cambodia (individual and company) is subject to 15%, while interest received by a non-resident (individual and company) is subject to 14%. However, potential investors of ABA Bonds shall be entitled to 50% deduction of withholding tax on interest, according to Anukret on Tax Incentives in Securities Sector dated 04th January 2019. Potential investors may refer to *Section 9: Taxation*, which presents general information of the tax consequences of investing in the Bond. The discussion of the Taxation is in general terms and is not intended to provide particular advice in relation to the circumstances of any specific potential investor. Investors shall be aware that there is an uncertainty about the tax implication on the Bonds, which may affect the net return for the investment.

e. Risk in relation to the newly established bond market

The Bond will be one of the first listings on CSX and in Cambodia. Accordingly, there is a risk that in the initial stages, notwithstanding extensive testing, there may be systems failures resulting in operational or settlement risk, especially if there are unusual events such as a market crash or a very high volume traded on a particular day.

The size of the Bond issuance of ABA Bank is relatively small, which may result in the market being inactive, and illiquid, which may expose investors to high volatility and the limited ability to trade at their desired price. It is likely that the market for the Bonds will not always be active or liquid, resulting in high volatility. Therefore, investors may have to make large price concessions to either purchase the Bonds or sell the Bonds that they are holding. In particular, in the event that the liquidity of the market is low, investors may be unable to purchase or dispose of a large block of the Bonds without causing substantial price movements.

Investors who wish to transact in the Bonds in USD will be exposed to exchange rate fluctuations arising from the difficulty in locating a counterparty wishing to trade in USD and the fact that bids and offers in the Bonds will be quoted in KHR. The subscriptions in the primary market and settlement in the secondary market are to be in KHR. This may expose investors to currency risk and higher transaction costs in converting USD into KHR, especially as the market for KHR/USD is thin. Therefore, investors transacting in USD will be subject to exchange rate risk arising from their initial investment being in USD but the value of the investment being quoted in KHR. USD based investors will be subject to further exchange rate risk, as a result of corporate actions such as interest payments being denominated in KHR. Fluctuations in the KHR/USD exchange rate may have an effect on the bondholder's returns.

f. The Bonds may not be a suitable investment for prospective investors

Prospective investors must determine the suitability of the Bonds in light of their own circumstances. In particular, prospective investors should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this document;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in the Bonds and the impact such investment will have on their overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (iv) understand thoroughly the terms of the Bonds; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks.

Additionally, their investment activities may be subject to investment laws and regulations, or review or regulation by certain authorities. Prospective investors should consult their legal advisors to determine whether and to what extent (1) the Bonds are legal investments for them, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to their purchase of any Bonds. Financial institutions should consult their legal advisors or the relevant regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

g. The Bonds are protected by some restrictive covenants for issuers

The Bonds are protected by covenants such as change of control, negative pledge and financial covenants that include solvency ratio, non-performing loan ratio, liquidity coverage ratio, and aggregated unhedged foreign currency open position. Otherwise, the Bonds do not contain other than the usual restrictive financial, operating or other covenants or restrictions, including payment of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by the Issuer. As a result, the Bondholders will have limited influence on the taking of any such corporate action by the Issuer.

3- Political risk

Cambodia has experienced some recent political controversies, particularly concerning events following the 2013 election. Adverse developments in the political and economic conditions in Cambodia and other countries in the region could materially affect the business, performance, financial condition, results of operation, and prospects of the Issuer. The most recent election took place on July 29, 2018. Investors should note that whilst the Issuer strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there can be no assurance that adverse political and economic factors will not materially and adversely affect the Issuer.

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SECTION 4: MANAGEMENT

1- ABA Bank's shareholding structures

National Bank of Canada, the 6th largest commercial bank in Canada, is the major shareholder (90%) of ABA Bank.

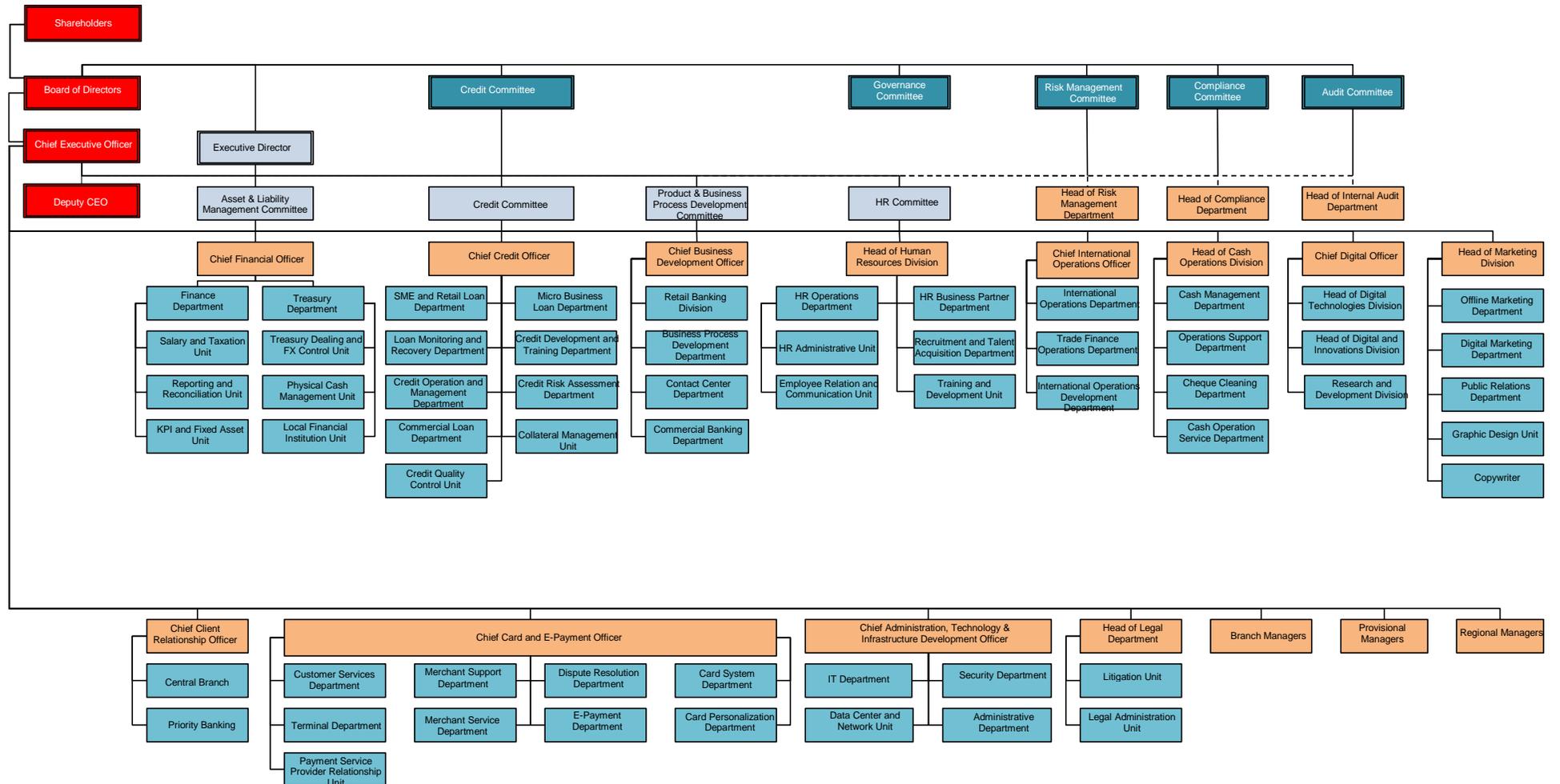


ABA Bank's Ownership (as of 31 December 2018)

Shareholder	National Bank of Canada	Mr. Damir Karassayev
Number of shares	148,500	16,500
% Ownership	90%	10%
Par Value	USD 1,000	
% Voting Right	90%	10%

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2- ABA Bank's Organization Chart



3- Board of directors and committees

The composition of the Board of Directors (BOD) was amended on 15 March 2016 when National Bank of Canada became a 90% shareholder of ABA Bank. From then until the end of December 2018, the BOD has been comprised of 8 (eight) Directors. As reflected by the Memorandum and Articles of Association (MOA) of ABA Bank dated 15 March 2016, National Bank of Canada, as a shareholder, has the right to appoint to the BOD 4 (four) Directors, which include 1 (one) Executive Director and 2 (two) Independent Directors, including the Chairman. Mr. Damir Karassayev, in his capacity as a shareholder, has the right to appoint 1 (one) Director to the BOD.

As reflected in Article 21 of the registered MOA dated 30 April 2008, it is understood that the term of office of the members of the Board of Directors shall be three (3) years; provided, however, that the term of office for a member of the Board of Directors shall, if not terminated in accordance with these Articles, be extended until the election of their successors at the close of the Ordinary General Meeting of Shareholders convened with respect to the fiscal year which is the last ending during his or her term of office. An ordinary meeting of the BOD shall be held at least once every 3 (three) months, and written notice of each meeting of the BOD shall be given by personal notice to each director at least 10 (ten) business days prior to the date set for such meeting (Article 25 of the MOA dated 26 June 2014).

As to comply with the NBC's Prakas, and to assist the BOD in working on details of specific areas of business operations, the BOD of ABA Bank creates five specialized Board Committees.

The external auditor has been appointed by the Shareholders as required by the Law on Commercial Enterprises, and has to be shifted once every three years as per the requirement from NBC. The current external auditor for ABA Bank is Deloitte (Cambodia) Co., Ltd.

Note: Quote from Circular B7-010-002 CL dated 29 December 2010, Article 3 and Article 4 states the following:

Article No.3: Banks and financial institutions must change their independent auditors every three years, and Article No. 4: Banks and financial institution as branches or subsidiaries of foreign banks may select the same independent auditors as their head office provided that audit partners are changed every three years. This practice disregards the change or time limit as stated in point 3 of this circular.

The Bank is administrated and managed by the Board of Directors, a group of up to eight individual persons who are Directors, and shall be determined by the Shareholders from time to time (Article 19 of the MOA dated 15 March 2016). To date, ABA Bank has two independent Board members including (i) Mr. Henri Calvet, and (ii) Mr. Etienne Chenevier. ABA Bank complies with NBC Prakas on Governance in Banks and Financial Institutions that requires at least two independent directors, and the bank also complies with SECC Prakas on Corporate Governance for Listed Entities requiring the composition of at least five members on the board of directors of which one-fifth shall be independent directors.

3-1- Current member list of the Board of Directors shown in an extract of the Bank as of December 2018:

Nº	Name & Position	Nationality	Designation	Date of Appointment	Date of Termination
1	Mr. Yves Raymond Jacquot	French	Chairman	29 March 2016	***
2	Mr. Dominic Joseph Pierre Jacques	Canadian	Non-Executive Director	29 March 2016	***
3	Mr. André Bérard	Canadian	Non-Executive Director	29 March 2016	***
4	Mr. Jean-François Hanczakowski	Canadian	Non-Executive Director	14 March 2018	***
5	Mr. Damir Karassayev	Khmer	Non-Executive Director	29 March 2016	***
6	Mr. Madi Akmambet	Kazakhstan	Executive Director	13 April 2010	***
7	Mr. Etienne Chenevier	French	Independent director	26 June 2014	***
8	Mr. Henri Calvet	French	Independent director	29 March 2016	***

NOTE *:** Pursuant to Article 21 of the registered Memorandum and Articles of Association of ABA Bank, the mandate of director is three years but this mandate, unless terminated pursuant to this Article 21, is extended until the election of his or her successors, which is to be appointed at the Ordinary General Meeting of Shareholders convened with respect to the fiscal year which is the last ending during the mandate.

3-2- Power of Board of Directors

The Board of Directors has general powers to manage the Bank, including, but not limited to:

- a. Determination of the priority areas for the Bank’s activities, including modification to the type of activities, approval of strategies, rules and policies and actions to implement them;
- b. Convocation of the General Shareholders Meeting, adoption of the agenda, determination of the form of the General Shareholders Meeting, including absentee or mixed voting, determination of date, time and place of the General Shareholders Meeting, including adjourned and postponed meetings;
- c. Appointment and removal of the auditor;
- d. Approval of annual financial statements, plans, estimations and budgets;
- e. Appointment and remuneration of the Chief Executive Officer;
- f. Appointment, removal and remuneration of the Internal Audit and Compliance Control Services and decisions related to their authorities and functions;
- g. Appointment of the corporate secretary and decisions related to his/her authorities and functions;
- h. Approval of any borrowing on internal markets;
- i. Issuance of notes, bonds, debentures and other evidence of debt of the Bank and fixing their absolute, relative and contingent characteristics; and
- j. Mortgaging, hypothecating, pledging the undertaking of the Bank, property or uncalled capital or any part thereof or otherwise creating a security interest in all or any property;
- k. Any other matters submitted to the Board of Directors and matters pertained to the exclusive competence of the Board of Directors in accordance with the legislation of the Kingdom of Cambodia.

3-3- Board committees

In order to assist the Board of Directors in working into detail on specific areas of business operations, the Board creates specialized Board Committees. ABA Bank has five specialized Board committees. The members and those chartered from the specialized committees have been reviewed and revised.

3-3-1- Credit Committee

Chaired by	Designation	Members	Meeting Frequency
Mr. Henri Calvet	Independent director	1) Mr. Andre Berard 2) Mr. Dominic Joseph Pierre Jacques 3) Mr. Damir Karassayev	To be conducted at least on a semi-annual basis

Duties and responsibilities

General

- Oversight of 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 at the product level, for recommendation or information to the Board on:
 - Micro business loan policy;
 - Business loan policy;
- 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. This can be done through circular resolution.

Credit Function

- Conducting on camera meeting with chief credit officer;
- Providing recommendation for the nomination of the chief credit officer.

3-3-2- Governance Committee (Remuneration and Nomination Board Committee)

Chaired by	Designation	Members	Meeting Frequency
Mr. Yves Raymond Jacquot	Chairman of the Board	1) Mr. Etienne Chenevier 2) Mr. Dominic Joseph Pierre Jacques.	To be conducted at least 4 times per year

Duties and responsibilities

General

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

Board governance

- Reviewing Board and Committee mandates and rules, for recommendation or information to the Board;
- Reviewing and proposing Committee 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 for conflict of interest;
- Proposing and follow-up on Board member training, for recommendation or information to the Board;
- Reviewing Directors and Officers Liability (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 (Chief Level) compensation, for recommendation or information to the Board.

Human Resources

- Senior Management Succession Planning;
- Employee mobilization.

3-3-3- Risk Management Committee

Chaired by	Designation	Members	Meeting Frequency
Mr. Dominic Joseph Pierre Jacques	Non-Executive Director	1) Mr. Andre Berard 2) Mr. Damir Karassayev.	To be conducted at least 4 times per year

Duties and responsibilities

General

- Oversight of 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 requiring BOD approval.

Risk Management Policies

- Review and approval of risk management policy;

- Review and approval of credit 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

- Approving risk management function charter, for recommendation or information to the Board;
- On camera meeting with chief risk officer;
- Providing recommendation for the nomination of the chief risk officer.

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;
- 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;
- Approving core banking system recovery plan;
- Approving risk limits (except related to credit risk), for recommendation or information to the Board.

3-3-4- Compliance Committee

Chaired by	Designation	Members	Meeting Frequency
Mr. Jean-François Hanczakowski	Non-Executive Director	1) Mr. Dominic Joseph Pierre Jacques 2) Mr. Henri Calvet	To be conducted at least 4 times per year

Duties and responsibilities

General

- Oversight of 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 requiring 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;
- Assessing performance of chief compliance officer;
- Annual review of chief compliance officer compensation;
- On camera meeting with chief compliance officer;
- Providing recommendation for the nomination of the chief compliance officer.

3-3-5- Audit Committee

Chaired by	Designation	Members	Meeting Frequency
Mr. Etienne Chenevier	Independent director	1) Mr. Henri Calvet 2) Mr. Jean-François Hanczakowski	To be conducted at least 4 times per year

Duties and responsibilities

General

- Oversight of internal audit department and review internal audit reports² 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;
- On 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 function budget for recommendation or information to the Board;
- Assessing performance of head of internal audit;
- Annual review of head of internal audit annual compensation;
- On camera meeting with head of internal audit;
- Providing recommendation for the nomination of the chief audit officer.

Regulatory

- Reviewing audit reports from regulators (inspection reports from National Bank of Cambodia);
- Follow-up remediation of regulator's findings.

Finance

- Reviewing annual financial statements;
- On camera meeting with CFO;
- Providing recommendation for the nomination of the chief financial officer.

4- List of senior management

N°	Name	Position
1	Mr. Askhat Azhikhanov	Chief Executive Officer
2	Mr. Lee Young Ho	Deputy Chief Executive Officer
3	Mr. Babu Ram Gyawali	Chief Financial Officer and Company Secretary
4	Mr. Galymzhan Temirov	Chief Technology & Infrastructure Development Officer
5	Ms. Adel Leilanie G. Legarta	Chief Clients Relationship Officer
6	Mr. Bibhu Pandey	Chief Credit Officer
7	Mr. Sanzhar Abdullayev	Chief Card and E-Banking Officer
8	Mr. Zokhir Rasulov	Chief Digital Officer
9	Mr. Zhiger Atchabarov	Chief International Operations Officer
10	Mr. Polin Mey	Chief Business Development Officer

² including reviewing internal controls

11	Mr. Gibeault Roy Jonathan	Chief Compliance Advisor to CEO
12	Mr. Thien Hangsobandit	Head of Compliance

5- Background of the Board of directors and the senior management

5-1-The Board of directors

N°	Name & Position	Experiences
1	Mr. Yves Jacquot <i>Chairman</i>	<p>Mr. Yves Jacquot is a Senior Vice-President – International Development Natcan International Investments (National Bank of Canada).</p> <p>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 the retail banking sector, investment and financial markets sectors and asset management sector.</p> <p>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.</p> <p>Yves was notably the supervisor of 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.</p> <p>Mr. Yves 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.</p> <p>Yves joined the Board of Directors of ABA Bank in 2014 and became the Chairman of the Board of Directors on March 29, 2016.</p>
2	Mr. André Bérard <i>Member of the Board of Directors Non-Executive Director</i>	<p>Mr. André Bérard is a corporate director and a career banker. Mr. Bérard dedicated his entire professional life to National Bank of Canada, rising through the ranks to serve as President and Chief Executive Officer of the Bank from 1989 to 2002, and Chairman of the Board of Directors from 1990 to 2003. Leading up to his years at the Bank's helm, he held several senior management positions, including Senior Vice-President and General Manager – International; Executive Vice-President – National Accounts; and Senior Executive Vice-President – Banking.</p> <p>Deeply involved with the community, he has chaired many fundraising campaigns over the years.</p> <p>Mr. Bérard has received numerous awards and distinctions. He was made an Officer of the Order of Canada in 1995 and an Officer of the Ordre national du Québec in 2000. In 2015, André Bérard was inducted as a Companion of the Order of the Canadian Business Hall of Fame for his enduring contributions to the country's economy and society.</p>

N°	Name & Position	Experiences
		<p>André Bérard serves on a number of corporate boards. On March 29, 2016, he was appointed to the Board of Directors of ABA Bank.</p>
3	<p>Mr. Damir Karassayev <i>Member of the Board of Directors Non-Executive Director</i></p>	<p>Mr. Damir Karassayev has managed businesses in Southeast Asia since 2005.</p> <p>With his career beginning at Kazakhstan Stock Exchange (KASE) while still a student at the Kazakh State Academy of Management, Damir progressed from being a part-time assistant to becoming KASE's CEO at the age of twenty-three. After a successful eight-year career at KASE, Mr. Karassayev moved to the private sector by joining a private equity and investment management group in Central Asia. Damir Karassayev led and executed several successful projects outside of Central Asia, including the startup and development of two mobile operators in Nepal and Cambodia culminating in a strategic sale of both to Telia Sonera.</p> <p>As the only equity fund partner permanently based in Southeast Asia, Damir Karassayev had gradually transformed his relationship with the fund, which eventuated with his full exit from it and assumption of full ownership of ABA Bank in 2014.</p>
4	<p>Mr. Dominic Joseph Pierre Jacques <i>Member of the Board of Directors Non-Executive Director</i></p>	<p>Mr. Dominic Jacques serves as Deputy Vice-President, International Development (National Bank of Canada).</p> <p>Dominic Jacques is a graduate of HEC in Canada. He is a Chartered Accountant (CPA, CA) and a CFA Charterholder.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>On March 29, 2016, Mr. Jacques was appointed to the Board of Directors of ABA Bank.</p>
5	<p>Mr. Jean-François Hanczakowski <i>Member of the Board of Directors Non-Executive Director</i></p>	<p>Mr. Jean-François Hanczakowski is Senior Vice-President – Client Experience and Data at National Bank of Canada.</p>

N°	Name & Position	Experiences
		<p>Mr. Hanczakowski is responsible, with his team, for understanding the needs of clients and their evolutions, and supporting the business line in satisfying them, mainly through traditional and digital marketing, brand management, community relations and charitable activities. He is also responsible for providing the rest of the organization with access to data and helps them generate value for the client through it.</p> <p>From February 2017 to February 2018, M. Hanczakowski acted as interim National Bank Insurance CEO. In this capacity he accelerated National Bank Insurance growth, expanded its clientele and positioned its digital footprint.</p> <p>He has been with National Bank of Canada since 2004 and has held various positions within the organization, including Transformation Office Leader, Head of Internal Audit and VP Financial Market Operations.</p> <p>Mr. Hanczakowski has a Management Diploma from the École des Hautes Études Commerciales in Lille, France (the equivalent of a Master's degree in Canada) with a concentration in Finance.</p> <p>Jean-François became a member of the Board of Directors of ABA Bank on March 14, 2018.</p>
6	<p>Mr. Madi Akmambet <i>Member of the Board of Directors Executive Director</i></p>	<p>Mr. Madi Akmambet holds an MBA with distinction from Cass Business School, City University London and a degree in Economics from Kazakh State Academy of Management.</p> <p>He started his career in 1997 in the Treasury Department of the Ministry of Finance of the Republic of Kazakhstan and then Banking Supervision Department of the National Bank of Kazakhstan.</p> <p>Between 2000 and 2007, he held top management positions at several national companies, the Financial Institutions' Association and a commercial bank in Kazakhstan. His international working experience started in 2007 with a private equity business project in Uzbekistan.</p> <p>In March 2009, Madi was appointed CEO of ABA Bank in Cambodia, where he had led a major turnaround of the Bank. Since April 13, 2010 he has been Executive Director of the Board of Directors of ABA Bank.</p>
7	<p>Mr. Henri Calvet <i>Member of the Board of Directors Independent Director</i></p>	<p>Mr. Henri Calvet graduated from Ecole Normale Supérieure de Cachan and University (Economics degree, Paris-I Panthéon-Sorbonne).</p> <p>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).</p>

N°	Name & Position	Experiences
		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.
8	Mr. Etienne Chenevier <i>Member of the Board of Directors Independent Director</i>	<p>Mr. Etienne Chenevier graduated 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.</p> <p>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.</p> <p>Etienne has been living in Asia for 21 years and is based in Singapore and Cambodia.</p> <p>On June 26, 2014, Mr. Etienne was appointed as a member of the Board of Directors of ABA Bank.</p>

5-2-The Senior Management

N°	Name & Position	Experiences
1	Mr. Askhat Azhikhanov <i>Chief Executive Officer</i>	<p>Mr. Askhat Azhikhanov holds a PhD in Economics from Kazakh State University, MSc in Banking and International Finance degree with honors from Cass Business School (London, UK), Bachelor in Economics degree with honors from Kazakh State Academy of Management, Bachelor in Oil and Gas Exploration degree with honors from Kazakh State Technical University.</p> <p>From 1998 to 2001, he worked at the National Bank of Kazakhstan Banking Supervision Department. In 2001 – 2005, he held a management positions at Halyk Bank (Kazakhstan).</p> <p>From 2007 to 2008, he worked at Credit Suisse Kazakhstan as a Head of Asset Management.</p> <p>In 2009, he worked as a CEO of Zhetisu Asset Management and CEO Advisor at Temir Bank.</p> <p>He joined ABA Bank in September 2009.</p>
2	Mr. Lee Young Ho <i>Deputy Chief Executive Officer</i>	Mr. Lee Young Ho is a native of South Korea and has more than three decades of banking experience to his name.

Nº	Name & Position	Experiences
		<p>Mr. Lee has held senior managerial positions with commercial banks in South Korea, Indonesia and the United States.</p> <p>He was a senior manager with top Korean-American bank WOORI America Bank.</p> <p>He joined ABA Bank in 2007.</p>
3	<p>Mr. Babu Ram Gyawali <i>Chief Financial Officer and Company Secretary</i></p>	<p>Mr. Babu Ram Gyawali graduated from the Institute of Chartered Accountants of India, New Delhi as well as from Tribhuvan University, Kathmandu Nepal.</p> <p>Mr. Gyawali started his career in 2001 with Himalayan Bank Limited, a Joint Venture Bank with Habib Bank Limited in Pakistan.</p> <p>Between 2001 and 2007, he worked in Himalayan Bank as Executive Financial Officer and Head of Internal Audit Department.</p> <p>Since November 2007, he has been working with ABA Bank.</p>
4	<p>Mr. Galymzhan Temirov <i>Chief Technology & Infrastructure Development Officer</i></p>	<p>Mr. Galymzhan Temirov graduated from Kazakh Technology Institute in 1993.</p> <p>From 1991 until 1994, he worked in Technology Processes Automation Research Laboratory Kazakh Technology Institute and in 1995 completed postgraduate course of fuzzy logical control algorithms in the chemical industry.</p> <p>Between 1994 and 2000, he held CIT position at South Kazakhstan branch of Bank TuranAlem (BTA bank).</p> <p>From 2000, he worked as senior financial software development officer at the head office of BTA and Deputy Chief of IT Software Development Department of Bank TuranAlem.</p> <p>In June 2007, he joined ABA Bank's management team.</p>
5	<p>Ms. Adel Leilanie G. Legarta <i>Chief Client Relationship Officer Central Branch Manager</i></p>	<p>Ms. Adel Leilanie G. Legarta graduated from the University of Santo Tomas, Manila, Philippines, majoring in Business Management.</p> <p>Mrs. Legarta started her career in 1991 working for Rizal Commercial Banking Corporation, Makati, Philippines.</p> <p>She came to Cambodia in 2001 and has worked in Canadia Bank Plc until 2006 in various managerial positions such as Card Center Assistant Marketing Manager, Senior Marketing Manager and International Relationship Manager.</p> <p>In May 2006, she joined Sciaroni and Associates Law and Investment Firm.</p> <p>Since April 2008, she has been working with ABA Bank.</p>

N°	Name & Position	Experiences
6	Mr. Bibhu Pandey <i>Chief Credit Officer</i>	<p>Mr. Bibhu Pandey holds a Master's Degree in Economics from Tribhuvan University, Kathmandu Nepal and a Master's Degree in Business Studies from Tribhuvan University.</p> <p>Mr. Pandey started his career in 1997 with Himalayan Bank Limited, a Joint Venture Bank with Habib Bank Limited in Pakistan.</p> <p>From 1997 to 2007, he worked in position of second in line in the Credit Administration Department of Himalayan Bank.</p> <p>During the first quarter of 2008, he worked at Global Bank Ltd. as second in line of Credit Department.</p> <p>He joined ABA Bank in April 2008 as the Head of Credit Department.</p>
7	Mr. Sanzhar Abdullayev <i>Chief Card & E-Banking Officer</i>	<p>Mr. Sanzhar Abdullayev graduated from the Kazakh State National University.</p> <p>Between 1998 and 2007, he worked as a project leader for developing and supporting retail and corporate loans, securities, trade finance and core-banking system modules in IT Departments of Halyk Bank and Bank TuranAlem, Kazakhstan.</p> <p>Since July 2007, has been working as Head of IT Department and from 2008 as Head of Card Center of ABA Bank.</p>
8	Mr. Zokhir Rasulov <i>Chief Digital Officer</i>	<p>Mr. Zokhir Rasulov graduated from Tashkent Polytechnic University with a Production Management degree in 1999, and started his career in IR Department of State Property Committee (SPC).</p> <p>In 2005-2007, he worked at the World Bank project called "SMEs development through the use of IT technologies" as a Project Manager (Uzbekistan).</p> <p>Upon successful completion of the project in 2007, he joined Visor Holding representative office in Tashkent as a Business Analyst.</p> <p>His banking industry experience started in 2008 after joining Credit-Standard Bank, Tashkent, as Chief Marketing Officer.</p> <p>He joined ABA Bank in April 2012 as Chief Marketing Officer.</p> <p>In June 2016, Zokhir headed the Digital Transformation process of the Bank.</p>
9	Mr. Zhiger Atchabarov <i>Chief International Operations Officer</i>	<p>Mr. Zhiger Atchabarov graduated from the Kazakh-British Technical University (Almaty, Kazakhstan).</p> <p>He started his career in 2007 with the International Relations and Trade Finance Department of JSC Bank TuranAlem (BTA Bank), Almaty, Kazakhstan.</p>

N°	Name & Position	Experiences
		<p>From 2010, he headed the Export-Import Operations Desk and from 2011, the Regional Trade Finance Sales Desk of the bank.</p> <p>In 2011, he joined JSC Temirbank, Almaty, Kazakhstan as Head of Financial Institutions and Trade Finance Department and worked at the bank until 2014.</p> <p>Since May 2014, has been working for ABA Bank.</p>
10	<p>Mr. Polin Mey <i>Chief Business Development Officer</i></p>	<p>Mr. Polin Mey graduated from Royal University of Agriculture in 2006 in Agronomy Science and progressively developed himself through local and overseas skill trainings.</p> <p>Mr. Mey started his career with ANZ Royal Bank in 2007 until December 2011, serving different roles in Retail and Institutional Banking segments. His exposures were related to management of client relationship with corporate and multi-national companies, credit analysis, and debt management.</p> <p>Having joined ABA Bank in January 2012, Mr. Mey plays an important role in developing and improving ABA Bank's Sales and Service Department, including development of deposit business, business process development, implementation & automation, service & product developments, sales management, and contact center development.</p>
11	<p>Mr. Jonathan Gibeault Roy <i>Chief Compliance Advisor to CEO</i></p>	<p>Jonathan joined National Bank of Canada (BNC) in 2006, where he held various positions of increasing responsibilities within the branch network, fraud management, and corporate compliance.</p> <p>With more than 10 years of AML\CFT experience, he was in charge of various teams responsible of high-risk customer management, sanction screening, and international transaction monitoring, risk model and enhancing the AML\CFT program.</p> <p>Before joining ABA Bank his last role was Compliance Senior Advisor to the BNC International Development Group.</p>
12	<p>Mr. Thien Hangsobandit Head of Compliance</p>	<p>Mr. Thien Hangsobandit graduated from University of Cambodia in 2012 with a Finance and Banking degree and from Cambodian Mekong University in 2013 with an Accounting degree.</p> <p>He started his career in 2010 with a real estate company, then joined Maybank (Cambodia) Plc in 2011 starting as an officer and advancing to senior level within the Compliance Department.</p> <p>He joined ABA Bank in 2014 to lead the Compliance Department on regulatory and AML/CFT functions.</p>

6- Numbers of total employees and full-time employees

6-1-Number of employees by education levels

Levels of education	31 December 2016	31 December 2017	31 December 2018
PhD	1	1	1
Master	80	110	170
Bachelor	1,597	2,354	4,042
Total	1,678	2,465	4,213

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6-2-Number of employees by departments

Nº	Department/Division	31 December 2016			31 December 2017			31 December 2018		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
1	Administrative Department	24	20	4	26	22	4	42	35	7
2	Business Development	25	18	7	31	24	7	13	10	3
3	Card and E-Payment Division	54	42	12	73	61	12	144	111	33
4	Cash Operations Division	38	13	25	25	0	25	121	47	74
5	Chancellery Department	2	0	2	2	0	2	5	0	5
6	Compliance Department	6	3	3	6	3	3	9	3	6
7	Credit Division	110	90	20	115	95	20	212	168	44
8	Digital Banking Division	9	8	1	14	13	1	32	19	13
9	Finance Department	14	10	4	15	11	4	30	14	16
10	HR Division	17	6	11	26	15	11	114	91	23
11	Internal Audit Department	14	11	3	16	13	3	19	13	6
12	International Operations Division	21	7	14	21	7	14	33	8	25
13	IT Department	31	31	0	42	42	0	72	67	5
14	Legal Department	11	8	3	5	2	3	18	14	4
15	Marketing Division	7	6	1	8	7	1	11	10	1
16	Risk Department	3	2	1	2	1	1	3	1	2
17	Security Department	38	38	0	51	51	0	77	77	0
18	Treasury Department	0	-	-	-	4	-	9	7	2
19	Branch Office	1,254	796	459	1,987	1,327	657	3,249	1,990	1,259
Total		1,678	1,109	570	2,465	1,698	768	4,213	2,685	1,528

7- Directors' Role in another company as a director, a shareholder, an owner or a partner of another company

No.	Name of Director	Companies/Entities	Role (Director / Shareholder / Owner / Partner)
1	Mr. Yves Raymond Jacquot	TenGer Financial Group LLC.	Non-Executive Director
		XacBank LLC	Non-Executive Director
		AfrAsia Bank Limited	Non-Executive Director
		Byblos Bank S.A.L	Director
		Ronoc Myanmar Ltd.	Director
2	Mr. Dominic Joseph Pierre Jacques	AfrAsia Bank Limited	Alternate Director
3	Mr. André Bérard	TFI International Inc.	Lead Independent Director
		Groupe BMTC Inc.	Lead Independent Director
		The Bell Telephone Co. of Canada	Director
		Stewart MacDonald Foundation	Director
		Marius Saradar Holding SAL	Director
4	Mr. Jean-François Hanczakowski	N/A	N/A
5	Mr. Damir Karassayev	Paladigm Capital Pte. Ltd.	Chairman
6	Mr. Madi Akmambet	N/A	N/A
7	Mr. Etienne Chenevier	CityStar Private Equity Asia Pte. Ltd.	Partner (Director Asia)
		Project Alba	Independent Director
8	Mr. Henri Calvet	H2C Conseil	Owner
		SCI D4AUBIGNY	Partner

8- Involvement of directors and senior officers in certain legal proceedings for the last 2 years

8-1- Bankruptcy petitioned against any company in which any senior officer or director of the issuer was a director, a senior officer or a partner

As of the date of this Disclosure Document, the Bank does not have any bankruptcy petitioned against any company in which any senior officer or director of the Bank was a director, a senior officer or a partner for the last 2 years.

8-2- Conviction of any crime or any criminal proceeding pending against directors or senior officers

As of the date of this Disclosure Document, the Bank does not have any conviction of any crime or any criminal proceeding pending against directors or senior officers for the last 2 years.

8-3- Permanent or temporary jurisdiction of any competent court against any director or senior officer enjoining, barring, suspending or limiting the involvement in any securities or business activity

As of the date of this Disclosure Document, the Bank does not have any permanent or temporary jurisdiction of any competent court against any director or senior officer enjoining, barring, suspending or limiting the involvement in any securities or business activity for the last 2 years.

8-4- Decision of SECC, Foreign Securities and Exchange Commission or other regulators enjoining, barring, suspending or limiting the involvement of directors or senior officers in any securities or business activity

As of the date of this Disclosure Document, the Bank does not have any decision of SECC, Foreign Securities and Exchange Commission or other regulators enjoining, barring, suspending or limiting the involvement of directors or senior officers in any securities or business activity for the last 2 years.

9- Remuneration or compensation of directors and senior officers

Unit: USD

Classification	2016	2017	2018
Board of directors	439,006	593,868	708,562
Senior management	3,649,612	4,914,436	6,551,967
Total	4,088,618	5,508,304	7,260,529

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SECTION 5: RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

ABA Bank has disclosed information about material financial contracts with a value threshold of at least USD 5 million and limits the review of the material commercial contracts to only those reach value threshold of USD 1 million. Please refer to Section 1: Trend of Key Financial Data, m-Material Contracts.

1- Transactions with shareholders during the last 2 years prior to filing of application

During the last 2 years prior to filing of application, the Bank has entered into the following transactions with shareholders:

Shareholder	Value (USD)	Agreement	Date
National Bank of Canada	10,000,000	Subordinated Loan Agreement	22 December 2015
	15,000,000	Subordinated Loan Agreement	22 December 2015
	10,000,000	Subordinated Loan Agreement and its amendment	26 September 2016 and 25 January 2017 respectively
	20,000,000	Subordinated Loan Agreement	06 July 2017
	40,000,000	Subordinated Loan Agreement	30 January 2018
	20,000,000	Subordinated Loan Agreement	08 January 2019
National Bank of Canada	N/A	Trademark License Agreement	04 July 2016

Please refer to item 15 in Section 10 on Subordinated Debts of the Audited Financial Statements for the year ended 31 December 2018 for further information.

2- Materials transactions with directors or senior officers or persons whereby directors or seniors officers of the bank has interest during the last 2 years prior to the filing of application

Other than staff loans and deposits and placements by key management, directors and shareholder as reported in the Audited Financial Statements for the year ended 31 December 2018 in Section 10 below (which are not material transactions as they are within the scope of ordinary business of the Bank), the Bank has entered into one material transaction with directors or senior officers or persons whereby directors or senior officers of the Bank has interest during the last 2 years prior to the filing of application as follows:

Party	Value	Agreement	Date
Retired Senior Officer	USD1,777.77 per month for first five years; and USD2,133.33 per month for the remaining five years.	Lease Agreement	11 September 2017

3- Material transactions with shareholders holding at least 5% of the bank's outstanding shares during the last 2 years prior to the filing of application

Please refer to Section 5.1 (above) of this Disclosure Document.

4- Material transactions with family members of directors or senior officers or shareholders holding at least 5% of the outstanding shares during the last 2 years prior to the filing of application

As of the date of this Disclosure Document, the Bank does not have any other material transactions with family members of directors or senior officers or shareholders holding at least 5% of the outstanding shares during the last 2 years, other than otherwise disclosed in this Section 5 of this Disclosure Document herein.

5- Material transactions with persons who have relationship with directors of the bank, its subsidiary or holding company where relationship occurred in the transaction or any arrangement with the bank during the last 2 years prior to the filing of application

As of the date of this Disclosure Document, the Bank does not have any other material transactions with persons who have relationships with directors of the Bank, its subsidiary or holding company where relationships occurred in the transaction or any arrangement with the Bank during the last 2 years, other than otherwise disclosed in this Section 5 of this Disclosure Document herein.

6- Material transactions with persons who were directors or with any person who has relation with the former directors of the bank during the last 2 years prior to the filing of application

As of the date of this Disclosure Document, the Bank does not have any material transaction with persons who were directors or with any person who has relations with the former directors of the Bank during the last 2 years prior to the filing of application.

7- Material transactions with directors holding any position in an association or non-profit organization or other companies for the last 2 years prior to the filing of application

As of the date of this Disclosure Document, the Bank does not have any other material transactions with directors holding any position in an association or non-profit organization or other companies for the last 2 years prior to the filing of application, other than otherwise disclosed in this Section 5 of this Disclosure Document herein.

8- Material transactions with directors receiving interest or professional fee for services in which director provided via any firm to issuer during the last 2 years prior to the filing of application

As of the date of this Disclosure Document, the Bank does not have any other material transactions with directors receiving interest or professional fees for services in which the director provided via any firm to issuer during the last 2 years prior to the filing of application, other than otherwise disclosed in this Section 5 of this Disclosure Document herein.

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SECTION 6: INFORMATION RELATING TO THE OFFERING FOR SALE OF THE BONDS

1- General information of the bank

Name	Advanced Bank of Asia Limited (ABA Bank)
Address	No. 148 Preah Sihanouk Blvd., Boeung Keng Kang I, Khan Chamkarmon, Phnom Penh, Cambodia
Phone number	(855) 23 225 333
Website	www.ababank.com
E-mail	info@ababank.com
Company registration number	00010593
Registration date	29 December 2010
License number	14
License date	28 November 2006

2- The information of underwriter(s)

The Issuer has appointed the Underwriter whose name and address are as specified in Point 3: General information of underwriter as Underwriter to the Bond transaction. In respect of the arrangement for the offering and sale of the Bonds, the Underwriter agrees to manage, arrange and procure subscriptions by Institutional Investors and High Net Worth Investors in accordance with and subject to the terms and conditions specified in the Underwriting Agreement between the Issuer and the Underwriter. In performing such duties, the Underwriter: (i) has already obtained all relevant license(s) required under the applicable laws and regulations of Cambodia; (ii) must comply with other relevant regulations applicable to it in relation to the offering and allocation of the Bonds.

3- General information of underwriter

Name	SBI Royal Securities Plc.
Address	#13A th Floor, Phnom Penh Tower, 445, Preah Monivong Blvd, Sangkat Boeung Pralit, Khan 7 Makara, Phnom Penh, Cambodia
Phone number	(855) 23 999 595
Fax number	(855) 23 333 640
Website	www.sbiroyal.com
E-mail	info@sbiroyal.com
Company registration number	Co. 0391 E/2010
Registration date	22 February 2010
License number	002 SECC/KT
License date	14 August 2013

4- Underwriting agreement

The Underwriting Agreement is made between the Issuer and Underwriter (collectively referred to as the "Underwriting Agreement"). Below is the summary of the Underwriting Agreement, but we do not include the entire agreement.

Based on the SECC's approval and CSX's approval on listing the Bonds and based on the terms and conditions as stated in the Underwriting Agreement, the underwriting firm will subscribe all outstanding Underwriting Bonds unsubscribed during subscription after the completion date of subscription.

In the event that by 17:00 on the Subscription Closing Date, in respect of all the Underwriting Corporate Bonds, valid applications and subscriptions for all such Underwriting Corporate Bonds have been received pursuant to the Offering in accordance with the terms and conditions of the Disclosure Document, accompanied by valid banker's drafts or other forms of remittances for the full amount payable thereunder, the obligations of the Underwriter in respect of the Corporate Bonds under this Agreement shall cease.

Power, authorizations and duties of the Underwriter

The Underwriter shall have powers to do all such acts and things as it may deem necessary or advisable for or in connection with the Offering and, in particular, without limitation or prejudice to the foregoing and the other provisions of this Agreement:

- To prepare and submit (either wholly or partially the relevant documents for submission to CSX and SECC) on behalf of the Issuer the necessary applications, documents and confirmations, including without limitation to the listing eligibility review, to the CSX for the admission of the Issuer to the Official List of the CSX and for the quotation and dealing in the Corporate Bonds;
- To procure that the Preliminary Disclosure Document or, as the case may be, the Disclosure Document contains all particulars and information required by, and is in accordance with the Prakas on Public Offering of Debt Securities, the CSX Listing Rules and all other relevant laws and regulations;
- To procure that the Disclosure Document be lodged with and registered by the SECC together with any other documents required to be annexed to the Disclosure Document, lodged and registered with the SECC in accordance with the Securities Law, Anukret and the Prakas on Public Offering of Debt Securities;
- To procure a supplementary or replacement Disclosure Document be lodged and registered with the SECC in accordance with the Prakas on Public Offering of Debt Securities, if necessary;
- To prepare and coordinate the efforts of the professional advisors to the Offering in the preparation of the Preliminary Disclosure Document and the Disclosure Document to be approved by the Issuer for the lodgment with and registration by the SECC;
- To assist in the Offering for subscription at the Offering Price on the terms and subject to the conditions of this Agreement and the Disclosure Document;
- To send or make available copies of the Preliminary Disclosure Document, or as the case may be, the Disclosure Document to such person as it may in its discretion deem fit;
- To assist the Issuer to accept or reject any application for the Corporate Bonds as the Underwriter, in consultation with the Issuer may deem fit but subject to the terms and conditions of the Disclosure Document and this Agreement, and in compliance with the requirements of the SECC and the CSX;
- To assist the Issuer to allot/allocate any of the Corporate Bonds to any applicant for the same and in such amount as the Underwriter in consultation with the Issuer, may deem fit but subject to the terms and conditions of the Disclosure Document and this Agreement, and in compliance with the requirements of the SECC and the CSX;
- Subject to the approval of the SECC and the CSX, to extend the Subscription Closing Date for such further period(s) as the Underwriter may, in consultation with the Issuer, deem fit; and
- To disclose to the CSX and/or the SECC any information relating to the Issuer and their affairs, operations or business, where such disclosure is deemed necessary by the Underwriter for the purposes of or in relation to the Offering.
- To assist the Issuer in preparing and submission to the SECC of all necessary documents and applications required for the tax incentives promulgated in the Anukret on Tax Incentives in Securities Sector no. 01 ANKR BK dated 04 January 2019.

5- Information of professional accounting firms and independent auditors

a- Professional tax advisor

Name	KPMG Cambodia Ltd.
Address	No. 144, Street 169, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Cambodia
Phone number	(855) 023 216 899
Fax number	(855) 023 216 405
Website	www.kpmg.com
E-mail	audit@kpmg.com.kh
Company registration number	00009171
Registration date	19 August 1997
License number	002 គ.ម.ក. / ្រ.ក
License date	9 January 2017
Registration number accredited by SECC	077/17 គ.ម.ក. / ស.ស.វ
SECC registration date	5 July 2017

b- Professional accounting advisor

Name	Deloitte (Cambodia) Co., Ltd.
Address	Vattanac Capital Tower, Floor 8, Unit 8, #66 Preah Monivong Blvd, Khan Duan Penh, Phnom Penh, Cambodia
Phone number	(855) 023 963 777
Fax number	(855) 023 963 778
Website	www.deloitte.com/kh
E-mail	khinfo@deloitte.com
Company registration number	00000342
Registration date	09 January 2014
License number	008 គ.ម.ក./ក.ស
License date	10 January 2018
Registration number accredited by SECC	002/18 SSR គ.ម.ក./ ស.ស.វ
SECC registration date	10 January 2018

c- Legal advisor

Name of legal firm	R&T Sok & Heng Law Office
Address	Vattanac Capital Office Tower, Level 17, No. 66, Preah Monivong Boulevard, Sangkat Wat Phnom, Khan Daun Penh, 12202 Phnom Penh, Cambodia
Tel	(855) 023 963 112
Fax number	(855) 023 963 116
Website	http://rajahtannasia.com
E-mail	info.kh@rajahtann.com
Professional certificate issued by the Bar Association of the Kingdom of Cambodia	077/BAKC-PO/17
Certificate date	17 August 2017
Registration number accredited by SECC	001/18 SECC
SECC registration number	05 March 2018

d- Credit rating

Name	S&P Global Ratings
Address	12 Marina Boulevard, #23-01 Marina Bay Financial Centre Tower 3, Singapore, 018982
Tel	+65-6438-2881
Fax number	N/A
Website	www.spratings.com
E-mail	Investor_Feedback@spglobal.com

6- Description of the Bonds being offered**a- General description of the Bonds and the offering**

The Bonds are subject to the Terms and Conditions in the form attached as Appendix I to this Disclosure Document (the "Terms and Conditions"). Below are the terms of the Bond offering and the material terms under the Terms and Conditions and the Bondholders' Representative Appointment Agreement. Unless otherwise defined in this section, capitalized terms used herein have the same meanings given to them in the Terms and Conditions.

Issuer	Advanced Bank of Asia Limited (ABA Bank) Under the banking regulation of Cambodia, ABA Bank is a licensed commercial bank. The institution provides loans, deposit, money transfer service, ATM service, cash-in service, and mobile banking.
Bond Name	ABA Bond (the “Bonds”)
Bond Type	Unsecured and unsubordinated bonds in a registered form
Value of Bonds offered	KHR 128 billion
Currency	KHR
Maturity Date	3 years [2019-2022] from the Issue Date
Coupon Rate	7.75% per annum
Default Interest Rate	Interest Rate plus 2 per cent per annum
Offering Price	Fully Paid
Coupon Payment	The Bonds will bear interest from 14 August 2019, payable semi-annually in arrears on 14 February and 14 August of each year, with the first payment to be made on 14 February 2020. The coupon is scheduled to be paid on a semi-annual basis in arrears on each coupon payment date. Coupon = Coupon Rate / 2 x Par Price
Issue Date	14 August 2019
Number of Bonds offered	1,280,000 bonds
Nominal Amount	KHR 100,000 per bond
Minimum Investment Amount	- With application amount of KHR 800 million and in multiples of KHR 200 million for institutional investors - With application amount of KHR 4 million and in multiples of KHR 1 million for retail investors
Principal Payment	Bullet payment at maturity
Early Redemption	None
Credit Rating	The Bonds are rated “B” by S&P Global Ratings
Conversion Right	None
Governing Law	The Bonds are governed by and construed in accordance with the laws of Cambodia.
Registration	The Issuer will apply for the Bonds to be offered with the Securities and Exchange Commission of Cambodia (SECC) and expects to be listed on the Cambodia Securities Exchange (CSX).
Purpose	Through the issuance of 1,280,000 bonds, ABA Bank expects to raise KHR 124.83 billion after deduction of registration fee of Disclosure Document, listing fee at CSX, depository fees and other advisory fees (underwriting, accounting, legal, and other offering expenses). ABA Bank intends to use the net proceeds for funding the growth in lending business and for operating expenditure. The proceeds from ABA Bank’s KHR bond issuance will support rural micro, small and medium enterprises (“MSME”), including women entrepreneurs in the Kingdom of Cambodia.

Underwriter	SBI Royal Securities Plc.
Bondholders' Representative	ACLEDA Securities Plc.
Registrar	ACLEDA Bank Plc.

b- Subscription and allocation

b-1- Offering method

The offering of the Bonds is made through the Underwriter in accordance with Prakas on Public Issuance of Debt Securities. The bonds will be offered to both institutional and retail investors.

b-2- The Bonds being offered

Estimated amount of Bond proceeds to be received by the Issuer and expenses Incurred in connection with the Bonds being offered:

(a) Estimated amount of the Bond proceeds to be received by the Issuer:

Through the issuance of 1,280,000 bonds, ABA Bank expects to raise KHR 124.83 billion after deduction of registration fee of Disclosure Document, listing fee at CSX, depository fees and other advisory fees (underwriting, accounting, legal, and other offering expenses).

(b) Estimated amounts of fees and expenses incurred in connection with the bond offering:

Fee for submission and registration of Disclosure Document	KHR 12 million
Other expenses	Estimated KHR 3.15 billion

Note:

- Other expenses include the approximate fees payable to the relevant third parties, e.g. the underwriter, the bondholders' representative, the registrar, legal advisors, costs of printing the Disclosure Document, subscription forms and other documents and publication costs, roadshow expenses and application fee for registering the Bonds with the CSX.

b-3- Other Information related to subscription and allocation

For more information, see "THE GUIDELINE ON THE SUBSCRIPTION, ALLOCATION AND REFUND" on page vii of the Disclosure Document.

7- Use of proceeds

Through the issuance of 1,280,000 bonds, ABA Bank expects to raise KHR 124.83 billion after deduction of registration fee of Disclosure Document, listing fee at CSX, depository fees and other advisory fees (underwriting, accounting, legal, and other offering expenses). ABA Bank intends to use the proceeds for funding the growth in lending business, for the working capital and capital expenditure. The proceeds from ABA Bank's KHR bond issuance will support rural micro, small and medium enterprises ("MSME"), including women entrepreneurs in the Kingdom of Cambodia. The proceeds shall be used to lend from ABA branches at the district and village level. Out of the total KHR loan portfolio as of end of May 2019, around 15% is financed to women-owned MSME. Thus, the major part of the bonds proceeds will be used to enhance the financing of women owned MSMEs. The bond proceeds will also help to secure KHR source of fund in advance in order to finance KHR loans at stable pricing.

Uses of Proceeds	Amount (KHR billion)	%
Fees (underwriting, listing, registrar, etc.)	3.0	2.3%
Lending business, including	110.0	86%
- <i>micro loans</i>	55.0	50%
- <i>SME loans</i>	33.0	30%
- <i>corporate loans and loans to financial institutions</i>	16.5	15%
- <i>retail and other loans</i>	5.5	5%
Operating Expenditure	10	7.8%
Others	5	3.9%
Total Proceeds (Gross)	128.00	100%

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SECTION 7: TERMS AND CONDITIONS OF THE BONDS

TERMS AND CONDITIONS OF THE CORPORATE BONDS ("CONDITIONS")

The following are the terms and conditions of the corporate bonds (the "Corporate Bonds") authorized and issued by Advanced Bank of Asia Limited also known as ABA Bank (the "Issuer") which provides for the rights and obligations of the Issuer and the bondholders with respect to the Corporate Bonds, as may be supplemented, amended or modified by any subsequent amendment thereto.

The Issuer has appointed ACLEDA Securities Plc. as the Bondholders Representative pursuant to the Bondholders Representative Agreement and ACLEDA Bank Plc. as the Securities Registrar, the Securities Transfer Agent, and the Paying Agent pursuant to Appointment Agreement. The Bondholders are deemed to accept the appointment of the Bondholders Representative and are entitled to the benefits of, are bound by, and are deemed to have been duly notified of, read, understand, agree to and accept, all provisions of the Conditions and the Bondholders Representative Agreement which are applicable to them.

Copies of the executed Conditions, Bondholders Representative Agreement, and Appointment Agreement are available for inspection during normal business hours at the registered office of the Bondholders Representative.

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I. DEFINITIONS

In the Conditions:

“Account” means the Issuer's KHR denominated bank account which shall be created prior to the Subscription Date.

“Affiliate” means, in relation to a person, a Subsidiary or Holding Company of that person or a Subsidiary of that Holding Company.

“Appointment Agreement” means the Contract on Providing Services of Securities Registrar, Securities Transfer Agent and Paying Agent dated 06 May 2019 and entered into or to be entered into by and between the Issuer and **ACLEDA Bank Plc.** in connection with the issuance of the Corporate Bonds.

“Banking Regulations” mean the Law on Banking and Financial Institutions promulgated by Royal Kram No. NS/RKM/1199/13 dated 18 November 1999 and its the implementation regulations and subsequent amendments thereto.

“Bondholder(s)” means the person(s) who owns the Bond(s) in accordance with Clause III.

“Bondholders’ Book” means the book of bondholders of the Corporate Bonds, recording particulars of the Bondholders or other sources of registration information relating to the transfer, pledge, attachment, and other matters related to the Corporate Bonds as required by Appointment Agreement and the relevant rules and procedures prescribed pursuant to the applicable rule under Cambodian Laws.

“Bondholders Representative” means ACLEDA Securities Plc. acting as bondholders’ representative in respect of the Corporate Bonds, or any successor appointed as the bondholders’ representative in respect of the Corporate Bonds from time to time in accordance with the Conditions and the Bondholders Representative Agreement.

“Bondholders Representative Agreement” means the Bondholders Representative Agreement entered into by and between the Bondholders Representative and the Issuer dated 24 April 2019 or any agreement appointing a new Bondholders Representative to replace the existing Bondholders Representative (if any) from time to time.

“Bondholder’s Rights” means all rights relating to the Corporate Bonds under the Conditions including, without limitation, the right to receive payment of the principal and interest on the Corporate Bonds and the right to attend and vote at meetings of the Bondholders.

“Book Closing Date” has the meaning given to it in Clause III.2.C.

“Business Day” means a day (other than a Saturday, Sunday or public holidays recognized by the Ministry of Labor and Vocational Training of Cambodia) when banks are open for banking business in Cambodia.

“Cambodia” means the Kingdom of Cambodia.

“Change of Control” means any of the following circumstances:

- (a) National Bank of Canada (“National Bank of Canada”), at any time, and for any reason, fails to own directly or indirectly at least 90 (ninety) per cent of both the economic and voting interests in the Issuer’s share capital (determined on a fully diluted basis);
- (b) any person or group shall have obtained the power (whether or not exercised) to elect a majority of the board of directors of the Issuer;
- (c) the board of directors of the Issuer ceases to consist of a majority of directors that has been elected by National Bank of Canada; or
- (d) a “change of control” or similar event shall occur as provided in any other loan or preferred stock documentation relating to the Issuer.

“Conditions” means these terms and conditions as may be supplemented, amended or modified in accordance with the terms specified herein.

“Corporate Bonds” mean KHR denominated corporate bonds issued by the Issuer as provided in Clause II.3.

“CSX” means Cambodia Securities Exchange.

"Default Interest Rate" means the Interest Rate plus 2% per cent per annum.

"Event of Default" means any of the events specified in Clause XI.1.

"Extraordinary Resolution" means a resolution passed at the Bondholders' meeting by a majority of at least 75 (seventy-five) per cent of the votes casted.

"Grace Payment Period" means 6 (six) Business Days from the Interest Payment Date, the Maturity Payment Date, any accelerated payment date in accordance with Clause XI, or any payment date under the Conditions, as the case may be.

"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"Indebtedness" means any obligation or obligations (whether present or future, actual or contingent) for the payment or repayment of money borrowed and/or interest thereon.

"Interest Payment Date" means every August 14 and February 14 of each year with the first Interest Payment Date on February 14, 2020, and the last Interest Payment Date on the Maturity Date.

"Interest Period" means:

(a) with respect to the first Interest Period, the period commencing on, and including, the Issue Date and ending on, but excluding, the first Interest Payment Date; and

(b) with respect to any subsequent Interest Period, the period commencing on, and including, the Interest Payment Date of the preceding Interest Period and ending on, but excluding, the next Interest Payment Date of such Interest Period or the Maturity Date, as the case may be.

"Interest Rate" means a rate of 7.75% per annum.

"Investment Securities" means any present or future Indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities (other than the Corporate Bonds) which are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market.

"Issue Date" means August 14, 2019, being the issue date of the Corporate Bonds.

"KHR" means Riel, the lawful currency of the Kingdom of Cambodia.

"Maturity Date" means 3 (three) years from the Issue Date.

"Meeting Book Closing Date" has the meaning given to it in Clause III.2.C.

"NBC" means the National Bank of Cambodia.

"Paying Agent" means ACLEDA Bank Plc. as appointed under Appointment Agreement or any successor or replacement entity thereto, to provide paying agent services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent dated 30 June 2010 and subsequent amendment thereto.

"Principal Amount" means at any time the outstanding principal amount in respect of the Corporate Bonds due on the Maturity Date, or on an accelerated basis.

"Record Date" has the meaning given to it in Clause III.2.C.

"Scheduled Interest" means scheduled interest on the Corporate Bonds payable at the Interest Rate on each Interest Payment Date or within, but no later than, the Grace Payment Period (excluding, for the avoidance of doubt, default interest (if any)).

"SECC" means the Securities and Exchange Commission of Cambodia.

"Significant Subsidiary" means at any particular time, any Subsidiary of the Issuer:

- (a) whose total assets, as shown by the accounts of such Subsidiary (consolidated in the case of a corporation which itself has Subsidiaries), based upon which the latest audited consolidated accounts of the Issuer and its Subsidiaries have been prepared, are at least [5 (five)] per cent of the total assets of the Issuer and its Subsidiaries as shown by such audited consolidated accounts; or
- (b) whose total revenue, as shown by the accounts of such Subsidiary (consolidated in the case of a corporation which itself has Subsidiaries), based upon which the latest audited consolidated accounts of the Issuer and its Subsidiaries have been prepared, is at least [5 (five)] per cent of the total revenue of the Issuer and its Subsidiaries as shown by such audited consolidated accounts.

"Secondary Market" means CSX and any other securities trading platform that are permitted by the SECC.

"Securities Registrar" means ACLEDA Bank Plc. as appointed under Appointment Agreement or any successor or replacement entity thereto, to provide securities registrar services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent dated 30 June 2010 and subsequent amendment thereto.

"Securities Transfer Agent" means ACLEDA Bank Plc. as appointed under Appointment Agreement or any successor or replacement entity thereto, to provide securities transfer agent services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent dated 30 June 2010 and subsequent amendment thereto.

"Subscription Closing Date" means August 13, 2019, being the last day of the subscription period in respect of the Corporate Bonds.

"Subscription Date" means August 12, 2019, being the first day of the subscription period in respect of the Corporate Bonds.

"Subsidiary" means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company;
- (b) all entities whose financial statements are required to be fully consolidated with the first mentioned company in accordance with the accounting standards adopted for the consolidated financial statements of such company; or
- (c) which is a subsidiary of another subsidiary of the first mentioned company,
- and for this purpose, a company shall be treated as being controlled by another if that other company is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"Trading Account" means an account which each Bondholder opens with a securities firm to transact the trading of securities on the Secondary Market.

"Underwriter" means SBI Royal Securities, a public limited company incorporated under the laws of the Kingdom of Cambodia, having a commercial registration No. 00000824 and a registered address at 13Ath floor, Phnom Penh Tower, No. 445, Preah Monivong Blvd, Sangkat Boeung Pralit, Khan 7 Makara, Phnom Penh, Cambodia, as appointed under the Underwriting Agreement entered between the Issuer and the Underwriter.

II. FORM, DENOMINATION, INTEREST AND TERM

1. The Corporate Bonds are in registered form carrying interest at the Interest Rate. The Corporate Bonds have a tenor of 3 (three) years from the Issue Date, and are named ABA Bond.
2. The Corporate Bonds are denominated in KHR, with a nominal value of KHR 100,000 each.
3. On the Issue Date, there are 1,280,000 units of the Corporate Bonds in total, with an aggregate total principal amount of KHR 128,000,000,000 (the "Corporate Bonds").

III. OWNERSHIP OF THE CORPORATE BONDS AND BONDHOLDERS' BOOK

The Issuer has appointed **ACLEDA Bank Plc.** to act as the Securities Registrar, the Securities Transfer Agent, and the Paying Agent in respect of the Corporate Bonds in accordance with Appointment Agreement.

1. Ownership of the Corporate Bonds

The Bondholder's Rights are vested in individuals or legal entities whose names appeared on the Bondholders' Book maintained by the Securities Registrar and the Securities Transfer Agent, as the case may be, as the owners of such Corporate Bonds at the end of business hours of the Securities Registrar and the Securities Transfer Agent, as the case may be, on the relevant Record Date, except in a case where an objection is duly made according to the law.

2. Bondholders' Book and Closure of the Bondholders' Book

A. The Securities Registrar is obliged under Appointment Agreement to enter the name of each Bondholder to whom the Corporate Bonds have been allotted, together with details of the number of the Corporate Bonds allotted to such Bondholder, into the Bondholders' Book no later than 7 (seven) Business Days after the Subscription Closing Date (subject to it receiving all necessary documentation).

B. The Securities Transfer Agent is obliged under Appointment Agreement to prepare, record and/or register any transaction in relation to the transfer, pledge and any other matter or thing with respect to the Corporate Bonds as required by applicable law and to keep the Bondholders' Book until the date that all Corporate Bonds are fully redeemed, in accordance with the Conditions.

C. The Bondholders' Book will be closed as follows:

- (i) 2 (two) days prior to any Interest Payment Date and the Maturity Date (the "**Book Closing Date**"); and
- (ii) 14 (fourteen) days prior to any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified in the Conditions and as notified by the Issuer to the Securities Transfer Agent and the Bondholders Representative (the "**Meeting Book Closing Date**").

If the Book Closing Date and/or the Meeting Book Closing Date falls on a day that is not a Business Day, the Bondholders' Book shall be closed one Business Day immediately preceding the initial scheduled Book Closing Date and/or the Meeting Book Closing Date, and in such case, the period between the Book Closing Date and/or the Meeting Book Closing Date to each relevant Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified above shall NOT be less than the above provided period. Securities Transfer Agent shall not register any transfer of the Corporate Bonds on the Book Closing Date and/or the Meeting Book Closing Date. A Business Day immediately preceding the Book Closing Date and/or the Meeting Book Closing Date is hereinafter referred to as a "**Record Date**".

D. The Issuer and Securities Transfer Agent hereby reserve the right to change the date and time for the closure of the Bondholders' Book without the need to obtain consent from the Bondholders, provided that such change: (i) must be in compliance with the rules and regulations of CSX (if listed) or any other relevant authorities, and (ii) shall not adversely affect materially the rights and benefits of the Bondholders. In such case, the Record Date shall be changed accordingly. Any change to the Bondholders' Book and Record Date must be notified to all the Bondholders no later than 7 (seven) Business Days.

IV. TRANSFER OF THE CORPORATE BONDS

1. The Corporate Bonds shall be transferred in compliance with the applicable regulations of the CSX and any other relevant regulatory authority and agency.

2. For avoidance of doubt, the Corporate Bonds are only freely transferred after being listed on CSX or the Secondary Market.

V. STATUS OF THE CORPORATE BONDS

The Corporate Bonds constitute name registered, unsecured (subject to Clause VI.6) and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves, except deposit liabilities and other obligations that are subject to any priorities or preferences. The payment obligations of the Issuer under the Corporate Bonds shall, save for such exceptions as may be provided by applicable laws and subject to Clause VI.6 rank at least equally with all other unsecured and unsubordinated

indebtedness of the Issuer, present and future, and rank ahead of the shareholders' equity of the Issuer.

VI. COVENANTS OF THE ISSUER

The Issuer undertakes to comply with all the covenants set out in this Clause VI for so long as any debt under the Corporate Bonds remains outstanding.

1. Appointment of Replacement of Bondholders Representative

If it becomes necessary to replace the Bondholders Representative, the Issuer shall appoint a replacement Bondholders Representative as soon as practicable, but in any case no later than 90 (ninety) days from the date on which the Issuer is aware of the event which requires the replacement of the Bondholders Representative pursuant to Clause XV.2 below.

2. Information

A. The Issuer shall promptly send a written notice to the Bondholders Representative if it becomes aware of an occurrence of any event which constitutes (or with the giving of notice, lapse of time, determination of materiality or the fulfilment of any other applicable condition or any combination of the foregoing, would constitute) an Event of Default under the Conditions.

B. In addition to the information disclosure as required by Prakas on Corporate Disclosure dated 27 April 2012 and subsequent amendment thereto, and other applicable laws and regulations, the Issuer shall:

- (i) deliver to the Bondholders Representative the copies of the Issuer's reviewed but unaudited interim financial statements (if prepared) and audited annual financial statements including (if prepared), consolidated financial statements of the Issuer and its consolidated Subsidiaries, for the relevant financial period and year as required by CSX or the Secondary Market (if any) on which the Corporate Bonds are listed and by any other relevant supervisory authorities, as the case may be, shall be no later than:
 - (a) 45 (forty-five) days for the interim report and 90 (ninety) days for the annual report to SECC; and
 - (b) 30 (thirty) days for quarterly report to the Bondholders Representative.
- (ii) If, after the Issue Date, the submission period referred to above is changed under the applicable laws or regulations, the Issuer shall comply with the new submission period or requirements according to such amended applicable laws or regulations.

C. The Issuer shall report to the SECC and the Bondholders Representative as promptly as possible when there is a material adverse change to the Issuer's business or financial status.

3. Maintenance of Listed Status

The Issuer shall use its reasonable efforts to maintain its listed status on the CSX or the Secondary Market (if any) throughout the term of the Corporate Bonds.

4. Financial Covenants

The Issuer shall prudently manage its financial position in accordance with sound banking and financial practices, the Banking Regulations and any other relevant applicable law. Unless Bondholders and/or Bondholders Representative and/or related competent regulator and/or authority otherwise agrees, and subject to the Banking Regulations, the Issuer shall at all times maintain, and abstain from any action which may result in the breach of, the following financial parameters which calculation method is provided in Annex A:

A. Solvency Ratio: the solvency ratio shall at all times be at least equal to 15 (fifteen) per cent and/or comply with limit set out by NBC;

B. Non-Performing Loan Ratio: the non-performing loan ratio shall be less than or equal to 5 (five) per cent of the total loan exposure. The non-performing loan ratio is defined as the ratio between all non-performing loan of the

Issuer (loans which are overdue for more than 90 (ninety) days to gross loan exposure of the Issuer;

C. Liquidity Coverage Ratio: The liquidity coverage ratio shall not be less 90 (ninety) per cent; and

D. Aggregate Unhedged Foreign Currency Open Position: The aggregate unhedged foreign currency open position shall be no greater than minus/plus 20 (twenty) per cent of net worth of the Issuer.

5. Change of Control

So long as any Bond remains outstanding and in the event there is a Change of Control in the Issuer, the Issuer shall procure that all Corporate Bonds shall be declared immediately due and payable and shall be immediately repurchased by the Issuer pursuant to Clause XI.4 below.

6. Negative Pledge

So long as any Bond remains outstanding, the Issuer will not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its property, assets or revenues, present or future, to secure any Investment Securities or to secure any guarantee or indemnity in respect of any Investment Securities, without at the same time or prior thereto, the Issuer's obligations under the Corporate Bonds are secured equally and rateably therewith shall be approved by an Extraordinary Resolution of the Bondholders.

7. Credit Rating Undertaking

So long as any Bond remains outstanding, the Issuer, no less frequently than once per year, commencing from the Issue Date obtain from rating agency as recognized by the SECC a rating letter assigning a credit rating to the Bonds (provided that there will be no minimum level required for such rating).

VII. INTEREST

1. Interest Rate

Interest on the Corporate Bonds shall accrue respectively at the Interest Rate and be payable semi-annually in arrears on each Interest Payment Date or within, but no later than, the Grace Payment Period. Such interests shall be calculated on the outstanding principal amount of each Corporate Bond.

2. Interest Calculation

The amount of interest payable in respect of the Corporate Bonds for any Interest Period shall be calculated by:

A. multiplying the principal amount outstanding on each unit of the Corporate Bonds as at the first day of such Interest Period with the Interest Rate then divided by 2 (two), and

B. the resulting shall be rounded down.

In respect of the final Interest Payment Date, the calculation of interest shall be subject to Clause VIII.3.

3. Default Interest

A. If payment of any principal amount due in respect of the Corporate Bonds is improperly withheld or refused within, but no later than, the Grace Payment Period of the Maturity Date or any accelerated payment date in accordance with Clause XI, interest shall continue to accrue on the unpaid principal amount at the Default Interest Rate from (and including) the last day of the Grace Payment Period of the Maturity Date or such accelerated payment date up to (but excluding) the date on which all sums due in respect of such Corporate Bonds are paid to the Bondholders Representative in full.

B. Without limiting the remedies available to the Bondholders Representative, if the Issuer fails to make any payment of interest (including interest payable pursuant to this Clause VII) when due within, but no later than, the Grace Payment Period of the Interest Payment Date, the Issuer shall pay interest on the amount of that payment due and unpaid at the Default Interest Rate from (and including) the last day of the Interest Payment Date.

VIII. PAYMENT OF PRINCIPAL AND INTEREST

1. Principal Payment

The Issuer shall fully repay the principal amount of the Corporate Bonds on the Maturity Date or within, but no later than, the Grace Payment Period, except where the Corporate Bonds are previously repurchased by the Issuer pursuant to Clause IX.2 below.

2. Interest Payment

Interest on the Corporate Bonds shall be payable in arrears to each Bondholder on each Interest Payment Date or within, but no later than, the Grace Payment Period.

3. Non-Business Days

If any payment date under the Conditions (including, but not limited to the Maturity Date, the Interest Payment Date, and the Grace Payment Period) falls on a day that is not a Business Day, the relevant amount due and payable shall be paid on a Business Day immediately preceding the initial scheduled payment date. In respect of the final Interest Payment Date, interest shall accrue in accordance with the Conditions until, but excluding, the actual date of payment.

4. Payment Methods

A. Interest Payment: Interest due on any Interest Payment Date will be payable by the Issuer through the Paying Agent to the Bondholders whose names appear in the Bondholders' Book on the relevant Record Date subject to Clause III above. Payments of interest on each Bond will be made to each Bondholder by transferring the relevant amount to the Trading Account.

B. Principal Payment: Principal due in accordance with the Conditions will be payable by the Issuer through the Paying Agent to the Bondholders whose names appear in the Bondholders' Book on the relevant Record Date or the persons whose names appear on the list of owners of the Corporate Bonds maintained by Securities Transfer Agent, subject to Clause III above. Payments of principal on each Bond will be made to each Bondholder by transferring the relevant amount to the Trading Account.

5. Distribution of Payments

Upon an acceleration of the Corporate Bonds in accordance with the Conditions, all principal, interest and any other amounts received from the Issuer by the Bondholders Representative under the Corporate Bonds shall be applied in the following order of priority:

A. Firstly, the payment of all costs, expenses and liabilities incurred by the Bondholders Representative in performing its duties and obligations in respect of the Corporate Bonds in accordance with the Conditions and the Bondholders Representative Agreement;

B. Secondly, the remuneration of the Bondholders Representative in respect of the Corporate Bonds pursuant to the Bondholders Representative Agreement;

C. Thirdly, the interest of the Corporate Bonds accrued and unpaid up to the date of payment;

D. Fourthly, the outstanding amount of the principal of the Corporate Bonds; and

E. Finally, the balance (if any) to be paid to the Issuer without unreasonable delay.

6. Payment Currency

All payments made or to be made under the Corporate Bonds shall be in KHR.

IX. REDEMPTION AND REPURCHASE OF THE CORPORATE BONDS

1. Redemption

The Corporate Bonds shall not be redeemed before the Maturity Date.

2. Purchase of the Corporate Bonds by the Issuer or its Affiliates

The Issuer or any of its Affiliates may at any time purchase the Corporate Bonds in the CSX or any Secondary Market (if any) or otherwise and at any price.

X. PRESCRIPTION

Claims in respect of the principal and interest of the Corporate Bonds shall become unenforceable unless the Corporate Bonds are presented for payment within a period of 5 (five) years from the time at which the Bondholders Representative accelerates the payment of the Corporate Bonds under Clause XI.2, XI.3, or XI.4 below.

XI. EVENTS OF DEFAULT AND ACCELERATION

1. Events of Default

If any of the following events occurs and is continuing (each, an "Event of Default"), the Bondholders Representative shall comply with Clause XI.2, XI.3 and XI.4 below:

A. **Non-Payment:** the Issuer fails to pay any amount of principal in respect of any of the Corporate Bonds within 10 (ten) calendar days of the due date for payment thereof or fails to pay any amount of interest in respect of any of the Corporate Bonds within 10 (ten) calendar days of the due date for the payment thereof. If the Issuer defaults in making a payment under any Bond to any Bondholder, if otherwise not apparent or clearly proven to the contrary, it shall be presumed that such defaults in payment have occurred to all the Corporate Bonds; or

B. **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Corporate Bonds or the Conditions and such default is not remedied within 30 (thirty) calendar days after notice of such default shall have been given to the Issuer by the Bondholders Representative. Notwithstanding this remedy period, should any remedial action with respect to prudential requirements and ratios require approval from the NBC, such 30 (thirty) calendar day remedy period shall be extended in order to allow such regulatory approvals to be granted but shall not exceed in any case 120 (one hundred and twenty) calendar days;

C. **Cross-Default:**

- (i) any other Indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or
- (ii) any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or
- (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness owed by the Issuer,

and provided that the aggregate amount of the relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Clause XI.1.C have occurred equals or exceeds the higher of KHR 20,000,000,000 (twenty billion); or

D. **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the assets of the Issuer and is not removed, dismissed or discharged within 90 (ninety) days; or

E. **Insolvency:** the Issuer:

- (i) is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a

particular type of) its indebtedness;

- (ii) begins negotiations or takes any other proceeding for the deferral, rescheduling or other readjustment of all or any material part of (or all of a particular type of) its indebtedness (or of any material part which it will otherwise be unable to pay when due), or
- (iii) proposes or makes a general assignment or an arrangement or scheme or composition with or for the benefit of its creditors.

F. **Winding-Up:** any corporate action or legal proceeding is taken with a view to the winding-up (other than those of a frivolous or vexatious nature or those which are contested in good faith and, in each case, which are discharged within 90 (ninety) days of their commencement), of the Issuer or for the appointment of a liquidator (including a provisional liquidator), administrator or similar officer of the Issuer or over all or any material part of the assets of the Issuer (except for the purpose of a reconstruction, amalgamation, merger, consolidation or reorganization); or

G. **Authorization and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Corporate Bonds and the Conditions, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Corporate Bonds and the Conditions admissible as evidence in the courts of Cambodia is not taken, fulfilled or done;

H. **Cessation of Business:** the Issuer ceases to conduct its granting loan or accepting public deposit business activity or is enjoined, restrained or in any way prevented by NBC's order or court order from conducting all or any material part of its business and such injunction, restraint or other preventive order is not dismissed within 30 (thirty) days after the entry thereof;

I. **Nationalization:** any authority nationalizes, seizes, or otherwise assumes custody or control of all or any material part of the business, operations, properties, or other assets of the Issuer or of the Issuer's share capital, or take any action for the dissolution of the Issuer or any action that would prevent the Issuer or its officers from carrying on all or any material part of its business or operations

J. **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Corporate Bonds or the Conditions; or

K. **Change of Control:** The Change of Control occurs in the Issuer.

2. Acceleration Following the Occurrence of Events of Default other than Clause XI.1.A and XI.1.K

For the purpose of clarity, the Issuer hereby acknowledges and agrees that there is no provision under the Conditions or any other documents relating to the Corporate Bonds which allow the Issuer to accelerate the Corporate Bonds at its instigation.

After the occurrence of an Event of Default other than Clause XI.1.A or Clause XI.1.K, continuing for more than 5 (five) Business Days:

A. The Bondholders Representative shall declare the Corporate Bonds immediately due and payable, and the Issuer shall immediately repurchase all the outstanding Corporate Bonds, if:

- (i) the Bondholders Representative has received a written demand from any one or more of the Bondholders together holding at least 50 (fifty) per cent of the total outstanding principal amount of the Corporate Bonds; or
- (ii) the Bondholders Representative has received a resolution of the Bondholders' meeting in accordance with Clause XIII.

B. The Bondholders Representative shall take any actions to cause the Issuer to repay all the debts under the Corporate Bonds without further notice; and

C. If the Bondholders Representative has not instituted any proceedings against the Issuer within the following 30 (thirty) calendar days, each Bondholder shall be entitled to take legal action directly against the Issuer in order to enforce the debt owed to it pursuant to the Corporate Bonds.

3. Acceleration Following the Occurrence of Events of Default under Clause XI.1.A

Notwithstanding Clause XI.2 above, if the Event of Default under Clause XI.1.A has occurred, the Bondholders Representative shall declare the Corporate Bonds immediately due and payable, and the Issuer shall immediately repurchase all the outstanding Corporate Bonds.

4. Acceleration Following the Occurrence of Events of Default under XI.1.K

Notwithstanding Clause XI.2 above, if the Change of Control has occurred, the Bondholders Representative shall declare the Corporate Bonds immediately due and payable, and the Issuer shall immediately repurchase all the outstanding Corporate Bonds.

XII. TAXATION

Payment under the Corporate Bonds will, be subject to withholding tax in Cambodia according to the applicable Cambodia tax laws and the Issuer will not be required to gross-up such Cambodia withholding tax in any case.

XIII. MEETINGS OF BONDHOLDERS

The meeting of Bondholders shall follow the Rules of Bondholders Meeting which is attached as Annex B hereto.

XIV. POWER AND DUTIES AND AUTHORITY OF BONDHOLDERS REPRESENTATIVE

Powers, duties and authority of the Bondholders Representative are provided in Clause III of the Bondholders Representative Agreement.

XV. APPOINTMENT AND REMOVAL OF BONDHOLDERS REPRESENTATIVE

1. The Issuer has appointed ACLEDA Securities Plc. to act as a representative of the Bondholders, in full compliance with all applicable laws and regulations concerning qualifications of a Bondholders Representative. The Bondholders Representative has all qualifications required by the applicable laws in order to act as Bondholders Representative and has been approved by the SECC to perform its duties and functions. The Bondholders are deemed to have accepted and consented to the Issuer's appointment of ACLEDA Securities Plc as the Bondholders Representative pursuant to the terms of the Bondholders Representative Agreement and to ratify any action the Bondholders Representative may have done for or on behalf of the Bondholders prior to and after the Issue Date or the subscription or accepting the transfer of the Corporate Bonds.

2. Removal of the Bondholders Representative is required under the following circumstances:

- A. The Bondholders Representative becomes disqualified to act as a representative of Bondholders and fails to rectify the event of such disqualification within 30 (thirty) days from the date that such disqualification arose;
- B. A Bondholders' meeting passes a resolution to terminate the appointment of the Bondholders Representative due to its negligent performance or failure to perform its duties;
- C. The Bondholders Representative is in breach of any provision of the Bondholders Representative Agreement or the Conditions and such breach has not been remedied within 30 (thirty) days from the date the Issuer or any one or more of the Bondholders holding together at least 25 (twenty-five) per cent of the total outstanding principal amount of the Corporate Bonds sends a written notice to the Bondholders Representative demanding such remedy;
- D. Any proceeding or other action is commenced by or against the Bondholders Representative, seeking reorganization, receivership, liquidation, dissolution, winding-up, composition, and other similar events, or there is any order or judgment for dissolution or suspension of business by the court; and
- E. The appointment of the Bondholders Representative is terminated in accordance with the

Bondholders Representative Agreement.

3. In case of a removal of the Bondholders Representative, the Bondholders Representative or the Issuer shall proceed in accordance with either of the following:

- A. Call a meeting of the Bondholders to approve the appointment of a new Bondholders Representative; or
- B. Issue a notice to all Bondholders requesting approval for the appointment of the new Bondholders Representative, and if such request is not rejected in writing by Bondholders holding more than 10 (ten) per cent of the total outstanding principal amount of the Corporate Bonds within 30 (thirty) days from the date of such notice, it shall be deemed that all Bondholders approve the appointment of the new Bondholders Representative.

4. The existing Bondholders Representative shall in any event continue to perform its duties and functions in order to protect the Bondholders' interests under the Conditions until the new Bondholders Representative is legally appointed in accordance with the Conditions, applicable laws and regulations.

5. If the Bondholders Representative is replaced, the Issuer and/or the new Bondholders Representative, as the case may be, shall, if required by applicable laws and regulations, apply for approval from the SECC. After the Issuer has appointed the new Bondholders Representative, such new Bondholders Representative shall notify each Bondholder in writing of its appointment within 30 (thirty) days from the date thereof and the Bondholders Representative who has been terminated shall promptly hand over all assets, information and documents currently held by it to the new Bondholders Representative and shall fully co-operate with the new Bondholders Representative so as to ensure an orderly transition and the proper performance and assumption of duties by the new Bondholders Representative.

XVI. AMENDMENT TO THE CONDITIONS

1. Subject to the applicable regulations, any amendment to the Conditions requires the approval of the Issuer, the SECC and the Bondholders Representative (acting upon the resolution of Bondholders' meeting).

2. The Bondholders Representative shall have deliver copies of the amended Conditions and other relating documents (if any) to the Issuer, the Securities Transfer Agent, the SECC and the CSX or the Secondary Market (if listed), within 15 (fifteen) days from the effective date of such amendment and to the Bondholders upon written request.

XVII. NOTICES

1. Notices will be deemed to be validly given:

- A. If sent by registered mail (or the equivalent) or (if posted to an overseas address) by airmail to the address;
- B. If sent by mail will be deemed to have been validly given on the third day after the date it is mailed;
- C. If sent by hand, at the time of delivery;
- D. If posted from a country other than that of the addressee, on the seventh day after the date it is posted; and
- E. If given or made by email, immediately provided that, following the delivery, the sender's email produces a delivery confirmation report, confirming successful delivery of the email.

2. Neither the failure to give notice nor any defect in any notice given to any particular Bondholder shall affect the sufficiency of any notice with respect to other Bondholders.

3. The address of the Issuer is as follows:

THE ISSUER

ADVANCED BANK OF ASIA LIMITED

Address: No. 148, Preah Sihanouk Blvd., Sangkat Boeung Keng Kang 1, Khan Chamkarmon, Phnom Penh, Cambodia
Telephone: +855 23 225 333
Attention: Mr. Zhiger Atchabarov
Email: zhiger@ababank.com

4. All notices and communications to be made to the Issuer in relation to the Corporate Bonds and the Conditions shall be made in Khmer or English language, unless as otherwise required under the applicable laws or any other agreement, in which case an English translation thereof shall be provided to the Issuer.

XVIII. GOVERNING LAW AND DISPUTE RESOLUTION

1. The Conditions and the Corporate Bonds shall be governed by and construed in accordance with the laws of Cambodia. To the extent of discrepancy or inconsistency between any provision of the Conditions and any laws or notifications applicable to the Corporate Bonds, the provisions of such laws or notifications applicable to the Corporate Bonds shall supersede only the parts of the Conditions which give rise to such discrepancy or inconsistency.

2. The Issuer agrees that any legal action arising out of or relating to the Conditions shall be referred to and finally resolved by the competent the courts of Cambodia.

3. In the case where the Issuer has acquired or will subsequently acquire immunity from the proceedings in respect of itself or its property, the Issuer waives such immunity, except immunity in respect of its property used for diplomatic or consular missions, property of a military nature, and property located in its territory and dedicated to a public or governmental used as distinguished from the property dedicated to commercial use.

The Conditions are made on 24 April 2019 and shall be effective from the Issue Date. We hereby certify that the Conditions are binding upon ourselves.

By: Askhat Azhikhanov
Chief Executive Officer

FOR AND ON BEHALF OF

ADVANCED BANK OF ASIA LIMITED
As Issuer

ANNEX A - CALCULATION OF FINANCIAL COVENANTS

Loan Calculation

របាយការណ៍ប្រចាំខែស្តីពី ចំណាត់ថ្នាក់ឥណទាន
MONTHLY REPORT ON CREDIT CLASSIFICATION
កាលបរិច្ឆេទ :

As of:

ឈ្មោះធនាគារ : ធនាគារវឌ្ឍន៍អាស៊ីជំរក់

Name of Bank: Advanced Bank of Asia Limited

ទម្រង់ Form: C-LC-1-M

ឥណទានស្តង់ដារ
Standard Loan

អត្រាប្តូរប្រាក់:
Exchange rate:

រៀល/ដុល្លារអាមេរិក
KHR/USD

(ឯកតាគិតជាលានរៀល)
(In Millions of Riels)

ប្រភេទឥណទាន Types of Loans	ឥណទានអនុញ្ញាត Credit Lines	ឥណទានថត់ស្តែង Outstanding Loans	មធ្យមភាគអត្រាការប្រាក់ ក្រោយធ្លឹង Weighted Average Interest Rate	ការប្រាក់បង្ក Accrued Interest	ទ្រព្យបញ្ចាំ Collateral		
					ចលនទ្រព្យ Movable Property	អចលនទ្រព្យ Real Estate	ផ្សេងៗ Other
1- ឥណទានមិនមានវត្ថុបញ្ចាំ Unsecured Loan	-	-		-	-	-	-
1.1- ឥណទានទៅរដ្ឋាភិបាល Loan to Government							
1.2- ឥណទានពាណិជ្ជកម្ម Commercial Loan	-	-		-	-	-	-
1.2.1- ឥណទានវិបារប្រសិន Overdraft							
1.2.2- ឥណទានមានកាលកំណត់ Term Loan							
1.2.3- ឥណទានផ្សេងៗ Other Loans							
1.3- ឥណទានទៅអ្នកប្រើប្រាស់ Consumer Loan							
2- ឥណទានមានវត្ថុបញ្ចាំ Secured Loan	-	-		-	-	-	-
2.1- ឥណទានទៅរដ្ឋាភិបាល Loan to Government							
2.2- ឥណទានពាណិជ្ជកម្ម Commercial Loan	-	-		-	-	-	-
2.2.1- ឥណទានវិបារប្រសិន Overdraft							
2.2.2- ឥណទានមានកាលកំណត់ Term Loan							
2.2.3- ឥណទានផ្សេងៗ Other Loans							
2.3- ឥណទានទៅអ្នកប្រើប្រាស់ Consumer Loan	-	-		-	-	-	-

កំណត់សម្គាល់ :

Note:

នាយកធនាគារ
CEO/Director

អ្នកត្រួតពិនិត្យ
Verified by

ថ្ងៃចេញ ថ្ងៃទី:

Reporting Date:

អ្នកធ្វើតារាង
Prepared by

10														
11														
12														
13														
14														
សរុប /TOTAL						-	-		-	-				-
សរុប TOTAL:						-	-		-	-				-

កំណត់សម្គាល់ :

Note:

នាយកដ្ឋាន
CEO/Director

អ្នកត្រួតពិនិត្យ
Verified by

កាលបរិច្ឆេទ
Reporting Date:
អ្នករៀបចំ
Prepared by

Provision validation: has to be over or equal Outstanding loan * 3%

របាយការណ៍ប្រចាំខែស្តីពី ចំណាត់ថ្នាក់ឥណទាន
MONTHLY REPORT ON CREDIT CLASSIFICATION

កាលបរិច្ឆេទ :
As of:

ឈ្មោះធនាគារ : ធនាគារវឌ្ឍន៍អាស៊ីលីមីតធីត
 Name of Bank: Advanced Bank of Asia Limited

ទំព័រ Form: C-LC-2-M

ឥណទានក្រោមគ្រឿង
Substandard Loan (Provisioning 20%)

អត្រាប្តូរប្រាក់:
Exchange rate:

រៀល/ដុល្លារអាមេរិក (ឯកតាជាលានរៀល)
 KHR/USD (In Millions of Riels)

ល.រ No.	អតិថិជន Borrowers	អត្តសញ្ញាណប័ណ្ណ/ លិខិតឆ្លងដែន ID Number/ Passport	លេខគណនីប័ណ្ណ Account Number	អាជីវកម្ម Business	ប្រភេទឥណទាន Types of Loan	ឥណទានអនុញ្ញាត Credit Lines	ឥណទានជាប់ស្រុង Outstanding Loans	អត្រាកម្រៃ Interest Rate	ការប្រាក់បង្ក Accrued Interest	សំវិធានធន Provision	រយៈពេលឥណទាន Loan Period		វត្ថុបញ្ចាំ Collateral			
											ចាប់ផ្តើម Start	កាលបរិច្ឆេទ End	ប្រភេទ Type	តម្លៃ Value		
ឥណទានមិនវត្ថុបញ្ចាំ Unsecured Loan																
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
11																
សរុប /TOTAL						-	-	-	-	-	-	-	-	-	-	
ឥណទានមានវត្ថុបញ្ចាំ Secured Loan																
1																
2																
3																
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9																

របាយការណ៍ប្រចាំខែស្តីពី ចំណាត់ថ្នាក់កំណត់

MONTHLY REPORT ON CREDIT CLASSIFICATION

កាលបរិច្ឆេទ :

As of:

ឈ្មោះធនាគារ : ធនាគារវិនិយោគអាស៊ីលីមីតធាត

Name of Bank: Advanced Bank of Asia Limited

ទំរង់ Form: C-LC-2-M

ឥណទានសង្ស័យ

Doubtful Loan

(Provisioning 50%)

អត្រាប្តូរប្រាក់:

0.00

រៀល/ដុល្លារអាមេរិក

(ឯកតាជាលានរៀល)

Exchange rate:

0

KHR/USD

(In Millions of Riels)

ល.រ No.	អតិថិជន Borrowers	អត្តសញ្ញាណប័ណ្ណ/ លិខិតឆ្លងដែន ID Number/ Passport	លេខគណនីបណ្តោះអាសន្ន Account Number	អាជីវកម្ម Business	ប្រភេទឥណទាន Types of Loan	ឥណទានអនុញ្ញាត Credit Lines	ឥណទានជាក់ស្តែង Outstanding Loans	អត្រាកម្រៃប្រាក់ Interest Rate	ការប្រាក់បង្ក Accrued Interest	សំវិធានធន Provision	រយៈពេលឥណទាន Loan Period		វត្ថុបញ្ចាំ Collateral		
											ចាប់ផ្តើម Start	កាលបរិច្ឆេទ End	ប្រភេទ Type	តម្លៃ Value	
	ឥណទានមិនរួមបញ្ចាំ Unsecured Loan														
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32														
33														
	សរុប /TOTAL						-	-		-	-			-
	ពិណទានមានវត្ថុបញ្ចាំ													
	Secured Loan													
1														
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របាយការណ៍ប្រចាំខែស្តីពី ចំណាត់ថ្នាក់សណនាន

MONTHLY REPORT ON CREDIT CLASSIFICATION

កាលបរិច្ឆេទ :

As of:

ឈ្មោះធនាគារ : ធនាគារវឌ្ឍន៍អាស៊ីជំរក់

Name of Bank: Advanced Bank of Asia Limited

ទម្រង់ Form: C-LC-2-M

ឥណទានខាតបង់
Loss Loan (Provisioning 100%)
អត្រាប្តូរប្រាក់:
Exchange rate:
រៀល/ដុល្លារអាមេរិក
KHR/USD
(ឯកតាដាច់លានរៀល)
(In Millions of Riels)

ល.រ No.	អតិថិជន Borrowers	អត្តសញ្ញាណប័ណ្ណ/ លិខិតឆ្លងដែន ID Number/ Passport	លេខគណនីបណ្តោះអាសន្ន Account Number	អាជីវកម្ម Business	ប្រភេទសណនាន Types of Loan	សណនានអនុញ្ញាត Credit Lines	សណនានជាប់ស្រុង Outstanding Loans	អត្រាកម្រៃប្រាក់ Interest Rate	ការប្រាក់បង្ក Accrued Interest	សំវិធានធន Provision	រយៈពេលសណនាន Loan Period		វត្ថុបញ្ចាំ Collateral		
											ចាប់ផ្តើម Start	កាលបរិច្ឆេទ End	ប្រភេទ Type	តម្លៃ Value	
ឥណទានមិនវត្ថុបញ្ចាំ Unsecured Loan															
1															
សរុប /TOTAL															
ឥណទានមានវត្ថុបញ្ចាំ Secured Loan															
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LCR Reporting Template

របាយការណ៍ប្រចាំខែ ស្តីពី អនុបាតក្របមីស្ថានសន្ទនីយភាព
Monthly Report on Liquidity Coverage Ratio

ឈ្មោះគ្រឹះស្ថាន ៖ Name of the Institution :	ធនាគារវឌ្ឍនភាពអាស៊ីលីមីតធាតុ Advanced Bank of Asia Limited
កាលបរិច្ឆេទ ៖ Reporting Date :	
	អត្រាប្តូរស្តង់ដារ ៖ ដុល្លារអាមេរិក (Exchange rate 1 USD) =
	KHR

គិតជាលានរៀល (in million riels)			ចំនួនទឹកប្រាក់មិនទាន់ធ្លុង Non weighted amounts			ចំនួនទឹកប្រាក់ប្រាយធ្លុង Weighted amounts			សរុប Total	
			KHR	USD	Other currencies	KHR	USD	Other currencies		
ប្រឡូសកម្ម ASSETS										
ប្រឡូសកម្មសន្ទនីយវិធី មានគុណភាពខ្ពស់ HQLA	1.11	1	សាច់ប្រាក់ និងកាសតូងដែក Notes and coins				0.00	0.00	0.00	0.00
	1.12	1	អតិរេកប្រាក់បម្រុងកាតព្វកិច្ចនៅធនាគារជាតិនៃកម្ពុជា Reserves requirement with the NBC > minimum reserve requirement				0.00	0.00	0.00	0.00
	1.13	1	ប្រាក់បម្រុងកាតព្វកិច្ចជាប្រាក់រៀល នៅធនាគារជាតិនៃកម្ពុជា Reserves requirement with the NBC in KHR				0.00	0.00	0.00	0.00
	1.14	0.7	ប្រាក់បម្រុងកាតព្វកិច្ចជាប្រាក់ដុល្លារអាមេរិក នៅធនាគារជាតិនៃកម្ពុជា Reserves requirement with the NBC in USD				0.00	0.00	0.00	0.00
	1.15	1	សមតុល្យប្រាក់បញ្ញើនៅធនាគារជាតិនៃកម្ពុជា លើកលែងតមលនិទ្ទាន និងតមលនិទ្ធិប្រាក់ធានាលើដើមទុន Amounts deposited at the NBC excluding settlement account and capital guarantee account				0.00	0.00	0.00	0.00
	1.16	1	មូលបត្រអាចផ្តល់ផ្លូវបាន (និង ប្រភេទមូលបត្រផ្សេងទៀត) ចេញផ្សាយដោយធនាគារជាតិនៃកម្ពុជា NCDs (and any other securities) issued by the NBC				0.00	0.00	0.00	0.00
	1.17	1	តម្លៃទីផ្សារនៃមូលបត្របណ្តាលអាចផ្តល់ផ្លូវបានមិនជាប់កាតព្វកិច្ចរបស់ ឬធានាដោយ ស្ថាប័នអធិបតេយ្យ និងធនាគារកណ្តាល ដែលមានចំណាត់ថ្នាក់ AAA ទៅ AA- និង ធនាគារសម្រាប់ការទូទាត់អន្តរជាតិ មូលនិធិរូបិយវត្ថុអន្តរជាតិ ធនាគារកណ្តាលនៃសហគមន៍អឺរ៉ុប សហភាពអឺរ៉ុប និងធនាគារអភិវឌ្ឍន៍ ដែលមានចំណាត់ថ្នាក់ AAA Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating comprised between AAA and AA- included BIS, IMF, ECB, EU, and MDBs when rated AAA				0.00	0.00	0.00	0.00
			សរុប ១ - ដល់បូក (១.១១ ដល់ ១.១៧) Total 1 = Σ (1.11 ; 1.17)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ប្រឡូសកម្មសន្ទនីយ ផ្សេងទៀត OLA	1.21	0.85	តម្លៃទីផ្សារនៃមូលបត្របណ្តាលអាចផ្តល់ផ្លូវបានមិនជាប់កាតព្វកិច្ចរបស់ ឬធានាដោយ ស្ថាប័នអធិបតេយ្យ និងធនាគារកណ្តាល ដែលមានចំណាត់ថ្នាក់ A+ ទៅ A- Market value of unencumbered marketable debt securities on or guaranteed by sovereigns and central banks, with rating between A+ and A-				0.00	0.00	0.00	0.00
	1.22	0.85	តម្លៃទីផ្សារនៃមូលបត្របណ្តាលអាចផ្តល់ផ្លូវបានមិនជាប់កាតព្វកិច្ចរបស់ ឬធានាដោយ សហគ្រាស/អង្គការសាធារណៈ ធនាគារអភិវឌ្ឍន៍ ដែលផ្តល់បានបូកបញ្ចូលនៅក្នុង ១.១៧ ដែលមានចំណាត់ថ្នាក់ខ្ពស់ជាង ឬ ស្មើ A- Market value of unencumbered marketable debt securities on or guaranteed by Public Sector Entities (PSEs) and MDBs not included in 1.17 with rating higher or equal to A-				0.00	0.00	0.00	0.00
	1.23	0.85	មូលបត្របណ្តាលអាចផ្តល់ផ្លូវបានមិនជាប់កាតព្វកិច្ចដែលអាចទទួលបានយកបាន (រួមទាំងផលប្រាក់ណាវ៉ូកម្ម) និង Covered Bonds ដែលមានចំណាត់ថ្នាក់ខ្ពស់ជាង ឬ ស្មើ AA- Unencumbered eligible debt securities (including commercial paper) and covered bonds, with rating higher or equal to AA-				0.00	0.00	0.00	0.00
	1.24	0.75	មាស Gold for own account				0.00	0.00	0.00	0.00

			សរុប ២ - អប្បបរមា នៃ [OLA ; 40% (HQLA+OLA)]				0.00	0.00	0.00	0.00	0.00	0.00
			Total 2 - Minimum [OLA ; 40% (HQLA+OLA)]									
ប្រព្រឹត្តិការណ៍			សរុប ៣ - សរុប ១ + សរុប ២				0.00	0.00	0.00			
Total ASSETS			Total 3 = Total 1 + Total 2							0.00	0.00	0.00
ចំហូរចេញសុទ្ធនៃសាច់ប្រាក់ដែលរំពឹងទុក - ចំហូរចេញសុទ្ធនៃសាច់ប្រាក់ដែលរំពឹងទុក - ចំហូរចេញសុទ្ធនៃសាច់ប្រាក់ដែលរំពឹងទុក NET CASH OUTFLOWS - expected cash outflows - expected cash inflows												
ចំហូរចេញ												
OUTFLOWS												
ចំហូរចេញសុទ្ធនៃសាច់ប្រាក់ (មិនគិតពីទំហំទឹកប្រាក់) និងប្រាក់ចេញរបស់សហគ្រាសទ្វេភាគីនិងមធ្យម (តិចជាង ឬ ស្មើ ១០០.០០០ ដុល្លារអាមេរិក ឬ សមមូល) Retail cash outflows (regardless of amount) and qualifying SME deposits (less than or equal to USD 100,000 or equivalent)												
2.11	0.05		ប្រាក់បញ្ញើមានស្ថិរភាព Stable deposits							0.00	0.00	0.00
2.12	0.15		ប្រាក់បញ្ញើមិនស្ថិរភាព Less stable deposits							0.00	0.00	0.00
ប្រភពទុនវិនិយោគការពារ												
Unsecured wholesale funding												
2.21	0.25		ប្រាក់បញ្ញើប្រតិបត្តិការ (ប្រភពទុនវិនិយោគការពារដែលបានបំពេញតាមការកាត់បន្ថយ និង គ្រប់គ្រងសាច់ប្រាក់) operational deposits (unsecured funding generated by clearing, custody and cash management activities)							0.00	0.00	0.00
2.22	0.4		ប្រាក់បញ្ញើមិនមែនប្រតិបត្តិការ ពីក្រុមហ៊ុនមិនមែនហិរញ្ញវត្ថុ ដែលមិនត្រូវរាយការណ៍ក្នុង ២.១.១ ដល់ ២.១.២ non operational deposits from non-financial corp. not qualifying for reporting in 2.11 to 2.12							0.00	0.00	0.00
2.23	0.4		ប្រាក់បញ្ញើមិនមែនប្រតិបត្តិការ ពីស្ថាប័នអធិបតេយ្យ ធនាគារកណ្តាល និងសហគ្រាស/អង្គការសាធារណៈ non operational deposits from sovereigns, central banks, and PSEs							0.00	0.00	0.00
2.24	1		ប្រាក់បញ្ញើមិនមែនប្រតិបត្តិការពីគ្រឹះស្ថានធនាគារ និងហិរញ្ញវត្ថុ (ផ្តល់ឱ្យមានតែចុងចុងរបស់ផ្នែក ២) non operational deposits from banks and financial institutions (as defined in Annex 2)							0.00	0.00	0.00
2.25	1		ប្រាក់បញ្ញើមិនមែនប្រតិបត្តិការពីនីតិបុគ្គលផ្សេងទៀត non operational deposits from all other legal entities							0.00	0.00	0.00
2.26	1		ប្រភពទុនវិនិយោគការពារផ្សេងទៀត រួមទាំងមូលបត្របំណុល any other unsecured wholesale funding including debt securities							0.00	0.00	0.00
ប្រភពទុនការពារ												
Secured funding												
2.31	0		ប្រតិបត្តិការប្រភពទុនការពារដោយប្រព្រឹត្តិការណ៍សុទ្ធនៃយើងដែលមានគុណភាពខ្ពស់ secured funding transactions backed by HQLA							0.00	0.00	0.00
2.32	0.15		ប្រតិបត្តិការប្រភពទុនការពារដោយប្រព្រឹត្តិការណ៍សុទ្ធនៃយើងផ្សេងទៀត ក្រៅពីមាស secured funding transactions backed by OLA other than Gold							0.00	0.00	0.00
2.33	0.25		ប្រតិបត្តិការប្រភពទុនការពារដោយមាស secured funding transactions backed by Gold for own account							0.00	0.00	0.00
2.34	1		ប្រតិបត្តិការប្រភពទុនដែលមានការពារផ្សេងទៀត all other secured funding transactions							0.00	0.00	0.00
តម្រូវការសន្ទនីយភាពទាក់ទងនឹងប្រតិបត្តិការទម្រង់សន្ទនីយភាព និងប្រតិបត្តិការផ្សេងទៀត												
Increased liquidity needs related to derivatives and other transactions												
2.41	1		ឧបករណ៍និស្សន្ទគ្រូសង derivative payables							0.00	0.00	0.00
2.42	1		ចំហូរចេញពីបម្រែបម្រួលតម្លៃមីស្តារ នៃទ្រព្យបញ្ចាំដើមឧបករណ៍និស្សន្ទ outflows from market valuation changes of collateral for derivative transactions							0.00	0.00	0.00

លំហូរចេញនៃសាច់ប្រាក់ CASH OUTFLOWS	2.43	1	លំហូរចេញនៃសាច់ប្រាក់ពីប្រតិបត្តិការរួមគ្នា និងសុទ្ធស្រូវផ្សេងទៀត other derivative cash outflows				0.00	0.00	0.00	0.00
			កិច្ចសន្យា Committed facilities							
			សមតុល្យមិនទាន់ប្រើប្រាស់នៃកិច្ចសន្យាឥណទាននិងសន្ទនីយភាព for the undrawn portion of committed credit and liquidity facilities							
			បំពានអតិថិជនរាយនិងសហគ្រាសភ្នាក់ងារតូចនិងមធ្យម to retails and SMEs							
	2.51	0.06	កិច្ចសន្យាឥណទាន credit facilities				0.00	0.00	0.00	0.00
	2.52	0.06	កិច្ចសន្យាសន្ទនីយភាព liquidity facilities				0.00	0.00	0.00	0.00
			ចំពោះក្រុមហ៊ុនមិនមែនបរិវេណរដ្ឋ រដ្ឋាភិបាលកណ្តាល និង ធនាគារកណ្តាល to non financial corporates, sovereigns and central banks							
	2.53	0.1	កិច្ចសន្យាឥណទាន credit facilities				0.00	0.00	0.00	0.00
	2.54	0.3	កិច្ចសន្យាសន្ទនីយភាព liquidity facilities				0.00	0.00	0.00	0.00
			ចំពោះគ្រឹះស្ថានធនាគារនិងបរិវេណរដ្ឋ (ដូចមានចែងក្នុងធនបទសម្ព័ន្ធ ២) to banks and financial institutions (as defined in Annex 2)							
	2.55	0.4	កិច្ចសន្យាឥណទាន credit facilities				0.00	0.00	0.00	0.00
	2.56	0.4	កិច្ចសន្យាសន្ទនីយភាព liquidity facilities				0.00	0.00	0.00	0.00
			គ្រឹះស្ថានបរិវេណផ្សេងទៀត to other financial institutions							
	2.57	0.4	កិច្ចសន្យាឥណទាន credit facilities				0.00	0.00	0.00	0.00
	2.58	1	កិច្ចសន្យាសន្ទនីយភាព liquidity facilities				0.00	0.00	0.00	0.00
			នីតិបុគ្គលផ្សេងទៀត to other legal entities							
	2.59	1	កិច្ចសន្យាឥណទាន credit facilities				0.00	0.00	0.00	0.00
	2.60	1	កិច្ចសន្យាសន្ទនីយភាព liquidity facilities				0.00	0.00	0.00	0.00
			កាតព្វកិច្ចផ្តល់ជំនួយធានារដ្ឋប្រកបដោយលក្ខណៈប្រក្រតី (តាមកិច្ចសន្យាដឹងគ្នានិងកិច្ចសន្យា) Other contingent funding obligations (whether contractual or not)							
	2.71	0.1	កិច្ចសន្យាសន្ទនីយភាពនិងឥណទានដែលអាចបដិសេធបានដោយធានលក្ខណៈ unconditional revocable credit and liquidity facilities' agreements				0.00	0.00	0.00	0.00
2.72	1	កាតព្វកិច្ចទាក់ទងនឹងហិរញ្ញប្បទានពាណិជ្ជកម្ម (តាមករណ៍ចំនួនជាមធ្យមនៃលំហូរចេញសុទ្ធនៃសាច់ប្រាក់ប្រចាំខែក្នុងអំឡុង ពេល ១២ខែចុងក្រោយ) trade finance related obligations (report average of monthly net outflows in last 12 month period)				0.00	0.00	0.00	0.00	
2.73	0.5	ការធានានិងលិខិតឥណទាន ប្រព័ន្ធកាតព្វកិច្ចទាក់ទងនឹងហិរញ្ញប្បទានពាណិជ្ជកម្ម (តាមករណ៍ចំនួនជាមធ្យមនៃលំហូរចេញ សុទ្ធនៃសាច់ប្រាក់ក្នុងអំឡុងពេល ១២ខែចុងក្រោយ) Guarantees and letters of credit other than trade finance related obligations (report average of monthly net outflows in last 12 month period)				0.00	0.00	0.00	0.00	
2.81	1	លំហូរចេញនៃសាច់ប្រាក់តាមការសន្យាផ្សេងទៀត Other contractual outflows				0.00	0.00	0.00	0.00	
		សរុប ៤ - ឥណទាន (២.១១ ដល់ ២.៨១) Total 4 = Σ (2.11 ; 2.81)			0.00	0.00	0.00	0.00	0.00	

លំហូរចូល INFLOWS										
		សម្រាប់ Reverse Repo និងកម្ចីចូលបញ្ចាំដែលមានសុណប្រក្រតាន ៣០ ថ្ងៃ <i>Outstanding Reverse repos and securities borrowing with remaining maturities within 30 days</i>								
		<i>ទ្រព្យបញ្ចាំដែលបានទទួល និងមិនត្រូវបានប្រើជាទ្រព្យបញ្ចាំឡើងវិញ</i> <i>where the collateral received is not re-hypothecated</i>								
3.11	0	ធានារ៉ាប់រងដោយទ្រព្យសកម្មសន្ធឹងដែលមានគុណភាពខ្ពស់ covered by HQLA					0.00	0.00	0.00	0.00
3.12	0.25	ធានារ៉ាប់រងដោយទ្រព្យសកម្មសន្ធឹងផ្សេងទៀត covered by OLA					0.00	0.00	0.00	0.00
3.13	1	ធានារ៉ាប់រងដោយទ្រព្យសកម្មផ្សេងទៀត covered by other assets					0.00	0.00	0.00	0.00
		<i>ទ្រព្យបញ្ចាំដែលបានទទួល និងត្រូវបានប្រើជាទ្រព្យបញ្ចាំឡើងវិញ</i> <i>where the collateral received is re-hypothecated</i>								
3.14	0	ធានារ៉ាប់រងដោយទ្រព្យសកម្មសន្ធឹងដែលមានគុណភាពខ្ពស់ covered by HQLA					0.00	0.00	0.00	0.00
3.15	0	ធានារ៉ាប់រងដោយទ្រព្យសកម្មសន្ធឹងផ្សេងទៀត covered by OLA					0.00	0.00	0.00	0.00
3.16	0	ធានារ៉ាប់រងដោយទ្រព្យសកម្មផ្សេងទៀត covered by other assets					0.00	0.00	0.00	0.00
		កិច្ចសន្យាមិនទាមទារប្រាក់ ពីគ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុ ដូចមានកំណត់ក្នុងឧបសម្ព័ន្ធ ២ <i>Undrawn committed facilities from banks and financial institutions as defined in Annex 2</i>								
3.21	0	កិច្ចសន្យាពីគ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុ ដែលមិនបានរាយការណ៍ក្នុង ៣ ២២ Committed facilities from banks and financial institutions other than those reported in 3.22					0.00	0.00	0.00	0.00
3.22	1	កិច្ចសន្យាផ្តល់ធនាគារមេ Committed fund facilities with parent bank					0.00	0.00	0.00	0.00
		លំហូរចូលពីកិច្ចសន្យារប្លែង ៗ ដែលមានការធានា ឬមិនមានការធានា ក្នុងរយៈពេល ៣០ ថ្ងៃ <i>Other contractual inflows, either secured or unsecured, within 30 days</i>								
3.31	0.5	ពីអតិថិជនរាយ from retail customers					0.00	0.00	0.00	0.00
3.32	0.5	ពីសហគ្រាសមធ្យមតូចនិងមធ្យម from SMEs					0.00	0.00	0.00	0.00
3.33	0.5	ពីក្រុមហ៊ុនមិនមែនហិរញ្ញវត្ថុ from non financial corporates					0.00	0.00	0.00	0.00
3.34	1	ពីធនាគារកណ្តាល from central banks					0.00	0.00	0.00	0.00
3.35	1	ពីគ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុ ដូចមានកំណត់ក្នុងឧបសម្ព័ន្ធ ២ from banks and financial institutions as defined in Annex 2					0.00	0.00	0.00	0.00
3.36	0.5	ពីគ្រឹះស្ថានហិរញ្ញវត្ថុផ្សេងទៀត ដូចមានកំណត់ក្នុងឧបសម្ព័ន្ធ ២ from other financial institutions as defined in Annex 2					0.00	0.00	0.00	0.00
3.37	0.5	ពីនីតិបុគ្គលផ្សេងទៀត from other legal entities					0.00	0.00	0.00	0.00
3.38	0.5	ពីស្ថាប័នអធិបតេយ្យ from sovereigns					0.00	0.00	0.00	0.00
3.39	1	ប្រាក់បញ្ញើនៅគ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុ ដូចមានកំណត់ក្នុងឧបសម្ព័ន្ធ ២ deposits with banks and financial institutions as defined in Annex 2					0.00	0.00	0.00	0.00
		លំហូរចូលនៃសាច់ប្រាក់ ពីទម្រង់សិប្បកម្ម <i>derivative cash inflows</i>								

	3.50	1	លំហូរចូលសុទ្ធនៃសាច់ប្រាក់ពីឧបករណ៍និស្សន្ទតាមកិច្ចសន្យារយៈពេល ៣០ថ្ងៃ net contractual derivative cash inflows within 30 days					0.00	0.00	0.00	0.00
	3.60	1	លំហូរចូលនៃសាច់ប្រាក់ពីកិច្ចសន្យាចូលប្រព្រឹត្តទៅក្នុងរយៈពេល ៣០ថ្ងៃ Contractual inflows from other securities maturing within 30 days					0.00	0.00	0.00	0.00
	3.70	0	លំហូរចូលនៃសាច់ប្រាក់ពីកិច្ចសន្យាផ្សេងទៀតក្នុងរយៈពេល ៣០ថ្ងៃ Any other contractual inflows due in the next 30 days					0.00	0.00	0.00	0.00
			សរុប ៤ = ផលបូក (៣.៥១ ផល ៣.៧០) Total 5 = Σ (3.11 ; 3.70)	0.00	0.00	0.00		0.00	0.00	0.00	0.00
លំហូរចេញសុទ្ធនៃសាច់ប្រាក់ TOTAL NET CASH OUTFLOWS			សរុប ៦ = សរុប ៤ - អប្បបរមានៃ (សរុប ៥ ឬ ៧៥% នៃ សរុប ៤) Total 6 = Total 4 - Min (Total 5 ; 75% Total 4)	0.00	0.00	0.00		0.00	0.00	0.00	0.00
អន្តរាគមន៍បង្កសន្តិសុខភាព LIQUIDITY COVERAGE RATIO			អន្តរាគមន៍បង្កសន្តិសុខភាព = សរុប ៣ / សរុប ៦ LCR= Total 3/Total 6					#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

រាជធានីភ្នំពេញ ថ្ងៃទី ១៩ ឆ្នាំ

អគ្គនាយក
General Manager/CEO

អ្នកត្រួតពិនិត្យ
Verified By

អ្នករៀបចំ
Prepared by

Solvency Ratio Template

របាយការណ៍ប្រចាំខែស្តីពី អនុបាតសាមគ្គីភាព

MONTHLY REPORT ON SOLVENCY RATIO

កាលបរិច្ឆេទ:

As of:

ឈ្មោះធនាគារ: ធនាគារវ័ន្តអាស៊ីលីមីតធីត

Name of Bank: Advanced of Asia Limited

មូលនិធិផ្ទាល់ស្រួច:

Net worth (NW):

Form: P-SOL-M

អត្រាប្តូរប្រាក់:

រៀល/ដុល្លារអាមេរិក

Exchange Rate:

KHR/USD

ការគណនាអនុបាតសាមគ្គីភាព CALCULATION OF SOLVENCY RATIO	Balance in USD	ធ្លឹង Weighting	ជាដុល្លារ in USD	កម្រិតប្រាក់ in Million of KHRs
I- តារាងតារាងតុល្យការដែលធ្លឹងតាមកំរិតហានិភ័យសមភាព Balance Sheet Items, weighted by degree of Counter-Party Risks				
1- ការធ្លឹង 0% ចំពោះទ្រព្យសកម្មដែលមានហានិភ័យទាប Weighting 0% on Assets with low Risk	0.00		0.00	0.00
1.1- សាច់ប្រាក់ Cash		0%	0.00	0.00
1.2- មាស Gold		0%	0.00	0.00
1.3- កំណត់ទ្រព្យលើធនាគារជាតិកម្ពុជា Claim on the National Bank of Cambodia		0%	0.00	0.00
1.4- ទ្រព្យសកម្មដែលបានវត្តមានដោយប្រាក់កម្ចី 100% ទៅធនាគារ Assets collateralized by Deposits 100% lodged with Banks		0%	0.00	0.00
1.5- កំណត់ទ្រព្យលើ ឬធានាដោយស្ថាប័នអធិបតេយ្យដែលមានចំណាត់ថ្នាក់ AAA ទៅ AA- Claims on or Guaranteed by Sovereigns rated AAA to AA- or equivalent		0%	0.00	0.00
2- ការធ្លឹង 20% ចំពោះទ្រព្យសកម្មដែលមានហានិភ័យមធ្យម Weighting 20% on Assets with Moderate Risk	0.00		0.00	0.00
2.1- កំណត់ទ្រព្យលើ ឬធានាដោយស្ថាប័នអធិបតេយ្យដែលមានចំណាត់ថ្នាក់ A+ ទៅ A- Claims on or Guaranteed by Sovereigns rated A+ to A- or equivalent		20%	0.00	0.00
2.2- កំណត់ទ្រព្យលើ ឬធានាដោយធនាគារ ឬក្រុមហ៊ុនដែលមានចំណាត់ថ្នាក់ AAA ទៅ AA- Claims on or Guaranteed by banks rated AAA to AA- or equivalent		20%	0.00	0.00
3- ការធ្លឹង 50% ចំពោះទ្រព្យសកម្មដែលមានហានិភ័យមធ្យម Weighting 50% on Assets with Medium Risk	0.00		0.00	0.00
3.1- កំណត់ទ្រព្យលើ ឬធានាដោយស្ថាប័នអធិបតេយ្យដែលមានចំណាត់ថ្នាក់ BBB+ ទៅ BBB- Claims on or Guaranteed by Sovereigns rated BBB+ to BBB- or equivalent		50%	0.00	0.00
3.2- កំណត់ទ្រព្យលើ ឬធានាដោយធនាគារ ឬក្រុមហ៊ុនដែលមានចំណាត់ថ្នាក់ A+ ទៅ A- Claims on or Guaranteed by Banks rated A+ to A- or equivalent		50%	0.00	0.00
4- ការធ្លឹង 100% ចំពោះទ្រព្យសកម្មដែលមានហានិភ័យទាំងស្រុង Weighting 100% on Assets with Full Risk	0.00		0.00	0.00
4.1- ទ្រព្យសកម្មផ្សេងទៀត All other Assets, besides mentioned above		100%	0.00	0.00
5- ការធ្លឹង 120% ចំពោះមូលបត្រសម្រាប់ជួញដូរ Weighting 120% on Tradable Securities	0.00		0.00	0.00
5.1- មូលបត្រសម្រាប់ជួញដូរ Tradable Securities		120%	0.00	0.00
សរុប Total (I) = (1) + (2) + (3) + (4)	0.00		0.00	0.00
II- តារាងតារាងតុល្យការដែលធ្លឹងតាមកំរិតហានិភ័យសមភាព Off-Balance Sheet items, weighted by degree of Counter-Party Risk				
1- ការធ្លឹង 0% ចំពោះប្រតិបត្តិការដែលមានហានិភ័យទាប Weighting 0% on Operations with low Risk	0.00		0.00	0.00
1.1- កំណត់ទ្រព្យលើសម្រាប់ប្រើប្រាស់ ជាពិសេសកំណត់ទ្រព្យលើសម្រាប់លក់ និងការសន្យាខ្ចីដែល មាន កាលកំណត់រហូតពេញមួយឆ្នាំឬដែលអាចលុបចោលដោយគ្មានលក្ខខណ្ឌនៅពេលណា ក៏បាន ដោយគ្មានជូនដំណឹង Undrawn Facilities, particularly overdrafts and commitments to lend, which are for an initial m		0%	0.00	0.00
1.2- ប្រតិបត្តិការផ្សេងទៀតដែលមានហានិភ័យទាប Other items carrying a low risk		0%	0.00	0.00
2- ការធ្លឹង 20% ចំពោះប្រតិបត្តិការដែលមានហានិភ័យមធ្យម Weighting 20% on Operations with Moderate Risk	0.00		0.00	0.00

2.1-	ឯកសារគណនីដែលត្រូវបានចេញផ្សាយ ឬបញ្ជាក់ ស្របគោលដែលទំនិញត្រូវបានប្រើជា វត្ថុបញ្ចាំ និង ប្រតិបត្តិការស្រដៀងគ្នាផ្សេងទៀត Documentary credits is issued or confirmed where the underlying goods serve as collateral and other similar transactions		20%	0.00	0.00
2.2-	ប្រតិបត្តិការផ្សេងទៀតដែលមានហានិភ័យមធ្យម Other Items carrying moderate risk		20%	0.00	0.00
3-	ការធ្វើ ៥០% ចំពោះប្រតិបត្តិការដែលមានហានិភ័យមធ្យម Weighting 50% on Operations with Medium Risk	0.00		0.00	0.00
3.1-	ការសងប្រាក់តាមឯកសារគណនីដែលបានចេញផ្សាយឬបញ្ជាក់ហើយ នៅពេលដែល ទំនិញមិនត្រូវបានប្រើជាវត្ថុបញ្ចាំ Commitments to pay resulting from documentary credits, issued or confirmed.		50%	0.00	0.00
3.2-	ការធានានិងសញ្ញាណប័ណ្ណឧបត្ថម្ភ និងការធានាដែលមិនមានលក្ខណៈជំនួសគណនី Warranties and indemnity bonds (including tender, performance, customs and tax bonds) and guarantees not having the character of credit substitutes		50%	0.00	0.00
3.3-	កិច្ចសន្យាផ្តល់គណនីប្រើប្រាស់ ជាពិសេសគណនីបើសសមតុល្យ និងការសន្យា អោយខ្ចី ដែលមានកាលកំណត់លើសពី១ឆ្នាំ Undrawn facilities, particularly overdrafts and commitments to lend with an initial term of more than one year		50%	0.00	0.00
3.4-	ប្រតិបត្តិការផ្សេងទៀតដែលមានហានិភ័យមធ្យម Other items carrying medium risk		50%	0.00	0.00
4-	ការធ្វើ ១០០% ចំពោះប្រតិបត្តិការដែលមានហានិភ័យទាំងស្រុង Weighting 100% on Operations with Full Risk	0.00		0.00	0.00
4.1-	ការធានាលើគណនី (ដកចេញហានិភ័យចំពោះអត្តសញ្ញាណប័ណ្ណ) Loan guarantees (deductible from the risk exposure in respect of the beneficiary)		100%	0.00	0.00
4.2-	ការទទួលប្រកាស Acceptances		100%	0.00	0.00
4.3-	រូបិយប័ណ្ណ លើឈ្មោះប្រកាសដែលមិនមានឈ្មោះរបស់ធនាគារ ឬគ្រឹះស្ថានហិរញ្ញវត្ថុ Endorsement on bills not bearing the name of another bank or financial institution		100%	0.00	0.00
4.4-	សកម្មភាពប្រតិបត្តិការដោយមានឧបត្រាស្រប្រយោជន៍ Transactions with recourse		100%	0.00	0.00
4.5-	កិច្ចសន្យាគណនីមិនអាចដកចេញបាន ឬការធានា ដែលមានលក្ខណៈជំនួសគណនី Irrevocable credit lines, or guarantees, having the character of credit substitutes		100%	0.00	0.00
4.6-	ប្រតិបត្តិការផ្សេងៗទៀត ដែលមានហានិភ័យខ្ពស់ Other items carrying a high risk		100%	0.00	0.00
សរុប Total (II) = (1) + (2) + (3) + (4)		0.00		0.00	0.00
III- សរុបទ្រព្យសកម្មនិងប្រតិបត្តិការក្រោយធ្វើហានិភ័យ Total Assets and Operations after weighting Risk = (I) + (II)				0.00	0.00
អនុបាតសាធារណៈ = មូលនិធិផ្ទាល់ស្មើ / III Solvency Ratio = Total Net Worth / III (>15%)				#DIV/0!	#DIV/0!

កំណត់សំគាល់:

Note:

នាយកប្រតិបត្តិ
CEO/Director

អ្នកត្រួតពិនិត្យ
Verified by

ថ្ងៃចេញផ្សាយ
Reporting date:
អ្នករៀបចំ
Prepared by

ANNEX B - RULES OF BONDHOLDERS MEETING

RULES OF BONDHOLDERS MEETINGS ("RULES")

I. CALLING OF A MEETING

In the event the Issuer or the Bondholders' Representative (as the case may be), wishes to call for a meeting of the Bondholders, it shall arrange for the Securities Transfer Agent to send notices calling for the meeting by registered email and/or mail to the Issuer, the Bondholders' Representative and the Bondholders no less than 10 (ten) calendar days (excluding the date the notice is sent and the date of the meeting) before the date of the meeting. The notice calling the meeting must specify the date, time and place of the meeting, agenda of the meeting and the person requesting that the meeting be called. The Securities Transfer Agent must send the notice calling the meeting of Bondholders to every Bondholder according to the names and addresses that appear in the Securities Transfer Agent as at the Record Date.

II. PERSONS WITH THE RIGHT TO ATTEND A MEETING

The persons who have the right to attend a meeting of Bondholders are as follows:

- (i) the Bondholders, the Issuer and the Bondholders' Representative;
- (ii) any person or other Bondholder approved by a Bondholder as a proxy ("Proxy") to attend the meeting and vote on his/her behalf under an instrument for appointing a proxy in the form prescribed by the Securities Transfer Agent (available at the head office of the Securities Transfer Agent). A Bondholder who wishes to appoint a Proxy must submit the original instrument appointing his/her Proxy to the Securities Transfer Agent no less than 24 (twenty-four) hours before the time set for the holding of a meeting of Bondholders;
- (iii) a financial advisor, legal adviser or other person who has been requested by the Issuer and/or the Bondholders' Representative to attend the meeting to give any explanation and opinion to the meeting on matters to be transacted at the meeting; and
- (iv) any persons permitted by the Chairman of the meeting to attend the meeting as observers.

III. QUORUM

1. In order to consider and pass resolutions on matters other than those specified in Clauses VI.3 and VI.4 of this Rules at a meeting of Bondholders, there must be 2 (two) or more Bondholders holding an aggregate number of no less than 51 (fifty-one) per cent of the total number of units of unredeemed Corporate Bonds attending the meeting to constitute a quorum. If a meeting of Bondholders to consider matters under this Clause III.1 is postponed pursuant to Clause V.1 of this Rules due to a lack of quorum, the quorum at the subsequent meeting shall be constituted if 2 (two) or more Bondholders holding an aggregate number of no less than 25 (twenty-five) per cent of the total number of units of outstanding Corporate Bonds attend at that subsequent meeting.

2. In order to consider and pass resolutions on the matters specified in Clause VI.3 of this Rules at a meeting of Bondholders, there must be 2 (two) or more Bondholders holding an aggregate number of no less than 66 (sixty-six) per cent of the total number of units of unredeemed Corporate Bonds attending the meeting to constitute a quorum. If a meeting of Bondholders to consider matters under this Clause III.2 is postponed pursuant to Clause V.1 of this Rules due to a lack of quorum, the quorum at the subsequent meeting shall be constituted if 2 (two) or more Bondholders holding an aggregate number of no less than [33 (thirty-three)] per cent of the total number of units of outstanding Corporate Bonds attend at that subsequent meeting.

3. In order to consider and pass resolutions on the matters specified in Clause VI.4 of this Rules at a meeting of Bondholders, there must be 2 (two) or more Bondholders holding an aggregate number of no less than 75 (seventy-five) per cent of the total number of units of outstanding Corporate Bonds attending the meeting to constitute a quorum. If a meeting to consider matters under this Clause III.3 is postponed pursuant to Clause V.1 of this Rules due to a lack of quorum, the quorum at the subsequent meeting shall be constituted if 2 (two) or more Bondholders holding an aggregate number of no less than 45 (forty-five) per cent of the **total number of units of outstanding Corporate Bonds** attend at that subsequent meeting.

IV. CHAIRMAN OF A MEETING

The Bondholders' Representative or the person authorized by the Bondholders' Representative shall be the chairman of the meeting ("Chairman"). If the person acting as the Chairman has not attended the meeting 45 (forty-five) minutes after the time set to hold the meeting, 51 (fifty-one) per cent of the total number of units of unredeemed Corporate Bonds attending the meeting shall resolve to select one Bondholder to act as the Chairman of the meeting.

V. POSTPONEMENT OF A MEETING

1. At any meeting of Bondholders, if it appears that the quorum of Bondholders is not present within 90 (ninety) minutes after the time set for holding the meeting, the Chairman of the meeting shall postpone the meeting of Bondholders to a new meeting which is to be held at a date, time and place as specified by the Chairman, whereby the date for the new meeting must be scheduled not less than 14 (fourteen) days but not more than 30 (thirty) days from the original meeting date. In addition, the matters to be transacted and resolved in this subsequent meeting must be limited to the matters which were to be duly transacted in the original meeting.

2. The Securities Transfer Agent must send a notice calling for a subsequent meeting due to a postponement of the meeting caused by a lack of quorum pursuant to Clause V.1 of this Rules to the Issuer, the Bondholders' Representative and the Bondholders according to the names and addresses, to which the previous notices calling for the meeting of Bondholders were sent, not less than 10 (ten) calendar days prior to the scheduled date for the subsequent meeting (excluding the date the notices were sent and the date of the meeting), and the notice calling for the meeting must specify the date, time, place for the meeting, agenda and quorum for such subsequent meeting.

3. If the quorum for such subsequent meeting is not met (as set out in Clause III above), the Chairman shall order that subsequent meeting be cancelled and there shall be no further postponement of that subsequent meeting.

VI. RESOLUTION OF A MEETING

1. The passing of resolutions on various matters at a meeting of Bondholders shall be made by way of show of hands or voting by means specified by the Chairman of the meeting. Each unit of outstanding Corporate Bonds held by a Bondholder shall have one vote. Each Bondholder shall therefore have the same number of votes as the number of units of outstanding Corporate Bonds held by him/her. In case of a tied vote, the Chairman of the meeting shall have a casting vote (in addition to any vote entitled to be casted by the Chairman as a Bondholder or as a Proxy).

2. Except as provided in Clauses VI.3 and VI.4 of this Rules, the resolutions of the meeting of Bondholders, shall be passed by a majority vote of more than 50 (fifty) per cent of the total number of votes of the Bondholders attending the meeting and casting their votes.

3. Any resolutions of the meeting of Bondholders on the following matters must be passed by a vote of not less than 66 (sixty-six) per cent of the total number of votes of the Bondholders attending the meeting and casting their votes:

- A. Any amendment of the Conditions not relevant to matters specified in Clause VI.4 of this Rules;
- B. Any change to the Bondholders' Representative and the appointment of any person as a new Bondholders' Representative; and
- C. Following the occurrence of an Event of Default, any authorisation of the Bondholders' Representative to require the Issuer to make payment of the principal together with all accrued interest under all of the Corporate Bonds under the Conditions.

4. Any resolutions of the meeting of Bondholders on the following matters must be passed by a vote of not less than 75 (seventy-five) per cent of the total number of votes of the Bondholders attending the meeting and casting their votes:

- A. The amendment of the due date for payment of any amount of money under the Corporate Bonds;
- B. The reduction, cancellation or amendment of the amount of principal, interest and/or any other

amount of money outstanding or to be paid under the Corporate Bonds;

- C. A change in the currency denomination of any amount of money to be paid under the Corporate Bonds;
 - D. An amendment to the Rules regarding meetings of Bondholders relating to the quorum requirements (Clause III of this Rules) and resolutions of meetings (Clause VI of this Rules); and
 - E. An amendment of the Conditions in order to be able to effect any matter contemplated under Clause (A) to (D) above.
5. Any Bondholder who has a conflict of interest on any matter shall have no right to vote on such matter.

VII. MINUTES OF A MEETING

The Bondholders' Representative must prepare the minutes of a Bondholders' meeting to be signed by the Chairman of such meeting within 7 (seven) Business Days from the date of the meeting and must maintain the original minutes. Copies of the minutes of a Bondholders' meetings shall be made available to be examined by the Bondholders at the head office of the Bondholders' Representative on a Business Day and time suitable to the Bondholders' Representative.

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SECTION 8: CREDIT RATING OF THE BONDS

The Bonds are rated “B” by S&P. A security rating is not a recommendation to purchase, hold or sell the Bonds inasmuch as such rating does not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. See “*Section 3: Risk Factors — Risks associated with investing in ABA Bank’s corporate bond — Risk in relation to changes in credit ratings of the Bonds*”.

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SECTION 9: TAXATION



KPMG Cambodia Ltd
4th floor, Delano Center
No. 144, Street 169
Sangkat Veal Vong
Khan 7 Makara, Phnom Penn
Telephone +855 (23) 216899
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Private & Confidential

Attention Mr. Askhat Azhikhanov
Chief Executive Officer
Advanced Bank of Asia Limited
No. 148, Preah Sihanouk Blvd,
Phnom Penh, Cambodia

Our ref TM/SC

Contact Tan Mona / Sok Chanrasmey

7 May 2019

Dear Askhat Azhikhanov,

Draft of Cambodian Taxation Section of Disclosure Document

We refer to our proposal dated 22 April 2019 and your acceptance on 22 April 2019. Advanced Bank of Asia Limited ("the Company") has requested KPMG Cambodia Ltd (KPMG) to provide a draft of the Taxation Section of Disclosure Document in respect of the Company's corporate bond. We have drafted the "Cambodian Taxation Section of Disclosure Document" in the attached **Appendix A** for your review and comment.

This draft of Cambodian Taxation Section is based on current Cambodian legislation and practices. You will appreciate that Cambodian law is frequently being changed, both prospectively and retrospectively. Furthermore, laws may be inconsistently interpreted and applied by government authorities and therefore, we are unable to give any guarantee that our interpretation will ultimately be sustained in the event of challenge. Unless special arrangements are made, this document will not be updated to take account of subsequent changes to the legislation or other practices.

This draft is to address only the issue raised by the Company. Therefore, we are not responsible to any third party who relies on this advice as clearly stated in Clause 6.1 of our Terms and Conditions in Appendix 1 of Engagement Letter dated 22 April 2019.

Should you have any questions or require further clarification, please contact us at (855) 23 216 899.

Yours sincerely,

Tan Mona

Partner – Tax and Corporate Services



KPMG Cambodia Ltd., a Cambodian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.
Document classification: KPMG Confidential



Appendix A

"Cambodian Taxation Section"

The following is a general guide of certain tax implications of the Corporate Bonds and does not intend to be a comprehensive guide of the tax implications of the Corporate Bonds in Cambodia. Prospective investors should note that, although the general tax information on Cambodian taxation is described hereunder for convenience, the statements below are general in nature and not exhaustive. Prospective investors are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation.

1. Tax on Income

1.1. Bondholder who is a resident of Cambodia

1.1.1. Physical person or individual

A physical person or an individual is considered to a resident of Cambodia for tax purpose, if he/she meets one of the three criteria below.

- i. He/she has a residence in Cambodia. He/she is considered to have a residence in Cambodia if he/she owns, rents, leases or has available use of a house, apartment, dormitory, etc. in which he/she usually stays or occupies.
- ii. He/she has a principal place of abode in Cambodia. The factors to determine the principal place of abode of a physical person include his/her center of economic interest, the amount of time spent, the nature of time spent, where his/her family resides, his/her bank accounts are hold, his/her main social activities take place.
- iii. He/she has a presence in Cambodia more than 182 days during one or more separate periods in any period of 12 months ending in the current tax year. Presence for any part of a day is counted as a whole day.

A resident individual bondholder will have the following tax liabilities:

a. Interest

Interest received by a resident individual bondholder is subject to 15% withholding tax.

b. Capital gains

Capital gains refer to the amount in excess of the cost of acquisition and are derived from the transfer of the bonds. By law, taxable income derived by a physical person is subject to Tax on Income based on the progressive tax rate by tranche. In practice, however, the tax authority does not have mechanism to register physical person (i.e. in particular who does not carrying on business) for tax purpose at the moment. Therefore, capital gains of the resident individual bondholder on the transfer of bonds is not subject to any tax.

1.1.2. Company

A company is a resident taxpayer if such company is established or managed or have its principal place of business in Cambodia. A bondholder who is a company which is a resident for tax purpose (resident corporate bondholder) will have the following tax liabilities:

a. Interest

Interest received by a resident corporate bondholder is subject to 15% withholding tax. However, the resident corporate bondholder should be able to claim withholding tax credit to offset against the Tax on Income payable at the year end. Evidence (such as withholding tax certificate) must be available in order to claim such withholding tax credit.

b. Capital gains

Cambodia does not have a separate capital gain tax regime. Capital gains are included in the taxable income of the resident corporate bondholder and subject to the Tax on Income at the applicable rate. The standard rate of Tax on Income is 20%.

1.2. Bondholder who is a non-resident of Cambodia

1.2.1. Physical person or individual

A non-resident taxpayer is an individual who does not meet the residency criteria in 1.1.1 above. The non-resident individual bondholder will have the following tax liabilities:

a. Interest

Interest received by the non-resident individual bondholder is subject to 14% withholding tax unless there are terms and conditions under a double taxation agreement entered into between Cambodia and the resident country of the bondholder.

b. Capital gains

The Cambodian tax law treats capital gains as normal gains from business operations and imposes tax accordingly. Gains on the sale or transfer of bonds should be taxable under the Tax on Income. In this regard, the standard tax rate at 20% should be applied. However, there is presently no mechanism or operation of the Tax Law to impose tax on a non-resident individual that does not have a permanent establishment in Cambodia for the sale or transfer of Cambodian corporate bonds, or to impose any tax on the Cambodian company whose bonds are sold, transferred or disposed. As a matter of practicality, a non-resident individual bondholder having no permanent establishment in Cambodia is not taxed on the capital gains derived from such transactions.

1.2.2. Company

A non-resident corporate bondholder is a company that does not meet the residency criteria 1.1.2 above. The non-resident corporate bondholder will have the following tax liabilities:

a. Interest

Interest received by the non-resident corporate bondholder is subject to 14% withholding tax unless there are terms and conditions under a double taxation agreement entered into between Cambodia and the resident country of the bondholder.

b. Capital gains

Similar to non-resident individual bondholder in 1.2.1 above, a non-resident corporate bondholder having no permanent establishment in Cambodia is not taxed on the capital gains derived from such transactions.

2. Specific Tax

A sale or transfer of corporate bonds is not subject to specific tax.



3. Stamp Duty

A sale or transfer of corporate bonds is not subject to stamp duty.

4. Double Tax Agreement (DTAs)

Currently, Cambodia has entered into DTAs with Singapore, Thailand, Brunei, China, Vietnam and Indonesia (DTA with Indonesia is ratified, but it is not effective yet). As a result, a resident of those countries can benefit from terms and conditions as agreed under the DTAs such as avoidance of double taxation on income and reduction of WHT rate on interest. However, certain rules and procedures must be followed in order to obtain the tax treaty benefits.

5. Tax incentive in securities sector

As per the Sub-Decree no. 01 SD.Prk dated 4 January 2019 issued by the Royal Government which provides tax incentives for the securities sector as follows:

- 50% of Tax on Income (ToI) payable up to 3 years counting from the year of the public issuance of corporate bond or the following year, if the public issuance of corporate bond is within the last 6 months of tax year or any period approved by the MEF.
- Waiver of tax debt on Tax on Income (ToI), withholding tax, VAT, specific tax, accommodation tax and public lighting tax as follows:
 - Tax debt for a period of N-3 to N-10 for companies/enterprises that fulfil the criteria(s) for listing in the primary market.
 - Tax debt for a period of N-2 to N-10 for small and medium enterprises that fulfil the criteria(s) for listing in the secondary market. (Year N is the year that a company/enterprises makes the public issuance of corporate bond of equity and/or debt securities)
- 50% reduction of Withholding Tax on interest and/or dividend received by public investors from holding and/or buying-selling of government, equity and debt securities for a period of 3 years from the date of this Sub-Decree comes into effect.

SECTION 10: FINANCIAL STATEMENTS

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ADVANCED BANK OF ASIA LIMITED
FOR YEAR ENDED 31 DECEMBER 2018
CORPORATE INFORMATION

Bank	Advanced Bank of Asia Limited	
Registration No.	00010593	
Registered office	No. 141, 146, 148, and 148 ABCD Preah Sihanouk Blvd, and No. 15 and 153 ABC, Street 278, Phum 4 Sangkat BoeungKeng Kang I Khan Chamka Morn, Phnom Penh Kingdom of Cambodia	
Shareholders	National Bank of Canada Mr. Damir Karassayev	
Board of Directors	Mr. Yves Jacquot Mr. Andre Berard Mr. Damir Karassayev Mr. Dominic Jacques Mr. Jean Francois Hanczakowski Mr. Etienne Chenevier Mr. Henri Calvet Mr. Madi Akmambet	Chairman Director Director Director Director Independent Director Independent Director Executive Director
Key managements	Mr. Askhat Azhikhanov Mr. Madi Akmambet Mr. Lee Young Ho Mr. Babu Ram Gyawali Mr. Bibhu Pandey Mr. Rasulov Zokhir Mr. Galymzhan Temirov Mr. Sanzhar Abdullayev Mr. Mey Polin Mr. Zhiger Atchabarov Ms. Adel Leilanie Legarta	Chief Executive Officer Executive Director Deputy Chief Executive Officer Chief Financial Officer and Company Secretary Chief Credit Officer Chief Digital Banking Officer Chief Administration, Technology and Infrastructure Development Officer Chief of Card and E-banking Officer Chief Business Development Officer Chief International Operations Officer Chief Client Relationship Officer
Auditors	Deloitte (Cambodia) Co., Ltd.	

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors ("BOD" or "Directors") has pleasure in submitting their report together with the audited financial statements of Advanced Bank of Asia Limited ("the Bank") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in Cambodia.

There were no significant changes to these principal activities during the year.

FINANCIAL RESULTS

The financial results of the Bank for the year ended 31 December 2018 were as follows:

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	90,276,710	362,731,821	57,969,842	234,024,252
Income tax expense	(18,459,196)	(74,169,050)	(11,780,679)	(47,558,601)
Net profit for the year	71,817,514	288,562,771	46,189,163	186,465,651

RESERVES AND PROVISIONS

There were no material movements in reserves and provisions during the year other than those disclosed in the financial statements.

DIVIDENDS

No dividends were declared or paid during the year (2017: nil).

SHARE CAPITAL

The Bank issued additional shares as follows during the year:

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Balance at beginning of year	125,000,000	504,625,000	52,643,000	212,519,791
Convert from share premium	-	-	18,357,000	74,107,209
Convert from retained earnings	-	-	29,000,000	117,073,000
Issued share capital (*)	40,000,000	160,720,000	25,000,000	100,925,000
Currency translation difference	-	(2,375,000)	-	-
	165,000,000	662,970,000	125,000,000	504,625,000

(*) On 31 December 2018, National Bank of Cambodia issued an approval letter allowing the Bank to increase its registered capital by US\$40,000,000 by issuing additional 36,000 shares to National Bank of Canada and 4,000 shares to Mr. Damir Karassayev, with a par value of US\$1,000 per share.



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SWIFT: ABAKHPP

BAD AND DOUBTFUL LOANS

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ascertain that appropriate actions had been taken by management in relation to the writing off of any bad loans and the making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad loans, or the amount of allowance for doubtful loans in the financial statements of the Bank, inadequate to any material extent.

ASSETS

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ascertain that management took appropriate actions so that any assets, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Bank had been written down to amounts which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributable to the assets in the financial statements of the Bank misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, the Directors are not aware of:

- (a) any charge on the assets of the Bank which has arisen since the end of the year which secures the liabilities of any other person except as disclosed in the financial statements; and
- (b) any contingent liability in respect of the Bank that has arisen since the end of the year other than in the ordinary course of its business operations.

At the date of this report, the Directors are not aware that any contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.



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CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

To the best knowledge of Directors:

- The results of the operations of the Bank for the year were not substantially affected by any item, transaction or event of a material and unusual nature.
- There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Bank for the current year in which this report is made.

EVENTS AFTER THE REPORTING DATE

At the date of this report, to the best knowledge of the Directors, there have been no significant events occurring after balance sheet date which would require adjustments or disclosures to be made in the financial statements.

THE BOARD OF DIRECTORS

The members of the Board of Directors at the date of this report are:

- Mr. Yves Jacquot Chairman
- Mr. Andre Berard Director
- Mr. Damir Karassayev Director
- Mr. Dominic Jacques Director
- Mr. Jean Francois Hanczakowski Director
- Mr. Etienne Chenevier Independent Director
- Mr. Henri Calvet Independent Director
- Mr. Madi Akmambet Executive Director

DIRECTORS' INTERESTS

The Directors who held office at the end of the year and their interests in the shares of the Bank were as follows:

	31 December 2018		31 December 2017	
	Holding %	Number of shares of US\$1,000 each	Holding %	Number of shares of US\$1,000 each
Mr. Damir Karassayev	10%	16,500	10%	12,500

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed to which the Bank is a party with the objective of enabling Directors of the Bank to acquire benefits by means of the share purchase option.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit by reason of a contract made by the Bank other than as disclosed in the financial statements.



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THE BOARD OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2018, and its financial performance and its cash flows for the year ended 31 December 2018. The Board of Directors oversees the preparation of these financial statements by management who are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the disclosure requirements of Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the National Bank of Cambodia ("NBC"), or if there have been any departures in the interests of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- effectively control and direct the Bank and is involved in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

Management is responsible for ensuring that the above requirements have been fulfilled and is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Bank has complied with the above requirements in preparing the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS

The accompanying financial statements as set out on pages 9 to 53 present fairly, in all material respects, the financial position of Advanced Bank of Asia Limited as at 31 December 2018, and its financial performance and its cash flows for the year ended in accordance with Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the National Bank of Cambodia, 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



Mr. Askhat Azhikhanov
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: 22 MAR 2019



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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Advanced Bank of Asia Limited

Opinion

We have audited the financial statements of Advanced Bank of Asia Limited ("the Bank"), which comprise the balance sheet as at 31 December 2018, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 53.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the National Bank of Cambodia.

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Report of the Board of Directors set out on pages 1 to 5 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the National Bank of Cambodia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte (Cambodia) Co., Ltd.




Khoy Kimleng
Partner

Phnom Penh, Kingdom of Cambodia

Date: 22 MAR 2019

ADVANCED BANK OF ASIA LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	31 December 2018		31 December 2017	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand	4	151,000,293	606,719,177	68,986,300	278,497,693
Balances with the NBC	5	435,961,811	1,751,694,557	207,289,364	836,827,162
Balances with other banks	6	206,626,043	830,223,441	84,923,895	342,837,764
Loans to customers, net	7	1,820,441,489	7,314,533,903	1,227,372,821	4,954,904,078
Foreclosed properties	8	-	-	601,375	2,427,751
Investment securities	9	32,991,260	132,558,883	16,849,632	68,021,964
Other assets	10	25,410,240	102,098,344	16,688,282	67,370,595
Deferred tax asset	17(b)	2,777,188	11,158,741	1,970,251	7,953,903
Intangible assets	11	2,647,070	10,635,927	1,765,748	7,128,325
Property and equipment	12	28,440,671	114,274,616	12,903,247	52,090,408
TOTAL ASSETS		<u>2,706,296,065</u>	<u>10,873,897,589</u>	<u>1,639,350,915</u>	<u>6,618,059,643</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	13	2,175,102,256	8,739,560,865	1,264,493,344	5,104,759,630
Borrowings	14	80,155,740	322,065,763	86,500,001	349,200,504
Subordinated debts	15	93,000,000	373,674,000	55,000,000	222,035,000
Other liabilities	16	28,736,249	115,462,248	22,114,413	89,275,885
Current income tax payable	17(a)	17,280,540	69,433,210	11,039,391	44,566,021
TOTAL LIABILITIES		<u>2,394,274,785</u>	<u>9,620,196,086</u>	<u>1,439,147,149</u>	<u>5,809,837,040</u>
EQUITY					
Share capital	18	165,000,000	662,970,000	125,000,000	504,625,000
Retained earnings		<u>147,021,280</u>	<u>590,731,503</u>	<u>75,203,766</u>	<u>303,597,603</u>
TOTAL EQUITY		<u>312,021,280</u>	<u>1,253,701,503</u>	<u>200,203,766</u>	<u>808,222,603</u>
TOTAL LIABILITIES AND EQUITY		<u>2,706,296,065</u>	<u>10,873,897,589</u>	<u>1,639,350,915</u>	<u>6,618,059,643</u>

The accompanying notes from pages 130 to 169 form an integral part of these financial statements.

ADVANCED BANK OF ASIA LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	31 December 2018		31 December 2017	
		US\$	KHR'000	US\$	KHR'000
Interest income	19	183,476,436	737,208,320	125,830,819	507,979,016
Interest expense	20	(47,004,497)	(188,864,069)	(38,712,362)	(156,281,805)
Net interest income		136,471,939	548,344,251	87,118,457	351,697,211
Fee and commission income	21	31,072,166	124,847,963	21,873,479	88,303,235
Fee and commission expense	22	(8,356,322)	(33,575,702)	(5,779,243)	(23,330,804)
Net fee and commission income		22,715,844	91,272,261	16,094,236	64,972,431
Other operating income	23	1,471,050	5,910,679	30,502	123,137
Personnel expenses	24	(35,287,536)	(141,785,320)	(21,259,401)	(85,824,202)
Operating expenses	25	(20,344,018)	(81,742,264)	(13,994,201)	(56,494,590)
Depreciation and amortization expenses	26	(5,098,437)	(20,485,520)	(3,261,205)	(13,165,485)
Operating profit		99,928,842	401,514,087	64,728,388	261,308,502
Allowance for bad and doubtful loans	7	(9,652,132)	(38,782,266)	(6,758,546)	(27,284,250)
Profit before income tax		90,276,710	362,731,821	57,969,842	234,024,252
Income tax expense	17(c)	(18,459,196)	(74,169,050)	(11,780,679)	(47,558,601)
Net profit for the year		<u>71,817,514</u>	<u>288,562,771</u>	<u>46,189,163</u>	<u>186,465,651</u>

The accompanying notes from pages 130 to 169 form an integral part of these financial statements.

ADVANCED BANK OF ASIA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Share premium	Retained earnings	Total
	US\$	US\$	US\$	US\$
For the year ended 31 December 2018				
At 1 January 2018	125,000,000	-	75,203,766	200,203,766
Issue share capital	40,000,000	-	-	40,000,000
Net profit for the year	-	-	71,817,514	71,817,514
At 31 December 2018	<u>165,000,000</u>	<u>-</u>	<u>147,021,280</u>	<u>312,021,280</u>
KHR'000 equivalents				
At 31 December 2018	<u>662,970,000</u>	<u>-</u>	<u>590,731,503</u>	<u>1,253,701,503</u>
For the year ended 31 December 2017				
At 1 January 2017	52,643,000	18,357,000	58,014,603	129,014,603
Convert from share premium	18,357,000	(18,357,000)	-	-
Convert from retained earning	29,000,000	-	(29,000,000)	-
Issue share capital	25,000,000	-	-	25,000,000
Net profit for the year	-	-	46,189,163	46,189,163
At 31 December 2017	<u>125,000,000</u>	<u>-</u>	<u>75,203,766</u>	<u>200,203,766</u>
KHR'000 equivalents				
At 31 December 2017	<u>504,625,000</u>	<u>-</u>	<u>303,597,603</u>	<u>808,222,603</u>

The accompanying notes from pages 130 to 169 form an integral part of these financial statements.

ADVANCED BANK OF ASIA LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	31 December 2018		31 December 2017	
		US\$	KHR'000	US\$	KHR'000
Cash flow from operating activities					
Profit before income tax		90,276,710	362,731,821	57,969,842	234,024,252
<i>Adjustments</i>					
Depreciation and amortisation	26	5,098,437	20,485,520	3,261,205	13,165,485
Allowance for bad and doubtful loans	7	9,652,132	38,782,266	6,758,546	27,284,250
(Gains)/loss on disposals of property and equipment		(9,639)	(38,730)	64,160	259,014
Loss on disposal of foreclosed properties		128,501	516,317	106,346	429,319
Foreclosed properties written off		421,551	1,693,792	-	-
Net interest income		(136,471,939)	(548,344,251)	(87,118,457)	(351,697,211)
		(30,904,247)	(124,173,265)	(18,958,358)	(76,534,891)
<i>Changes in:</i>					
Balances with the NBC		(120,025,943)	(482,264,239)	(60,294,481)	(243,408,818)
Balances with other banks		(29,901,833)	(120,145,565)	18,396,843	74,268,054
Loans to customers		(599,318,560)	(2,408,061,974)	(446,631,155)	(1,803,049,973)
Other assets		(8,721,958)	(35,044,827)	(8,470,258)	(34,194,432)
Deposits from customers		910,508,354	3,658,422,566	429,711,825	1,734,746,638
Other liabilities		6,282,911	25,244,736	9,263,352	37,396,152
Cash generated from/(used in) operations		127,918,724	513,977,432	(76,982,232)	(310,777,270)
Interest received		180,413,122	724,899,924	122,892,434	496,116,756
Interest paid		(46,903,939)	(188,460,027)	(59,752,092)	(241,219,195)
Income tax paid	17(a)	(13,024,984)	(52,334,386)	(9,188,095)	(37,092,340)
Net cash generated from/(used in) operating activities		248,402,923	998,082,943	(23,029,985)	(92,972,049)
Cash flow from investing activities					
Investment securities		(16,141,628)	(64,857,061)	8,523,414	34,409,022
Purchases of intangible assets	11	(1,289,293)	(5,180,379)	(220,561)	(890,405)
Purchases of property and equipment	12	(20,231,276)	(81,289,267)	(5,855,013)	(23,636,687)
Proceeds from disposals of property and equipment		13,025	52,334	4,055	16,370
Proceeds from disposals of foreclosed properties		51,322	206,212	1,139,341	4,599,520
Net cash (used in)/generated from investing activities		(37,597,850)	(151,068,161)	3,591,236	14,497,820

The accompanying notes from pages 130 to 169 form an integral part of these financial statements.

ADVANCED BANK OF ASIA LIMITED

	Note	31 December 2018		31 December 2017	
		US\$	KHR'000	US\$	KHR'000
Cash flow from financing activities					
Proceeds from capital contribution		40,000,000	160,720,000	25,000,000	100,925,000
Proceeds from borrowings		128,724,739	517,216,001	63,000,000	254,331,000
Repayments of borrowings		(135,069,000)	(542,707,242)	(44,499,999)	(179,646,496)
Proceeds from subordinate debts		40,000,000	160,720,000	30,000,000	121,110,000
Repayments of subordinated debts		(2,000,000)	(8,036,000)	-	-
Net cash generated from financing activities		71,655,739	287,912,759	73,500,001	296,719,504
Net increase in cash and cash equivalents		282,460,812	1,134,927,541	54,061,252	218,245,275
Cash and cash equivalents at the beginning of the year		161,218,459	650,838,919	107,157,207	432,593,645
Currency translation differences		-	(3,063,151)	-	-
Cash and cash equivalents at the end of the year	27	443,679,271	1,782,703,309	161,218,459	650,838,920

The accompanying notes from pages 130 to 169 form an integral part of these financial statements.

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Advanced Bank of Asia Limited (“the Bank”) was incorporated in Cambodia on 25 October 1996 under Registration No. Co. 322/97E 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 licence 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 year.

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 Boeung Keng Kang I, Khan Chamkamorn, Phnom Penh, Kingdom of Cambodia.

The financial statements of the Bank were authorised for issue by the Board of Directors on 22 March 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Cambodian Accounting Standards (“CAS”) and relevant accounting regulations and guidelines issued by the National Bank of Cambodia.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However as the Bank transacts and maintains its accounting records primarily in United States Dollars (“US\$”), management has determined the US\$ to be the Bank’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognised in the income statement.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing dated 11 April 2016, a translation of the financial statements from US\$ to Khmer Riel is required.

Translations of US\$ into Khmer Riel are included in the financial statements solely for compliance with the Prakas No. B7-07-164 dated 13 December 2007 of the National Bank of Cambodia relating to the preparation and presentation of financial statements and have been made using the prescribed official exchange rate of US\$ 1 to KHR 4018 as at 31 December 2018 (31 December 2017: US\$1 to KHR 4,037) published by the National Bank of Cambodia.

The financial statements expressed in Khmer Riel are unaudited and should not be construed as representation that the US\$ amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other exchange rate.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, 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.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

For critical accounting estimates, assumptions and judgement, please refer to Note 3.

(f) Financial instruments

The Bank's financial assets and liabilities include cash and cash equivalents, loans to customers, investment securities, other receivables, deposits from customers, borrowings and payables. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

(g) Basis of aggregation

The Bank's financial statements comprise the financial statements of the head office and its branches. All inter-branch balances and transactions have been eliminated.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Loans to customers

Loans to customers are stated in the balance sheet at the amount of principal outstanding plus accrued interest less any amounts written off and specific and general allowances for bad and doubtful loans.

(j) Allowances for bad and doubtful loans and loan written off

In compliance with NBC Guidelines, all loans to customers are classified according to the repayment capacity of the counterparty. This repayment capacity is assessed through past payment experience, financial condition of the borrower, business prospective and cash flow projections, borrowers' ability and willingness to repay, financial environment, and quality of documentation.

In addition to the above qualitative information, number of days past due is taken into account as follows:

Classification	Number of past due days		Allowance
	Short-term (one year or less)	Long-term (more than one year)	
General allowance:			
Normal	Less than 15 days	Less than 30 days	1%
Specific allowance:			
Special mention	15 days – 30 days	30 days – 89 days	3%
Substandard	31 days – 60 days	90 days – 179 days	20%
Doubtful	61 days – 90 days	180 days – 359 days	50%
Loss	91 days or more	360 days or more	100%

The minimum percentage of allowance for doubtful loans and advances are to be maintained according to the assigned classifications. Where reliable information suggests that losses are likely to be more than these minimum requirements, larger allowance is made.

In determining the above allowance, any collateral value other than cash deposits which has been pledged is disregarded except that, in the case of a loan classified as "loss", all collateral may be utilised.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realisable value of the collateral, if any, when in the judgement of the management there is no prospect of recovery.

Recoveries on loans previously written off and reversals of previous allowances are disclosed separately together with the net movement in the allowance for bad and doubtful loans in the income statement.

It applies for gross facilities which include all loans and other financial products, whether reported on-balance sheet or off-balance sheet. The minimum mandatory allowance for loan losses is made depending on the classification concerned, regardless of the assets (except cash) pledged as collateral, unless other information is available to indicate worsening.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Allowances for bad and doubtful loans and loan written off (continued)

Both past due and qualitative factors is taken into account for loan classification and provisioning.

(k) Interest in suspense

Interest in suspense represents interest on non-performing loans, that is recorded as Interest in suspense rather than interest income until it is realised on a cash basis.

Interest in suspense is disclosed as a deduction from interest receivables.

(l) Foreclosed properties

Foreclosed properties consist of immovable properties which are carried at the lower of the outstanding balance of the related loans and the estimate fair value of the property at the date of the foreclosure.

ADVANCED BANK OF ASIA LIMITED

(m) Investment securities

Held to maturity investments are carried at amortised cost using the effective interest method less any impairment losses.

(n) Other assets

Other assets are carried at cost. An estimate is made for doubtful receivables based on a review of outstanding amounts at the reporting date.

(o) Intangible assets

Intangible assets comprise of software including costs incurred in acquiring and developing software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Software costs are amortised over the expected useful lives of 3 to 20 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

(p) Property and equipment

- (i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of premises and equipment comprises major components having different useful lives, they are accounted for as separate items of premises and equipment.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property and equipment (continued)

- (ii) Depreciation of property and equipment is charged to the income statement on a straight-line basis over the useful lives of the individual assets as follows:

	Useful lives
Leasehold improvements	1 - 10 years
Office equipment, furniture and fixture	5 years
Motor vehicles	5 years
Computers and IT equipment	3 - 6 years

Work in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

- (iii) Subsequent expenditure relating to an item of premises and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.
- (iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statement on the date of retirement or disposal.
- (v) Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.

(q) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. This does not apply to loans to customers which has a separate accounting policy stated in Note 2(j).

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

(r) Deposits from customers

Deposits from customers are stated at cost.

(s) Borrowings

Borrowings are stated at the amount of the principal outstanding.

(t) Subordinated debts

Subordinated debts are treated as financial liabilities when there are contractual obligations to deliver cash or financial assets to the other entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank, if otherwise, it is treated as equity.

The subordinated debts which are approved by the NBC are included as a Tier II line item in the calculation of the Bank's net worth in accordance with the guidelines of the NBC. Subordinated debts are stated at cost.

(u) Provisions

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Income and expense recognition

Interest income is recognised on an accrual basis. Where a loan becomes non-performing, the recording of interest as income is suspended until it is realised on a cash basis.

Income from the various activities of the Bank is accrued using the following basis:

- Loan arrangement fees and commissions on services and facilities are recognized at the time the services and facilities provided.
- Commitment fees and guarantee fees on services and facilities extended to customers are recognized on the occurrence of such transactions; and
- Service charges and processing fees are recognized when the service is provided.

Interest expense on deposits from customers is recognised on an accrual basis.

(w) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(x) Income tax and deferred tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New standards and interpretations not yet adopted

The National Accounting Council of Cambodia (“NAC”), as mandated by Prakas (Circular) No. 068-MEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance of Cambodia on the adoption of Cambodian Financial Reporting Standards, has decided to adopt International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) effective for financial statements with periods beginning on or after 1 January 2012. The new standards will be referred to as Cambodian International Financial Reporting Standards (“CIFRS”).

On 30 July 2012, the Ministry of Economy and Finance through NAC issued a Notification on delaying of adopting the CIFRS for banks and microfinance institutions until periods beginning on 1 January 2016.

On 16 November 2015, the National Bank of Cambodia submitted a request for an extension of adopting the CIFRS for banks and financial institutions until 2019 to the NAC. On 24 March 2016, the NAC approved the request by delaying the adoption of the CIFRS for banks and financial institutions until periods beginning on 1 January 2019. Banks and financial institutions are required to implement CIFRS from 1 January 2019.

The Bank is assessing the potential impact on its financial statements resulting from the application of CIFRS for the financial year end. There is no significant impact when adopting CIFRS except the following standards:

- **CIFRS 9:**

CIFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. CIFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of CIFRS 9 was issued in July 2015 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

The Management are assessing the potential impact on its financial statements resulting from the application of CIFRS 9, and will comply with the standards within the deadline given by the NBC. Given the prudential provision required by the NBC, the Management consider that applying the CIFRS 9 will give a favorable impact on the profit and loss, as they anticipate that the provision under the CIFRS 9 will result in lower provision than the requirement of the NBC. The NBC also issued a letter dated on 15 February 2019, allowing commercial banks, specialized banks and deposit taking microfinance to follow the same reporting format (which was used under the CAS) and to start using the new chart of accounts from June 2019, to allow more time for the Bank to have more time in changing the format and report under the CIFRS from Jun 2019 onward.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New standards and interpretations not yet adopted (continued)

- **CIFRS 16:**

CIFRS 16 was issued in January 2016 and will supersede CIAS 17 Leases and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor CIAS 17. The management considers that the maximum impact is to recognise the right to use assets and corresponding liabilities of no more than the amount disclosed as the non-cancellable lease commitment in Note 28.

ADVANCED BANK OF ASIA LIMITED

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

3.1 Key sources of estimation uncertainty

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Allowance for bad and doubtful loans and balance with counter party

The Bank follows the mandatory credit classification and provisioning as required by Prakas No. B7-017-344, dated on 1 December 2017, on asset classification and provisioning in banking and financial institutions, issued by the NBC. The NBC requires commercial banks to classify their loans, advances and similar assets into five classes and the minimum mandatory level of provisioning is provided, depending on the classification concerned and regardless of the assets pledged as collateral. For the purposes of loan classification, the Bank take into account all relevant factors that may affect the counterparties' repayment abilities.

(b) Income tax

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is complex and subject to interpretation. Often, different interpretations exist among the numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, which are empowered by law to impose fines, penalties and interest charges.

These factors may create significant tax exposures for the Bank. Management believes that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of the current tax legislation. However, the relevant authorities may have different interpretations and the effects could be significant.

As of the reporting date, the Bank has completed limited tax audit until 30 April 2018 and comprehensive tax audit until financial year ended 31 December 2013.

(c) Useful lives and residual value of property and equipment

The Bank estimates the useful lives and residual value of its property and equipment based on past experiences. Management believes that their assumption is appropriate and reflects the economic benefits expected to be generated from those assets. If, for some reasons, the useful lives and residual value are no longer appropriate, management would revise their assumption accordingly.

3.2 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimates which are dealt with separately above, that the Management have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Qualitative aspect of loan provision: when assessing if the customers in unlikely to pay its loan and interest, the Bank takes into account both quantitative and qualitative indicators. Qualitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses variety of sources of information to assess default which are either developed internally or obtained from external sources.

ADVANCED BANK OF ASIA LIMITED

4. CASH ON HAND

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	144,626,281	581,108,397	60,807,165	245,478,525
Cash items in the process of collection	6,374,012	25,610,780	8,179,135	33,019,168
	<u>151,000,293</u>	<u>606,719,177</u>	<u>68,986,300</u>	<u>278,497,693</u>

5. BALANCE WITH THE NBC

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Statutory deposits:				
Capital guarantee deposits (i)	12,500,000	50,225,000	12,500,000	50,462,500
Reserve requirement (ii)	266,545,601	1,070,980,225	156,519,657	631,869,855
	<u>279,045,601</u>	<u>1,121,205,225</u>	<u>169,019,657</u>	<u>682,332,355</u>
Current account	87,819,958	352,860,591	32,745,828	132,194,907
Term deposits	69,096,252	277,628,741	5,523,879	22,299,900
	<u>435,961,811</u>	<u>1,751,694,557</u>	<u>207,289,364</u>	<u>836,827,162</u>

(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.

On 31 Dec 2018, the Bank got approval from NBC to increase its registered capital by US\$40,000,000 and the Bank sub-sequentially deposited US\$4,000,000 to capital guarantee account on 4 January 2019 as required by NBC's regulation.

During the year, interest was earned at rates ranging from 0.46% to 0.62% per annum (2017: 0.32% to 0.36% per annum).

(i) Reserve requirement

This is a reserve requirement which fluctuates depending on the level of the Bank's customers' deposits. It is maintained in compliance with the National Bank of Cambodia's Prakas No. B7-018-282 dated 29 August 2018 at the rates of 8.00% of customers' deposits in KHR and 12.50% in currency other than KHR.

ADVANCED BANK OF ASIA LIMITED

6. BALANCES WITH OTHER BANKS

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Current accounts	25,214,106	101,310,278	12,199,052	49,247,573
Savings deposits	1,909,958	7,674,211	1,022,247	4,126,811
Term deposits	179,501,979	721,238,952	71,702,596	289,463,380
	206,626,043	830,223,441	84,923,895	342,837,764

Balances with other banks are analysed as follows:

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
(a) By currency:				
US Dollars	203,879,976	819,189,744	82,852,526	334,475,648
Khmer Riel	2,523,750	10,140,428	1,764,237	7,122,225
Euro	157,423	632,526	78,331	316,222
Thai Baht	11,736	47,155	13,927	56,223
British Pound	25,007	100,478	40,608	163,934
Singapore Dollars	24,335	97,778	168,177	678,931
Chinese Yuan	3,816	15,332	6,089	24,581
	206,626,043	830,223,441	84,923,895	342,837,764

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
(b) By maturity:				
Within 1 month	28,454,468	114,330,052	54,435,206	219,754,926
> 1 to 3 months	87,094,196	349,944,480	25,600,021	103,347,285
> 3 to 12 months	58,363,274	234,503,635	4,888,668	19,735,553
More than 12 months	32,714,105	131,445,274	-	-
	206,626,043	830,223,441	84,923,895	342,837,764

	31 December 2018		31 December 2017	
(c) By interest rate (per annum):				
Current accounts		0%		0%
Saving deposits		0%		0.00% - 0.75%
Term deposits		2.05% - 6.50%		1.56% - 6.10%

ADVANCED BANK OF ASIA LIMITED

7. LOANS TO CUSTOMERS

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Commercial loans:				
Long term loans	1,764,141,975	7,088,322,455	1,176,962,502	4,751,397,621
Short term loans	12,710,591	51,071,155	9,288,869	37,499,164
Overdrafts	35,404,369	142,254,755	28,138,086	113,593,453
Consumer loans:				
Housing loans	11,376,588	45,711,131	12,398,263	50,051,788
Vehicle loans	5,939	23,863	27,497	111,005
Staff loans	9,900,523	39,780,301	8,248,782	33,300,333
Credit cards	1,315,775	5,286,784	616,564	2,489,069
Total loans to customers, gross	1,834,855,760	7,372,450,444	1,235,680,563	4,988,442,433
Net accrued interest receivable				
Accrued interest receivable	13,004,271	52,251,161	9,135,475	36,879,912
Interest-in-suspense	(1,566,418)	(6,293,868)	(760,936)	(3,071,899)
Total gross loans and net interest receivable	1,846,293,613	7,418,407,737	1,244,055,102	5,022,250,446
Allowance for bad and doubtful loans				
General Provision	(18,047,844)	(72,516,237)	(12,217,831)	(49,323,383)
Specific Provision	(7,804,280)	(31,357,597)	(4,464,450)	(18,022,985)
	(25,852,124)	(103,873,834)	(16,682,281)	(67,346,368)
	1,820,441,489	7,314,533,903	1,227,372,821	4,954,904,078

The movements in allowance for bad and doubtful loans were as follows:

	31 December 2018		
	Loans and advances	Off-balance sheets	Total
At the beginning of the year	16,682,281	-	16,682,281
Addition during the year	9,313,206	338,926	9,652,132
Written off during the year	(143,455)	-	(143,455)
Currency translation difference	92	-	92
At the end of the year	25,852,124	338,926	26,191,050
KHR'000 equivalents	103,873,834	1,361,805	105,235,639

ADVANCED BANK OF ASIA LIMITED

7. LOANS TO CUSTOMERS (continued)

Loans to customers are analysed as follows:

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
(a) By maturity:				
Within 1 month	4,388,649	17,633,592	3,791,152	15,304,881
> 1 to 3 months	9,322,005	37,455,816	8,242,154	33,273,576
> 3 to 12 months	39,065,192	156,963,941	33,427,807	134,948,057
More than 12 months	1,782,079,914	7,160,397,095	1,190,219,450	4,804,915,919
	<u>1,834,855,760</u>	<u>7,372,450,444</u>	<u>1,235,680,563</u>	<u>4,988,442,433</u>
(b) By currency:				
US Dollars	1,809,455,880	7,270,393,726	1,233,724,339	4,980,545,157
KHR	25,399,880	102,056,718	1,956,224	7,897,276
	<u>1,834,855,760</u>	<u>7,372,450,444</u>	<u>1,235,680,563</u>	<u>4,988,442,433</u>
(c) By performance:				
Standard loans				
Secured*	1,785,110,360	7,172,573,426	1,214,837,648	4,904,299,585
Unsecured**	19,674,003	79,050,144	6,945,560	28,039,226
Special-mention loans				
Secured*	15,692,592	63,052,835	4,133,513	16,686,992
Unsecured**	-	-	-	-
Sub-standard loans				
Secured*	6,527,770	26,228,580	5,658,116	22,841,814
Unsecured**	-	-	-	-
Doubtful loans				
Secured*	3,646,172	14,650,319	1,793,809	7,241,607
Unsecured**	-	-	-	-
Loss loans				
Secured*	4,197,992	16,867,532	2,301,833	9,292,500
Unsecured**	6,871	27,608	10,084	40,709
Total	<u>1,834,855,760</u>	<u>7,372,450,444</u>	<u>1,235,680,563</u>	<u>4,988,442,433</u>

* Secured loans are loans that are collateralised, by land, building and/or other immovable properties.

** Unsecured loans are provided mainly to financial institutions and other borrowers which are secured by personal or corporate guarantees.

ADVANCED BANK OF ASIA LIMITED
7. LOANS TO CUSTOMERS (continued)

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
(d) By residency status:				
Residents	1,834,107,944	7,369,445,719	1,234,972,005	4,985,581,984
Non-residents	747,816	3,004,725	708,558	2,860,449
	<u>1,834,855,760</u>	<u>7,372,450,444</u>	<u>1,235,680,563</u>	<u>4,988,442,433</u>
(e) By economic sector:				
Financial institution	16,447,388	66,085,605	4,216,667	17,022,685
Agriculture	88,429,744	355,310,711	62,762,946	253,374,013
Manufacturing	94,329,001	379,013,926	56,236,382	227,026,274
Utilities	10,251,299	41,189,719	6,313,616	25,488,068
Construction	68,779,296	276,355,211	38,564,869	155,686,376
Wholesale and trade	141,762,313	569,600,974	70,393,874	284,180,069
Retail trade	495,078,082	1,989,223,733	341,604,643	1,379,057,944
Hotel and restaurants	100,552,763	404,021,002	67,936,663	274,260,309
Transportation and storage	116,403,327	467,708,568	76,777,952	309,952,592
Information media and telecommunication	2,704,613	10,867,135	738,787	2,982,483
Rental and lease excluding real estate	69,452,912	279,061,800	34,351,898	138,678,612
Real estate operation (residential)	268,787,316	1,079,987,436	144,197,226	582,124,201
Real estate and public utilities	27,878,419	112,015,488	14,156,210	57,148,620
Other non-financial services	185,609,597	745,779,361	121,676,564	491,208,289
Credit cards	1,315,775	5,286,784	616,565	2,489,073
Personal consumption				
Staff loans	9,896,721	39,765,025	8,092,481	32,669,346
House loans	11,006,213	44,222,964	12,300,074	49,655,399
Vehicle loans	5,939	23,863	27,497	111,005
Loan provided for personal goods	5,848,646	23,499,860	3,657,125	14,763,814
Loan for house renovations and purchases (SME/MICRO)	87,940,926	353,346,641	120,174,199	485,143,241
Loan for vehicle purchases (SME/MICRO)	32,375,470	130,084,638	50,884,325	205,420,020
	<u>1,834,855,760</u>	<u>7,372,450,444</u>	<u>1,235,680,563</u>	<u>4,988,442,433</u>
(f) By relationship:				
External customers	1,824,955,237	7,332,670,142	1,227,431,781	4,955,142,100
Staff loans	9,900,523	39,780,302	8,248,782	33,300,333
	<u>1,834,855,760</u>	<u>7,372,450,444</u>	<u>1,235,680,563</u>	<u>4,988,442,433</u>

ADVANCED BANK OF ASIA LIMITED

7. LOANS TO CUSTOMERS (continued)

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
(g) By exposure:				
Non-large exposure	1,834,855,760	7,372,450,444	1,235,680,563	4,988,442,433

A "large exposure" is defined under NBC Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Bank's net worth. The gross exposure is the higher of the outstanding loans or commitments and the authorised loans or commitments.

	31 December 2018	31 December 2017
(h) By interest rate (per annum):		
Overdrafts	4.50% - 18.00%	5.75% - 18.00%
Loans	5.00% - 20.40%	5.25% - 24.00%
Trade finance	7.00% - 9.50%	8.00% - 9.50%
Staff loans	5.00% - 14.40%	5.00% - 12.00%

8. FORECLOSED PROPERTIES

Foreclosed properties relate to properties taken over from customers who are unable to repay their loans. NBC Guidelines require that the foreclosed assets be disposed of within 12 months of foreclosure. An approval from the NBC is obtained if the properties are not disposed of within 12 months.

9. INVESTMENT SECURITIES

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Securities held to maturity	3,272,156	13,147,523	16,849,632	68,021,964
Foreign treasury bills held to maturity	29,719,104	119,411,360	-	-
	32,991,260	132,558,883	16,849,632	68,021,964

Due to the excess of liquidity, the Bank decided to invest the excess portion in other companies' bonds and foreign treasury bills which are designated as held to maturity securities. Those securities held to maturity are quoted in the market.

ADVANCED BANK OF ASIA LIMITED

10. OTHER ASSETS

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Interest receivable from balances with the NBC and other banks and investment securities	1,320,552	5,305,978	1,493,315	6,028,513
Deposits and advance payments	14,904,355	59,885,698	8,172,194	32,991,146
Prepayment	2,834,372	11,388,507	2,253,571	9,097,666
Master/Visa Card and MoneyGram and receivable	5,555,084	22,320,328	4,219,158	17,032,741
Investment – Credit Bureau	25,588	102,813	25,588	103,299
Others	770,289	3,095,020	524,456	2,117,230
	<u>25,410,240</u>	<u>102,098,344</u>	<u>16,688,282</u>	<u>67,370,595</u>

11. INTANGIBLE ASSETS

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Cost				
At 1 January	3,252,133	13,128,861	3,098,898	12,510,251
Additions	1,289,293	5,180,379	220,561	890,405
Disposal	-	-	(67,326)	(271,795)
Currency translation difference	-	(61,791)	-	-
At 31 December	<u>4,541,426</u>	<u>18,247,449</u>	<u>3,252,133</u>	<u>13,128,861</u>
Accumulated amortisation				
At 1 January	1,486,385	6,000,536	1,207,579	4,874,996
Amortisation for the year	407,971	1,639,227	346,133	1,397,339
Disposal	-	-	(67,327)	(271,799)
Currency translation difference	-	(28,241)	-	-
At 31 December	<u>1,894,356</u>	<u>7,611,522</u>	<u>1,486,385</u>	<u>6,000,536</u>
Carrying amounts				
At 31 December	<u>2,647,070</u>	<u>10,635,927</u>	<u>1,765,748</u>	<u>7,128,325</u>

ADVANCED BANK OF ASIA LIMITED

12. PROPERTY AND EQUIPMENT

	Leasehold improvement	Office equipment, furniture and fixture	Motor vehicles	Computers and IT equipment	Construction in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
For the year ended							
31 December 2018							
Cost							
At 1 January 2018	5,982,836	4,617,930	935,534	6,594,091	1,508,931	19,639,322	79,283,944
Additions	362,449	2,793,667	496,740	4,939,570	11,638,850	20,231,276	81,289,267
Transfers	9,065,602	1,034,413	-	-	(10,100,015)	-	-
Disposals	-	-	(30,752)	-	-	(30,752)	(123,562)
Written off	-	(1,344)	-	-	-	(1,344)	(5,400)
Currency translation difference	-	-	-	-	-	-	(373,148)
At 31 December 2018	<u>15,410,887</u>	<u>8,444,666</u>	<u>1,401,522</u>	<u>11,533,661</u>	<u>3,047,766</u>	<u>39,838,502</u>	<u>160,071,101</u>
Accumulated depreciation							
At 1 January 2018	1,789,314	1,765,213	569,432	2,612,116	-	6,736,075	27,193,536
Depreciation for the year	1,399,814	1,220,563	218,899	1,851,190	-	4,690,466	18,846,293
Disposals	-	-	(27,567)	-	-	(27,567)	(110,764)
Written off	-	(1,143)	-	-	-	(1,143)	(4,593)
Currency translation difference	-	-	-	-	-	-	(127,987)
At 31 December 2018	<u>3,189,128</u>	<u>2,984,633</u>	<u>760,764</u>	<u>4,463,306</u>	<u>-</u>	<u>11,397,831</u>	<u>45,796,485</u>
Carrying amounts							
At 31 December 2018	<u>12,221,759</u>	<u>5,460,033</u>	<u>640,758</u>	<u>7,070,355</u>	<u>3,047,766</u>	<u>28,440,671</u>	<u>114,274,616</u>

ADVANCED BANK OF ASIA LIMITED

12. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvement	Office equipment, furniture and fixture	Motor vehicles	Computers and IT equipment	Construction in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
For the year ended							
31 December 2017							
Cost							
At 1 January 2017	5,824,625	3,600,606	906,718	5,360,926	359,325	16,052,200	64,802,732
Additions	76,803	1,270,524	54,010	2,118,859	2,334,817	5,855,013	23,636,687
Transfer	1,084,224	100,987	-	-	(1,185,211)	-	-
Disposals	(1,002,816)	(354,187)	(25,194)	(885,694)	-	(2,267,891)	(9,155,475)
At 31 December 2017	5,982,836	4,617,930	935,534	6,594,091	1,508,931	19,639,322	79,283,944
Accumulated depreciation							
At 1 January 2017	2,018,898	1,343,315	411,460	2,247,005	-	6,020,678	24,305,478
Depreciation for the year	772,886	779,366	183,166	1,179,655	-	2,915,073	11,768,150
Disposals	(1,002,470)	(357,468)	(25,194)	(814,544)	-	(2,199,676)	(8,880,092)
At 31 December 2017	1,789,314	1,765,213	569,432	2,612,116	-	6,736,075	27,193,536
Carrying amounts							
At 31 December 2017	4,193,522	2,852,717	366,102	3,981,975	1,508,931	12,903,247	52,090,408

ADVANCED BANK OF ASIA LIMITED

13. DEPOSITS FROM CUSTOMERS

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Demand deposits	366,561,989	1,472,846,072	161,624,131	652,476,617
Savings deposits	1,158,553,383	4,655,067,494	582,179,614	2,350,259,102
Fixed deposits	638,778,415	2,566,611,671	512,296,602	2,068,141,382
Margin deposits	11,208,469	45,035,628	8,392,997	33,882,529
	<u>2,175,102,256</u>	<u>8,739,560,865</u>	<u>1,264,493,344</u>	<u>5,104,759,630</u>

The deposits from customers are analysed as follows:

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
(a) By currency:				
US Dollars	2,145,159,526	8,619,250,976	1,253,998,399	5,062,391,537
Khmer Riel	29,939,992	120,298,888	10,295,239	41,561,880
Euro	2,738	11,001	199,706	806,213
	<u>2,175,102,256</u>	<u>8,739,560,865</u>	<u>1,264,493,344</u>	<u>5,104,759,630</u>
(b) By maturity:				
Within 1 month	1,619,592,860	6,507,524,112	845,233,363	3,412,207,086
> 1 to 3 months	123,466,157	496,087,019	93,921,468	379,160,966
> 3 to 12 months	370,282,609	1,487,795,523	273,519,134	1,104,196,745
More than 12 months	61,760,630	248,154,211	51,819,379	209,194,833
	<u>2,175,102,256</u>	<u>8,739,560,865</u>	<u>1,264,493,344</u>	<u>5,104,759,630</u>
(c) By relationship:				
Non-related parties	2,171,399,727	8,724,684,103	1,261,490,729	5,092,638,073
Related parties	3,702,529	14,876,762	3,002,615	12,121,557
	<u>2,175,102,256</u>	<u>8,739,560,865</u>	<u>1,264,493,344</u>	<u>5,104,759,630</u>
(d) By interest rate (per annum):				
Demand deposits		0.00% to 1.00%		0.00% to 1.00%
Savings deposits		0.00% to 3.15%		0.00% to 3.40%
Fixed deposits		0.50% to 7.50%		1.00% to 7.50%
Margin deposits		-		-

ADVANCED BANK OF ASIA LIMITED

14. BORROWINGS

		31 December 2018		31 December 2017	
		US\$	KHR'000	US\$	KHR'000
Industrial and Commercial Bank of China Limited	(i)	34,000,000	136,612,000	34,000,000	137,258,000
National Bank of Cambodia (LPCO)	(ii)	14,280,737	57,380,000	-	-
DEG	(iii)	11,875,003	47,713,763	12,500,001	50,462,504
First Commercial Bank	(iv)	10,000,000	40,180,000	-	-
AfrAsia Bank Limited	(v)	5,000,000	20,090,000	15,000,000	60,555,000
International Finance Corporation	(vi)	5,000,000	20,090,000	-	-
Taiwan Cooperative Bank	(vii)	-	-	25,000,000	100,925,000
		<u>80,155,740</u>	<u>322,065,763</u>	<u>86,500,001</u>	<u>349,200,504</u>

- (i) Represents four loans from Industrial and Commercial Bank of China Limited, Phnom Penh Branch. The first loan amounting to \$6,000,000 was obtained on 29 July 2016, the second loan amounting to \$5,000,000 was obtained on 29 August 2016, the third loan amounting to \$9,000,000 was obtained on 29 November 2016 and the fourth loan amounting to US\$14,000,000 was obtained on 30 June 2017. The interest is payable quarterly and the principal is repayable on maturities which are three years from the disbursement dates.
- (ii) Represents four Liquidity-Providing Collateralized Operation (LPCO) facilities from National Bank of Cambodia. The first LPCO amounting KHR 15,380 million was obtained on 22 February 2018, the second LPCO amounting KHR 24,000 million was obtained on 22 March 2018, the third LPCO amounting KHR 8,000 million was obtained on 18 October 2018 and the fourth LPCO amounting KHR 10,000 million was obtained on 20 December 2018. The principal and interest are payable on maturities with one-year term for the first two LPCOs and three-month term for remaining LPCOs.
- (iii) Represents three separate long-term loans obtained from DEG-Deutsche Investitions und Entwicklungsgesellschaft Mbh. The first loan amounting to US\$10,000,000 was obtained on 23 June 2015, the second loan amounting to US\$5,000,000 was obtained on 3 February 2016, and the third loan amounting to US\$5,000,000 was obtained on 16 January 2018. The principal amounts are repayable by semi-annual installments starting from 15 December 2017 for the first and second loans, and from 15 December 2018 for the third loan. The interest is payable semi-annually from the date of each drawdown.
- (iv) Represents a syndicated loan arranged by First Commercial Bank. The first disbursement amounting US\$10,000,000 was received on 29 December 2017. The interest is payable semi-annually and the principal is repayable on maturities which are three years from the disbursement dates.
- (v) Represents a money placement from AfrAsia Bank Limited, Mauritius, received on 28 December 2018 with one-week term.

ADVANCED BANK OF ASIA LIMITED

14. BORROWINGS (continued)

- (vi) Represents a loan from International Finance Corporation amounting US\$5,000,000 obtained on 29 December 2017. The principal amounts are repayable by semi-annual installments starting from 15 June 2019. The interest is payable semi-annually and the final principal is repayable on maturity which is five years from the disbursement date.
- (vii) Represents a 3 year syndicated loan arranged by Taiwan Cooperative Bank, Phnom Penh Branch, with the first loan drawdown for amount of US\$5,000,000 received on 26 January 2017, and the second drawdown for amounting of US\$20,000,000 received on 15 March 2017. The interest is payable semi-annually and the principal is repayable at maturity on 26 January 2020.

On 31 August 2018, both loans were repaid before maturities.

The above borrowings are unsecured and bear fixed interest rates ranging from 2.60% to 7.11% per annum (2017: 2.96% to 6.99%).

15. SUBORDINATED DEBTS

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
National Bank of Canada	93,000,000	373,674,000	55,000,000	222,035,000

This represents seven subordinated debts obtained from National Bank of Canada. The first subordinated loan amounting to US\$10,000,000. The second subordinated loan amounting to US\$15,000,000 were approved by the National Bank of Cambodia on 6th January 2016. The third subordinated loan amounting to US\$10,000,000 was approved by National Bank of Cambodia on 26 October 2016. The fourth subordinated loan amounting to US\$20,000,000 was approved on 3 August 2017. The fifth, sixth and seventh subordinated loan amounting to US\$6,000,000, US\$20,000,000 and US\$14,000,000 were approved on 14 March 2018. The interest is repayable semi-annually and the principal is repayable in five equal consecutive instalments with the balance payable in full at maturities.

On 31 December 2018, the principal amounting to US\$2,000,000 of the first subordinated loan was repaid to the National Bank of Canada with approval from National Bank of Cambodia.

The above subordinated debts are unsecured and bear fixed interest rates ranging from 7.56% to 9.40% per annum (2017: 7.56% to 8.15%).

ADVANCED BANK OF ASIA LIMITED
16. OTHER LIABILITIES

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Interest payable	12,256,626	49,247,123	12,156,068	49,074,047
Accrued expenses	9,532,835	38,302,931	4,710,051	19,014,476
Other tax payable	706,245	2,837,692	506,525	2,044,841
Provision for off-balance sheets	338,925	1,361,801	-	-
Others	5,901,618	23,712,701	4,741,769	19,142,521
	<u>28,736,249</u>	<u>115,462,248</u>	<u>22,114,413</u>	<u>89,275,885</u>

17. INCOME TAX
(a) Current income tax payable

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Balance at beginning of year	11,039,391	44,566,021	7,819,758	31,568,363
Current income tax expense	19,400,725	77,952,113	12,407,728	50,089,998
Income tax paid	(13,024,984)	(52,334,385)	(9,188,095)	(37,092,340)
Prior year adjustment	(134,592)	(540,791)	-	-
Currency translation difference	-	(209,748)	-	-
	<u>17,280,540</u>	<u>69,433,210</u>	<u>11,039,391</u>	<u>44,566,021</u>

(b) Deferred tax

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Deferred tax asset	3,488,615	14,017,255	2,183,499	8,814,785
Deferred tax liabilities	(711,427)	(2,858,514)	(213,248)	(860,882)
	<u>2,777,188</u>	<u>11,158,741</u>	<u>1,970,251</u>	<u>7,953,903</u>

The movement of net deferred tax assets/liabilities was as follows:

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
At beginning of year	1,970,251	7,953,903	1,343,202	5,422,507
Charged to income statement	941,529	3,783,064	627,049	2,531,397
Prior year adjustment	(134,592)	(540,791)	-	-
Currency translation difference	-	(37,435)	-	-
	<u>2,777,188</u>	<u>11,158,741</u>	<u>1,970,251</u>	<u>7,953,903</u>

ADVANCED BANK OF ASIA LIMITED

17. INCOME TAX (continued)

(b) Deferred tax (continued)

	Loan losses Provision US\$			
Deferred tax assets				
At 1 January 2018	2,183,499			
Credited to the income statement	1,305,116			
At 31 December 2018	<u>3,488,615</u>			
Equivalent in KHR '000	<u>14,017,255</u>			
		Accelerated tax depreciation US\$	Unrealised exchange gain US\$	Total US\$
Deferred tax liabilities				
At 1 January 2018	(204,092)	(9,156)		(213,248)
Charged to the income statement	(276,482)	(87,105)		(363,587)
Prior year adjustment	(134,592)	-		(134,592)
At 31 December 2018	<u>(615,166)</u>	<u>(96,261)</u>		<u>(711,427)</u>
Equivalent in KHR '000	<u>(2,471,737)</u>	<u>(386,777)</u>		<u>(2,858,514)</u>

(c) Income tax expense

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Current income tax	19,400,725	77,952,114	12,407,728	50,089,998
Deferred tax	(941,529)	(3,783,064)	(627,049)	(2,531,397)
	<u>18,459,196</u>	<u>74,169,050</u>	<u>11,780,679</u>	<u>47,558,601</u>

ADVANCED BANK OF ASIA LIMITED

17. INCOME TAX (continued)

(c) Income tax expense (continued)

The reconciliation of income taxes computed at the statutory tax rate of 20% to accounting profit in respect to the current year was as follows:

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	90,276,710	362,731,821	57,969,842	234,024,252
Income tax using statutory rate	18,055,342	72,546,364	11,593,968	46,804,849
Non-deductible expenses	226,879	911,600	161,552	652,185
Under provision in prior year	176,975	711,086	25,159	101,567
Income tax expense	18,459,196	74,169,050	11,780,679	47,558,601

18. SHARE CAPITAL

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Shares of US\$1,000 each: Issued and fully paid	165,000,000	662,970,000	125,000,000	504,625,000

The details of shareholdings were as follows:

	31 December 2018			31 December 2017		
	% of Ownership	Number of shares	Amount US\$	% of Ownership	Number of shares	Amount US\$
National Bank of Canada	90%	148,500	148,500,000	90%	112,500	112,500,000
Mr. Damir Karassayev	10%	16,500	16,500,000	10%	12,500	12,500,000
	100%	165,000	165,000,000	100%	125,000	125,000,000

ADVANCED BANK OF ASIA LIMITED

18. SHARE CAPITAL (continued)

The Bank issued additional shares as follow during the year:

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Balance at beginning of year	125,000,000	504,625,000	52,643,000	212,519,791
Convert from share premium	-	-	18,357,000	74,107,209
Convert from retained earnings	-	-	29,000,000	117,073,000
Issue share capital (*)	40,000,000	160,720,000	25,000,000	100,925,000
Currency translation difference	-	(2,375,000)	-	-
	<u>165,000,000</u>	<u>662,970,000</u>	<u>125,000,000</u>	<u>504,625,000</u>

(*) On 31 December 2018, National Bank of Cambodia issued an approval letter allowing the Bank to increase its registered capital by US\$40,000,000 by issuing additional 36,000 shares to National Bank of Canada and 4,000 shares to Mr. Damir Karassayev, with a par value of US\$1,000 per share.

19. INTEREST INCOME

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Interest income from:				
Loans to customers	179,634,702	721,772,233	121,316,858	489,756,156
Deposits with banks	3,146,267	12,641,701	2,811,813	11,351,289
Investment securities	695,467	2,794,386	1,702,148	6,871,571
	<u>183,476,436</u>	<u>737,208,320</u>	<u>125,830,819</u>	<u>507,979,016</u>

20. INTEREST EXPENSE

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Deposits from customers	35,585,900	142,984,147	31,113,149	125,603,782
Borrowings	5,986,905	24,055,384	4,655,283	18,793,378
Subordinated debts	5,431,692	21,824,538	2,943,930	11,884,645
	<u>47,004,497</u>	<u>188,864,069</u>	<u>38,712,362</u>	<u>156,281,805</u>

ADVANCED BANK OF ASIA LIMITED

21. FEE AND COMMISSION INCOME

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Loan commitment fees	13,229,237	53,155,074	9,632,670	38,887,090
Inward and outward remittances	2,844,714	11,430,061	2,175,221	8,781,367
Master/Visa and UPI cards	10,924,209	43,893,472	7,649,601	30,881,439
Cable charges	217,276	873,015	143,027	577,400
Other fees	3,856,730	15,496,341	2,272,960	9,175,939
	<u>31,072,166</u>	<u>124,847,963</u>	<u>21,873,479</u>	<u>88,303,235</u>

22. FEE AND COMMISSION EXPENSE

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Master card	3,666,093	14,730,362	2,844,404	11,482,859
Visa card	3,937,929	15,822,599	2,541,819	10,261,323
Fee and commission paid to other banks and FIs	678,973	2,728,114	331,447	1,338,052
Union pay	59,892	240,646	59,294	239,370
Others	13,435	53,981	2,279	9,200
	<u>8,356,322</u>	<u>33,575,702</u>	<u>5,779,243</u>	<u>23,330,804</u>

23. OTHER OPERATING INCOME

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Gain/(loss) on sales of investment securities	326,257	1,310,901	(857,170)	(3,460,395)
Foreign exchange gain, net	796,902	3,201,952	592,591	2,392,290
Other incomes	347,891	1,397,826	295,081	1,191,242
	<u>1,471,050</u>	<u>5,910,679</u>	<u>30,502</u>	<u>123,137</u>

ADVANCED BANK OF ASIA LIMITED

24. PERSONNEL EXPENSES

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Salaries and wages	32,244,868	129,559,880	20,927,741	84,485,291
Seniority indemnity	1,726,702	6,937,889	-	-
Other personnel costs	1,315,966	5,287,551	331,660	1,338,911
	<u>35,287,536</u>	<u>141,785,320</u>	<u>21,259,401</u>	<u>85,824,202</u>

25. OPERATING EXPENSES

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Office rental	4,937,455	19,838,694	3,365,298	13,585,708
Repairs and maintenance	2,579,028	10,362,535	1,218,511	4,919,129
Office supplies	2,034,419	8,174,296	1,199,238	4,841,324
Vehicle rental expenses	1,715,355	6,892,296	955,358	3,856,780
Marketing and advertising	1,578,316	6,341,674	1,491,209	6,020,011
Utilities expenses	1,249,851	5,021,901	843,845	3,406,602
Security expenses	1,226,065	4,926,329	804,952	3,249,591
Communication	868,825	3,490,939	622,282	2,512,152
Professional fees	632,766	2,542,454	414,157	1,671,952
License fees	619,201	2,487,950	546,782	2,207,359
Motor vehicle operation expenses	532,200	2,138,380	287,659	1,161,279
Travelling	485,890	1,952,306	647,253	2,612,960
Foreclosed properties written off	421,551	1,693,792	-	-
Insurance expenses	375,311	1,508,000	277,337	1,119,609
Credit report (CBC) expenses	244,558	982,634	219,081	884,430
Board of Director fees	182,503	733,297	126,320	509,954
Business meal and entertainment	99,683	400,526	153,778	620,802
Membership fees	14,559	58,498	25,621	103,432
Other expenses	546,482	2,195,763	795,520	3,211,516
	<u>20,344,018</u>	<u>81,742,264</u>	<u>13,994,201</u>	<u>56,494,590</u>

26. DEPRECIATION AND AMORTISATION EXPENSES

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Depreciation	4,690,466	18,846,293	2,915,073	11,768,150
Amortisation	407,971	1,639,227	346,132	1,397,335
	<u>5,098,437</u>	<u>20,485,520</u>	<u>3,261,205</u>	<u>13,165,485</u>

ADVANCED BANK OF ASIA LIMITED

27. CASH AND CASH EQUIVALENTS

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	151,000,293	606,719,177	68,986,300	278,497,693
Balances with the NBC	146,916,210	590,309,332	38,269,706	154,494,805
Balances with other banks	145,762,768	585,674,802	53,962,453	217,846,422
	<u>443,679,271</u>	<u>1,782,703,311</u>	<u>161,218,459</u>	<u>650,838,920</u>

28. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Bank has operating lease commitments for the lease of its headquarters and provincial offices as follows:

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
No later than 1 year	4,827,581	19,397,220	3,210,375	12,960,284
Later than 1 year and no later than 5 years	19,850,867	79,760,784	10,524,487	42,487,354
Later than 5 years	17,116,474	68,773,993	7,635,171	30,823,185
	<u>41,794,922</u>	<u>167,931,997</u>	<u>21,370,033</u>	<u>86,270,823</u>

(b) Other commitments

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Unused portion of overdrafts	24,289,131	97,593,728	17,305,614	69,862,764
Performance bonds	10,933,517	43,930,871	7,498,846	30,272,841
Letter of credits	7,415,280	29,794,595	5,419,972	21,880,427
Securities	4,400,000	17,679,200	4,775,000	19,276,675
Payment guarantees	746,744	3,000,417	-	-
Bid bonds	71,000	285,278	683,000	2,757,271
Warranty bonds	5,466	21,962	-	-
Other guarantees	2,314,679	9,300,380	3,361,246	13,569,350
	<u>50,175,817</u>	<u>201,606,431</u>	<u>39,043,678</u>	<u>157,619,328</u>

ADVANCED BANK OF ASIA LIMITED

29. RELATED PARTY TRANSACTIONS AND BALANCES

Under the Law on Banking and Financial Institutions, related parties include individuals who hold directly or indirectly a minimum of 10% of the capital of the Bank or voting rights or who participates in the administration, direction, management or the design and implementation of the internal controls of the Bank.

(a) Related party balances

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Borrowings from the National Bank of Canada	93,000,000	373,674,000	55,000,000	222,035,000
Deposits and placements by key management, directors and shareholder	3,702,529	14,876,762	3,002,615	12,121,557

(b) Other related party transactions

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Interest expenses to the National Bank of Canada	5,431,692	21,824,538	2,943,930	11,884,645
Interest expenses to key management, directors and shareholders	147,991	594,628	843,949	3,407,023

(c) Key management, directors and shareholders personnel remuneration

	For the year ended 31 December 2018		For the year ended 31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Salaries and benefits *	7,260,529	29,172,806	5,508,304	22,237,023

* Including the remuneration of key management personnel and meeting fees of Board of Directors.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- Operational risk
- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Credit, Governance, Compliance, Audit, and Risk committees, which are responsible for developing and monitoring Bank's risk management policies in their specified areas. All committees have non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Audit, Compliance and Risk Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank.

Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee for Board of Directors' meeting.

(a) Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The operational risk losses is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the senior management of the Bank.

The Bank's operational risk management entails the establishment of clear organisational structures, roles and control policies. Various internal control policies and measures have been implemented including the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation and compliance with regulatory and other legal requirements.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is the financial loss to the Bank if a borrower or counterparty fails to meet its contractual obligations, and arises principally from the loans and advances.

(i) Management of credit risk

The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with NBC Guidelines.

The Bank has established the Credit and Risk Policy which is designed to govern the Bank's risk undertaking activities. Extension of credit is governed by credit programs that set out the plan for a particular product or portfolio, including the target market, terms and conditions, documentation and procedures under which a credit product will be offered and measured.

Risk ratings are reviewed and updated on annual basis for all loans with outstanding greater than US\$200,000, and in event of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

(ii) Exposure to credit risk

	31 December 2018		31 December 2017	
	US\$	KHR'000	US\$	KHR'000
Loans to customers				
Neither past due nor impaired	1,804,784,363	7,251,623,571	1,221,783,208	4,932,338,811
Past due but not impaired	15,692,592	63,052,835	4,133,513	16,686,992
Individually impaired	14,378,805	57,774,038	9,763,842	39,416,630
	<u>1,834,855,760</u>	<u>7,372,450,444</u>	<u>1,235,680,563</u>	<u>4,988,442,433</u>

It is not practical to obtain fair value of collateral due to costs of obtaining such information outweigh the potential benefits. The Bank's policy is to fund approximately 60% of the collateral value, except margin deposits or restricted fixed deposits. Under NBC regulations, the value of collateral is not taken into account when determining the allowance for bad and doubtful loans.

Neither past due or impaired

Loans not past due or past due less than 30 days are not considered impaired, unless other information is available to indicate the contrary.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Past due but not impaired loans to customers

Past due but not impaired loans are those which are classified as special mention in compliance with NBC Guidelines with a specific allowance of 3% of the loan outstanding. For these loans the contractual interest or principal payments are past due more than 30 days but less than 90 days for long term loans (more than 30 days but less than 60 days for short term loans), unless other information is available to indicate otherwise.

Impaired loans to customers

Individually impaired loans are loans for which the Bank determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans. In compliance with NBC Guidelines, an allowance for doubtful loans is made for loans with payment overdue equal to or more than 90 days for long term loans (equal to or more than 60 days for short term loan). A minimum level of specific allowance for impairment is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty.

Loans with renegotiated terms/restructured loans

Loans with renegotiated terms are loans that have been rescheduled or refinanced in accordance with an agreement setting forth a new repayment schedule on a periodic basis occasioned by weaknesses in the borrower's financial condition and/or inability to repay the loan as originally agreed. Loans to be restructured are analysed on the basis of the business prospects and repayment capacity of the borrower according to new cash flow projections supported by updated business perspectives and overall market conditions being based on realistic and prudent assumptions. As at 31 December 2018, the Bank has restructured loans amounting to US\$14,751,032 (31 December 2017: US\$11,337,139).

Once the loan is restructured it remains in the same category regardless of satisfactory performance after restructuring. The classification is not improved unless there are no arrears in repayment of principal and interest within six instalment periods for loans with monthly repayment and within one year for loan with quarterly and semi-annual repayment.

Write-off policy

In compliance with NBC Guidelines, the Bank will remove a loan or a portion of a loan from its financial statements when the Bank loses control of the contractual rights over the loan or when all or part of a loan is deemed uncollectible; or there is no realistic prospect of recovery.

Collateral

The Bank holds collateral against loans in the form of mortgage interests over property and/or guarantees. Estimates of value are based on the value of collateral assessed on an annual basis for loans above US\$200,000 and in event of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Concentration of credit risk

The analysis of concentrations of credit risk from loans are shown in Note 7 to the financial statements.

(c) Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits.

(i) *Foreign currency exchange risk*

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

As of 31 December 2018, net foreign currency exchange open positions in currencies other than US\$ are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

(ii) *Interest rate risk*

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavourable interest rate movement is monitored against the risk tolerance limits set.

An analysis of the interest rate risk pertaining to the Bank's assets and liabilities is disclosed below.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) *Interest rate risk* (continued)

	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	Non-interest sensitive US\$	Total US\$
31 December 2018							
Assets							
Cash on hand	-	-	-	-	-	151,000,293	151,000,293
Balance with the NBC	21,151,752	37,944,500	10,000,000	-	-	366,865,559	435,961,811
Balance with other banks	28,454,468	87,094,196	58,363,274	7,500,000	-	25,214,105	206,626,043
Loans to customers							
- Performing	4,320,734	9,316,951	38,450,005	398,997,326	1,369,391,939	-	1,820,476,955
- Non-performing	67,915	5,054	615,187	7,391,655	6,298,994	-	14,378,805
- Specific allowance	-	-	-	-	-	(7,804,280)	(7,804,280)
- General allowance	-	-	-	-	-	(18,047,844)	(18,047,844)
- Interest receivable	-	-	-	-	-	13,004,271	13,004,271
- Interest in suspense	-	-	-	-	-	(1,566,418)	(1,566,418)
Investment securities	-	-	29,719,104	3,272,156	-	-	32,991,260
Other assets	-	-	-	-	-	18,481,625	18,481,625
	<u>53,994,869</u>	<u>134,360,701</u>	<u>137,147,570</u>	<u>417,161,137</u>	<u>1,375,690,933</u>	<u>547,147,311</u>	<u>2,665,502,521</u>
Liabilities							
Deposits from customers	1,474,971,813	123,466,157	370,282,609	61,760,630	-	144,621,047	2,175,102,256
Borrowings	6,991,040	12,289,696	20,000,000	40,875,004	-	-	80,155,740
Subordinated debts	-	-	-	23,000,000	70,000,000	-	93,000,000
Other liabilities	-	-	-	-	-	28,736,249	28,736,249
	<u>1,481,962,853</u>	<u>135,755,853</u>	<u>390,282,609</u>	<u>125,635,634</u>	<u>70,000,000</u>	<u>173,357,296</u>	<u>2,376,994,245</u>
Interest sensitivity gap	<u>(1,427,967,984)</u>	<u>(1,395,152)</u>	<u>(253,135,039)</u>	<u>291,525,503</u>	<u>1,305,690,933</u>	<u>373,790,015</u>	<u>288,508,276</u>

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	Non-interest sensitive US\$	Total US\$
31 December 2017							
Assets							
Cash on hand	-	-	-	-	-	68,986,300	68,986,300
Balance with the NBC	2,477,087	3,046,792	-	-	-	201,765,485	207,289,364
Balance with other banks	42,236,155	25,600,021	4,888,668	-	-	12,199,051	84,923,895
Loans to customers							
- Performing	3,635,947	8,222,420	32,057,798	283,467,506	898,533,050	-	1,225,916,721
- Non-performing	155,203	19,734	1,370,009	4,784,774	3,434,122	-	9,763,842
- Specific allowance	-	-	-	-	-	(4,464,450)	(4,464,450)
- General allowance	-	-	-	-	-	(12,217,831)	(12,217,831)
- Interest receivable	-	-	-	-	-	9,135,475	9,135,475
- Interest in suspense	-	-	-	-	-	(760,936)	(760,936)
Investment securities	-	-	5,755,133	11,094,499	-	-	16,849,632
Other assets	-	-	-	-	-	13,862,254	13,862,254
	48,504,392	36,888,967	44,071,608	299,346,779	901,967,172	288,505,348	1,619,284,266
Liabilities							
Deposits from customers	778,659,157	93,921,468	273,519,134	51,819,379	-	66,574,206	1,264,493,344
Borrowings	15,000,000	-	-	71,500,001	-	-	86,500,001
Subordinated debt	-	-	-	10,000,000	45,000,000	-	55,000,000
Other liabilities	-	-	-	-	-	22,114,413	22,114,413
	793,659,157	93,921,468	273,519,134	133,319,380	45,000,000	88,688,619	1,428,107,758
Interest sensitivity gap	(745,154,765)	(57,032,501)	(229,447,526)	166,027,399	856,967,172	199,816,729	191,176,508

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Bank does not account for any fixed rate liabilities at fair value through profit or loss, and the Bank does not have derivatives as at the reporting date. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The Bank does not have significant variable-rate instruments. Therefore, no cash flow sensitivity analysis for variable-rate instruments was presented.

(d) Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the management of the Bank closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following table provides an analysis of the liquidity gap of the Bank into relevant maturity groupings based on the remaining periods to repayment. The table does not include imputed interests on financial assets and financial liabilities as the efforts to compute the imputed interest outweigh disclosure benefits. The management considers that the imputed interest receivables from loans are greater than imputed interest payables to customers on deposits and borrowings due to their sizes and interest rates. Hence, the liquidity gap when including the imputed interest is favourable to the Bank.

Although the table shows a negative liquidity gap, based on past experience, the management believes that customers will not withdraw their deposits according to the maturity. The deposits keep rolling from one cycle to another. Therefore, management believes that underlying liquidity risk is manageable.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	No fixed terms US\$	Total US\$
31 December 2018							
Asset							
Cash on hand	151,000,293	-	-	-	-	-	151,000,293
Balance with the NBC	108,971,710	37,944,500	10,000,000	-	-	279,045,601	435,961,811
Balance with other banks	53,668,573	87,094,196	58,363,274	7,500,000	-	-	206,626,043
Loans to customers							
- Performing	24,940,138	52,616,213	227,732,399	1,007,097,872	508,090,333	-	1,820,476,955
- Non-performing	1,716,757	289,158	2,057,668	8,241,130	2,074,092	-	14,378,805
- Specific allowance	-	-	-	-	-	(7,804,280)	(7,804,280)
- General allowance	-	-	-	-	-	(18,047,844)	(18,047,844)
- Interest receivable	-	-	-	-	-	13,004,271	13,004,271
- Interest in suspense	-	-	-	-	-	(1,566,418)	(1,566,418)
Investment securities	-	-	29,719,104	3,272,156	-	-	32,991,260
Other assets	16,782,584	1,320,552	-	-	-	378,489	18,481,625
	<u>357,080,055</u>	<u>179,264,619</u>	<u>327,872,445</u>	<u>1,026,111,158</u>	<u>510,164,425</u>	<u>265,009,819</u>	<u>2,665,502,521</u>
Liabilities							
Deposits from customers	1,358,018,035	188,859,863	566,463,728	61,760,630	-	-	2,175,102,256
Borrowings	6,991,040	12,289,696	26,250,000	34,625,004	-	-	80,155,740
Subordinated debts	-	-	-	23,000,000	70,000,000	-	93,000,000
Other liabilities	28,736,249	-	-	-	-	-	28,736,249
	<u>1,393,745,324</u>	<u>201,149,559</u>	<u>592,713,728</u>	<u>119,385,634</u>	<u>70,000,000</u>	<u>-</u>	<u>2,376,994,245</u>
Liquidity gap	<u>(1,036,665,269)</u>	<u>(21,884,940)</u>	<u>(264,841,283)</u>	<u>906,725,524</u>	<u>440,164,425</u>	<u>265,009,819</u>	<u>288,508,276</u>

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	No fixed terms US\$	Total US\$
31 December 2017							
Asset							
Cash on hand	68,986,300	-	-	-	-	-	68,986,300
Balance with the NBC	35,222,915	3,046,792	-	-	-	169,019,657	207,289,364
Balance with other banks	54,435,206	25,600,021	4,888,668	-	-	-	84,923,895
Loans to customers							
- Performing	17,947,345	38,191,721	109,666,278	743,255,199	316,856,178	-	1,225,916,721
- Non-performing	874,576	157,511	1,861,968	5,845,671	1,024,116	-	9,763,842
- Specific allowance	-	-	-	-	-	(4,464,450)	(4,464,450)
- General allowance	-	-	-	-	-	(12,217,831)	(12,217,831)
- Interest receivable	-	-	-	-	-	9,135,475	9,135,475
- Interest in suspense	-	-	-	-	-	(760,936)	(760,936)
Investment securities	-	-	5,755,133	11,094,499	-	-	16,849,632
Other assets	10,227,341	22,100	1,563,468	449,201	1,341,080	259,064	13,862,254
	187,693,683	67,018,145	123,735,515	760,644,570	319,221,374	160,970,979	1,619,284,266
Liabilities							
Deposits from customers	626,573,942	148,586,323	437,513,700	51,819,379	-	-	1,264,493,344
Borrowings	15,000,000	-	4,999,999	66,500,002	-	-	86,500,001
Subordinated debt	-	-	-	10,000,000	45,000,000	-	55,000,000
Other liabilities	22,114,413	-	-	-	-	-	22,114,413
	663,688,355	148,586,323	442,513,699	128,319,381	45,000,000	-	1,428,107,758
Liquidity gap	(475,994,672)	(81,568,178)	(318,778,184)	632,325,189	274,221,374	160,970,979	191,176,508

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(e) Capital management

(i) Regulatory capital

The Bank's lead regulator, the National Bank of Cambodia, sets and monitors capital requirements for the Bank as a whole.

The Bank's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognised the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The Bank has complied with all regulatory imposed capital requirement throughout the year.

(ii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

31. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The Bank did not have financial instruments measured at fair value.

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities. Fair values, therefore, are not presented in the financial statements.

32. CURRENT AND NON-CURRENT

Management presents the financial statements based on liquidity. Information about short-term and long-term of assets and liabilities are disclosed in the financial risk management section. Property and equipment, intangible assets and deferred tax assets are non-current assets. Current income tax payable is current liability.

ADVANCED BANK OF ASIA LIMITED
FOR YEAR ENDED 31 DECEMBER 2017
CORPORATE INFORMATION

Bank	Advanced Bank of Asia Limited	
Registration No.	00010593	
Registered office	No. 148, Preah Sihanouk Blvd Sangkat BoeungKeng Kang Khan Chamkamorn, Phnom Penh Kingdom of Cambodia	
Shareholders	National Bank of Canada Mr. Damir Karassayev	
Board of Directors	Mr. Yves Jacquot Mr. Andre Berard Mr. Damir Karassayev Mr. Dominic Jacques Mr. David Furlong Mr. Etienne Chenevier Mr. Henri Calvet Mr. Madi Akmambet	Chairman Director Director Director Director Independent Director Independent Director Executive Director
Key management team	Mr. Askhat Azhikhanov Mr. Madi Akmambet Mr. Lee Young Ho Mr. Babu Ram Gyawali Mr. Bibhu Pandey Mr. Rasulov Zokhir Mr. Galymzhan Temirov Mr. Sanzhar Abdullayev Mr. Mey Polin Mr. Zhiger Atchabarov Ms. Adel Leilanie Legarta	Chief Executive Officer Executive Director Deputy Chief Executive Officer Chief Financial Officer and Company Secretary Chief Credit Officer Chief Digital Officer Chief Technology and Infrastructure Development Officer Chief of Card & E-banking Officer Chief Business Development Officer Chief International Operations Officer Chief Client Relationship Officer
Auditors	Deloitte (Cambodia) Co., Ltd.	

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“BOD” or “Directors”) has pleasure in submitting their report together with the audited financial statements of Advanced Bank of Asia Limited (“the Bank”) for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in all aspects of banking business and the provision of related financial services in Cambodia.

There were no significant changes to these principal activities during the year.

FINANCIAL RESULTS

The financial results of the Bank for the year ended 31 December 2017 were as follows:

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	57,969,842	234,024,252	36,221,225	146,225,085
Income tax expense	(11,780,679)	(47,558,601)	(7,208,986)	(29,102,676)
Net profit for the year	46,189,163	186,465,651	29,012,239	117,122,409

RESERVES AND PROVISIONS

There were no material movements in reserves and provisions during the year other than those disclosed in the financial statements.

DIVIDENDS

No dividends were declared or paid during the financial year 2017 (2016: nil).

SHARE CAPITAL

On 22 March 2016, the National Bank of Cambodia issued a Prakas No. B7-016-117-ProKor, requiring locally incorporated commercial banks and subsidiaries of foreign banks to increase the minimal registered capital to at least KHR 300 billion (approximately US\$75 million). Banks are required to fulfil this requirement within two years from the date of the Prakas. In accordance with the Prakas and the Circular on the Implementation of this Prakas, No. B7-016-001 C.L., dated 16 June 2016, the Bank issued additional shares as follow:

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Balance at beginning of year	52,643,000	212,519,791	52,643,000	213,204,150
Convert from share premium (i)	18,357,000	74,107,209	-	-
Convert from retained earnings (ii)	29,000,000	117,073,000	-	-
Issued share capital (iii)	25,000,000	100,925,000	-	-
Currency translation difference	-	-	-	(684,359)
Balance at the end of year	125,000,000	504,625,000	52,643,000	212,519,791



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SHARE CAPITAL (continued)

- (i) On 4 January 2017, National Bank of Cambodia issued an approval letter allowing the Bank to increase its registered capital by US\$18,357,000 by converting their share premium, issuing additional 16,521 shares to National Bank of Canada and 1,836 shares to Mr. Damir Karassayev, with a par value of US\$1,000 per share.
- (ii) On 28 September 2017, National Bank of Cambodia issued an approval letter allowing the Bank to increase its registered capital by US\$29,000,000 by converting from retained earnings of the Bank, issuing additional 26,100 shares to National Bank of Canada and 2,900 shares to Mr. Damir Karassayev, with a par value of US\$1,000 per share.
- (iii) On 31 October 2017, National Bank of Cambodia issued an approved letter allowing the Bank to increase its registered capital by US\$25,000,000, issuing additional 22,500 shares to National Bank of Canada and 2,500 shares to Mr. Damir Karassayev, with a par value of US\$1,000 per share.

BAD AND DOUBTFUL LOANS

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ascertain that appropriate actions had been taken by management in relation to the writing off of any bad loans and the making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans. At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad loans, or the amount of allowance for doubtful loans in the financial statements of the Bank, inadequate to any material extent.

ASSETS

Before the financial statements of the Bank were prepared, the Directors took reasonable steps to ascertain that management took appropriate actions so that any assets, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Bank had been written down to amounts which they might be expected to realise. At the date of this report, the Directors are not aware of any circumstances, which would render the values attributable to the assets in the financial statements of the Bank misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, the Directors are not aware of:

- (a) any charge on the assets of the Bank which has arisen since the end of the year which secures the liabilities of any other person except as disclosed in the financial statements; and
- (b) any contingent liability in respect of the Bank that has arisen since the end of the year other than in the ordinary course of its business operations.

At the date of this report, the Directors are not aware that any contingent or other liability of the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank to meet its obligations as and when they fall due.



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CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Bank, which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

To the best knowledge of Directors:

- The results of the operations of the Bank for the year were not substantially affected by any item, transaction or event of a material and unusual nature.
- There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Bank for the current year in which this report is made.

EVENTS AFTER THE REPORTING DATE

At the date of this report, to the best knowledge of the Directors, there have been no significant events occurring after balance sheet date which would require adjustments or disclosures to be made in the financial statements.

THE BOARD OF DIRECTORS

The members of the Board of Directors at the date of this report are:

- Mr. Yves Jacquot Chairman
- Mr. Andre Berard Director
- Mr. Damir Karassayev Director
- Mr. Dominic Jacques Director
- Mr. David Furlong Director
- Mr. Etienne Chenevier Independent Director
- Mr. Henri Calvet Independent Director
- Mr. Madi Akmambet Executive Director

DIRECTORS' INTERESTS

The Directors who held office at the end of the year and their interests in the shares of the Bank were as follows:

	31 December 2017		31 December 2016	
	Holding %	Number of shares of US\$1,000 each	Holding %	Number of shares of US\$1,000 each
Mr. Damir Karassayev	10%	12,500	10%	5,264

DIRECTORS' BENEFITS

During and at the end of the year, no arrangement existed to which the Bank is a party with the objective of enabling Directors of the Bank to acquire benefits by means of the share purchase option.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit by reason of a contract made by the Bank other than as disclosed in the financial statements.



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THE BOARD OF DIRECTOR’S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2017, and its financial performance and its cash flows for the year ended 31 December 2017. The Board of Directors oversees the preparation of these financial statements by management who are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the disclosure requirements of Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the National Bank of Cambodia (“NBC”), or if there have been any departures in the interests of fair presentation, these have been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Bank will continue operations in the foreseeable future; and
- effectively control and direct the Bank and is involved in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

Management is responsible for ensuring that the above requirements have been fulfilled and is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Bank has complied with the above requirements in preparing the financial statements.

STATEMENT OF THE BOARD OF DIRECTORS

The accompanying financial statements as set out on pages 9 to 52 present fairly, in all material respects, the financial position of Advanced Bank of Asia Limited as at 31 December 2017, and its financial performance and its cash flows for the year ended in accordance with Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the National Bank of Cambodia, 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



Mr. Askhat Azhikhanov
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia
Date: 14 March 2018



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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Advanced Bank of Asia Limited

Opinion

We have audited the financial statements of Advanced Bank of Asia Limited ("the Bank"), which comprise the balance sheet as at 31 December 2017, and the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 52.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the National Bank of Cambodia.

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Report of the Board of Directors set out on pages 1 to 5 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cambodian Accounting Standards and relevant accounting regulations and guidelines issued by the National Bank of Cambodia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte (Cambodia) Co., Ltd.



Khoy Kimheng
Director

Phnom Penh, Kingdom of Cambodia
Date: 14 March 2018

ADVANCED BANK OF ASIA LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	31 December 2017		31 December 2016	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Cash on hand	4	68,986,300	278,497,693	41,622,955	168,031,869
Balances with the NBC	5	207,289,364	836,827,162	146,050,847	589,607,269
Balances with other banks	6	84,923,895	342,837,764	77,566,867	313,137,442
Loans to customers, net	7	1,227,372,821	4,954,904,078	784,561,827	3,167,276,096
Foreclosed properties	8	601,375	2,427,751	1,847,062	7,456,589
Investment securities	9	16,849,632	68,021,964	25,373,046	102,430,987
Other assets	10	16,688,282	67,370,595	8,218,024	33,176,163
Deferred tax asset	17(b)	1,970,251	7,953,903	1,343,202	5,422,507
Intangible assets	11	1,765,748	7,128,325	1,891,319	7,635,255
Property and equipment	12	12,903,247	52,090,408	10,031,522	40,497,254
TOTAL ASSETS		1,639,350,915	6,618,059,643	1,098,506,671	4,434,671,431
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	13	1,264,493,344	5,104,759,630	855,821,249	3,454,950,383
Borrowings	14	86,500,001	349,200,504	68,000,000	274,516,000
Subordinated debts	15	55,000,000	222,035,000	25,000,000	100,925,000
Other liabilities	16	22,114,413	89,275,885	12,851,061	51,879,733
Current income tax payable	17(a)	11,039,391	44,566,021	7,819,758	31,568,363
TOTAL LIABILITIES		1,439,147,149	5,809,837,040	969,492,068	3,913,839,479
EQUITY					
Share capital	18	125,000,000	504,625,000	52,643,000	212,519,791
Share premium		-	-	18,357,000	74,107,209
Retained earnings		75,203,766	303,597,603	58,014,603	234,204,952
TOTAL EQUITY		200,203,766	808,222,603	129,014,603	520,831,952
TOTAL LIABILITIES AND EQUITY		1,639,350,915	6,618,059,643	1,098,506,671	4,434,671,431

The accompanying notes from pages 183 to 221 form an integral part of these financial statements.

ADVANCED BANK OF ASIA LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	31 December 2017		31 December 2016	
		US\$	KHR'000	US\$	KHR'000
Interest income	19	125,830,819	507,979,016	85,204,333	343,969,892
Interest expense	20	(38,712,362)	(156,281,805)	(30,991,115)	(125,111,131)
Net interest income		87,118,457	351,697,211	54,213,218	218,858,761
Fee and commission income	21	21,873,479	88,303,235	15,924,328	64,286,512
Fee and commission expenses	22	(5,779,243)	(23,330,804)	(3,642,787)	(14,705,931)
Net fee and commission income		16,094,236	64,972,431	12,281,541	49,580,581
Other operating income	23	30,502	123,137	1,154,865	4,662,190
Personnel expenses	24	(21,259,401)	(85,824,202)	(14,169,080)	(57,200,576)
Operating expenses	25	(13,994,201)	(56,494,590)	(10,001,647)	(40,376,649)
Depreciation and amortization expenses	26	(3,261,205)	(13,165,485)	(2,452,164)	(9,899,386)
Operating profit		64,728,388	261,308,502	41,026,733	165,624,921
Allowance for bad and doubtful loans	7	(6,758,546)	(27,284,250)	(4,805,508)	(19,399,836)
Profit before income tax		57,969,842	234,024,252	36,221,225	146,225,085
Income tax expense	17(c)	(11,780,679)	(47,558,601)	(7,208,986)	(29,102,676)
Net profit for the year		46,189,163	186,465,651	29,012,239	117,122,409

The accompanying notes from pages 183 to 221 form an integral part of these financial statements.

ADVANCED BANK OF ASIA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital	Share premium	Retained earnings	Total
	US\$	US\$	US\$	US\$
For the year ended 31 December 2017				
At 1 January 2017	52,643,000	18,357,000	58,014,603	129,014,603
Convert from share premium	18,357,000	(18,357,000)	-	-
Convert from retained earning	29,000,000	-	(29,000,000)	-
Issued share capital	25,000,000	-	-	25,000,000
Net profit for the year	-	-	46,189,163	46,189,163
At 31 December 2017	<u>125,000,000</u>	<u>-</u>	<u>75,203,766</u>	<u>200,203,766</u>
KHR'000 equivalents				
At 31 December 2017	<u>504,625,000</u>	<u>-</u>	<u>303,597,603</u>	<u>808,222,603</u>
For the year ended 31 December 2016				
At 1 January 2016	52,643,000	18,357,000	29,002,364	100,002,364
Net profit for the year	-	-	29,012,239	29,012,239
At 31 December 2016	<u>52,643,000</u>	<u>18,357,000</u>	<u>58,014,603</u>	<u>129,014,603</u>
KHR'000 equivalents				
At 31 December 2016	<u>212,519,791</u>	<u>74,107,209</u>	<u>234,204,952</u>	<u>520,831,952</u>

The accompanying notes from pages 183 to 221 form an integral part of these financial statements.

ADVANCED BANK OF ASIA LIMITED
**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	31 December 2017		31 December 2016	
		US\$	KHR'000	US\$	KHR'000
Cash flow from operating activities					
Profit before income tax		57,969,842	234,024,252	36,221,225	146,225,085
<i>Adjustments</i>					
Depreciation and amortization	26	3,261,205	13,165,485	2,452,164	9,899,386
Allowance for bad and doubtful loans	7	6,758,546	27,284,250	4,805,508	19,399,836
Loss/(gains) on disposals of property and equipment		64,160	259,014	(3,527)	(14,238)
Loss/(gains) on disposal of foreclosed properties		106,346	429,319	(825,945)	(3,334,340)
Effect of exchange rate on conversion from KHR to USD		-	-	(39,375)	(158,957)
Net interest income		(87,118,457)	(351,697,211)	(54,213,218)	(218,858,761)
		(18,958,358)	(76,534,891)	(11,603,168)	(46,841,989)
<i>Changes in:</i>					
Balances with the NBC		(60,294,481)	(243,408,818)	(26,432,803)	(106,709,226)
Balances with other banks		18,396,843	74,268,054	16,319,059	65,880,041
Loans to customers		(446,631,155)	(1,803,049,973)	(305,397,777)	(1,232,890,826)
Foreclosed properties		-	-	(466,357)	(1,882,683)
Other assets		(8,470,258)	(34,194,432)	(1,738,696)	(7,019,115)
Deposits from customers		429,711,825	1,734,746,638	198,794,949	802,535,209
Other liabilities		9,263,352	37,396,152	4,145,543	16,735,557
Cash used in operations		(76,982,232)	(310,777,270)	(126,379,250)	(510,193,032)
Interest received		122,892,434	496,116,756	82,863,460	334,519,788
Interest paid		(59,752,092)	(241,219,195)	(28,376,093)	(114,554,287)
Income tax paid	17(a)	(9,188,095)	(37,092,340)	(4,250,882)	(17,160,811)
Net cash used in operating activities		(23,029,985)	(92,972,049)	(76,142,765)	(307,388,342)
Cash flow from investing activities					
Investment securities		8,523,414	34,409,022	28,383,325	114,583,483
Purchases of intangible assets	11	(220,561)	(890,405)	(199,035)	(803,504)
Purchases of property and equipment	12	(5,855,013)	(23,636,687)	(5,324,260)	(21,494,038)
Proceeds from disposals of property and equipment		4,055	16,370	98,125	396,131
Proceeds from disposals of foreclosed properties		1,139,341	4,599,520	3,515,385	14,191,609
Net cash generated from investing activities		3,591,236	14,497,820	26,473,540	106,873,681

ADVANCED BANK OF ASIA LIMITED

	Note	31 December 2017		31 December 2016	
		US\$	KHR'000	US\$	KHR'000
Cash flow from financing activities					
Proceeds from issuance of share capital		25,000,000	100,925,000	-	-
Proceeds from borrowings		63,000,000	254,331,000	98,000,000	395,626,000
Repayments of borrowings		(44,499,999)	(179,646,496)	(59,000,000)	(238,183,000)
Proceeds from subordinated debts		30,000,000	121,110,000	15,000,000	60,555,000
Net cash generated from financing activities		73,500,001	296,719,504	54,000,000	217,998,000
Net increase in cash and cash equivalents		54,061,252	218,245,275	4,330,775	17,483,339
Cash and cash equivalents at the beginning of the year		107,157,207	432,593,645	102,826,432	416,447,049
Currency translation differences		-	-	-	(1,336,743)
Cash and cash equivalents at the end of the year	27	161,218,459	650,838,920	107,157,207	432,593,645

The accompanying notes from pages 183 to 221 form an integral part of these financial statements.

ADVANCED BANK OF ASIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

Advanced Bank of Asia Limited (“the Bank”) was incorporated in Cambodia on 25 October 1996 under Registration No. Co. 322/97E 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 year.

The registered office of the Bank is located at No. 148, Preah Sihanouk Blvd., Sangkat Boeung Keng Kang I, Khan Chamkamorn, Phnom Penh, Kingdom of Cambodia.

The financial statements of the Bank were authorized for issue by the Board of Directors on 14 March 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

(c) Basis of preparation

The financial statements have been prepared in accordance with Cambodian Accounting Standards (“CAS”) and relevant accounting regulations and guidelines issued by the National Bank of Cambodia.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However as the Bank transacts and maintains its accounting records primarily in United States Dollars (“US\$”), management has determined the US\$ to be the Bank’s functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Bank.

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Exchange differences arising on translation are recognized in the income statement.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Presentation in Khmer Riel

In compliance with the Law on Accounting and Auditing dated 11 April 2016, a translation of the financial statements from US\$ to Khmer Riel is required.

Translations of US\$ into Khmer Riel are included in the financial statements solely for compliance with the Prakas No. B7-07-164 dated 13 December 2007 of the National Bank of Cambodia relating to the preparation and presentation of financial statements and have been made using the prescribed official exchange rate of US\$ 1 to Riel 4,037 as at 31 December 2017 (31 December 2016: US\$1 to KHR 4,037) published by the National Bank of Cambodia.

The financial statements expressed in Khmer Riel are unaudited and should not be construed as representation that the US\$ amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other exchange rate.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, 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.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

For critical accounting estimates, assumptions and judgement, please refer to Note 3.

(f) Financial instruments

The Bank's financial assets and liabilities include cash and cash equivalents, loans to customers, investment securities, other receivables, deposits from customers, borrowings and payables. The accounting policies for the recognition and measurement of these items are disclosed in the respective accounting policies.

(g) Basis of aggregation

The Bank's financial statements comprise the financial statements of the head office and its branches. All inter-branch balances and transactions have been eliminated.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Loans to customers

Loans to customers are stated in the balance sheet at the amount of principal outstanding plus accrued interest less any amounts written off and specific and general allowances for bad and doubtful loans.

(j) Allowances for bad and doubtful loans and loan written off

In compliance with NBC Guidelines, all loans to customers are classified according to the repayment capacity of the counterparty. This repayment capacity is assessed through past payment experience, financial condition of the borrower, business prospective and cash flow projections, borrowers' ability and willingness to repay, financial environment, and quality of documentation.

In addition to the above qualitative information, number of days past due is taken into account as follows:

Classification	Number of days past due	Allowance
General		
Normal/standard	Less than 30 days	1%
Specific		
Special-mention	30 days or more	3%
Sub-standard	90 days or more	20%
Doubtful	180 days or more	50%
Loss	360 days or more	100%

The minimum percentage of allowance for doubtful loans and advances are to be maintained according to the assigned classifications. Where reliable information suggests that losses are likely to be more than these minimum requirements, larger allowance is made.

In determining the above allowance, any collateral value other than cash deposits which has been pledged is disregarded except that, in the case of a loan classified as "loss", all collateral may be utilized.

An uncollectible loan or portion of a loan classified as bad is written off after taking into consideration the realizable value of the collateral, if any, when in the judgement of the management there is no prospect of recovery.

Recoveries on loans previously written off and reversals of previous allowances are disclosed separately together with the net movement in the allowance for bad and doubtful loans in the income statement.

(k) Interest in suspense

Interest in suspense represents interest on non-performing loans, that is recorded as Interest in suspense rather than interest income until it is realized on a cash basis.

Interest in suspense is disclosed as a deduction from interest receivables.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Foreclosed properties

Foreclosed properties consist of immovable properties which are carried at the lower of the outstanding balance of the related loans and the estimate fair value of the property at the date of the foreclosure.

(m) Investment securities

Held to maturity investments are carried at amortized cost using the effective interest method less any impairment losses.

(n) Other assets

Other assets are carried at cost. An estimate is made for doubtful receivables based on a review of outstanding amounts at the reporting date.

(o) Intangible assets

Intangible assets comprise of software including costs incurred in acquiring and developing software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortization and accumulated impairment losses, if any. Software costs are amortized over the expected useful lives of 3 to 20 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalized.

(p) Property and equipment

(i) Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of premises and equipment comprises major components having different useful lives, they are accounted for as separate items of premises and equipment.

(ii) Depreciation of property and equipment is charged to the income statement on a straight-line basis over the useful lives of the individual assets as follows:

	Useful lives
Leasehold improvements	1 - 10 years
Office equipment, furniture and fixture	5 years
Motor vehicles	5 years
Computers and IT equipment	3 - 6 years

Work in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

(iii) Subsequent expenditure relating to an item of premises and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Bank. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property and equipment (continued)

(iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the income statement on the date of retirement or disposal.

(v) Fully depreciated property and equipment are retained in the financial statements until disposed of or written off.

(q) Impairment

(i) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. This does not apply to loans to customers which has a separate accounting policy stated in Note 2(j).

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(ii) *Non-financial assets*

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the income statement.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Deposits from customers

Deposits from customers are stated at cost.

(s) Borrowings

Borrowings are stated at the amount of the principal outstanding.

(t) Subordinated debts

Subordinated debts are treated as financial liabilities when there are contractual obligations to deliver cash or financial assets to the other entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Bank, if otherwise, it is treated as equity.

The subordinated debts which are approved by the NBC are included as a Tier II line item in the calculation of the Bank's net worth in accordance with the guidelines of the NBC. Subordinated debts are stated at cost.

(u) Provisions

A provision is recognized in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(v) Income and expense recognition

Interest income is recognized on an accrual basis. Where a loan becomes non-performing, the recording of interest as income is suspended until it is realized on a cash basis.

Income from the various activities of the Bank is accrued using the following basis:

- Loan arrangement fees and commissions on services and facilities are recognized at the time the services and facilities provided.
- Commitment fees and guarantee fees on services and facilities extended to customers are recognized on the occurrence of such transactions; and
- Service charges and processing fees are recognized when the service is provided.

Interest expense on deposits from customers is recognized on an accrual basis.

ADVANCED BANK OF ASIA LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

(x) Income tax and deferred tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(y) New standards and interpretations not yet adopted

The National Accounting Council of Cambodia ("NAC"), as mandated by Prakas (Circular) No. 068-MEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance of Cambodia on the adoption of Cambodian Financial Reporting Standards, has decided to adopt International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") effective for financial statements with periods beginning on or after 1 January 2012. The new standards will be referred to as Cambodian International Financial Reporting Standards ("CIFRS").

On 30 July 2012, the Ministry of Economy and Finance through NAC issued a Notification on delaying of adopting the CIFRS for banks and microfinance institutions until periods beginning on 1 January 2016.

On 16 November 2015, the National Bank of Cambodia submitted a request for an extension of adopting the CIFRS for banks and financial institutions until 2019 to the NAC. On 24 March 2016, the NAC approved the request by delaying the adoption of the CIFRS for banks and financial institutions until periods beginning on 1 January 2019. Banks and financial institutions are required to implement CIFRS from 1 January 2019.

The Bank is assessing the potential impact on its financial statements resulting from the application of CIFRS for the financial year end but is not ready at the date of this financial statements.

ADVANCED BANK OF ASIA LIMITED

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

3.1 Key sources of estimation uncertainty

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Allowance for bad and doubtful loans

The Bank follows the mandatory credit classification and provisioning as required by Prakas No. B7-09-074, dated 25 February 2009, on asset classification and provisioning in banking and financial institutions, issued by the NBC. The NBC requires commercial banks to classify their loans, advances and similar assets into five classes and the minimum mandatory level of provisioning is provided, depending on the classification concerned and regardless of the assets pledged as collateral. For the purposes of loan classification, the Bank take into account all relevant factors that may affect the counterparties' repayment abilities.

(b) Income tax

The taxation system in Cambodia is characterized by numerous taxes and frequently changing legislation, which is complex and subject to interpretation. Often, different interpretations exist among the numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, which are empowered by law to impose fines, penalties and interest charges.

These factors may create significant tax exposures for the Bank. Management believes that they have understood relevant tax regulations and adequately provided for tax liabilities based on their interpretation of the current tax legislation. However, the relevant authorities may have different interpretations and the effects could be significant.

(c) Useful lives and residual value of property and equipment

The Bank estimates the useful lives and residual value of its property and equipment based on past experiences. Management believes that their assumption is appropriate and reflects the economic benefits expected to be generated from those assets. If, for some reasons, the useful lives and residual value are no longer appropriate, management would revise their assumption accordingly.

3.2 Critical judgments in applying accounting policies

There are no critical judgements made by the Management in the process of applying the Bank's accounting policies that have the most significant effect on the amount recognized in these financial statements apart from those involving estimates, which are dealt with above.

ADVANCED BANK OF ASIA LIMITED

4. CASH ON HAND

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	60,807,165	245,478,525	39,295,836	158,637,290
Cash items in the process of collection	8,179,135	33,019,168	2,327,119	9,394,579
	<u>68,986,300</u>	<u>278,497,693</u>	<u>41,622,955</u>	<u>168,031,869</u>

5. BALANCE WITH THE NBC

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Statutory deposits:				
Capital guarantee deposits	12,500,000	50,462,500	5,264,300	21,251,979
Reserve requirement	<u>156,519,657</u>	<u>631,869,855</u>	<u>103,460,876</u>	<u>417,671,556</u>
	169,019,657	682,332,355	108,725,176	438,923,535
Current accounts	32,745,828	132,194,907	34,831,566	140,615,032
Term deposits	<u>5,523,879</u>	<u>22,299,900</u>	<u>2,494,105</u>	<u>10,068,702</u>
	<u>207,289,364</u>	<u>836,827,162</u>	<u>146,050,847</u>	<u>589,607,269</u>

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 year, interest was earned at rates ranging from 0.32% to 0.36% per annum (2016: 0.20% to 0.22% per annum).

Reserve requirement

This is a reserve requirement which fluctuates depending on the level of the Bank's customers' deposits. It is maintained in compliance with the National Bank of Cambodia's Prakas No. B7-012-140 dated 27 September 2012 at the rates of 8.00% of customers' deposits in KHR and 12.50% in currency other than KHR.

1/3 of the reserve requirement in currencies other than Riel earns interest at 1/2 of one-month LIBOR while the rest of the reserve requirement earns no interest.

ADVANCED BANK OF ASIA LIMITED

6. BALANCES WITH OTHER BANKS

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Current accounts	12,199,052	49,247,573	14,030,028	56,639,223
Savings deposits	1,022,247	4,126,811	1,393,372	5,625,043
Term deposits	71,702,596	289,463,380	62,143,467	250,873,176
	<u>84,923,895</u>	<u>342,837,764</u>	<u>77,566,867</u>	<u>313,137,442</u>

Balances with other banks are analyzed as follows:

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
(a) By currency:				
US Dollars	82,852,526	334,475,648	76,808,332	310,075,236
Khmer Riel	1,764,237	7,122,225	441,461	1,782,178
Euro	78,331	316,222	55,864	225,523
Thai Baht	13,927	56,223	58,433	235,894
British Pound	40,608	163,934	12,421	50,144
Singapore Dollars	168,177	678,931	190,356	768,467
Chinese Yuan	6,089	24,581	-	-
	<u>84,923,895</u>	<u>342,837,764</u>	<u>77,566,867</u>	<u>313,137,442</u>

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
(b) By maturity:				
Within 1 month	54,435,206	219,754,926	35,190,091	142,062,397
> 1 to 3 months	25,600,021	103,347,285	8,453,182	34,125,496
> 3 to 12 months	4,888,668	19,735,553	30,557,093	123,358,984
More than 12 months	-	-	3,366,501	13,590,565
	<u>84,923,895</u>	<u>342,837,764</u>	<u>77,566,867</u>	<u>313,137,442</u>

	31 December 2017		31 December 2016	
(c) By interest rate (per annum):				
Current accounts		0%		0%
Saving deposits		0.00% - 0.75%		0.05% - 0.75%
Term deposits		1.56% - 6.10%		3.20% - 8.50%

ADVANCED BANK OF ASIA LIMITED
7. LOANS TO CUSTOMERS

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Commercial loans:				
Long term loans	1,176,962,502	4,751,397,621	727,692,237	2,937,693,561
Short term loans	9,288,869	37,499,164	11,422,154	46,111,236
Overdrafts	28,138,086	113,593,453	30,743,700	124,112,317
Consumer loans:				
Housing loans	12,398,263	50,051,788	12,978,668	52,394,882
Vehicle loans	27,497	111,005	136,271	550,126
Staff loans	8,248,782	33,300,333	5,579,095	22,522,807
Credit cards	616,564	2,489,069	503,457	2,032,456
Total loans to customers, gross	1,235,680,563	4,988,442,433	789,055,582	3,185,417,385
Net accrued interest receivable				
Accrued interest receivable	9,135,475	36,879,912	5,576,562	22,512,581
Interest-in-suspense	(760,936)	(3,071,899)	(140,408)	(566,827)
Total gross loans and net interest receivable	1,244,055,102	5,022,250,446	794,491,736	3,207,363,139
Allowance for bad and doubtful loans				
General Provision	(12,217,831)	(49,323,383)	(9,253,587)	(37,356,731)
Specific Provision	(4,464,450)	(18,022,985)	(676,322)	(2,730,312)
	(16,682,281)	(67,346,368)	(9,929,909)	(40,087,043)
	1,227,372,821	4,954,904,078	784,561,827	3,167,276,096

The movements in allowance for bad and doubtful loans were as follows:

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
At the beginning of year	9,929,909	40,087,043	5,182,164	20,987,765
Addition during the year	6,758,546	27,284,250	4,805,508	19,399,836
Written off during the year	(6,174)	(24,925)	(57,763)	(233,189)
Currency translation difference	-	-	-	(67,369)
At end of year	16,682,281	67,346,368	9,929,909	40,087,043

ADVANCED BANK OF ASIA LIMITED
7. LOANS TO CUSTOMERS (continued)

Loans to customers are analyzed as follows:

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
(a) By maturity:				
Within 1 month	3,791,152	15,304,881	2,317,953	9,357,576
> 1 to 3 months	8,242,154	33,273,576	11,272,901	45,508,701
> 3 to 12 months	33,427,807	134,948,057	35,327,627	142,617,630
More than 12 months	1,190,219,450	4,804,915,919	740,137,101	2,987,933,478
	<u>1,235,680,563</u>	<u>4,988,442,433</u>	<u>789,055,582</u>	<u>3,185,417,385</u>
(b) By currency:				
US Dollars	1,233,724,339	4,980,545,157	789,055,582	3,185,417,385
KHR	1,956,224	7,897,276	-	-
	<u>1,235,680,563</u>	<u>4,988,442,433</u>	<u>789,055,582</u>	<u>3,185,417,385</u>
(c) By performance:				
Standard loans				
Secured*	1,214,837,648	4,904,299,585	765,610,182	3,090,768,307
Unsecured**	6,945,560	28,039,226	19,748,608	79,725,130
Special-mention loans				
Secured*	4,133,513	16,686,992	1,969,600	7,951,275
Unsecured**	-	-	-	-
Sub-standard loans				
Secured*	5,658,116	22,841,814	876,378	3,537,938
Unsecured**	-	-	-	-
Doubtful loans				
Secured*	1,793,809	7,241,607	817,713	3,301,107
Unsecured**	-	-	-	-
Loss loans				
Secured*	2,301,833	9,292,500	15,575	62,876
Unsecured**	10,084	40,709	17,526	70,752
Total	<u>1,235,680,563</u>	<u>4,988,442,433</u>	<u>789,055,582</u>	<u>3,185,417,385</u>

* Secured loans are loans that are collateralized, by land, building and/or other immovable properties.

** Unsecured loans are provided mainly to financial institutions and other borrowers which are secured by personal or corporate guarantees.

ADVANCED BANK OF ASIA LIMITED
7. LOANS TO CUSTOMERS (continued)

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
(d) By residency status:				
Residents	1,234,972,005	4,985,581,984	788,460,830	3,183,016,371
Non-residents	708,558	2,860,449	594,752	2,401,014
	<u>1,235,680,563</u>	<u>4,988,442,433</u>	<u>789,055,582</u>	<u>3,185,417,385</u>
(e) By economic sector:				
Financial institution	4,216,667	17,022,685	15,616,667	63,044,485
Agriculture	62,762,946	253,374,013	33,478,293	135,151,869
Manufacturing	56,236,382	227,026,274	36,794,225	148,538,286
Utilities	6,313,616	25,488,068	9,034,961	36,474,138
Construction	38,564,869	155,686,376	24,091,367	97,256,849
Wholesale and trade	70,393,874	284,180,069	50,937,528	205,634,801
Retail trade	341,604,643	1,379,057,944	236,080,915	953,058,653
Hotel and restaurants	67,936,663	274,260,309	51,210,851	206,738,205
Transportation and storage	76,777,952	309,952,592	45,661,716	184,336,347
Information media and telecommunication	738,787	2,982,483	851,985	3,439,463
Rental and lease excluding real estate	34,351,898	138,678,612	17,544,368	70,826,614
Real estate operation (residential)	144,197,226	582,124,201	71,276,025	287,741,313
Real estate and public utilities	14,156,210	57,148,620	15,133,665	61,094,606
Other non-financial services	121,676,564	491,208,289	115,370,970	465,752,606
Credit cards	616,565	2,489,073	503,457	2,032,456
Personal consumption				
Staff loans	8,092,481	32,669,346	5,395,699	21,782,438
House loans	12,300,074	49,655,399	12,732,142	51,399,657
Vehicle loans	27,497	111,005	136,271	550,126
Loans provided for personal goods	3,657,125	14,763,814	3,124,031	12,611,713
Loans for House Renovations and Purchase (SME/MICRO)	120,174,199	485,143,241	31,928,445	128,895,132
Loans for Vehicle Purchase (SME/MICRO)	50,884,325	205,420,020	12,152,001	49,057,628
	<u>1,235,680,563</u>	<u>4,988,442,433</u>	<u>789,055,582</u>	<u>3,185,417,385</u>
(f) By relationship:				
External customers	1,227,431,781	4,955,142,100	783,476,487	3,162,894,578
Staff loans	8,248,782	33,300,333	5,579,095	22,522,807
	<u>1,235,680,563</u>	<u>4,988,442,433</u>	<u>789,055,582</u>	<u>3,185,417,385</u>

ADVANCED BANK OF ASIA LIMITED

7. LOANS TO CUSTOMERS (continued)

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
(g) By exposure:				
Non-large exposure	1,235,680,563	4,988,442,433	789,055,582	3,185,417,385

A "large exposure" is defined under NBC Prakas as the overall gross exposure of the aggregate balance of loans and advances with one single beneficiary, which exceeds 10% of the Bank's net worth. The gross exposure is the higher of the outstanding loans or commitments and the authorized loans or commitments.

	31 December 2017		31 December 2016	
(h) By interest rate (per annum):				
Overdrafts	5.75% - 18.00%		6.25% - 18.00%	
Loans	5.25% - 24.00%		6.75% - 24.00%	
Trade finance	8.00% - 9.50%		8.00% - 9.50%	
Staff loans	5.00% - 12.00%		5.00% - 12.00%	

8. FORECLOSED PROPERTIES

Foreclosed properties relate to properties taken over from customers who are unable to repay their loans. NBC Guidelines require that the foreclosed assets be disposed of within 12 months of foreclosure. An approval from the NBC is obtained if the properties are not disposed of within 12 months.

9. INVESTMENT SECURITIES

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Securities held to maturity	16,849,632	68,021,964	25,373,046	102,430,987

Due to the excess of liquidity, the Bank decided to invest the excess portion in other companies' bonds which are designated as held to maturity securities. Those securities held to maturity are quoted in the market.

ADVANCED BANK OF ASIA LIMITED

10. OTHER ASSETS

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Interest receivable from balances with the NBC and other banks and investment securities	1,493,315	6,028,513	1,916,361	7,736,351
Deposits and advance payments	8,172,194	32,991,146	2,407,362	9,718,520
Prepayments	2,253,571	9,097,666	1,194,148	4,820,775
Master/Visa Card and MoneyGram receivables	4,219,158	17,032,741	1,814,826	7,326,453
Investments – Credit Bureau	25,588	103,299	25,588	103,299
Pay&Go receivables	-	-	467,597	1,887,689
Others	524,456	2,117,230	392,142	1,583,076
	<u>16,688,282</u>	<u>67,370,595</u>	<u>8,218,024</u>	<u>33,176,163</u>

11. INTANGIBLE ASSETS

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Cost				
At 1 January	3,098,898	12,510,251	2,878,852	11,621,926
Additions	220,561	890,405	199,035	803,504
Disposals	(67,326)	(271,795)	-	-
Currency translation difference	-	-	21,011	84,821
At 31 December	<u>3,252,133</u>	<u>13,128,861</u>	<u>3,098,898</u>	<u>12,510,251</u>
Accumulated amortization				
At 1 January	1,207,579	4,874,996	869,111	3,508,601
Amortization for the year	346,133	1,397,339	334,842	1,351,757
Disposals	(67,327)	(271,799)	-	-
Currency translation difference	-	-	3,626	14,638
At 31 December	<u>1,486,385</u>	<u>6,000,536</u>	<u>1,207,579</u>	<u>4,874,996</u>
Carrying amounts				
At 31 December	<u>1,765,748</u>	<u>7,128,325</u>	<u>1,891,319</u>	<u>7,635,255</u>

ADVANCED BANK OF ASIA LIMITED

12. PROPERTY AND EQUIPMENT

	Leasehold improvements	Office equipment, furniture and fixture	Motor vehicles	Computers and IT equipment	Construction in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
For the year ended 31 December 2017							
Cost							
At 1 January 2017	5,824,625	3,600,606	906,718	5,360,926	359,325	16,052,200	64,802,732
Additions	76,803	1,270,524	54,010	2,118,859	2,334,817	5,855,013	23,636,687
Transfer	1,084,224	100,987	-	-	(1,185,211)	-	-
Written off/disposals	(1,002,816)	(354,187)	(25,194)	(885,694)	-	(2,267,891)	(9,155,475)
At 31 December 2017	5,982,836	4,617,930	935,534	6,594,091	1,508,931	19,639,322	79,283,944
Accumulated depreciation							
At 1 January 2017	2,018,898	1,343,315	411,460	2,247,005	-	6,020,678	24,305,478
Depreciation for the year	772,886	779,366	183,166	1,179,655	-	2,915,073	11,768,150
Written off/disposals	(1,002,470)	(357,468)	(25,194)	(814,544)	-	(2,199,676)	(8,880,092)
At 31 December 2017	1,789,314	1,765,213	569,432	2,612,116	-	6,736,075	27,193,536
Carrying amounts							
At 31 December 2017	4,193,522	2,852,717	366,102	3,981,975	1,508,931	12,903,247	52,090,408

ADVANCED BANK OF ASIA LIMITED

12. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements	Office equipment, furniture and fixture	Motor vehicles	Computers and IT equipment	Construction in progress	Total	
	US\$	US\$	US\$	US\$	US\$	US\$	KHR'000
For the year ended 31 December 2016							
Cost							
At 1 January 2016	4,025,319	2,341,170	874,794	3,638,045	16,613	10,895,941	43,986,914
Additions	353,904	1,169,183	193,868	1,697,529	1,909,776	5,324,260	21,494,038
Transfer	1,445,502	121,562	-	-	(1,567,064)	-	-
Disposals	-	(37,426)	(164,593)	-	-	(202,019)	(815,551)
Currency translation difference	(100)	6,117	2,649	25,352	-	34,018	137,331
At 31 December 2016	5,824,625	3,600,606	906,718	5,360,926	359,325	16,052,200	64,802,732
Accumulated depreciation							
At 1 January 2016	1,456,635	851,228	290,918	1,399,968	-	3,998,749	16,142,950
Depreciation for the year	561,838	530,209	189,710	835,565	-	2,117,322	8,547,629
Disposals	-	(37,253)	(70,168)	-	-	(107,421)	(433,658)
Currency translation difference	425	(869)	1,000	11,472	-	12,028	48,557
At 31 December 2016	2,018,898	1,343,315	411,460	2,247,005	-	6,020,678	24,305,478
Carrying amounts							
At 31 December 2016	3,805,727	2,257,291	495,258	3,113,921	359,325	10,031,522	40,497,254

ADVANCED BANK OF ASIA LIMITED
13. DEPOSITS FROM CUSTOMERS

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Demand deposits	161,624,131	652,476,617	87,003,298	351,232,315
Saving deposits	582,179,614	2,350,259,102	375,112,155	1,514,327,770
Fixed deposits	512,296,602	2,068,141,382	392,210,871	1,583,355,286
Margin deposits	8,392,997	33,882,529	1,494,925	6,035,012
	<u>1,264,493,344</u>	<u>5,104,759,630</u>	<u>855,821,249</u>	<u>3,454,950,383</u>

The deposits from customers are analyzed as follows:

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
(a) By currency:				
US Dollars	1,253,998,399	5,062,391,537	853,855,753	3,447,015,676
Khmer Riel	10,295,239	41,561,880	1,674,246	6,758,931
Euro	199,706	806,213	291,210	1,175,615
Thai Baht	-	-	40	161
	<u>1,264,493,344</u>	<u>5,104,759,630</u>	<u>855,821,249</u>	<u>3,454,950,383</u>
(b) By maturity:				
Within 1 month	845,233,363	3,412,207,086	523,795,271	2,114,561,509
> 1 to 3 months	93,921,468	379,160,966	88,052,639	355,468,504
> 3 to 12 months	273,519,134	1,104,196,745	205,252,011	828,602,369
More than 12 months	51,819,379	209,194,833	38,721,328	156,318,001
	<u>1,264,493,344</u>	<u>5,104,759,630</u>	<u>855,821,249</u>	<u>3,454,950,383</u>
(c) By relationship:				
Non-related parties	1,261,490,729	5,092,638,073	850,876,415	3,434,988,087
Related parties	3,002,615	12,121,557	4,944,834	19,962,296
	<u>1,264,493,344</u>	<u>5,104,759,630</u>	<u>855,821,249</u>	<u>3,454,950,383</u>
(d) By interest rate (per annum):				
Demand deposits		0.00% to 1.00%		0.00% to 0.75%
Saving deposits		0.00% to 3.40%		0.00% to 4.00%
Fixed deposits		1.00% to 7.50%		1.75%-7.00%
Margin deposits		-		-

ADVANCED BANK OF ASIA LIMITED

14. BORROWINGS

		31 December 2017		31 December 2016	
		US\$	KHR'000	US\$	KHR'000
Industrial and Commercial Bank of China Limited	(i)	34,000,000	137,258,000	20,000,000	80,740,000
Taiwan Cooperative Bank	(ii)	25,000,000	100,925,000	-	-
AfrAsia Bank Limited	(iii)	15,000,000	60,555,000	30,000,000	121,110,000
DEG	(iv)	12,500,001	50,462,504	15,000,000	60,555,000
Shanghai Commercial & Savings Bank Limited		-	-	3,000,000	12,111,000
		<u>86,500,001</u>	<u>349,200,504</u>	<u>68,000,000</u>	<u>274,516,000</u>

- (iii) Represents four loans from Industrial and Commercial Bank of China Limited, Phnom Penh Branch. The first loan amounting to US\$6,000,000 was obtained on 29 July 2016, the second loan amounting to US\$5,000,000 was obtained on 29 August 2016, the third loan amounting to US\$9,000,000 was obtained on 29 November 2016 and the fourth loan amounting to US\$14,000,000 was obtained on 30 June 2017. The interest is payable quarterly and the principal is repayable on maturities which are three years from the disbursement dates.
- (iv) Represents a 3 year syndicated loan arranged by Taiwan Cooperative Bank, Phnom Penh Branch, with the first loan drawdown for amount of US\$5,000,000 received on 26 January 2017, and the second drawdown for amounting of US\$20,000,000 received on 15 March 2017. The interest is payable semi-annually and the principal is repayable at maturity on 26 January 2020.
- (v) Represents a money placements from AfrAsia Bank Limited , Mauritius, received on 31 January 2017 with twelve-month term.
- (vi) Represents two separate long term loans obtained from DEG-Deutsche Investitions und Entwicklungsgesellschaft Mbh. The first loan amounting to US\$10,000,000 was obtained on 23 June 2015 and the second loan amounting to US\$5,000,000 was obtained on 3 February 2016. The principal amounts are repayable by semi-annual installments starting from 15 December 2017. The interest is payable semi-annually from the date of each drawdown.

On 15 December 2017 the principal amounting US\$2,499,999 was repaid to the lender.

The above borrowings are unsecured and bear interest rates ranging from 2.55% to 6.99% per annum (2016: 1.50% to 6.99%).

ADVANCED BANK OF ASIA LIMITED

15. SUBORDINATED DEBTS

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
National Bank of Canada	55,000,000	222,035,000	25,000,000	100,925,000

This represents four subordinated debts obtained from National Bank of Canada. The first subordinated loan amounting to US\$10,000,000, maturing on 31 December 2022, and the second subordinated loan amounting to US\$15,000,000, maturing on 30 June 2023 were approved by the National Bank of Cambodia on 6th January 2016. The third subordinated loan amounting to US\$10,000,000 and the fourth subordinated loan amounting to US\$20,000,000, maturing on 31 July 2024 were approved by the National Bank of Cambodia on 26 October 2016 and 3 August 2017 respectively. The interest is repayable semi-annually and the principal is repayable in five equal consecutive instalments with the balance payable in full at maturities.

The above subordinated debts are unsecured and bear net interest rates ranging from 6.50% to 7.00% per annum.

16. OTHER LIABILITIES

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Interest payable	12,156,068	49,074,047	8,883,662	35,863,343
Accrued expenses	4,710,051	19,014,476	2,584,700	10,434,434
Other tax payable	506,525	2,044,841	787,539	3,179,295
Others	4,741,769	19,142,521	595,160	2,402,661
	22,114,413	89,275,885	12,851,061	51,879,733

17. INCOME TAX

(a) Current income tax payable

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Balance at beginning of year	7,819,758	31,568,363	3,424,617	13,869,699
Current income tax expense	12,407,728	50,089,998	7,972,520	32,185,063
Prior year adjustment	-	-	673,503	2,718,932
Income tax paid	(9,188,095)	(37,092,340)	(4,250,882)	(17,160,811)
Currency translation difference	-	-	-	(44,520)
	11,039,391	44,566,021	7,819,758	31,568,363

ADVANCED BANK OF ASIA LIMITED

17. INCOME TAX (continued)

(b) Deferred tax

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Deferred tax asset	2,183,499	8,814,785	1,577,667	6,369,042
Deferred tax liabilities	(213,248)	(860,882)	(234,465)	(946,535)
	<u>1,970,251</u>	<u>7,953,903</u>	<u>1,343,202</u>	<u>5,422,507</u>

The movement of net deferred tax assets/liabilities is as follows:

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
At beginning of year	1,343,202	5,422,507	(93,835)	(380,032)
Charged/(credited) to income statement	627,049	2,531,396	763,534	3,082,387
Prior year adjustment	-	-	673,503	2,718,932
Currency translation difference	-	-	-	1,220
	<u>1,970,251</u>	<u>7,953,903</u>	<u>1,343,202</u>	<u>5,422,507</u>

	Loan losses Provision US\$	Total US\$
Deferred tax assets		
At 1 January 2017	1,577,667	1,577,667
Credited to the income statement	605,832	605,832
At 31 December 2017	<u>2,183,499</u>	<u>2,183,499</u>
Equivalent in KHR '000	<u>8,814,787</u>	<u>8,814,787</u>

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17. INCOME TAX (continued)

(b) Deferred tax (continued)

	Accelerated tax depreciation US\$	Unrealized exchange gain US\$	Total US\$
Deferred tax liabilities			
At 1 January 2017	(175,664)	(58,801)	(234,465)
Credited/(Charged) to the income statement	(28,428)	49,645	21,217
At 31 December 2017	<u>(204,092)</u>	<u>(9,156)</u>	<u>(213,248)</u>
Equivalent in KHR '000	<u>(823,919)</u>	<u>(36,963)</u>	<u>(860,882)</u>

(c) Income tax expense

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Current income tax	12,407,728	50,089,998	7,972,520	32,185,063
Deferred tax	(627,049)	(2,531,397)	(763,534)	(3,082,387)
	<u>11,780,679</u>	<u>47,558,601</u>	<u>7,208,986</u>	<u>29,102,676</u>

The reconciliation of income taxes computed at the statutory tax rate of 20% to the income tax expense in respect to the current year is as follows:

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Profit before income tax	<u>57,969,842</u>	<u>234,024,252</u>	<u>36,221,225</u>	<u>146,225,085</u>
Income tax using statutory rate	11,593,968	46,804,849	7,244,245	29,245,017
Non-deductible expenses	161,552	652,185	28,518	115,127
Under/(over) provision in prior year	25,159	101,567	(63,777)	(257,468)
Income tax expense	<u>11,780,679</u>	<u>47,558,601</u>	<u>7,208,986</u>	<u>29,102,676</u>

ADVANCED BANK OF ASIA LIMITED

18. SHARE CAPITAL

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Shares of US\$1,000 each:				
Issued and fully paid	125,000,000	504,625,000	52,643,000	212,519,791

The details of shareholdings were as follows:

	31 December 2017			31 December 2016		
	% of Ownership	Number of shares	Amount US\$	% of Ownership	Number of shares	Amount US\$
National Bank of Canada	90%	112,500	112,500,000	90%	47,379	47,379,000
Mr. Damir Karassayev	10%	12,500	12,500,000	10%	5,264	5,264,000
	100%	125,000	125,000,000	100%	52,643	52,643,000

On 22 March 2016, the National Bank of Cambodia issued a Prakas No. B7-016-117-ProKor, requiring locally incorporated commercial banks and subsidiaries of foreign banks to increase the minimal registered capital to at least KHR 300 billion (approximately US\$75 million). Banks are required to fulfil this requirement within two years from the date of the Prakas. In accordance with the Prakas and the Circular on the Implementation of this Prakas, No. B7-016-001 C.L., dated 16 June 2016, the Bank issued additional shares as follow:

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Balance at beginning of year	52,643,000	212,519,791	52,643,000	213,204,150
Convert from share premium (i)	18,357,000	74,107,209	-	-
Convert from retained earnings (ii)	29,000,000	117,073,000	-	-
Issue share capital (iii)	25,000,000	100,925,000	-	-
Currency translation difference	-	-	-	(684,359)
Balance at the end of year	125,000,000	504,625,000	52,643,000	212,519,791

- (i) On 4 January 2017, National Bank of Cambodia issued an approval letter allowing the Bank to increase its registered capital by US\$18,357,000 by converting their share premium, issuing additional 16,521 shares to National Bank of Canada and 1,836 shares to Mr. Damir Karassayev, with a par value of US\$1,000 per share.
- (ii) On 28 September 2017, National Bank of Cambodia issued an approval letter allowing the Bank to increase its registered capital by US\$29,000,000 by converting from retained earnings of the Bank, issuing additional 26,100 shares to National Bank of Canada and 2,900 shares to Mr. Damir Karassayev, with a par value of US\$1,000 per share.

ADVANCED BANK OF ASIA LIMITED

18. SHARE CAPITAL (continued)

- (iii) On 31 October 2017, National Bank of Cambodia issued an approved letter allowing the Bank to increase its registered capital by US\$25,000,000, issuing additional 22,500 shares to National Bank of Canada and 2,500 shares to Mr. Damir Karassayev, with a par value of US\$1,000 per share.

19. INTEREST INCOME

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Interest income from:				
Loans to customers	121,316,858	489,756,156	78,145,043	315,471,538
Deposits with banks	2,811,813	11,351,289	3,779,234	15,256,768
Investment securities	1,702,148	6,871,571	3,280,056	13,241,586
	<u>125,830,819</u>	<u>507,979,016</u>	<u>85,204,333</u>	<u>343,969,892</u>

20. INTEREST EXPENSE

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Deposits from customers	31,113,149	125,603,782	27,522,447	111,108,118
Borrowings	4,655,283	18,793,378	2,150,148	8,680,148
Subordinated debts	2,943,930	11,884,645	1,318,520	5,322,865
	<u>38,712,362</u>	<u>156,281,805</u>	<u>30,991,115</u>	<u>125,111,131</u>

21. FEE AND COMMISSION INCOME

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Loan commitment fees	9,632,670	38,887,090	6,249,594	25,229,610
Inward and outward remittances	2,175,221	8,781,367	1,598,593	6,453,520
Master/Visa and UPI cards	7,649,601	30,881,439	6,009,447	24,260,138
Cable charges	143,027	577,400	103,532	417,959
Other fees	2,272,960	9,175,939	1,963,162	7,925,285
	<u>21,873,479</u>	<u>88,303,235</u>	<u>15,924,328</u>	<u>64,286,512</u>

ADVANCED BANK OF ASIA LIMITED

22. FEE AND COMMISSION EXPENSE

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Master card	2,844,404	11,482,859	1,791,624	7,232,786
Visa card	2,541,819	10,261,323	1,576,426	6,364,032
Fee and commission paid to other banks and FIs	331,447	1,338,052	273,939	1,105,891
Union pay	59,294	239,370	-	-
Others	2,279	9,200	798	3,222
	<u>5,779,243</u>	<u>23,330,804</u>	<u>3,642,787</u>	<u>14,705,931</u>

23. OTHER OPERATING INCOME

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Gain/(loss) on sales of investment securities	(857,170)	(3,460,395)	600,341	2,423,576
Foreign exchange gain, net	592,591	2,392,290	412,643	1,665,840
Other incomes	295,081	1,191,242	141,881	572,774
	<u>30,502</u>	<u>123,137</u>	<u>1,154,865</u>	<u>4,662,190</u>

24. PERSONNEL EXPENSES

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Salaries and wages	20,927,741	84,485,291	13,901,741	56,121,328
Others personnel costs	331,660	1,338,911	267,339	1,079,248
	<u>21,259,401</u>	<u>85,824,202</u>	<u>14,169,080</u>	<u>57,200,576</u>

ADVANCED BANK OF ASIA LIMITED
25. OPERATING EXPENSES

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Office rental	3,365,298	13,585,708	2,609,655	10,535,177
Marketing and advertising	1,491,209	6,020,011	1,191,958	4,811,934
Repairs and maintenance	1,218,511	4,919,129	642,450	2,593,571
Utilities expenses	843,845	3,406,602	652,139	2,632,685
Office supplies	1,199,238	4,841,324	816,025	3,294,293
License fees	546,782	2,207,359	502,581	2,028,919
Communication	622,282	2,512,152	450,906	1,820,308
Motor vehicle operation expenses	287,659	1,161,279	231,419	934,239
Travelling	647,253	2,612,960	509,640	2,057,417
Business meal and entertainment	153,778	620,802	60,604	244,658
Professional fees	414,157	1,671,952	280,511	1,132,423
Insurance expenses	277,337	1,119,609	191,511	773,130
Security expenses	804,952	3,249,591	577,165	2,330,015
Membership fees	25,621	103,432	145,493	587,355
Credit report (CBC) expenses	219,081	884,430	146,485	591,360
Vehicle rental expenses	955,358	3,856,780	535,878	2,163,339
Board of Director fees	126,320	509,954	85,793	346,346
Publications and subscription	90,078	363,645	65,213	263,265
Other expenses	705,442	2,847,871	306,221	1,236,215
	<u>13,994,201</u>	<u>56,494,590</u>	<u>10,001,647</u>	<u>40,376,649</u>

26. DEPRECIATION AND AMORTISATION EXPENSES

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Depreciation	2,915,073	11,768,150	2,117,322	8,547,629
Amortization	346,132	1,397,335	334,842	1,351,757
	<u>3,261,205</u>	<u>13,165,485</u>	<u>2,452,164</u>	<u>9,899,386</u>

27. CASH AND CASH EQUIVALENTS

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	68,986,300	278,497,693	41,622,955	168,031,869
Balances with the NBC	38,269,706	154,494,805	37,325,670	150,683,730
Balances with other banks	53,962,453	217,846,422	28,208,582	113,878,046
	<u>161,218,459</u>	<u>650,838,920</u>	<u>107,157,207</u>	<u>432,593,645</u>

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28. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Bank has operating lease commitments for the lease of its headquarters and provincial offices as follows:

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
No later than 1 year	3,210,375	12,960,284	2,388,914	9,644,046
Later than 1 year and no later than 5 years	10,524,487	42,487,354	6,073,614	24,519,178
Later than 5 years	7,635,171	30,823,185	2,869,558	11,584,405
	<u>21,370,033</u>	<u>86,270,823</u>	<u>11,332,086</u>	<u>45,747,629</u>

(d) Other commitments

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Unused portion of overdrafts	17,305,614	69,862,764	14,319,977	57,809,747
Letter of credits	5,419,972	21,880,427	37,461,866	151,233,553
Performance bonds	7,498,846	30,272,841	5,512,706	22,254,794
Bid bonds	683,000	2,757,271	157,514	635,884
Other guarantees	3,361,246	13,569,350	2,792,872	11,274,824
Others	4,775,000	19,276,675	7,005,285	28,280,336
	<u>39,043,678</u>	<u>157,619,328</u>	<u>67,250,220</u>	<u>271,489,138</u>

29. RELATED PARTY TRANSACTIONS AND BALANCES

Under the Law on Banking and Financial Institutions, related parties include individuals who hold directly or indirectly a minimum of 10% of the capital of the Bank or voting rights or who participates in the administration, direction, management or the design and implementation of the internal controls of the Bank.

(a) Related party balances

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Borrowings from the National Bank of Canada	55,000,000	222,035,000	25,000,000	100,925,000
Deposits and placements by key management, shareholder and directors	3,002,615	12,121,557	4,944,834	19,962,296

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(b) Other related party transactions

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Interest expenses to the National Bank of Canada	2,943,930	11,884,645	1,318,520	5,322,865
Interest expenses to key management, shareholders and directors	843,949	3,407,023	211,497	853,814

(c) Key management, shareholders and director personnel remuneration

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Salaries and benefits *	5,508,304	22,237,023	4,088,618	16,505,751

* Including the remuneration of key management personnel and meeting fees of Board of Directors.

30. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Bank has exposure to the following risks from financial instruments:

- Operational risk
- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Asset and Liability (ALCO), Credit, Governance, Compliance, Audit, and Risk committees, which are responsible for developing and monitoring Bank's risk management policies in their specified areas. All committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyses the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Audit and Risk Committee is responsible for monitoring compliance with the

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30. FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank.

Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee for Board of Directors' meeting.

(a) Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The operational risk losses is managed through established operational risk management processes, proper monitoring and reporting of the business activities by control and support units which are independent of the business units and oversight provided by the senior management of the Bank.

The Bank's operational risk management entails the establishment of clear organizational structures, roles and control policies. Various internal control policies and measures have been implemented including the establishment of signing authorities, defining system parameters controls, streamlining procedures and documentation and compliance with regulatory and other legal requirements.

(b) Credit risk

Credit risk is the financial loss to the Bank if a borrower or counterparty fails to meet its contractual obligations, and arises principally from the loans and advances.

(i) Management of credit risk

The lending activities are guided by the Bank's credit policy to ensure that the overall objectives in the area of lending are achieved; i.e., that the loan portfolio is strong and healthy and credit risks are well diversified. The credit policy documents the lending policy, collateral policy and credit approval processes, including the Bank's own internal grading system, and procedures implemented to ensure compliance with NBC Guidelines.

The Bank has established the Credit and Risk Policy which is designed to govern the Bank's risk undertaking activities. Extension of credit is governed by credit programs that set out the plan for a particular product or portfolio, including the target market, terms and conditions, documentation and procedures under which a credit product will be offered and measured.

Risk ratings are reviewed and updated on a semi-annual basis for all loans with outstanding greater than US\$200,000, and in event of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

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30. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Exposure to credit risk

	31 December 2017		31 December 2016	
	US\$	KHR'000	US\$	KHR'000
Loans to customers				
Neither past due nor impaired	1,221,783,208	4,932,338,811	785,358,790	3,170,493,435
Past due but not impaired	4,133,513	16,686,992	1,969,600	7,951,275
Individually impaired	9,763,842	39,416,630	1,727,192	6,972,675
	<u>1,235,680,563</u>	<u>4,988,442,433</u>	<u>789,055,582</u>	<u>3,185,417,385</u>

It is not practical to obtain fair value of collateral due to costs of obtaining such information outweigh the potential benefits. The Bank's policy is to fund approximately 65% of the collateral value, except margin deposits or restricted fixed deposits. Under NBC regulations, the value of collateral is not taken into account when determining the allowance for bad and doubtful loans.

Neither past due or impaired

Loans not past due or past due less than 30 days are not considered impaired, unless other information is available to indicate the contrary.

Past due but not impaired loans to customers

Past due but not impaired loans are those which are classified as special mention in compliance with NBC Guidelines with a specific allowance of 3% of the loan outstanding. For these loans the contractual interest or principal payments are past due more than 30 days but less than 90 days, unless other information is available to indicate otherwise.

Impaired loans to customers

Individually impaired loans are loans for which the Bank determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loans. In compliance with NBC Guidelines, an allowance for doubtful loans is made for loans with payment overdue more than 90 days. A minimum level of specific allowance for impairment is made depending on the classification concerned, unless other information is available to substantiate the repayment capacity of the counterparty.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Loans with renegotiated terms/restructured loans

Loans with renegotiated terms are loans that have been rescheduled or refinanced in accordance with an agreement setting forth a new repayment schedule on a periodic basis occasioned by weaknesses in the borrower's financial condition and/or inability to repay the loan as originally agreed. Loans to be restructured are analyzed on the basis of the business prospects and repayment capacity of the borrower according to new cash flow projections supported by updated business perspectives and overall market conditions being based on realistic and prudent assumptions. As at 31 December 2017, the Bank has restructured loans amounting to US\$11,337,139 (31 December 2016: US\$15,557,190).

Once the loan is restructured it remains in the same category regardless of satisfactory performance after restructuring. The classification is not improved unless there are no arrears in repayment of principal and interest within three instalments periods and within a period of not less than three months.

Write-off policy

In compliance with NBC Guidelines, the Bank will remove a loan or a portion of a loan from its financial statements when the Bank loses control of the contractual rights over the loan or when all or part of a loan is deemed uncollectible; or there is no realistic prospect of recovery.

Collateral

The Bank holds collateral against loans in the form of mortgage interests over property and/or guarantees. Estimates of value are based on the value of collateral assessed on an annual basis for loans above US\$200,000 and in event of (i) change of loan terms and conditions including extension; (ii) repayment irregularities or delinquencies and (iii) adverse information relating to the borrower or transaction.

Concentration of credit risk

The analysis of concentrations of credit risk from loans are shown in Note 7 to the financial statements.

(c) Market risk

Market risk is the risk of loss arising from adverse movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk.

Market risk arising from the trading activities is controlled by marking to market the trading positions against their predetermined market risk limits.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(i) Foreign currency exchange risk

Foreign currency exchange risk refers to the adverse exchange rate movements on foreign currency exchange positions taken from time to time. The Bank maintains a policy of not exposing itself to large foreign exchange positions. Any foreign currency exchange open positions are monitored against the operating requirements, predetermined position limits and cut-loss limits.

As of 31 December 2017, balances in monetary assets and liabilities denominated in currencies other than US\$ are not significant. Therefore, no sensitivity analysis for foreign currency exchange risk was presented.

(ii) Interest rate risk

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Interest rate risk is managed through close monitoring of returns on investment, market pricing, cost of funds and through interest rate sensitivity gap analysis. The potential reduction in net interest income from an unfavorable interest rate movement is monitored against the risk tolerance limits set.

An analysis of the interest rate risk pertaining to the Bank's assets and liabilities is disclosed below.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	Non-interest sensitive US\$	Total US\$
31 December 2017							
Assets							
Cash on hand						68,986,300	68,986,300
Balance with the NBC	2,477,087	3,046,792	-	-	-	201,765,485	207,289,364
Balance with other banks	42,236,155	25,600,021	4,888,668	-	-	12,199,051	84,923,895
Loans to customers							
- Performing	3,635,947	8,222,420	32,057,798	283,467,506	898,533,050	-	1,225,916,721
- Non-performing	155,203	19,734	1,370,009	4,784,774	3,434,122	-	9,763,842
- Specific allowance	-	-	-	-	-	(4,464,450)	(4,464,450)
- General allowance	-	-	-	-	-	(12,217,831)	(12,217,831)
- Interest receivable	-	-	-	-	-	9,135,475	9,135,475
- Interest in suspense	-	-	-	-	-	(760,936)	(760,936)
Investment securities	-	-	5,755,133	11,094,499	-	-	16,849,632
Other assets	-	-	-	-	-	13,862,254	13,862,254
	<u>48,504,392</u>	<u>36,888,967</u>	<u>44,071,608</u>	<u>299,346,779</u>	<u>901,967,172</u>	<u>288,505,348</u>	<u>1,619,284,266</u>
Liabilities							
Deposits from customers	778,659,157	93,921,468	273,519,134	51,819,379	-	66,574,206	1,264,493,344
Borrowings	15,000,000	-	-	71,500,001	-	-	86,500,001
Subordinated debts	-	-	-	10,000,000	45,000,000	-	55,000,000
Other liabilities	-	-	-	-	-	22,114,413	22,114,413
	<u>793,659,157</u>	<u>93,921,468</u>	<u>273,519,134</u>	<u>133,319,380</u>	<u>45,000,000</u>	<u>88,688,619</u>	<u>1,428,107,758</u>
Interest sensitivity gap	<u>(745,154,765)</u>	<u>(57,032,501)</u>	<u>(229,447,526)</u>	<u>166,027,399</u>	<u>856,967,172</u>	<u>199,816,729</u>	<u>191,176,508</u>

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) *Interest rate risk* (continued)

	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	Non-interest sensitive US\$	Total US\$
31 December 2016							
Assets							
Cash on hand	-	-	-	-	-	41,622,955	41,622,955
Balance with the NBC	-	2,494,105	-	-	-	143,556,742	146,050,847
Balance with other banks	21,160,062	8,453,182	30,557,093	3,366,501	-	14,030,029	77,566,867
Loans to customers							
- Performing	2,153,314	11,272,901	35,325,429	252,779,600	485,797,146	-	787,328,390
- Non-performing	164,639	-	2,198	802,659	757,696	-	1,727,192
- Specific allowance	-	-	-	-	-	(676,322)	(676,322)
- General allowance	-	-	-	-	-	(9,253,587)	(9,253,587)
- Interest receivable	-	-	-	-	-	5,576,562	5,576,562
- Interest in suspense	-	-	-	-	-	(140,408)	(140,408)
Investment securities	-	-	-	21,994,638	3,378,408	-	25,373,046
Other assets	-	-	-	-	-	6,728,846	6,728,846
	23,478,015	22,220,188	65,884,720	278,943,398	489,933,250	201,444,817	1,081,904,388
Liabilities							
Deposits from customers	482,536,377	88,052,639	205,252,011	38,721,328	-	41,258,894	855,821,249
Borrowings	25,000,000	8,000,000	-	35,000,000	-	-	68,000,000
Subordinated debt	-	-	-	-	25,000,000	-	25,000,000
Other liabilities	-	-	-	-	-	12,851,061	12,851,061
	507,536,377	96,052,639	205,252,011	73,721,328	25,000,000	54,109,955	961,672,310
Interest sensitivity gap	(484,058,362)	(73,832,451)	(139,367,291)	205,222,070	464,933,250	147,334,862	120,232,078

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Bank does not account for any fixed rate liabilities at fair value through profit or loss, and the Bank does not have derivatives as at the reporting date. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The Bank does not have significant variable-rate instruments. Therefore, no cash flow sensitivity analysis for variable-rate instruments was presented.

(d) Liquidity risk

Liquidity risk relates to the ability to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due at a reasonable cost.

In addition to full compliance of all liquidity requirements, the management of the Bank closely monitors all inflows and outflows and the maturity gaps through periodical reporting. Movements in loans and customers' deposits are monitored and liquidity requirements adjusted to ensure sufficient liquid assets to meet its financial commitments and obligations as and when they fall due.

The following table provides an analysis of the liquidity gap of the Bank into relevant maturity groupings based on the remaining periods to repayment. The table does not include imputed interests on financial assets and financial liabilities as the efforts to compute the imputed interest outweigh disclosure benefits. The management considers that the imputed interest receivables from loans are greater than imputed interest payables to customers on deposits and borrowings due to their sizes and interest rates. Hence, the liquidity gap when including the imputed interest is favorable to the Bank.

Although the table shows a negative liquidity gap, based on past experience, the management believes that customers will not withdraw their deposits according to the maturity. The deposits keep rolling from one cycle to another. Therefore, management believes that underlying liquidity risk is manageable.

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	No fixed terms US\$	Total US\$
31 December 2017							
Asset							
Cash on hand	68,986,300	-	-	-	-	-	68,986,300
Balance with the NBC	35,222,915	3,046,792	-	-	-	169,019,657	207,289,364
Balance with other banks	54,435,206	25,600,021	4,888,668	-	-	-	84,923,895
Loans to customers							
- Performing	17,947,345	38,191,721	109,666,278	743,255,199	316,856,178	-	1,225,916,721
- Non-performing	874,576	157,511	1,861,968	5,845,671	1,024,116	-	9,763,842
- Specific allowance	-	-	-	-	-	(4,464,450)	(4,464,450)
- General allowance	-	-	-	-	-	(12,217,831)	(12,217,831)
- Interest receivable	-	-	-	-	-	9,135,475	9,135,475
- Interest in suspense	-	-	-	-	-	(760,936)	(760,936)
Investment securities	-	-	5,755,133	11,094,499	-	-	16,849,632
Other assets	10,227,341	22,100	1,563,468	449,201	1,341,080	259,064	13,862,254
	<u>187,693,683</u>	<u>67,018,145</u>	<u>123,735,515</u>	<u>760,644,570</u>	<u>319,221,374</u>	<u>160,970,979</u>	<u>1,619,284,266</u>
Liabilities							
Deposits from customers	626,573,942	148,586,323	437,513,700	51,819,379	-	-	1,264,493,344
Borrowings	15,000,000	-	4,999,999	66,500,002	-	-	86,500,001
Subordinated debts	-	-	-	10,000,000	45,000,000	-	55,000,000
Other liabilities	22,114,413	-	-	-	-	-	22,114,413
	<u>663,688,355</u>	<u>148,586,323</u>	<u>442,513,699</u>	<u>128,319,381</u>	<u>45,000,000</u>	<u>-</u>	<u>1,428,107,758</u>
Liquidity gap	<u>(475,994,672)</u>	<u>(81,568,178)</u>	<u>(318,778,184)</u>	<u>632,325,189</u>	<u>274,221,374</u>	<u>160,970,979</u>	<u>191,176,508</u>

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Up to 1 month US\$	> 1 – 3 months US\$	> 3 – 12 months US\$	1 – 5 years US\$	Over 5 years US\$	No fixed terms US\$	Total US\$
31 December 2016							
Asset							
Cash on hand	41,622,955	-	-	-	-	-	41,622,955
Balance with the NBC	34,831,566	2,494,105	-	-	-	108,725,176	146,050,847
Balance with other banks	35,190,091	8,453,182	30,557,093	3,366,501	-	-	77,566,867
Loans to customers							
- Performing	12,528,394	33,113,135	129,444,332	458,026,276	154,216,253	-	787,328,390
- Non-performing	312,546	35,341	175,731	956,218	247,356	-	1,727,192
- Specific allowance	-	-	-	-	-	(676,322)	(676,322)
- General allowance	-	-	-	-	-	(9,253,587)	(9,253,587)
- Interest receivable	-	-	-	-	-	5,576,562	5,576,562
- Interest in suspense	-	-	-	-	-	(140,408)	(140,408)
Investment securities	-	-	-	21,994,638	3,378,408	-	25,373,046
Other assets	2,547,737	1,000	1,925,770	500,191	911,840	842,308	6,728,846
	127,033,289	44,096,763	162,102,926	484,843,824	158,753,857	105,073,729	1,081,904,388
Liabilities							
Deposits from customers	355,096,927	130,227,226	331,775,768	38,721,328	-	-	855,821,249
Borrowings	25,000,000	8,000,000	2,499,999	32,500,001	-	-	68,000,000
Subordinated debt	-	-	-	-	25,000,000	-	25,000,000
Other liabilities	12,851,061	-	-	-	-	-	12,851,061
	392,947,988	138,227,226	334,275,767	71,221,329	25,000,000	-	961,672,310
Liquidity gap	(265,914,699)	(94,130,463)	(172,172,841)	413,622,495	133,753,857	105,073,729	120,232,078

ADVANCED BANK OF ASIA LIMITED

30. FINANCIAL RISK MANAGEMENT (continued)

(e) Capital management

(i) Regulatory capital

The Bank's lead regulator, the National Bank of Cambodia, sets and monitors capital requirements for the Bank as a whole.

The Bank's policy is to maintain a strong capital base so as to maintain market confidence and to sustain further development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognized the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The Bank has complied with all regulatory imposed capital requirement throughout the year.

On 22 March 2016, the National Bank of Cambodia issued a Prakas No. B7-016-117-ProKor, requiring locally incorporated commercial banks and subsidiaries of foreign banks to increase the minimal registered capital to at least KHR 300 billion (approximately US\$75 million). Banks are required to fulfil this requirement within two years from the date of the Prakas. As at 31 December 2017, the Bank capital exceeds the required capital threshold.

(ii) Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital.

31. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The Bank did not have financial instruments measured at fair value.

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Bank's financial assets and liabilities. Fair values, therefore, are not presented in the financial statements.

32. CURRENT AND NON-CURRENT

Management presents the financial statements based on liquidity. Information about short-term and long-term of assets and liabilities are disclosed in the financial risk management section. Property and equipment, intangible assets and deferred tax assets are non-current assets. Current income tax payable is current liability.

ADVANCED BANK OF ASIA LIMITED

33. EVENTS AFTER THE REPORTING PERIOD

On 16 February 2018, the NBC issued a Circular No. B7-018-001 on the Implementation of Prakas on Credit Risk Grading and Impairment Provisioning, which clarifies the classification and impairment provisioning for short-term credit facilities as follows, among other clarifications:

Classification	Number of past due days	Allowance
Normal	14 days or less	1%
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	91 days or more	100%

In addition, banks and financial institutions shall provide allowance on off-balance sheet items in accordance with the detailed guidelines in the Circular. The Circular is effective from 16 February 2018.

SECTION 11: FREQUENT CONTACT FINANCIAL INSTITUTION

Generally, the Issuer, as a financial institution, primarily relies on bank borrowings and shareholder lending for its funding in addition to deposits. Below is the list of frequent contact financial institutions:

No.	Name of Institution	Description	Purpose
1	AfrAsia Bank, Mauritius	Short-term borrowings	Liquidity support for general bank purposes
2	ICBC, Cambodia	Short-term borrowings	
3	RHB, Malaysia	Short-term borrowings	
4	Maybank, Malaysia	Short-term borrowings	
5	Taiwan Cooperative Bank, Taiwan	Syndicated loans and short-term borrowings	
6	First Commercial Bank, Taiwan	Syndicated loans and short-term borrowings	
7	Shanghai Commercial and Savings Bank, Hong Kong	Short-term borrowings	
8	Commerzbank, Germany	Short-term borrowings and placements	Liquidity support and liquidity management
9	Woori Bank, Korea	Short-term borrowings and placements	
10	IFC, USA	Long-term borrowings	Long-term borrowings for general bank purposes
11	DEG, Germany	Long-term borrowings	
12	Proparco, France	Long-term borrowings	
13	National Bank of Canada, Canada	Subordinated debt	Liquidity support and capital support
14	DBS Bank, Singapore	Short-term placements	Liquidity management

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SECTION 12: SUBSCRIPTION FORM



លេខបរិសកម្ម:
Subscription No.: _____

កាលបរិច្ឆេទ:
Date: _____

**ពាក្យស្នើសុំធ្វើបរិសកម្មសញ្ញាបណ្ណសាជីវកម្ម
APPLICATION FORM TO SUBSCRIBE CORPORATE BONDS**

ព័ត៌មានពាក់ព័ន្ធនឹងក្រុមហ៊ុនបោះផ្សាយ ក្រុមហ៊ុនធានាទិញមូលបត្រ និងសញ្ញាបណ្ណសាជីវកម្ម
INFORMATION RELATED TO ISSUER, UNDERWRITER & CORPORATE BONDS

ក្រុមហ៊ុនបោះផ្សាយ Issuer	ក្រុមហ៊ុន : ធនាគារ វឌ្ឍនៈ អាស៊ី ចំកាត់ (ធនាគារ ABA) Company : Advanced Bank of Asia Limited (“ABA Bank”)
ក្រុមហ៊ុនធានាទិញមូលបត្រ Underwriter	ក្រុមហ៊ុន : អេសប៊ីអាយ រ៉ូយ៉ាល់ ស៊ីយូរីធី ភីអិលស៊ី Company : SBI Royal Securities Plc. (“SBIR”)

វិនិយោគិន គួរអាន និងយល់ពីខ្លឹមសារនៃ ឯកសារផ្តល់ព័ត៌មានដែលមានភ្ជាប់របស់ ធនាគារ វឌ្ឍនៈអាស៊ី ចំកាត់ មុនពេលដាក់ពាក្យស្នើសុំធ្វើបរិសកម្មសញ្ញាបណ្ណ។ ប្រសិនបើ លោកអ្នកមានចម្ងល់ ឬមន្ទិលសង្ស័យ លោកអ្នក អាចប្រឹក្សាជាមួយទីប្រឹក្សាផ្នែកច្បាប់ ផ្នែកហិរញ្ញវត្ថុ ឬទីប្រឹក្សាជំនាញឯករាជ្យ ដទៃទៀតរបស់លោកអ្នក។

Prior to filling in this application, investors are advised to read and understand the contents of the attached Disclosure Document of Advanced Bank of Asia Limited. If you have any doubt on matters contained herein, please consult with your legal, financial or other independent professional advisers.

សញ្ញាបណ្ណរបស់ធនាគារ ABA ដែលមានឈ្មោះថា “សញ្ញាបណ្ណសាជីវកម្ម អេប៊ីអេ” នឹងត្រូវធ្វើសំណើលក់ក្នុងទំហំទឹកប្រាក់ចំនួនសរុប ១២៨ ពាន់លានរៀល (ស្មើនឹង ១.២៨០.០០០ សញ្ញាបណ្ណ)។ អត្រាការប្រាក់ថេរក្នុងមួយឆ្នាំ គឺ ៧,៧៥% សម្រាប់រយៈពេលបីឆ្នាំ (គិតចាប់ពី ឆ្នាំ២០១៩ ដល់ ឆ្នាំ២០២២)។ អត្រាការប្រាក់ នឹងត្រូវគិតចាប់ពីថ្ងៃទី១៤ ខែសីហា ឆ្នាំ២០១៩ ដែលត្រូវបង់ពីរដងក្នុងមួយឆ្នាំ គឺនៅថ្ងៃទី១៤ ខែកុម្ភៈ និងថ្ងៃទី១៤ ខែសីហា ជាដើមរាល់ឆ្នាំ ហើយដែលការបង់ការប្រាក់លើកដំបូង នៅថ្ងៃទី១៤ ខែកុម្ភៈ ឆ្នាំ ២០២០។ សញ្ញាបណ្ណនេះមានតម្លៃប្រាក់ ១០០.០០០ រៀលក្នុងមួយសញ្ញាបណ្ណ។ ការទូទាត់សងសញ្ញាបណ្ណនេះវិញ ធ្វើឡើងដោយកាត់កងពន្ធដែលពាក់ព័ន្ធ និងត្រូវអនុវត្តតាមពន្ធនានានៃព្រះរាជាណាចក្រកម្ពុជា។

The bonds of ABA, namely “ABA Bond” will be offered in an aggregate total principal amount of KHR 128 billion (1,280,000 bonds). The interest rate per annum is 7.75% for three years (2019-2022) and bears interest from 14 August 2019, payable semi-annually in arrears on 14 February and 14 August of each year, with the first payment to be made on 14 February 2020. The bonds have a nominal value of KHR 100,000 per bond. Payment on the Bonds will be made subject to deductions for or on account of taxes of Cambodia.

ការធ្វើបរិសកម្មសញ្ញាបណ្ណ ត្រូវមានចំនួនទឹកប្រាក់អប្បបរមា ៨០០ លានរៀល សម្រាប់វិនិយោគិនស្ថាប័ន និង៤ លានរៀល សម្រាប់វិនិយោគិនរូបវន្តបុគ្គល។ ករណីការធ្វើបរិសកម្មមានចំនួនច្រើនជាងចំនួនអប្បបរមានៃចំនួនសញ្ញាបណ្ណដែលបានកំណត់ ការធ្វើបរិសកម្ម គឺស្មើនឹងចំនួនអប្បបរមា បូកនឹងមេគុណនៃ ២០០ លាន រៀល សម្រាប់វិនិយោគិនស្ថាប័ន និង ១ លានរៀល សម្រាប់វិនិយោគិនរូបវន្តបុគ្គល ។

The minimum application amount is KHR 800 Million for institutional investors and 4 Million for retail investors. If investors wish to subscribe more than the minimum amount as mentioned above, the subscription shall equal to the minimum plus a multiple of KHR 200 Million for institutional investors and 1 million for retails investors.

ព័ត៌មានពាក់ព័ន្ធនឹងវិនិយោគិន/ INFORMATION RELATED TO INVESTOR

ឈ្មោះជាអក្សរខ្មែរ/ Name in Khmer			
ឈ្មោះជាអក្សរឡាតាំង/ Name in Latin			
លេខអត្តសញ្ញាណវិនិយោគិន/ Investor ID No.		លេខគណនីជួញដូរ/ Trading Account No.	
ក្រុមហ៊ុនមូលបត្រ/ Name of Securities Firm			
អាសយដ្ឋានទំនាក់ទំនង/ Address			

ក. វិនិយោគិនជាបុគ្គល
A. For Individual:

<input type="checkbox"/> សញ្ជាតិខ្មែរ/ Cambodian	<input type="checkbox"/> មិនមែនសញ្ជាតិខ្មែរ/ Non-Cambodian	សញ្ជាតិ/ Nationality:.....
<input type="checkbox"/> ប្រុស/ Male	<input type="checkbox"/> ស្រី/ Female	ថ្ងៃខែឆ្នាំកំណើត/ Date of Birth: DD / MM / YYYY
លេខទូរស័ព្ទ/ Contact No.		
អ៊ីម៉ែល/ Email		

ខ. វិនិយោគិនជាស្ថិតិបុគ្គល
B. For Legal Entity:

លេខចុះបញ្ជីពាណិជ្ជកម្ម/ Company Registration No.			
កាលបរិច្ឆេទចុះបញ្ជីពាណិជ្ជកម្ម/ Date of Incorporation			
លេខទូរស័ព្ទ/ Contact No.	លេខទូរសារ/ Fax No.		
អ៊ីម៉ែល/ Email	គេហទំព័រ/ Website		
លេខអត្តសញ្ញាណកម្មសារពើពន្ធ (បើមាន)/ Tax ID No. (if any):.....			
ឈ្មោះអ្នកតំណាង/ Name of authorized representative			
ថ្ងៃខែឆ្នាំកំណើត/ Date of Birth: DD / MM / YYYY	មុខដំណែង/ Position:.....		
<input type="checkbox"/> សញ្ជាតិខ្មែរ/ Cambodian	<input type="checkbox"/> មិនមែនសញ្ជាតិខ្មែរ/ Non-Cambodian	សញ្ជាតិ/ Nationality:.....	
លេខទូរស័ព្ទ/ Contact No.	អ៊ីម៉ែល/ Email		
អាសយដ្ឋានបច្ចុប្បន្ន/ Current Address			

សម្គាល់៖ នីតិបុគ្គលអាចចូលរួមធ្វើបរិសកម្មតាមរយៈតំណាងរបស់ខ្លួនបាន ដោយមានលិខិតប្រគល់សិទ្ធិដែលមានបញ្ជាក់ពីភាពត្រឹមត្រូវ/ Note: Legal Entity can participate in the subscription through its authorized representative by having a valid certified authorization letter.

វិនិយោគិនថ្មីសុំធ្វើបរិសកម្ម/SUBSCRIPTION OFFER FOR NEW INVESTORS

ចំនួនសញ្ញាបណ្ណបោះផ្សាយលក់សរុបដែលស្នើសុំធ្វើបរិសកម្ម (១) Total Number of offered Bonds for Subscription (1)	សញ្ញាបណ្ណ Bond(s)
អត្រាកូប៉ុងនៃសញ្ញាបណ្ណ Coupon Rate	
ថ្លៃលក់ក្នុងមួយសញ្ញាបណ្ណបោះផ្សាយលក់ (២) Price Per Bond (2)	១០០.០០០រៀល (~២៥ដុល្លារអាមេរិក) ក្នុងមួយ សញ្ញាបណ្ណ KHR 100,000 (~ USD 25.00) per bond
ចំនួនទឹកប្រាក់សរុបដែលត្រូវទូទាត់សម្រាប់ការស្នើសុំធ្វើបរិសកម្ម (១) X (២) Total Value for Subscription (1) X (2)	
ចំនួនទឹកប្រាក់តម្កល់ជាក់ស្តែងសម្រាប់ការស្នើសុំធ្វើបរិសកម្ម* Actual Deposit in Subscription	

ខ្ញុំសូមដាក់ប្រាក់តម្កល់ ១០០ ភាគរយ សម្រាប់ទូទាត់ (មួយរយ)សញ្ញាបណ្ណ ដែលខ្ញុំបានធ្វើបរិសកម្មខាងលើនេះ
I would like to deposit 100% on the Bond I have subscribed above as:

ប្រាក់សុទ្ធ/ Cash
 មូលប្បទានបត្រ/ Checks
 បណ្ណតំណទាន/ Credit Card
 គណនីធនាគារ/ Bank Account

គណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់នៅធនាគារអេស៊ីប៊ីដា
The accounts for the deposit at ACLEDA Bank
(SWIFT Code: ACLBKHPP)

លេខគណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់ Account Number for Deposit	ឈ្មោះគណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់ Account Name for Deposit	រូបិយប័ណ្ណ Currency
00010267105638	ធនាគារ វឌ្ឍនៈ អាស៊ី ចំកាត់ - គណនីបរិសកម្ម ADVANCED BANK OF ASIA LIMITED - Subscription Account	ប្រាក់រៀល KHR

ព័ត៌មានពាក់ព័ន្ធនឹងការផ្ទេរប្រាក់កក់/REFUND INFORMATION

ករណីខ្ញុំ មិនទទួលបានសញ្ញាបណ្ណ ទៅតាមការធ្វើបរិសកម្ម ខ្ញុំមានបំណងទទួលប្រាក់ដែលនៅសល់ (ក្រោយពីការដកចេញនូវរាល់ការចំណាយប្រសិនបើមាន) ដែលខ្ញុំបានតម្កល់ក្នុងគណនីក្រុមហ៊ុនបោះផ្សាយក្នុងការធ្វើបរិសកម្ម តាមវិធីណាមួយដូចខាងក្រោម៖

In case I do not receive the full amount of the offered Bonds that I subscribe, I would like to receive the remainder of the subscription deposit (deduct all the expenses, if any) that I have deposited into the Issuer's Account during the subscription process by one of the following means:

<input type="checkbox"/>	ផ្ទេរត្រឡប់ទៅគណនីជួញដូរ/Refund to trading account
<input type="checkbox"/>	ដកជាសាច់ប្រាក់/Refund by cash (នៅទីស្នាក់ការធនាគារ អេស៊ីប៊ីដា/at ACLEDA Bank)
<input type="checkbox"/>	ផ្ទេរទៅគណនីធនាគារ/Refund to bank account (ក្រោយការដកចេញចំណាយពាក់ព័ន្ធសម្រាប់ការផ្ទេរ ប្រសិនបើមាន/After deduction of related charges for such transfer, if any)

ឈ្មោះធនាគារ Bank Name	សាខា Branch	ប្រភេទគណនី Account Type	ឈ្មោះគណនី Account Name	លេខគណនី Account No.	រូបិយប័ណ្ណ Currency

លេខកូដស្វីហ្វបសម្រាប់គណនីក្រៅប្រទេស (SWIFT Code for international transfer):.....

សម្គាល់៖ សូមបញ្ជាក់ថា នៅពេលធ្វើប្រាក់កក់ត្រឡប់ទៅវិនិយោគិនវិញ ម្ចាស់គណនីដែលទទួលត្រូវតែជាបុគ្គលតែមួយ។ គណនីរួមមិនត្រូវបានអនុញ្ញាត និងមិនត្រូវបានទទួលស្គាល់ទេ។

Please note that when making the refund, the account owner must be the same person. Joint accounts are not allowed and will not be accepted.

វិនិយោគិនត្រូវភ្ជាប់ឯកសារដូចខាងក្រោម/INVESTOR SHALL ATTACH DOCUMENTS BELOW
<input type="checkbox"/> វិក្កយបត្រតម្កល់ប្រាក់/Deposit Slip <input type="checkbox"/> លិខិតប្រគល់សិទ្ធិត្រឹមត្រូវ/Authorized Letter (សម្រាប់នីតិបុគ្គល/For legal entity only)

សេចក្តីថ្លែងរបស់វិនិយោគិនដែលធ្វើបរិសកម្ម/STATEMENT OF SUBSCRIBER

នៅក្នុងការធ្វើបរិសកម្មសញ្ញាបណ្ណបោះផ្សាយលក់នេះ ខ្ញុំ/យើងខ្ញុំបានទទួល ឯកសារផ្តល់ព័ត៌មានក្នុងទម្រង់ជា៖/ In subscribing to the offered Bonds, I/we hereby receive the Disclosure Document in the form of:

- ច្បាប់ថតចម្លង/Hard copy ឧបករណ៍ផ្ទុក/Electronic storage device អ៊ីម៉ែល/Email
- តាមរយៈគេហទំព័រ/Website ផ្សេងៗ/Others

ការធ្វើបរិសកម្ម និងការទូទាត់ធ្វើឡើងដោយអ្នកធ្វើបរិសកម្ម ត្រូវតែស្របទៅតាមលក្ខខណ្ឌដែលមានចែងក្នុង ឯកសារផ្តល់ព័ត៌មាន។ ខ្ញុំ/យើង យល់ព្រម និងទទួលស្គាល់ថា ធនាគារ ABA មានសិទ្ធិបដិសេធក្នុងករណីដែលការស្នើសុំធ្វើបរិសកម្មណាមួយមិនគោរពតាមលក្ខខណ្ឌតម្រូវ។ ខ្ញុំ/យើង យល់ព្រមទិញសញ្ញាបណ្ណបោះផ្សាយលក់ក្នុងចំនួនដូចបានកំណត់ខាងលើ ឬចំនួនសញ្ញាបណ្ណបោះផ្សាយលក់ដែលក្រុមហ៊ុនបានបែងចែកមកឲ្យខ្ញុំ/យើង។ ខ្ញុំ/យើង សូមសន្យាថា មិនលុបចោលការធ្វើបរិសកម្មរបស់ខ្ញុំ/យើងទេ និងយល់ព្រមទទួលប្រាក់សងត្រឡប់មកវិញ ករណីដែលការធ្វើបរិសកម្មត្រូវបានបដិសេធា។ ខ្ញុំ/យើង យល់ស្របតាមលក្ខខណ្ឌនៃសំណើបោះផ្សាយលក់សញ្ញាបណ្ណ ដូចមានចែងក្នុង ឯកសារផ្តល់ព័ត៌មាន។ ខ្ញុំ/យើង ទទួលស្គាល់ផងដែរថា ការវិនិយោគលើសញ្ញាបណ្ណបោះផ្សាយលក់មានហានិភ័យពាក់ព័ន្ធ។

The subscription and payment made by subscriber shall be in accordance with the terms and conditions specified in the Disclosure Document. I/We hereby agree and acknowledge that ABA Bank is entitled to refuse if any subscription does not comply with the said terms and conditions. I/we undertake to purchase the number of offered Bonds as stated above or the number of offered Bonds allotted to me/us. I/We shall not cancel my subscription, and will accept refund if the subscription is refused. I/We also hereby agree with the terms and conditions of the offered Bonds as specified in the Disclosure Document. I also acknowledge that the investment in the offered Bonds can be volatile.

ខ្ញុំ/យើងសូមអះអាងថា ខ្ញុំ/យើង បានអាន ឯកសារផ្តល់ព័ត៌មានដោយម៉ត់ចត់ និងយល់ព្រមលើលក្ខខណ្ឌ និងព័ត៌មានដែលមានក្នុង ឯកសារផ្តល់ព័ត៌មាននេះ មុនពេលធ្វើបរិសកម្មសញ្ញាបណ្ណបោះផ្សាយលក់ និងមិនមានការបញ្ចុះបញ្ចូលដោយភាគីណាមួយទេ។

I/we hereby declare that I have read and accepted the terms and conditions and information contained in the Disclosure Document before applying such offered Bonds and have not relied on any party.

ហត្ថលេខា ឬ/និងត្រាស់ម្រាប់នីតិបុគ្គល Signature or/and Stamp for Legal Entity	ហត្ថលេខា Signature	ហត្ថលេខា និងត្រា Signature and Stamp
ឈ្មោះវិនិយោគិន/ Investor's Name:	ឈ្មោះភ្នាក់ងារក្រុមហ៊ុនមូលបត្រ/ Securities Representative's Name:	ឈ្មោះប្រធានភ្នាក់ងារក្រុមហ៊ុនមូលបត្រ ឬនាយក ប្រតិបត្តិ ក្រុមហ៊ុនធានាទិញមូលបត្រ/ Head of Securities Representative or CEO:

* ក្រុមហ៊ុនធានាទិញមូលបត្រ ត្រូវពន្យល់វិនិយោគិនអំពីខ្លឹមសារនៃសេវាបរិស្ថានដែលមានចែងដូចខាងក្រោមនេះ៖
The Underwriter shall explain to the undersigned Investor the terms of the Subscription Service prescribed hereunder.

** វិនិយោគិន ទទួលខុសត្រូវលើលទ្ធផល និងរាល់ហេតុការណ៍ទាំងឡាយដែលកើតឡើង ឬដែលអាចនឹងកើតឡើងពាក់ព័ន្ធនឹងការធ្វើបរិស្ថាន-កម្មសញ្ញាបណ្ណបោះផ្សាយលក់របស់ ធនាគារ ABA ហើយក្រុមហ៊ុនធានាទិញមូលបត្រ មិនទទួលខុសត្រូវលើលទ្ធផល និងរាល់ហេតុការណ៍ទាំងនោះទេ។
The undersigned Investor hereby assumes full responsibility for the outcome and all the matters that arise or eventuate in connection with the Subscription process of ABA Bank's Corporate Bond offering, and the Underwriter does not and shall not take any responsibility with respect to such outcome or matters.

**សេវាបរិស្ថាន
SUBSCRIPTION SERVICE**

វិនិយោគិន និងក្រុមហ៊ុនធានាទិញមូលបត្រ បានអាន និងយល់ព្រមលើលក្ខខណ្ឌនៃសេវាបរិស្ថានដូចខាងក្រោម/ The Investor and the Underwriter have hereby reviewed and agreed on the following terms and conditions of this Subscription Service:

១. វិធីសាស្ត្រធ្វើបរិស្ថាន / 1. METHOD FOR SUBSCRIPTION

១.១ ក្រុមហ៊ុនធានាទិញមូលបត្រ នឹងផ្តល់ ឯកសារផ្តល់ព័ត៌មានដែលចុះបញ្ជី និងទម្រង់បរិស្ថានដល់វិនិយោគិន។

1.1 The Underwriter will provide the registered Disclosure Document and Subscription Forms to investors.

១.២ មុនពេលធ្វើបរិស្ថានកម្មសញ្ញាបណ្ណវិនិយោគិនត្រូវមានលេខអត្តសញ្ញាណវិនិយោគិន និងគណនីមូលបត្រវិនិយោគិនក្នុងស្រុក និងក្រៅស្រុកគួរទាក់ទងក្រុមហ៊ុនធានាទិញមូលបត្រ ឬក្រុមហ៊ុនមូលបត្រណាមួយ ដើម្បីបើកគណនីមូលបត្រ និងទទួលយកលេខអត្តសញ្ញាណវិនិយោគិនពី គ.ម.ក។

1.2 Before subscribing the Bonds, investors shall have investors ID and Securities Trading Account. Local or offshore investors approach the Underwriter or any securities firm to open a securities account and obtain an investor ID from the SECC.

១.៣ ឯកសារតម្រូវសម្រាប់បើកគណនីមូលបត្រនៅក្រុមហ៊ុន អេសប៊ីអាយ រ៉ូយាល់ ស៊ីយូរីធី ភីអិលស៊ី (សំរាប់វិនិយោគិនរូបវន្តបុគ្គល)

<u>ពាក្យស្នើសុំ៖</u>	<u>ស្ថានភាព</u>
• ពាក្យស្នើសុំលេខអត្តសញ្ញាណវិនិយោគិន (ទម្រង់ ក)	ច្បាប់ដើម ១ច្បាប់
• ពាក្យស្នើសុំបើកគណនីរូបវន្តបុគ្គល	ច្បាប់ដើម ១ច្បាប់
• គំរូហត្ថលេខាសម្រាប់ពាក្យស្នើសុំបើកគណនីរូបវន្តបុគ្គល	ច្បាប់ដើម ១ច្បាប់
• ពាក្យស្នើសុំប្រើប្រាស់សេវាព័ត៌មានតាមគេហទំព័រ	ច្បាប់ដើម ១ច្បាប់
• កិច្ចព្រមព្រៀងអតិថិជន	ច្បាប់ដើម ២ច្បាប់
<u>ឯកសារតម្រូវ៖</u>	<u>ស្ថានភាព</u>
• អត្តសញ្ញាណប័ណ្ណ ឬលិខិតឆ្លងដែន	ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
• លិខិតបញ្ជាក់ពីធនាគារ	ច្បាប់ដើម ១ច្បាប់
• រូបថត	២សន្លឹក (ទំហំលិខិតឆ្លងដែន)
• កម្រៃសេវាចំពោះលេខអត្តសញ្ញាណវិនិយោគិនសម្រាប់វិនិយោគិនរូបវន្តបុគ្គល	២០.០០០រៀល ឬ៥ដុល្លារអាមេរិក

1.3 Required Documents for Securities Trading Account Opening with SBI Royal Securities Plc (For Individual Investors)

<u>Required Application Forms:</u>	<u>Status</u>
• Investor Identification Number Application Form (Form A)	1 Original Copy
• Application for Individual Account Opening	1 Original Copy
• Specimen Signature for Individual Account Opening	1 Original Copy
• Application For Web-based Information Service	1 Original Copy
• Client Agreement	2 Original Copies
<u>Required Documents:</u>	<u>Status</u>
• ID Card or Passport	1 Certified True Copy
• Bank Reference Letter	1 Original Copy
• Photo	2 (Passport Size)
• Fee for Investor ID for Individual Investor	KHR 20,000 or USD 5.00

១.៤ ឯកសារតម្រូវសម្រាប់បើកគណនីមូលបត្រនៅក្រុមហ៊ុន អេសប៊ីអាយ រ៉ូយាល់ ស៊ីយូរីធី ភីអិលស៊ី (សំរាប់វិនិយោគិនស្ថាប័ន)

<u>ពាក្យស្នើសុំ៖</u>	<u>ស្ថានភាព</u>
• ពាក្យស្នើសុំលេខអត្តសញ្ញាណវិនិយោគិន (ទម្រង់ ខ)	ច្បាប់ដើម ១ច្បាប់
• ពាក្យស្នើសុំបើកគណនីសម្រាប់នីតិបុគ្គល	ច្បាប់ដើម ១ច្បាប់
• គំរូហត្ថលេខាសម្រាប់ពាក្យស្នើសុំបើកគណនីសម្រាប់នីតិបុគ្គល	ច្បាប់ដើម ១ច្បាប់
• ពាក្យស្នើសុំប្រើប្រាស់សេវាព័ត៌មានតាមគេហទំព័រ	ច្បាប់ដើម ១ច្បាប់
• កិច្ចព្រមព្រៀងអតិថិជន	ច្បាប់ដើម ២ច្បាប់
<u>ឯកសារតម្រូវ៖</u>	<u>ស្ថានភាព</u>
• លក្ខន្តិកៈក្រុមហ៊ុន	ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
• វិញ្ញាបនបត្រចុះបញ្ជីពាណិជ្ជកម្ម	ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
• អាជ្ញាប័ណ្ណអាជីវកម្ម	ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
• សេចក្តីសម្រេចរបស់ក្រុមប្រឹក្សាភិបាល	ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
• លិខិតផ្ទេរសិទ្ធិ	ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
• តារាងបញ្ជីឈ្មោះនាយក និងភាគហ៊ុនិក	ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
• វិញ្ញាបនបត្រពន្ធព័ត៌មាន ឬពន្ធនានា	ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
• អត្តសញ្ញាណប័ណ្ណ ឬលិខិតឆ្លងដែននៃអ្នកតំណាង	ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
• លិខិតបញ្ជាក់ពីធនាគារ	ច្បាប់ដើម ១ច្បាប់
• រូបថតអ្នកតំណាង	២សន្លឹក (ទំហំលិខិតឆ្លងដែន)
• កម្រៃសេវាចំពោះលេខអត្តសញ្ញាណវិនិយោគិនជានីតិបុគ្គល	៥០.០០០រៀល ឬ១៣ដុល្លារអាមេរិក

1.4 Required Documents for Securities Trading Account Opening with SBI Royal Securities Plc (For Institutional Investors)

Required Application Forms:

• Investor Identification Number Application Form (Form B)	1 Original Copy
• Application for Legal Entity Account Opening	1 Original Copy
• Specimen Signature for Legal Entity Account Opening	1 Original Copy
• Application For Web-based Information Service	1 Original Copy
• Client Agreement	2 Original Copies

Required Documents:

• Memorandum and Articles of Association	1 Certified True Copy
• Certificate of Incorporation	1 Certified True Copy
• Business License	1 Certified True Copy
• Board Resolution	1 Certified True Copy
• Power of Attorney	1 Certified True Copy
• List of Directors & Shareholders	1 Certified True Copy
• Patent or Tax Certificate	1 Certified True Copy
• ID card or Passport of Company's Representative	1 Certified True Copy
• Bank Reference Letter	1 Original Copy
• Photo of representative	2 (passport size)
• Fee for Investor ID for Institutional Investor	KHR 50,000 or USD 13

សម្គាល់៖ ឯកសារតម្រូវទាំងអស់ត្រូវបញ្ជាក់ពីមន្ទីរសារការី ក្នុងករណីដែលមិនបានបង្ហាញឯកសារច្បាប់ដើម។

Note: Without showing original document, all required documents shall be notarized by Notary Public.

១.៥ វិនិយោគិននីមួយៗ ត្រូវបំពេញពាក្យស្នើសុំធ្វើបរិសកម្មឱ្យបានត្រឹមត្រូវ ច្បាស់លាស់ និងពេញលេញ និងត្រូវបោះត្រាក្រុមហ៊ុនប្រសិនបើមាន។

1.5 Each investor shall duly, completely and clearly fill in and sign the subscription form and affix the company seal (if any) thereto.

១.៦ វិនិយោគិន ត្រូវដាក់ជូននូវពាក្យស្នើសុំធ្វើបរិសកម្ម ដែលខ្លួនបានបំពេញចប់ ទៅឱ្យក្រុមហ៊ុនធានាទិញមូលបត្រ នៅការិយាល័យរបស់ក្រុមហ៊ុនធានាទិញមូលបត្រនៅអំឡុងពេលថ្ងៃ និងម៉ោងធ្វើការ ក្នុងរយៈពេលធ្វើបរិសកម្ម។

1.6 Investors shall submit the completed subscription form to the Underwriter at its office during the business hours/days during the Subscription Period.

១.៧ ការធ្វើបរិសកម្មលើសញ្ញាបណ្ណបន្ថែម គឺអាស្រ័យលើការប្រកួតប្រជែងជាមួយអ្នកធ្វើបរិសកម្មដទៃទៀត។ ការបែងចែកសញ្ញាបណ្ណដែលនៅសល់ គឺស្ថិតក្រោមការសម្រេចចិត្តរបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងក្រុមហ៊ុនបោះផ្សាយតែប៉ុណ្ណោះ។

1.7 The additional bond subscription will be subject to the competition with other subscribers. The allocation of the remaining bonds in subscription is at the discretion of the Underwriter and Issuer.

១.៨ វិនិយោគិន អាចដាក់ប្រាក់វិនិយោគដោយផ្ទាល់ ទៅក្នុងគណនីធានាការបរិសកម្មរបស់ក្រុមហ៊ុនបោះផ្សាយ ដោយមិនចាំបាច់បើកគណនីធានាការក្នុងស្រុកឡើយ។

1.8 Investors may deposit money for investment directly into Issuer's Subscription Bank Account without having to open a local bank account.

១.៩ វិនិយោគិន ត្រូវធ្វើការទូទាត់ការធ្វើបរិសកម្មសម្រាប់សញ្ញាបណ្ណនេះទាំងស្រុងនៅកាលបរិច្ឆេទធ្វើបរិសកម្មទៅក្នុងគណនីដូចខាងក្រោម:

1.9 Subscription payments for the Bonds shall be made by investors on the date of subscription in full in the following accounts:

គណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់នៅធនាគារអេស៊ីលីដា
 The accounts for the deposit at ACLEDA Bank
 (SWIFT Code: ACLBKHPP)

លេខគណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់ Account Number for Deposit	ឈ្មោះគណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់ Account Name for Deposit	រូបិយប័ណ្ណ Currency
00010267105638	ធនាគារ វឌ្ឍនៈ អាស៊ី ចំកាត់ - គណនីបរិស្ថាន ADVANCED BANK OF ASIA LIMITED – Subscription Account	ប្រាក់រៀល KHR

១.១០ វិនិយោគិនដែលបានដាក់ពាក្យស្នើសុំធ្វើបរិស្ថាន និងបានបង់ប្រាក់សម្រាប់ការធ្វើបរិស្ថាន មិនអាចលុបចោលការធ្វើបរិស្ថាន ឬស្នើសុំ
 ការបង្វិលប្រាក់ដែលទូទាត់លើការធ្វើបរិស្ថានត្រឡប់វិញបានឡើយ លើកលែងតែមានចែងក្នុងប្រការ២.៣ខាងក្រោម។

1.10 Investors who have submitted their subscription forms and made payments for their subscriptions may not cancel their subscriptions or request a refund of their subscription payments, except as specified below in Clause 2.3.

១.១១ ប្រសិនបើមានព្រឹត្តិការណ៍អ្វីមួយ ដែលបណ្តាលឱ្យក្រុមហ៊ុនបោះផ្សាយពន្យារពេល ឬលុបចោលការធ្វើសំណើលក់សញ្ញាបណ្ណ ឬមិនអាច
 បោះផ្សាយលក់ ឬចែកចាយសញ្ញាបណ្ណនេះដល់វិនិយោគិននោះទេ វិនិយោគិនដែលបានធ្វើបរិស្ថាន និងបានបង់ប្រាក់សម្រាប់សញ្ញា
 បណ្ណនេះ នឹងអាចទទួលបានការបង្វិលប្រាក់សងត្រឡប់វិញនូវចំនួនទឹកប្រាក់ ដែលបានបង់ក្នុងពេលធ្វើបរិស្ថានដែលបានចែងក្នុង
 ប្រការ៣.២ខាងក្រោម។

1.11 If there has occurred any event causing or requiring the Issuer to suspend or cancel the offering of the Bonds or to be unable to issue or deliver the Bonds to investors, investors who have subscribed and made payments for the Bonds will be entitled to a refund of their subscription payments as specified below in Clause 3.2.

១.១២ វិនិយោគិន មិនទទួលបានការប្រាក់ ឬប្រាក់សំណងនានា ក្នុងអំឡុងពេលធ្វើបរិស្ថានឡើយ។

1.12 Investors will not be entitled to receive any interest or compensation during the Subscription period of the Bonds.

១.១៣ តារាងបែងចែកសញ្ញាបណ្ណ នឹងត្រូវបានចុះផ្សាយជាសាធារណៈ តាមសារព័ត៌មានដែលទទួលស្គាល់ដោយ គ.ម.ក។

1.13 The list of the Bonds allocation will be publicly announced through a newspaper accredited by the SECC.

១.១៤ ដោយមានការអនុម័តពី គ.ម.ក ទំហំទឹកប្រាក់សរុបរបស់សញ្ញាបណ្ណ នឹងត្រូវបានផ្ទេរពីគណនីបរិស្ថានទៅកាន់គណនីធនាគារដាច់ដោយ
 ឡែករបស់ ធនាគារ ABA។ ក្នុងករណីនេះ គណនីបរិស្ថាន នឹងត្រូវបិទ។

1.14 With approval from the SECC, the total Bond proceeds are transferred from the Subscription Bank Accounts to ABA's separate bank account. Then, the Subscription Bank Accounts are closed.

២. ការបែងចែកសញ្ញាបណ្ណ/ 2. ALLOCATION OF BONDS

២.១ ការបែងចែកសញ្ញាបណ្ណ៖ ការបែងចែកសញ្ញាបណ្ណទៅឱ្យវិនិយោគិន គឺស្ថិតក្រោមការសម្រេចចិត្តរបស់ក្រុមហ៊ុនបោះផ្សាយ និងក្រុមហ៊ុន
 ធានាទិញមូលបត្រ។ ក្រុមហ៊ុនបោះផ្សាយ និងក្រុមហ៊ុនធានាទិញមូលបត្រ អាចធ្វើការបែងចែកចំនួនណាមួយនៃសញ្ញាបណ្ណឱ្យទៅបុគ្គល
 ណាម្នាក់ ឬក៏អាចបដិសេធមិនបែងចែកសញ្ញាបណ្ណដែលបានធ្វើបរិស្ថានដោយវិនិយោគិនណាម្នាក់ ប្រសិនបើចាំបាច់។

2.1 Allocation of the Bonds: the allocation of the Bonds to investors shall be at the absolute discretion of the Issuer and the Underwriter. The Issuer and the Underwriter may allocate any amount of the Bonds to any person or may refuse to allocate the Bonds subscribed by any investors as they deem appropriate.

២.២ ការលុបចោលការធ្វើបរិស្ថាន៖ ក្រុមហ៊ុនធានាទិញមូលបត្រ មានសិទ្ធិទុកជាមោឃៈ ឬលុបចោលការធ្វើបរិស្ថានលើសញ្ញាបណ្ណដោយវិនិ
 យោគិនណា ដែលខកខានមិនបានគោរពតាមនីតិវិធីដែលបានបង្ហាញខាងលើ ឬដែលបានបង់ថ្លៃបរិស្ថានកម្មជាមួយមូលបត្រ
 (Crossed Cheque) ឬមូលបត្របេឡា (Cashier Cheque) ដែលមិនអាចបើកជាសាច់ប្រាក់បាន។

វិនិយោគិន អាចលុបចោលការធ្វើបរិសកម្មលើសញ្ញាបណ្ណ ក្នុងករណីដែលក្រុមហ៊ុនបោះផ្សាយផ្អាក ឬបញ្ឈប់ការធ្វើសំណើលក់សញ្ញាបណ្ណ ឬមិនអាចផ្តល់សញ្ញាបណ្ណ ឱ្យបានចាប់ពីកាលបរិច្ឆេទជូនដំណឹងអំពីការផ្អាក ឬបញ្ឈប់សំណើលក់ ឬបញ្ឈប់បោះផ្សាយគ្មាន សមត្ថភាព ផ្តល់សញ្ញាបណ្ណឱ្យ វិនិយោគិនបានក្នុងរយៈពេល៧ថ្ងៃនៃថ្ងៃធ្វើការ បន្ទាប់ពីកាលបរិច្ឆេទចិញ្ចឹមវិនិយោគកម្ម។

2.2 Cancellation of Subscription: the Underwriter is entitled to revoke or cancel any subscription for the Bonds by any investor who fails to comply with the procedures indicated above or whose payment of subscription price by a crossed cheque or cashier cheque is not honored upon presentation thereof.

An investor is entitled to revoke the subscription for the Bonds in the event that the Issuer suspends or ceases the offering of the Bonds or is unable to deliver the offered Bonds, from the announcement date of the suspension or cessation of the offering or the Issuer's inability to deliver the Bonds to (and including) within 7 business days after of the Subscription Period.

៣. នីតិវិធីនៃការសងប្រាក់/3. REFUND PROCEDURE

៣.១ នីតិវិធីក្នុងការសងប្រាក់បរិសកម្មក្នុងករណីការធ្វើបរិសកម្មមានចំនួនច្រើនលើសលុប៖

ប្រសិនបើវិនិយោគិន មិនត្រូវបានបែងចែកឱ្យនូវសញ្ញាបណ្ណ ឬត្រូវបានបែងចែកឱ្យនូវសញ្ញាបណ្ណតិចជាងចំនួនដែលបានធ្វើបរិសកម្ម ក្រុមហ៊ុនធានាទិញមូលបត្រ និងប្រគល់ជូនវិនិយោគិនវិញ នូវប្រាក់បរិសកម្មដែលបានទទួល ដោយមិនមានការប្រាក់ ឬសំណងតាមរយៈការផ្ទេរប្រាក់តាមធនាគារទៅកាន់គណនីរបស់វិនិយោគិន ដែលបានបង្ហាញនៅក្នុងពាក្យស្នើសុំធ្វើបរិសកម្ម ឬតាមមធ្យោបាយណាមួយដែលសមស្រប។

សម្រាប់រូបិយប័ណ្ណដែលប្រើប្រាស់នៅពេលសងប្រាក់វិញ វិនិយោគិនត្រូវយល់ព្រមចំពោះរូបិយប័ណ្ណដែលប្រើនៅពេលសងប្រាក់វិញគឺដូចគ្នាទៅនឹងរូបិយប័ណ្ណដែលប្រើពេលដាក់ប្រាក់ធ្វើបរិសកម្ម។

រាល់ការចំណាយ និងកម្រៃនានាដែលពាក់ព័ន្ធនឹងការសងប្រាក់ រួមបញ្ចូលនូវការចំណាយនិងកម្រៃសេវាផ្ទេរប្រាក់តាមធនាគារ គឺជាបន្ទុករបស់វិនិយោគិន។

3.1 Procedure for Refunding Subscription Payments in case of Excess Subscriptions:

If an investor is not allocated any Bond or is allocated Bonds in an amount less than that subscribed for, the Underwriter will return the subscription payments received by it to the investor without interest and/or compensation through a bank transfer to their respective bank accounts as mentioned in their subscription application or via any other reasonable methods.

For the refund currency, investors shall agree that the refund currency shall be the same currency as the subscription deposit.

Any and all expenses, fees and charges related to the refund including, without limitation, the bank transfer fee and service charge, shall be borne by the investor.

៣.២ នីតិវិធីសងប្រាក់បរិសកម្មវិញក្នុងករណីបញ្ឈប់សំណើលក់៖

ប្រសិនបើវិនិយោគិនលុបចោលការធ្វើបរិសកម្មលើសញ្ញាបណ្ណ ដូចដែលបានចែងក្នុងមាត្រា២.២ ខាងលើ ក្រុមហ៊ុនធានាទិញមូលបត្រនិងសងប្រាក់បរិសកម្មដែលខ្លួនបានទទួលទៅឱ្យវិនិយោគិនវិញ ដោយគ្មានការប្រាក់ ឬសំណងឡើយ តាមរយៈការផ្ទេរប្រាក់តាមធនាគារទៅគណនីរបស់វិនិយោគិន ដូចដែលបានបង្ហាញក្នុងពាក្យស្នើសុំធ្វើបរិសកម្ម ឬតាមមធ្យោបាយណាមួយដែលសមស្រប។

3.2 Procedure for Refunding Subscription Payments in case of Repression or Cessation:

If an investor is revoked the subscription for the Bonds as specified above in 2.2, the Underwriters will return the subscription payments received by it to the investor without interest and/or compensation through a bank transfer to their respective bank accounts as mentioned in their subscription application or via any other reasonable methods.

៤. ការផ្តល់ជូនសញ្ញាបណ្ណ/4. DELIVERY OF BONDS

ក្រុមហ៊ុនបោះផ្សាយ នឹងធានាថាភ្នាក់ងារបញ្ជីកាមូលបត្រ នឹងចុះឈ្មោះម្ចាស់មូលបត្របំណុលដែលបានទទួលការបែងចែកសញ្ញាបណ្ណជាមួយនឹងចំនួនសញ្ញាបណ្ណដែលបានបែងចែក នៅក្នុងបញ្ជីកម្មសិទ្ធិកមូលបត្របំណុល មិនឱ្យលើស ៧ ថ្ងៃនៃថ្ងៃធ្វើការ បន្ទាប់ពីកាលបរិច្ឆេទ បញ្ឈប់ការធ្វើបរិសកម្ម។

The Issuer will ensure that the Registrar enter the name of each Bondholder to whom the Bonds have been allotted, together with details of the number of Bonds allotted to such Bondholder, into the Bondholders' Book no later than 7 (seven) Business Days after the Subscription Closing Date.

៥. អំណាចនៃគ្រូបរស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងទម្រង់ហត្ថលេខារបស់ភ្នាក់ងាររបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ/5. POWER OF SEAL OF THE UNDERWRITER AND SIGNATURE IMAGE OF THE UNDERWRITER OR THE UNDERWRITER'S SECURITIES REPRESENTATIVES

គ្រូបរស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងទម្រង់ហត្ថលេខារបស់ប្រធានភ្នាក់ងារ និងភ្នាក់ងាររបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ ដែលមាននៅលើ ពាក្យស្នើសុំធ្វើបរិសកម្មមូលបត្រ និងវិក្កយបត្របរិសកម្មមូលបត្រ ត្រូវចាត់ទុកដូចជាត្រាដើមរបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងហត្ថលេខា ដើមរបស់ប្រធានភ្នាក់ងារ និងភ្នាក់ងាររបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងមានឥទ្ធិពលតាមផ្លូវច្បាប់ដូចត្រាដើម និងហត្ថលេខាដើមតទៅ។ តាម ការស្នើសុំរបស់វិនិយោគិន ក្រុមហ៊ុនធានាទិញមូលបត្រ ត្រូវប្រគល់ឲ្យវិនិយោគិននូវពាក្យស្នើសុំធ្វើបរិសកម្មសញ្ញាបណ្ណ និង/ឬវិក្កយបត្របរិស កម្មសញ្ញាបណ្ណដែលមានត្រាដើមរបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងហត្ថលេខាដើមរបស់ប្រធានភ្នាក់ងារ និងភ្នាក់ងាររបស់ក្រុមហ៊ុនធានាទិញ មូលបត្រ ក្នុងរយៈពេល ១៨ (ដប់ប្រាំបី) ថ្ងៃ នៃថ្ងៃធ្វើការ គិតចាប់ពីថ្ងៃដែលវិនិយោគិនស្នើសុំ។

The seal of either the Underwriter as affixed hereto by the Underwriters and the signature image of either the Underwriters or the Underwriter's Head of Securities Representatives and the Securities Representative as affixed on the Application Form to subscribe the Bonds and Receipt for Subscription shall be deemed as the originals of the seal of either the Underwriters and the original signatures of either the Underwriters or the Underwriter's Head of Securities Representatives and the Securities Representative respectively, and be construed as having the same legal effect as to the original thereof.

Upon request from the Investor, either the Underwriter or the Underwriter's Head of Securities Representative shall provide such investor with the Application Form to subscribe the bonds and/or the Receipt for Subscription with the original seal affixed thereto and the original signatures of the Underwriter or the Underwriter's Head of Securities Representative within eighteen (18) business days from the date of such request.

៦. ផ្សេងៗ/ 6. MISCELLANEOUS

៦.១ លទ្ធផលបរិសកម្ម នឹងត្រូវប្រកាសជូនសាធារណៈ តាមរយៈសារព័ត៌មានដែលបានការទទួលស្គាល់ និងគេហទំព័រផ្លូវការរបស់ ក្រុមហ៊ុន ធានាទិញមូលបត្រ ក្រុមហ៊ុនបោះផ្សាយ និង/ឬតំណាងភ្នាក់ងារលក់នៃក្រុមហ៊ុនបោះផ្សាយ។

6.1 Subscription result shall be announced to the public via accredited newspapers and the official websites of the Underwriter, the Issuer, and/or the Issuer's authorized selling agents.

៦.២ ក្រុមហ៊ុនធានាទិញមូលបត្រ រក្សាសិទ្ធិកែប្រែលក្ខខណ្ឌដែលមានចែងក្នុងកិច្ចព្រមព្រៀងនេះ។

6.2 The Underwriter reserves the right to amend the terms and conditions contained herein.

៦.៣ វិនិយោគិនដែលមានសំណួរពាក់ព័ន្ធនឹងពាក្យស្នើសុំនេះ គួរស្វែងរកនូវការបញ្ជាក់ពីក្រុមហ៊ុនធានាទិញមូលបត្រ ឬតំណាងភ្នាក់ងារលក់របស់ ក្រុមហ៊ុនបោះផ្សាយ។

6.3 An investor with queries regarding the application or any of the matters contained herein should seek clarification from Underwriter or Joint Underwriter or the Issuer's authorized selling agents.

**SECTION 13: SIGNATURES OF CHAIRMAN OF THE BOARD OF DIRECTORS,
DIRECTORS, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER
OF ABA BANK**

Mr. Yves Raymond Jacquot

Chairman

Signature

Date

Mr. Dominic Joseph Pierre Jacques

Director

Signature

Date

Mr. André Bérard,

Director

Signature

Date

Mr. Jean-François Hanczakowski

Director

Signature

Date

Mr. Damir Karassayev

Director

Signature

Date

Mr. Madi Akmambet

Director

Signature

Date

Mr. Etienne Chenevier

Director

Signature

Date

Mr. Henri Calvet

Director

Signature

Date

Mr. Askhat Azhikhanov

CEO

Signature

Date

Mr. Babu Ram Gyawali

CFO

Signature

Date

APPENDICES

Appendix I: Bondholders' Representative Appointment Agreement

Appendix II: Terms and Conditions of the Bonds

Appendix III: Code of Conduct

Appendix IV: Credit Rating Report

Appendix V: Certification of the Accuracy of Information



No. 148, Preah Sihanouk Blvd., Sangkat Boeung Keng Kang I,
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