



# **The Third Quarterly Report**

**(30 September 2022)**

**Phnom Penh Commercial Bank Plc.**

## Financial Highlights

Financial Situation (in KHR million)	Quarter 3 2022	2021
Total Assets	4,064,343	4,015,041
Total Liabilities	3,279,008	3,306,817
Total Equity	785,335	708,224
Financial Results (in KHR million)	Quarter 3 2022	Quarter 3 2021
Total income	82,382	78,561
Profit (Loss) before tax	31,399	27,603
Profit (Loss) after tax	25,206	21,872
Total comprehensive income	29,024	22,503
Financial ratio (%)	Quarter 3 2022	2021
Solvency Ratio ❶	21.32	19.19
Debt to Equity Ratio	417.53	466.92
Liquidity Coverage Ratio ❶	111.65	125.46
Non-performing Credit Ratio ❷	4.75	1.82
Loan to Deposit Ratio (A/B)	104.20	97.08
Profitability Ratio (%)	Quarter 3 2022	Quarter 3 2021
Return on assets (ROA)	2.83	2.13
Return on equity (ROE)	14.66	13.02
Interest coverage ratio	935.66	815.15
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

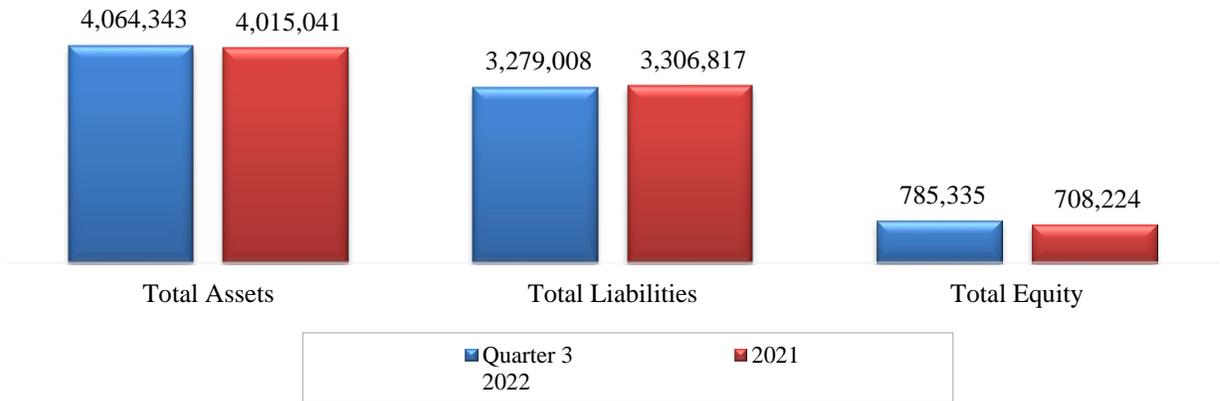
Note:

: ❶ Follow NBC's regulation

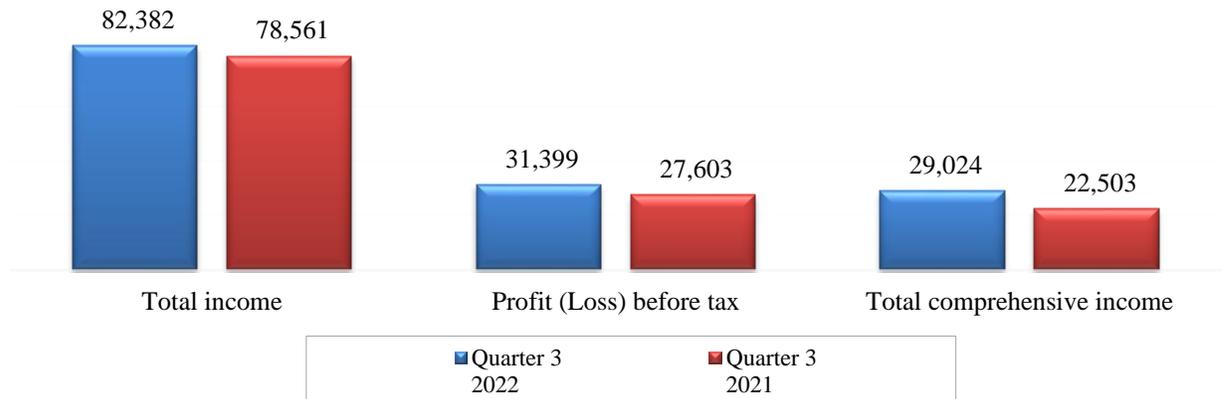
: ❷ Non-performing loan is follow NBC's regulation provision from 20% - 100%

## 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



**KIM, Sung Chul**

Member



**HONG, Jee Soo**

Independent Member



**LEE, Myunsang**

Independent Member

## Message from the Chairman

It is my immense pleasure to present you the financial performance of PPCBank in Q3 2022 by following the requirement from the Securities and Exchange Regulator of Cambodia (SERC).

The prolonged COVID-19 pandemic in 2021 was a challenging year for the world and Cambodia without predicable, especially the community outbreak event in 20th February, 2021. The Royal Government of Cambodia has introduced social and economic protection measures with the rapid increase in vaccination as well as strong enforcement measures. By giving the preventive measure implementation and the success of COVID-19 vaccination which covers over 90% of the total population that is why it is allowing the relaxation of travel restriction and making the country to reopen for its economic recovery.

The Asian Development Bank (ADB) maintained its economic growth forecast for Cambodia at 5.3% in 2022 but lowered the 2023 forecast to 6.2% from 6.5% due to weaker global growth. Cambodia's garments, travel goods, and footwear outputs remained robust, registering 39.8% year-on-year growth in the first half of 2022, despite the economic slowdown in the United States and Europe. The non-garment manufacturing sector continued its strong growth momentum. Construction gradually recovered, with imports of construction materials rising 22.8%.

Despite this challenging time, in Q3 2022, PPCBank has come up with one new service on the availability of Real-Time Overseas Transfer from Korea (South) to Cambodia through all Bakong members which was officially on practice since 26th July, 2022. After than in August we improved PPCBank Mobile on the availability of PPCBank KHQR and upload QR image for both Mobile App Users and Merchants that can download our bank KHQR to share to other banks user to pay easily. And on 2nd September, 2022, PPCBank have improved Virtual Account payment collection service to receive payment instantly via Bakong. Moreover, on 15th September, 2022, we also implemented PPWSA and EDC Bill Payment were available on smartBiz. PPWSA (Phnom Penh Water Supply Authority) and EDC (Electricity) with FREE of charge.

On behalf of the Board of Directors, I would like to take this opportunity to thank our loyal shareholders, board of directors, executives of PPCBank for their guidance and leadership, our dedicated employees for their contribution and commitment, our value customers for their continue

trust in PPCBank especially National Bank of Cambodia (NBC) and Securities and Exchange Regulator of Cambodia (SERC) for their advice and support.

I, Yim Yong Taick has taken gratitude to express that we have executed a successful conclusive performance during our Q3 2022 and going forward to what we will achieve in the quarter ahead.

November 11, 2022

Signature and Stamp



**YIM, Yong Taick**

Chairman

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

Entity Name in Khmer	<b>ធនាគារ ភ្នំពេញ ពាណិជ្ជ ម.ក</b>
In Latin	<b>Phnom Penh Commercial Bank Plc.</b>
Standard Code	KH2000111A46
Address	N° 217, Norodom Blvd (Street 41), Sangkat TonleBasak, Khan Chamkar Mon, Phnom Penh.
Phone	(+855) 23909 909/(+855) 999500
Website	<a href="http://www.ppcb.com.kh">www.ppcb.com.kh</a>
Email	<a href="mailto:info@ppcb.com.kh">info@ppcb.com.kh</a>
Registration Number	00015794dated 20 <sup>th</sup> May, 2008
License Number	B23 issued by National Bank of Cambodia dated 16 <sup>th</sup> December, 2019.
Disclosure Document Registration Number Issued by SECC	192/20 SECC date 01 <sup>st</sup> September 2020
Representative of the Listed Entity	Mr. Baek Jongil

**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 welcome 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, 2022 our total asset was US\$ 987 million, serving 23 branches national wide and 70 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. 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 7th July, 2022, PPCBank has officially relocated Siem Reap Provincial Branch. To be more convenient to our value customers and expand our business operation activities, which is getting approval from NBC on 8th April, 2022 and approval from MOC for SR branch relocation dated 20th May, 2022.

To be more convenient to our value customers and expand our business operation activities, PPCBank has decided to relocate Tuek Thlar Branch by doing internal processing to getting approval from National Bank of Cambodia (NBC).

As we are an easy banking, we try to bring the easier way for customer to feel more convenient. So on 26th July, 2022, PPCBank has come up with one new service on the availability of Real-Time Overseas Transfer from Korea (South) to Cambodia through all Bakong members. As PPCBank had collaborated with Jeonbuk Bank to allow/enable Full Fund Transfer from Jeonbuk Bank to all Bakong members in real-time in addition to current real-time transfer service to PPCBank. Following NBC approval, each customer can transfer up to USD 10,000 per day via this service. Transfers can be made from Jeonbuk Bank Mobile Banking, Internet Banking Service and Branch

Service. PPCBank is the first bank in Cambodia (collaborate with Jeonbuk Bank) that enable a seamless real-time overseas transfer from South Korea to all Bakong members in Cambodia via Bakong Full Fund Transfer Service.

Month by month, we're continuing to enhance for the improvement, so in August 1st 2022, the availability on PPCBank Mobile for PPCBank KHQR and Upload QR Image was implemented. An updated KHQR related function to make it more convenient for Non Face-to-Face QR payment, especially for Cross Bank Receive Money and Payment. For both Mobile App Users and Merchants can download our bank KHQR to share to other banks user to pay easily.

On 2nd September, 2022, PPCBank has improved Virtual Account payment collection service to receive payment instantly via Bakong. Customer and enterprise that use our Virtual Account as payment collection for their business can receive payment from many Bakong members.

On 15th September, 2022, PPWSA (Phnom Penh Water Supply Authority) and EDC (Electricite du Cambodge) Bill Payment were available on smartBiz with Free of charge. Corporate customers can make PPWSA and EDC payment online instantly from smartBiz without having to visit even their nearest branches.

## PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

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

Key Achievement	Quarter 3 2022	2021
<b>Loan</b>		
Loan Accounts	8,515	7,308
Total Gross Loans <i>(in KHR million)</i>	3,230,092	3,037,931
<b>Deposit</b>		
Deposit Accounts	143,200	158,561
Total Deposits <i>(in KHR million)</i>	3,022,286	3,032,556
<b>Others</b>		
Operating Branches	23	23
Number of Staffs	482	445
ATMs	70	68
POS Terminals	238	238

### B. Revenue Structures

No	Sources of Revenue	Quarter 3 2022		Quarter 3 2021	
		Amount <i>(in KHR million)</i>	Percentage (%)	Amount <i>(in KHR million)</i>	Percentage (%)
1	Interest of Income	78,958	95.84	75,273	95.82
2	Fee and Commission Income	1,891	2.30	3,153	4.01
3	Other Income	1,533	1.86	134	0.17
<b>Total Income</b>		<b>82,382</b>	<b>100</b>	<b>78,561</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 2022 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 and advance to customers, deposit with other 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, dividend on investments and other fee incomes.

##### 2. Revenue by Segment Analysis

No	Source of Revenue	Quarter 3 2022		Quarter 3 2021	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	78,958	95.84	75,273	95.82
2	Fee and Commission Income	1,891	2.30	3,153	4.01
3	Other Income	1,533	1.86	134	0.17
<b>Total Income</b>		<b>82,382</b>	<b>100</b>	<b>78,561</b>	<b>100</b>

PPCBank earns most income from interest income representing 96% of total income in Q3 2022.

### 3. Gross Profit Margin Analysis

PPCBank prepares its Consolidated Statement of Profit or Loss and Other Comprehensive Income in which the format did not present the gross profit margin, but it presented the net interest income which resulted from the total interest income less interest expenses discussed under the next section on the Profit (Loss) before Tax Analysis.

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

Statement of Profit or Loss before Tax	Quarter 3 2022 (in KHR million)	Quarter 3 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	78,958	75,273	3,685	4.89
Interest expense	(25,926)	(26,772)	846	(3.16)
<b>Net interest income</b>	<b>53,032</b>	<b>48,502</b>	<b>4,531</b>	<b>9.34</b>
Fee and commission income	1,891	3,153	(1,262)	(40.03)
Fee and commission expense	(994)	(876)	(118)	13.47
<b>Net fee and commission Income</b>	<b>897</b>	<b>2,277</b>	<b>(1,380)</b>	<b>(60.62)</b>
Other operating income	1,533	134	1,399	1,043.08
Personal expenses	(8,351)	(8,247)	(105)	1.27
Other expenses	(7,960)	(5,543)	(2,417)	43.59
Depreciation and amortization	(6,879)	(8,192)	1,313	(16.03)
<b>Operating profit</b>	<b>32,272</b>	<b>28,931</b>	<b>3,342</b>	<b>11.55</b>
Net impairment losses on financial instruments	(873)	(1,327)	454	(34.19)
<b>Profit before tax</b>	<b>31,399</b>	<b>27,603</b>	<b>3,795</b>	<b>13.75</b>

In Q3 2022, profit before tax was KHR 31,399 million (14% higher than Q3 2021). The increasing of the profit is mainly from decreasing of interest expense and increasing in interest income.

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

Statement of Profit or Loss after Tax	Quarter 3 2022 (in KHR million)	Quarter 3 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	31,399	27,603	3,795	13.75
Income tax expense	(6,193)	(5,731)	(462)	8.06
<b>Net profit for the period</b>	<b>25,206</b>	<b>21,872</b>	<b>3,334</b>	<b>15.24</b>

In Q3 2022, the net profit for the period was KHR 25,206 million with 15% higher than Q3 2021 mainly from the changing as mention in section 4 (Profit (loss) before tax analysis).

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

Total Comprehensive Income	Quarter 3 2022 (in KHR million)	Quarter 3 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	25,206	21,872	3,334	15.24
Other comprehensive loss	3,818	631	3,187	505.25
<b>Total comprehensive income</b>	<b>29,024</b>	<b>22,503</b>	<b>6,521</b>	<b>28.98</b>

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

The strengthening US dollar on a global scale due to rising financial uncertainties exerts pressure on the currencies of other countries. While the currencies of emerging economies depreciated significantly against the US dollar currently, the inflation could be harder to bring down than anticipated either if labor markets are tighter than expected or inflation expectations unanchor; tighter global financial conditions could induce debt distress in emerging market and developing economies; renewed COVID-19 outbreaks and lockdowns as well as a further escalation of the property sector crisis might further suppress the growth; and geopolitical fragmentation could impede global trade and cooperation.

Therefore, the management assumed that the activities of the Group and the Bank may have some impact on the operations of the Group and the Bank.

## B. Significant Factors Affecting Profit

### 1. Demand and Supply Conditions Analysis

While the currencies of emerging economies depreciated significantly against the US dollar currently, it may have an effect on the global demand and supply. Therefore, in order to keep going on increasing the bank products and services, the Banks continue to develop more for the Bank's digital services as follows:

- PPCBank has come up with one new service on the availability of Real-Time Overseas Transfer from Korea (South) to Cambodia through all Bakong members. As PPCBank had collaborated with Jeonbuk Bank to allow/enable Full Fund Transfer from Jeonbuk Bank to all Bakong members in real-time in addition to current real-time transfer service to PPCBank. Following NBC approval, each customer can transfer up to USD 10,000 per day via this service. Transfers can be made from Jeonbuk Bank Mobile Banking, Internet Banking Service and Branch Service. PPCBank is the first bank in Cambodia (collaborate with Jeonbuk Bank) that enable a seamless real-time overseas transfer from South Korea to all Bakong members in Cambodia via Bakong Full Fund Transfer Service.
- PPCBank KHQR and Upload QR Image was implemented on PPCBank Mobile. An updated KHQR related function to make it more convenient for Non Face-to-Face QR payment, especially for Cross Bank Receive Money and Payment. For both Mobile App Users and Merchants can download our bank KHQR to share to other banks user to pay easily.
- PPCBank has improved Virtual Account payment collection service to receive payment instantly via Bakong. Customer and enterprise that use our Virtual Account as payment collection for their business can receive payment from many Bakong members.
- In September, 2022, PPWSA (Phnom Penh Water Supply Authority) and EDC (Electricite du Cambodge) Bill Payment were available on smartBiz with Free of charge. Corporate customers can make PPWSA and EDC payment online instantly from smartBiz without having to visit even their nearest branches.

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

PPCBank operates in the service industry, therefore, the fluctuations on raw material price are not applicable to the Bank.

### *3. Tax Analysis*

PPCBank is under the governance of Commercial Law on Taxation; therefore, the Bank is obligated to pay taxes as determined by the General Department of Taxation.

PPCBank had been awarded "GOLD" certificate of tax compliance from GDT with a period for year 2022 and 2023.

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

The global economy is entering a pronounced slowdown amid from a rise in inflation may affect the financial results of the Bank.

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

In Q3 2022, PPCBank recorded increase in the revenue, net interest income KHR 53,032 million, which represents 9.3% higher compared to the same period in 2021.

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

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 had applied fixed interest rates for both deposits and loans. Thus, 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**

The Inflation reached 7.85% in June 2022 comparing with YOY(Year-on-year) basis to 7.17% the previous month due to the rising prices of fuel and food related goods and services. With this, there is no material impact yet of inflation on the Bank's operational business.

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

In response to the context of the Industrial Revolution 4.0 as well as the advancement of digital technology, the National Bank of Cambodia has officially launched the Negotiable Certificate of Deposit (NCD) blockchain system for NCD transactions to ensure accuracy, security and convenience with additional new functions that allow Bank and FIs to proceed the transactions such as trading, mortgage, portfolio management and view the reports.

On August 25, 2022, the National Bank of Cambodia issued a notification to Banks and Financial institutions are still required to continue to prepare quarterly reports on the assessment, rating and provisioning for restructuring and loan repayment in accordance with the sample report as attached in Circular No. 7-021-002 dated 24 June 2021 on evaluation, classification and provisioning for Credit restructuring and continue to send such report to the National Bank of Cambodia.

In the meantime, the institution must continue to conduct the specific stress assessments on the restructured portfolio, at least three (3) scenarios on the medium and severe bases, and must submit the results of the stress tests and quarterly remedial measures to the National Bank of Cambodia.

In particular, the institution must continue its monthly reporting obligation in accordance with Circular No. 7-020-001, dated March 27, 2020 on Credit restructuring during the impact of Covid-19 virus outbreaks and Notification No. 7-022-167, dated January 20, 2022 on the case of new reporting obligations during the impact of the Covid-19 virus outbreak by each sectors.

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

November 11, 2022

Seen and Agreed



**YIM, Yong Taick**

Chairman

