



# **The Fourth Quarterly Report**

**(31 December 2022)**

**Phnom Penh Commercial Bank Plc.**

## Financial Highlights

Financial Situation (in KHR million)	Quarter 4 2022	2021
Total Assets	4,043,530	4,015,041
Total Liabilities	3,238,038	3,306,817
Total Equity	805,492	708,224
Financial Results (in KHR million)	Quarter 4 2022	Quarter 4 2021
Total income	81,151	79,306
Profit (Loss) before tax	25,668	29,414
Profit (Loss) after tax	20,598	23,447
Total comprehensive income	20,509	23,146
Financial ratio (%)	Quarter 4 2022	2021
Solvency Ratio ❶	21.81	19.19
Debt to Equity Ratio	402.00	466.92
Liquidity Coverage Ratio ❶	127.46	125.46
Non-performing Credit Ratio ❷	4.61	1.82
Loan to Deposit Ratio (A/B)	105.03	97.08
Profitability Ratio (%)	Quarter4 2022	Quarter 4 2021
Return on assets (ROA)	2.01	2.29
Return on equity (ROE)	10.10	12.97
Interest coverage ratio	745.17	860.74
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

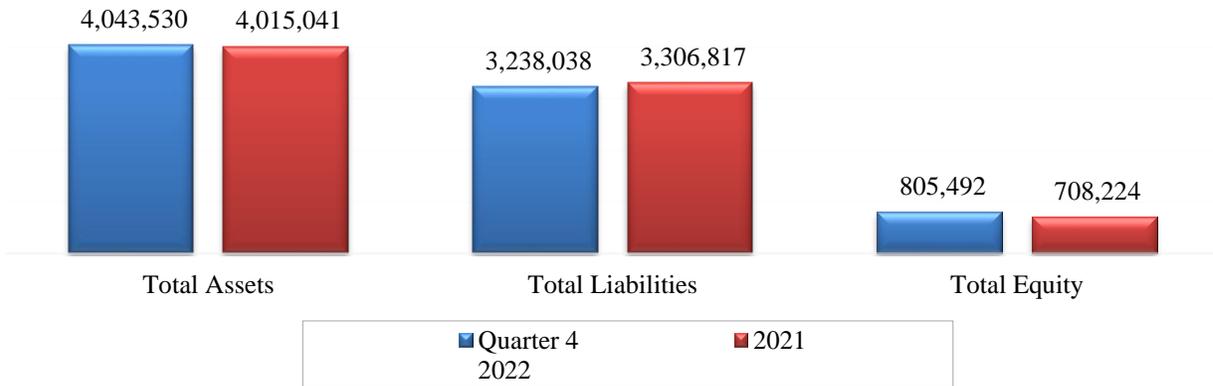
Note:

: ❶ Follow NBC's regulation

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

## Financial Summary Charts

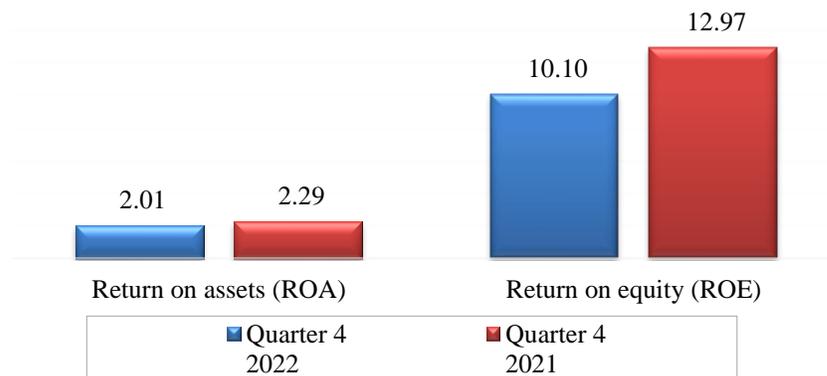
### Financial Situation (in KHR million)



### 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 Q4 2022 by following the requirement from the Securities and Exchange Regulator of Cambodia (SERC).

The effective integration of vaccines in Cambodia has resulted in the saving of lives, the consolidation of the health care system, and a contribution to national progress toward economic recovery. The rapid response of the Cambodian government, compared to other developing countries, is a successful attempt to alleviate the regional crisis caused by COVID-19. The outbreak has been well-managed, and the negative impacts resulting from the pandemic have been mitigated.

The Cambodia was expected to see a figure of around 5.4% economic growth for 2022 and it has been projected at 6.6% in 2023, according to Cambodia Economy and Finance Ministry. NBC confirmed the actual growth to be 5.1% in its “Macroeconomic and Banking Sector Development in 2022. According to the central bank, the growth in Cambodia was spurred in Manufacturing 9.4% increase, Hotels and Restaurants 15.2% increase, Transportation 6.1% increase and wholesale and retail trades 4.5% increase.

During the Q4-2022, PPCBank has come up with new service on 18th October, 2022, has officially Go-Live CRM machine which make customer more convenient and quick to deposit with real time credit at any time. On 2nd September, 2022, PPCBank has added new service on the availability of Virtual Account can receive payment from Bakong Transfer. On 15th September 2022, the availability on PPCBank Mobile for Additional Functions and New Transfer Process. 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 Q4 2022 and going forward to what we will achieve in the quarter ahead.

February 13, 2023

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.ppcbank.com.kh">www.ppcbank.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 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 December, 2022 our total asset was US\$ 982 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**

To be more convenient to our value customers and expand our business operation activities, PPCBank has decided to relocate Tuek Thlar Branch to the better location.

As we are an easy banking, we try to bring the easier way for customer to feel more convenient. So on 2nd September, 2022, PPCBank has come up with one new service on the availability of Virtual Account can receive Payment from Bakong Transfer. Customer and enterprise that use our Virtual Account as payment collection for their business can receive payment from any Bakong members in additional to PPCBank channels.

To enhance more for digital channel, the availability of Additional Functions and New Transfer Process had been added on PPCBank Mobile.

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.

On 18th October, 2022, PPCBank has officially Go-Live CRM machine which make customer more convenient and quick to deposit with real time credit at any time.

On 21st October, 2022, PPCBank launching on “Khmer Riel Account Link to Card” which enable Khmer Riel Account Holders to link their account with PPCBank debit card and perform the transaction through ATM and POS terminal.

## PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

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

Key Achievement	Quarter 4 2022	2021
<b>Loan</b>		
Loan Accounts	8,837	7,308
Total Gross Loans <i>(in KHR million)</i>	3,202,982	3,037,931
<b>Deposit</b>		
Deposit Accounts	148,380	158,561
Total Deposits <i>(in KHR million)</i>	2,974,183	3,032,556
<b>Others</b>		
Operating Branches	23	23
Number of Staffs	485	445
ATMs	70	68
POS Terminals	215	238

### B. Revenue Structures

No	Sources of Revenue	Quarter 4 2022		Quarter 4 2021	
		Amount <i>(in KHR million)</i>	Percentage (%)	Amount <i>(in KHR million)</i>	Percentage (%)
1	Interest of Income	79,078	97.44	78,149	98.54
2	Fee and Commission Income	2,051	2.53	1,149	1.45
3	Other Income	23	0.03	8	0.01
<b>Total Income</b>		<b>81,151</b>	<b>100</b>	<b>79,306</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 31 December 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 4 2022		Quarter 4 2021	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	79,078	97.44	78,149	98.54
2	Fee and Commission Income	2,051	2.53	1,149	1.45
3	Other Income	23	0.03	8	0.01
<b>Total Income</b>		<b>81,151</b>	<b>100</b>	<b>79,306</b>	<b>100</b>

PPCBank earns most income from interest income representing 97% of total income in Q4 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 4 2022 (in KHR million)	Quarter 4 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	79,078	78,149	929	1.19
Interest expense	(29,125)	(24,893)	(4,232)	17.00
<b>Net interest income</b>	<b>49,952</b>	<b>53,256</b>	<b>(3,303)</b>	<b>(6.20)</b>
Fee and commission income	2,051	1,149	902	78.45
Fee and commission expense	(1,047)	(1,286)	239	(18.62)
<b>Net fee and commission Income</b>	<b>1,005</b>	<b>(137)</b>	<b>1,141</b>	<b>(835.06)</b>
Other operating income	23	8	15	185.43
Personal expenses	(8,723)	(9,369)	646	(6.90)
Other expenses	(8,111)	(7,021)	(1,090)	15.52
Depreciation and amortization	(7,347)	(7,948)	601	(7.56)
<b>Operating profit</b>	<b>26,798</b>	<b>28,789</b>	<b>(1,990)</b>	<b>(6.91)</b>
Net impairment losses on financial instruments	(1,131)	626	(1,756)	(280.67)
<b>Profit before tax</b>	<b>25,668</b>	<b>29,414</b>	<b>(3,747)</b>	<b>(12.74)</b>

In Q4 2022, profit before tax was KHR 25,668 million (12.7% less than Q4 2021). The decreasing of the profit is mainly from increasing of interest expense and other expenses.

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

Statement of Profit or Loss after Tax	Quarter 4 2022 (in KHR million)	Quarter 4 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	25,668	29,414	(3,747)	(12.74)
Income tax expense	(5,070)	(5,968)	898	(15.05)
<b>Net profit for the period</b>	<b>20,598</b>	<b>23,447</b>	<b>(2,848)</b>	<b>(12.15)</b>

In Q4 2022, the net profit for the period was KHR 20,598 million with 12% less than Q4 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 4 2022 (in KHR million)	Quarter 4 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	20,598	23,447	(2,848)	(12.15)
Other comprehensive loss	(89)	(301)	212	(70.46)
<b>Total comprehensive income</b>	<b>20,509</b>	<b>23,146</b>	<b>(2,637)</b>	<b>(11.39)</b>

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

As central banks across the world simultaneously hike interest rates in response to inflation, the world may be edging toward a global recession in 2023 and a string of financial crises in emerging market and developing economies that would do them lasting harm, according to a comprehensive new study by the World Bank.

Central banks around the world have been raising interest rates this year with a degree of synchronicity not seen over the past five decades—a trend that is likely to continue well into next year, according to the report. Yet the currently expected trajectory of interest-rate increases and other policy actions may not be sufficient to bring global inflation back down to levels seen before the pandemic.

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 January 2023 World Economic Outlook (IMF) Update projects that global growth will fall to 2.9 percent in 2023 but rise to 3.1 percent in 2024. The 2023 forecast is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook but below the historical average of 3.8 percent. Rising interest rates and the war in Ukraine continue to weigh on economic activity. China's recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic levels.

With this situation, it has some effect on PPCBank financial result, thus, the new products and services shall be added up to retain the bank growth. As a result, PPCBank had developed some services as follows:

- PPCBank has come up with one new service on the availability of Virtual Account can receive Payment from Bakong Transfer. Customer and enterprise that use our Virtual Account as payment collection for their business can receive payment from any Bakong members in additional to PPCBank channels.
- To enhance more for digital channel, the availability of Additional Functions and New Transfer Process had been added on PPCBank Mobile.
- 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.
- Go-Live CRM machine which make customer more convenient and quick to deposit with real time credit at any time.
- Launching on "Khmer Riel Account Link to Card" which enable Khmer Riel Account Holders to link their account with PPCBank debit card and perform the transaction through all ATM and POS terminal.

## ***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 Q4 2022, PPCBank recorded increase in the revenue with net interest income was KHR 49,952 million, if compared to the same period in 2021 was less than 6.2%.

## **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 5.3% in 2022, 2.9% higher than the previous year 2021 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

According to the new prakas of NBC B7.023.005, Institution shall maintain reserve requirements against deposits and borrowings at a daily average balance with NBC in accordance with date and rates as follow:

- From January 01, 2023 to December 31, 2023, reserve requirement in foreign currencies shall be at the rate of 9% (nine percent)
- From January 01, 2024 onward, reserve requirement in foreign currencies shall be at the rate of 12.5% (twelve point five percent).

However, Institution shall maintain reserve requirement in local currency (Riel) at the rate of 7% (seven percent).

At the same time, NBC also issued the new notification of NBC B7.023.022 to Deposit taking institution shall accumulate Capital Conservation Buffer (CCB) in accordance with date and rates as follow

- 1.25% by June 30, 2023, and
- 2.5% by December 31, 2023

Meanwhile, Countercyclical Capital Buffer (CCB) will remain zero until further notice.

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

February 13, 2023

Seen and Agreed



**YIM, Yong Taick**

Chairman

