



# **The Third Quarterly Report**

**(30 September 2020)**

**Phnom Penh Commercial Bank Plc.**

## Financial Highlights

Financial Situation (in KHR million)	Quarter 3 2020	2019
Total Assets	4,255,439	3,815,366
Total Liabilities	3,637,763	3,250,980
Total Equity	617,677	564,385
Financial Results (in KHR million)	Quarter 3 2020	Quarter 3 * 2019
Total income	74,784	63,481
Profit (Loss) before tax	21,318	20,021
Profit (Loss) after tax	16,875	14,950
Total comprehensive income	17,355	16,455
Financial ratio (%)	Quarter 3 2020	2019
Solvency Ratio ❶	17.46	19.09
Debt to Equity Ratio	588.94	576.02
Liquidity Coverage Ratio ❶	136.14	149.23
Non-performing Credit Ratio ❷	1.11	1.21
Loan to Deposit Ratio (A/B)	84.17	86.58
Profitability Ratio (%)	Quarter 3 2020	Quarter 3 * 2019
Return on assets (ROA)	1.62	1.83
Return on equity (ROE)	11.18	11.77
Interest coverage ratio	679.84	790.01
Earnings per share (for equity listed entity)	NA	NA
Dividend per share (for equity listed entity)	NA	NA
Other Important Ratios (if any)	NA	NA

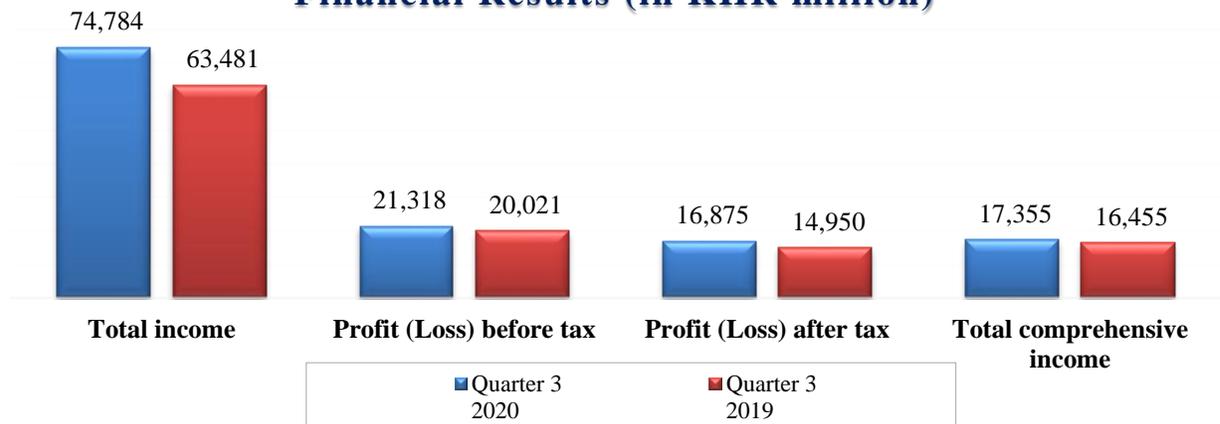
Note: : \* Quarter 3 2019 is un-audited  
 : ❶ Follow NBC's regulation  
 : ❷ Non-performing loan is follow NBC's regulation provision from 20% - 100%

## Financial Summary Charts

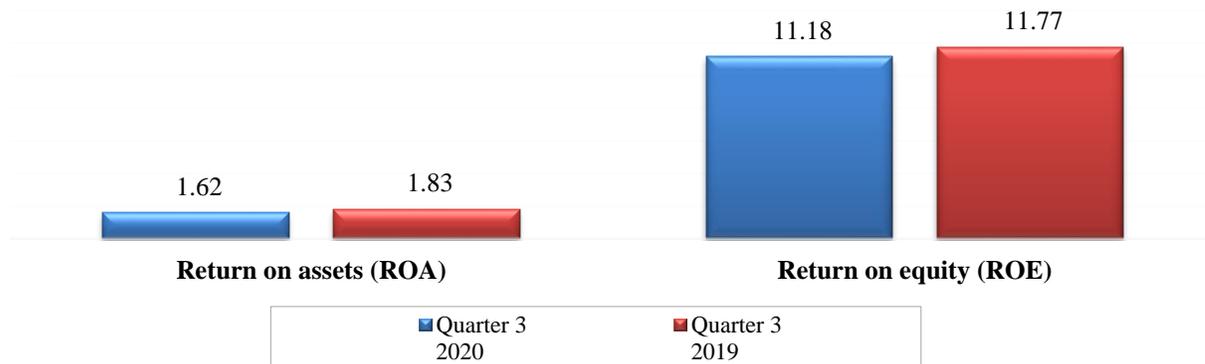
### Financial Situation (in KHR million)



### Financial Results (in KHR million)



### Profitability Ratio (%)



## Board of Directors



**YIM, Yong Taick**

Chairman



**SIM, Sang Ton**

Member



**HEO, Ryeon**

Member



**PARK, Chong Tae**

Independent Member



**LEE, Myunsang**

Independent Member

## Message from the Chairman

As a representative of the Board of Directors, it is such an honor to present PPCBank's performance for Q3 2020 by following the requirement from the Securities and Exchange Commission of Cambodia (SECC).

As we all know the new corona virus disease (Covid-19) pandemic has spread with alarming speed, infecting millions and bringing economic activity to a near-standstill as countries imposed tight restriction on movement to halt the spread of the virus. A global pandemic has closed schools, exacerbated child poverty and risks to halt development opportunities for children across Cambodia. The impact of the crisis is immediate, as many families in Cambodia have lost their jobs, they are not able to pay for their basic needs, such as food, water, medicine and access to health care and education due to the economic fallout of Covid-19. The Government of Cambodia has taken the right steps to respond to the crisis, including providing wage support for garment workers and tax and credit relief for businesses. The government has also created the fiscal space to minimize the economic impact of this crisis, especially on the most vulnerable people. Despite the Covid-19 pandemic squeezing crucial industries, Cambodia's financial and agriculture sector remains on a sustainable growth but tourism, garments and footwear have borne the brunt of the Covid-19 impact.

During Covid-19 pandemic period, PPCBank had fully raised \$10 million during its first phase. The Bank's corporate bonds listing first obtained approval from the Securities and Exchange Commission of Cambodia (SECC) on its subscription and allocations on 10th April, 2020. In Q3 2020, PPCBank officially listed its second corporate bonds on the Cambodia Securities Exchange (CSX) after obtaining the approval from the Securities and Exchange Commission of Cambodia (SECC) on its subscription and allocation results on 22nd September, 2020. PPCBank successfully raised 40 billion riels (about \$10 million) during the second phase of its bond issuance process amid the Covid-19 pandemic. The second phase investors have subscribed to foreign exchange-indexed bonds with an interest of 6.5 percent per annum and a maturity of three years. A total of 400,000 bonds were issued during the second phase at a par value of 100,000 riels per bond.

Over the last few months, PPCBank has seen its positive business performance and continued stable growth in terms of volume and profitability and are executing planned investments such as

two new branches (Preah Sihanouk Blvd. Branch and Chraoy Chongvar Branch) were officially opened after getting licenses from National Bank of Cambodia (NBC). As of Q3 2020, our growth in assets expansions equivalently to approximately 4.7% from USD 1,000 million to USD 1,047 million, 2.6% increase in loan outstanding from USD 692 million to USD 710 million, 6.89% rise in deposits from USD 740 million to USD 791 million, 2.04% increase in shareholder's equity from USD 147 million to USD 150 million respectively from Q2 to Q3 2020, our achievement has been at triumphant rate amongst many financial competitors in the market.

In Q3 2020, PPCBank got approval from National Bank of Cambodia (NBC) for the collaboration with Prudential (Cambodia) Life Assurance Plc. for bancassurance business (customer referral). In the same quarter, PPCBank has expanded its business by alliance with True Money (Cambodia) Limited for loan repayment collection, collaborate with BanhJi Fintech Co., Ltd for the establishment of SMEs Credit Scoring Model, MasterCard Acceptance on PPCBank's ATMs and other new and existing products and services are being developed by PPCBank to meet the demands of the market.

For and on behalf of the Board of Directors, I would like to express my sincere thanks to our loyal shareholders, board of directors, executives of PPCBank for their guidance and leadership, our dedicated employees for their contribution and commitment, our customers for their trust in PPCBank especially National Bank of Cambodia (NBC) and Securities and Exchange Commission of Cambodia (SECC) for their advice and support.

I, Yim Yong Taick have taken gratitude to express that we have executed a successful conclusive performance during our Q3 2020 and going forward to be best achievement in Q4 2020.

Phnom Penh, November 13, 2020

Signature and Stamp



**YIM, Yong Taick**

Chairman

## Table of Contents

<b>Financial Highlights</b> .....	<b>1</b>
<b>Financial Summary Charts</b> .....	<b>2</b>
<b>Board of Directors</b> .....	<b>3</b>
<b>Message from the Chairman</b> .....	<b>4</b>
<b>PART 1 - GENERAL INFORMATION OF THE LISTED ENTITY</b> .....	<b>7</b>
A. Identity of the Listed Entity.....	7
B. Nature of Business.....	7
C. Quarterly Key Events .....	8
<b>PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE</b> .....	<b>10</b>
A. Business Operation Performance including business segments information.....	10
B. Revenue Structures .....	10
<b>PART 3 - FINANCIAL STATEMENT REVIEWED BY THE EXTERNAL AUDITOR</b> .....	<b>11</b>
<b>PART 4 - MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&amp;A)</b> .....	<b>12</b>
A. Overview of Operations .....	12
B. Significant Factors Affecting Profit .....	14
C. Material Changes in Sale and Revenue .....	15
D. Impact of Foreign Exchange, Interest Rate and Commodity Prices .....	16
E. Impact of Inflation .....	16
F. Economic / Fiscal / Monetary Policy of Royal Government .....	16
<b>Signature of Directors of Phnom Penh Commercial Bank Plc.</b> .....	<b>17</b>

**PART 1 - GENERAL INFORMATION OF THE LISTED ENTITY****A. Identity of the Listed Entity**

Entity Name in Khmer	<b>ធនាគារ ភ្នំពេញ កាណិស្ត ម.ក</b>
In Latin	Phnom Penh Commercial Bank Plc.
Standard Code	KH2000111A46
Address	N° 217, Norodom Blvd (Street 41), Sangkat TonleBasak, Khan Chamkar Mon, Phnom Penh.
Phone	(+855) 23909 909/999500
Fax	(+855) 23999540
Website	<a href="http://www.ppcbank.com.kh">www.ppcbank.com.kh</a>
Email	<a href="mailto:info@ppcb.com.kh">info@ppcb.com.kh</a>
Registration Number	00015794dated 20th May, 2008
License Number	B23 issued by National Bank of Cambodia date 16 <sup>th</sup> December, 2019.
Disclosure Document Registration Number Issued by SECC	069/20 SECC date 02 <sup>nd</sup> April 2020
Representative of the Listed Entity	Mr. Shin Chang Moo

**B. Nature of Business**

Phnom Penh Commercial Bank Plc (PPCBank) started its banking operations on 1st September 2008 at our head office located in N° 217, Preah Norodom Blvd (Street 41), Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh and is a fully licensed commercial bank. In September 2016, PPCBank welcomed a new beginning with strong shareholders Jeonbuk Bank Co., Ltd

(a subsidiary company of JB Financial Group Co., Ltd.), Apro Financial Co., Ltd (a subsidiary company of J&K Capital Co., Ltd. which is under the supervision of OK Financial Group) and JB Woori Capital Co., Ltd (a subsidiary company of JB Financial Group Co., Ltd.) based in Republic of Korea.

As we stand, we celebrate our past success in supporting a wide range of customers with their banking needs and also seek ways to improve our services to support our current and future clients. As of September, 2020 our total asset increase to US\$ 1,047 million, serving more than 117,000 customers, 23 branches national wide (two new branches are Preah Sihanouk Blvd. Branch and Chraoy Chongvar Branch were officially opened in August, 2020) and 62 ATMs are in operation across the country (other more ATMs are being considered to install at major popular location across the country). Moreover, PPCBank will continue to deliver other convenient services and support through our digital channels to make banking experience easier for customers. we have released a new version of our corporate internet banking “smartBiz 1.5” and “mobile banking 2.0” to make sure we provide the easiest and up to date features to our customers. Customers also can connect with us through live chat embedded on all PPCBank’s digital channels for 24/7. In addition, PPCBank established first SME Center that will go beyond providing SME oriented financial products and services. Small and medium size enterprises will also be served with business consultation. Also, we have already expanded services with our foreign desk (Korea, Japan and China desk), Gold Club and SME Center that will go beyond providing SME oriented financial products and services. We truly value all of our customers and we will continue to develop new products and services to best serve customers.

### **C. Quarterly Key Events**

On 23rd September, 2020, PPCBank signed Collaboration Agreement with BanhJi Fintech Co., Ltd for the collaboration of establishing SMEs Credit Scoring Model.

In September 2020, PPCBank successfully raised 40 billion riels (about \$10 million) during the second phase of its bond issuance process amid the COVID-19 pandemic. The second phase investors have subscribed to foreign exchange-indexed bonds with an interest of 6.5 percent per annum and a maturity of three years. A total of 400,000 bonds were issued during the second phase at a par value of 100,000 riels per bond.

In Q3 2020, in order to make loan repayments more convenient for PPCBank's customer, PPCBank has signed a Memorandum of Understanding (MOU) with True Money (Cambodia) Limited for the use of TrueMoney's Wallet and agents for loan collection. So customers will be able to repay their loans back to PPCBank via TrueMoney agent and wallet. To inaugurate this partnership, customers will enjoy a 3-month free waiving fee promotion on loan repayment starting from September 23 till December 31, 2020. Customers will be able to make repayments through the TrueMoney Wallet or in person at TrueMoney's more than 10,000 outlets across the country.

In August, 2020, PPCBank officially opened two new branches (Preah Sihanouk Blvd. Branch and Chraoy Chongvar Branch) are ready to serve customers in convenient locations where Preah Sihanouk Blvd. Branch located at N° 114E0 and 116E0, Preah Sihanouk Blvd., Phum Phum 5, Sangkat Boeng Keng Kang Ti Muoy, Khan Boeng Keng Kang, Phnom Penh and Chraoy Chongvar Branch located at N° 534 Sor, National Road N° 6, Phum kien Khleang, Sangkat Chraoy Chongvar, Khan Chraoy Chongvar, Phnom Penh. At the Preah Sihanouk Blvd. Branch, customers can enjoy a range of banking services from 8am-8pm on weekdays and from 8am-4pm on Saturdays to match the busy schedules of the many customers living in the heart of the capital. It features a Gold Club facility, where all VIP customers will be individually supported at their convenience by the most talented bankers at PPCBank. The Chraoy Chongvar branch is on National Road 6A is strategically positioned to serve the Chraoy Changvar and Russei Keo areas, which are bustling with many small and medium size businesses (SMEs). To accommodate their banking needs, the newly opened Chraoy Changvar branch is equipped with an SME Center – a business banking hub with the primary goal of assisting busy business owners by providing consultations on loan plans to suit their business model.

To enhance its ATM service for MasterCard acceptance, PPCBank officially launched this acquiring service on 24th July, 2020. So MasterCard holders can perform their transaction at all PPCBank's ATMs.

On 22nd July 2020, PPCBank got the approval from National Bank of Cambodia (NBC) for the collaboration of bancassurance business (Customer Referral) with Prudential (Cambodia) Life Assurance Plc.

## PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

### A. Business Operation Performance including business segments information

Key Achievement	Quarter 3 2020	2019
<b>Loan</b>		
Loan Accounts	6,525	5,571
Total Gross Loans (in KHR million)	2,898,901	2,647,819
<b>Deposit</b>		
Deposit Accounts	144,831	134,750
Total Deposits (in KHR million)	3,292,864	2,895,117
<b>Others</b>		
Operating Branches	23	21
Number of Staffs	501	447
ATMs	70	43
POS Terminals	266	171

### B. Revenue Structures

No	Sources of Revenue	Quarter 3 2020		Quarter 3 2019	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	71,367	95.43	60,861	95.87
2	Fee and Commission Income	3,324	4.44	2,592	4.08
3	Other Income	94	0.13	29	0.05
<b>Total Income</b>		<b>74,784</b>	<b>100</b>	<b>63,481</b>	<b>100</b>

**PART 3 - FINANCIAL STATEMENT REVIEWED BY THE  
EXTERNAL AUDITOR**

(Please refer to the Annex for Interim Financial Statement Reviewed by External Auditor)

## PART 4 - MANAGEMENT'S DISCUSSION AND ANALYSIS

### (MD&A)

The analyses focus on the operational and financial results based on interim Consolidated Financial Statement of Phnom Penh Commercial Bank (PPCBank) and its subsidiary, J&A (Cambodia) Investment Co.,Ltd (the "Group") as of 30 September 2020 reviewed by Independent Auditors. The Interim Consolidated Financial Statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRS") and follows regulations and guidelines of National Bank of Cambodia.

#### A. Overview of Operations

##### 1. Revenue Analysis

PPCBank has three main sources of revenue including Interest Income, Fees and Commissions Income and Other Incomes.

- Interest Income includes the interest income from loan to customers, deposit and placement with banks, and securities investment.
- Fee and Commission Income mainly includes Loan commission fees, Local and Overseas remittance fees, Deposit fees, LC fees and Card fees.
- Other Income includes foreign exchange gains and other fee incomes.

##### 2. Revenue by Segment Analysis

No	Source of Revenue	Quarter 3 2020		Quarter 3 2019	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	71,367	95.43	60,861	95.87
2	Fee and Commission Income	3,324	4.44	2,592	4.08
3	Other Income	94	0.13	29	0.05
<b>Total Income</b>		<b>74,784</b>	<b>100</b>	<b>63,481</b>	<b>100</b>

PPCBank earns most income from interest income representing 95% of total income in Q3 2020.

### 3. Gross Profit Margin Analysis

The Consolidated Statement of Profit or (Loss) and Other Comprehensive Income of the bank prepared in the format did not present the gross profit margin, it presented the net interest income which resulted from the total interest income less total interest expenses was illustrated in the next point of the Profit/ (Loss) before Tax Analysis as follows.

### 4. Profit/ (Loss) Before Tax Analysis

Statement of Profit or Loss before Tax	Quarter 3 2020 (in KHR million)	Quarter 3 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	71,367	60,861	10,506	17.26
Interest expense	(30,749)	(21,715)	(9,033)	41.60
<b>Net interest income</b>	<b>40,618</b>	<b>39,145</b>	1,473	<b>3.76</b>
Fee and commission income	3,324	2,592	732	28.24
Fee and commission expense	(862)	(606)	(257)	42.39
<b>Net fee and commission Income</b>	<b>2,461</b>	<b>1,986</b>	475	<b>23.92</b>
Other operating income	94	29	66	229.45
Personal expenses	(7,853)	(7,204)	(649)	9.01
Other expenses	(7,203)	(8,354)	1,151	(13.77)
Depreciation and amortization	(7,459)	(5,803)	(1,656)	28.54
<b>Operating profit</b>	<b>20,657</b>	<b>19,799</b>	858	<b>4.34</b>
Net impairment losses on financial instruments	660	222	438	197.65
<b>Profit before tax</b>	<b>21,318</b>	<b>20,021</b>	1,297	<b>6.48</b>

In Q3 2020, profit before tax KHR 21,318 million (6.5% higher than Q3 2019). The increasing of the profit is mainly from increasing of net interest income driven by loan from customer and due from banks.

**5. Profit/ (Loss) After Tax Analysis**

Statement of Profit or Loss after Tax	Quarter 3 2020 (in KHR million)	Quarter 3 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	21,318	20,021	1,297	6.48
Income tax expense	(4,442)	(5,071)	628	(12.39)
<b>Net profit for the period</b>	<b>16,875</b>	<b>14,950</b>	<b>1,925</b>	<b>12.88</b>

In Q3 2020, the net profit for the period was KHR16,875 million, 13% higher than Q3 2019 mainly from increasing of net interest income as mention in section 4 (Profit (loss) before tax analysis) and decreasing of income tax expense.

**6. Total Comprehensive Income (loss) Analysis**

Total Comprehensive Income	Quarter 3 2020 (in KHR million)	Quarter 3 2019 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	16,875	14,950	1,925	12.88
Other comprehensive loss	480	1,505	(1,025)	(68.12)
<b>Total comprehensive income</b>	<b>17,355</b>	<b>16,455</b>	<b>900</b>	<b>5.47</b>

**7. Factors and Trends Analysis affecting financial Conditions and Results**

The novel corona virus (COVID-19) declared as pandemic has spread into Cambodia since late January 2020. Since then, the country is facing sustained risk of further national spread causing disruption to business and economic activities. However, management considers that Group and the Bank’s activities may be slow in this short period but would not lead to a going concern issue given the size of the operations, current profitability level and liquidity headroom of the Group and the Bank.

**B. Significant Factors Affecting Profit**

**1. Demand and Supply Conditions Analysis**

The affect from novel coronavirus (COVID-19) pandemic has had significant impact on almost all industries including banks and financial institution which had been lead in demand and supply

decrease. Thus, the acquiring new funding with lower cost of fund and the growth of loan products especially, in the SME sectors are still the most importance factors in term of plan and profitability. To achieve it, the bank continuous development of the Bank's digital platform and partnership collaboration, as a result, PPCBank signed Collaboration Agreement with BanhJi Fintech Co., Ltd for the collaboration of establishing SMEs Credit Scoring Model, signed a Memorandum of Understanding (MOU) with True Money (Cambodia) Limited for the use of TrueMoney's Wallet and agents for loan collection, enhance ATM service for MasterCard acceptance in order to allow MasterCard holders can perform their transaction at all PPCBank's ATMs. On 22nd July 2020, PPCBank got the approval from National Bank of Cambodia (NBC) for the collaboration of bancassurance business (Customer Referral) with Prudential (Cambodia) Life Assurance Plc.

The Bank also significantly invested in the enhancement of its self-banking facilities by installing more ATMs, POS-terminals, opened two more new branches (Preah Sihanouk Blvd. Branch and Chraoy Chongvar Branch) and expanding its network of electronic payments.

## ***2. Fluctuations in Price of Raw Material Analysis***

The fluctuations in price of raw material are not applicable to the Bank.

## ***3. Tax Analysis***

PPCBank and its subsidiaries are under Law on Taxation of Cambodia. The Bank is obligated to pay taxes as determined by tax regulations of Cambodia.

On 06 March 2020, PPCBank was awarded "GOLD" certificate of tax compliance from GDT with a period for year 2020 and 2021.

## ***4. Exceptional and Extraordinary Items Analysis***

With the novel corona virus (COVID-19) pandemic, there is a significant decline in the global economy. Economic conditions that impacted by COVID-19 may some affect the financial results of the Bank.

## **C. Material Changes in Sale and Revenue**

In Q3 2020, PPCBank recorded slightly increase in the revenue with net interest income KHR 40,618 million, which represents 3.8% higher compared to the same period in 2019.

#### **D. Impact of Foreign Exchange, Interest Rate and Commodity Prices**

PPCBank had conducted itself not exposing to the large foreign exchange positions. The foreign exchange position has strictly followed the regulatory requirements for the Net Open Position and can be regularly monitored and managed to avoid any significant impact to the bank's performance outcomes.

The bank has applied base on fixed interest rates for both deposits and loans. So, no any significant impact to the bank's as reporting period.

The commodity price is not affect due to the bank had not involved in dealing with the commodity items.

#### **E. Impact of Inflation**

In Q3 2020, there is no material impact of inflation on the Bank's operational business.

#### **F. Economic / Fiscal / Monetary Policy of Royal Government**

The main growth drivers for Cambodia economic are construction, tourism, and merchandise exports--continue to be affected by the COVID-19 pandemic. COVID-19 has effectively stalled the construction and real estate boom that relies heavily on foreign investment, as some of large development projects were put on hold. Due to travel restrictions and lockdowns, international tourism, exports of garment, travel goods and footwear products also fell during this pandemic.

To respond with these issues, the Royal Government of Cambodia and National Bank of Cambodia (NBC) issued and prepared the right direction for an effective step against COVID-19.

The Cambodian government has decided to postpone the implementation of the capital gains tax from Jan 1, 2021 to Jan 1, 2022. The delay is intended to allow taxpayers more time to gain a better grasp of how capital gains tax works and what it implies for investments.

According to the central bank due to the exchange rates between riel and the US dollar have veered off from trends in the previous years. The NBC has decided to intervene to reinforce the purchasing power of the riel, maintain price stability and stabilize the macroeconomy by calling for licensed banks, microfinance institutions (MFIs) and money changers to join a USD foreign exchange

intervention auction follows the scheduled. The move is intended to stabilize the local currency and maintain macroeconomic stability.

In this quarter of 2020 the management acknowledged that there was no significant impact to the Bank's financial results.

**Signature of Directors of Phnom Penh Commercial Bank Plc.**

November 13, 2020

Seen and Agreed



**YIM, Yong Taick**

Chairman

