



We make  
banking easy

# 2020 Annual Report

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# Message from CEO

## Message from President

Hello Everyone!!!

PPCBank has been operating in Cambodia since September 2008. Seeing its great potential, together with that of the Cambodian banking industry, JB Financial Group and OK Financial Group became shareholders of PPCBank in 2016.

Through 23 branches in Phnom Penh and provincial centers, as well as over 66 ATMs, we operate under the highest banking standards and protocols, being a fully-licensed commercial bank in Cambodia under South Korean management.

‘Quality over Quantity’ is the next mission for our banking products and services. So how do we intend to implement that?

At PPCBank we have been working to pinpoint our clients’ pain points that can sometimes result in frustration over seemingly lengthy procedures and a mountain of paperwork. Banking in any country is a highly-regulated industry, but we’re making it our goal to find the right balance to make sure that banking with us is easy and safe for everyone, from the first-time account opener to the seasoned financial expert.

Everyone, current client or not, can receive a consultation from our experienced Customer Service Center, 24/7, using the channel that best suits you: be it a phone call to our hotline or live chats across several platforms such as the website you’re busy reading, Facebook or our Mobile App and business solution, smartBiz. If you prefer face-to-face interaction, come into any of our branches and we’ll be delighted to give you all the advice you need.

Speaking of this website, we’re working hard to make it a source of relevant and up-to-date information, because we know that some of you prefer reading over chatting. We understand that everyone is different and we want to make banking comfortable and secure for people from every walk of life.

Shaping the future of Cambodia’s banking industry with Cambodians, from today onwards, will be a great experience and I am looking forward to it very much. Trust that your needs and feedback will be heard.

Thank you for choosing to do business with us.

Sincerely,

**BAEK Jongil, President of PPCBank**



# Vision, Core Value and Key Strategies

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- ✓ **Vision:** We Make Banking Easy,
- ✓ **Core Value:** Change/Innovation, Localization, Diversification, Differentiation.
- ✓ **Key Strategies:**
  - Pursuit of Qualitative Growth;
  - Process Innovation and Capacity Building;
  - Improve Management Rationalization;
  - Strengthen Online / Offline Channels and Customer Based;
  - Strengthen Risk Management.
- ✓ **Basic Strategy :** Secure a Differentiated Competitiveness Based on a Flexible and Advanced Infrastructure.

We express a space, which we closely build with our most valued customers through closeness and trust. We have also embedded the concept of 'leaping forward' in our symbol which signifies sustainably growing through change and innovation.

## Leaping forward

We constantly embrace change which is backed by our competitive strength as pioneer of retail finance; and we aim for excellence through innovation.

## Trust

Embedded strongly with a saying 'A guardian tree of a village', we believe in prospering through closeness, confidence and loyalty built with our customers.

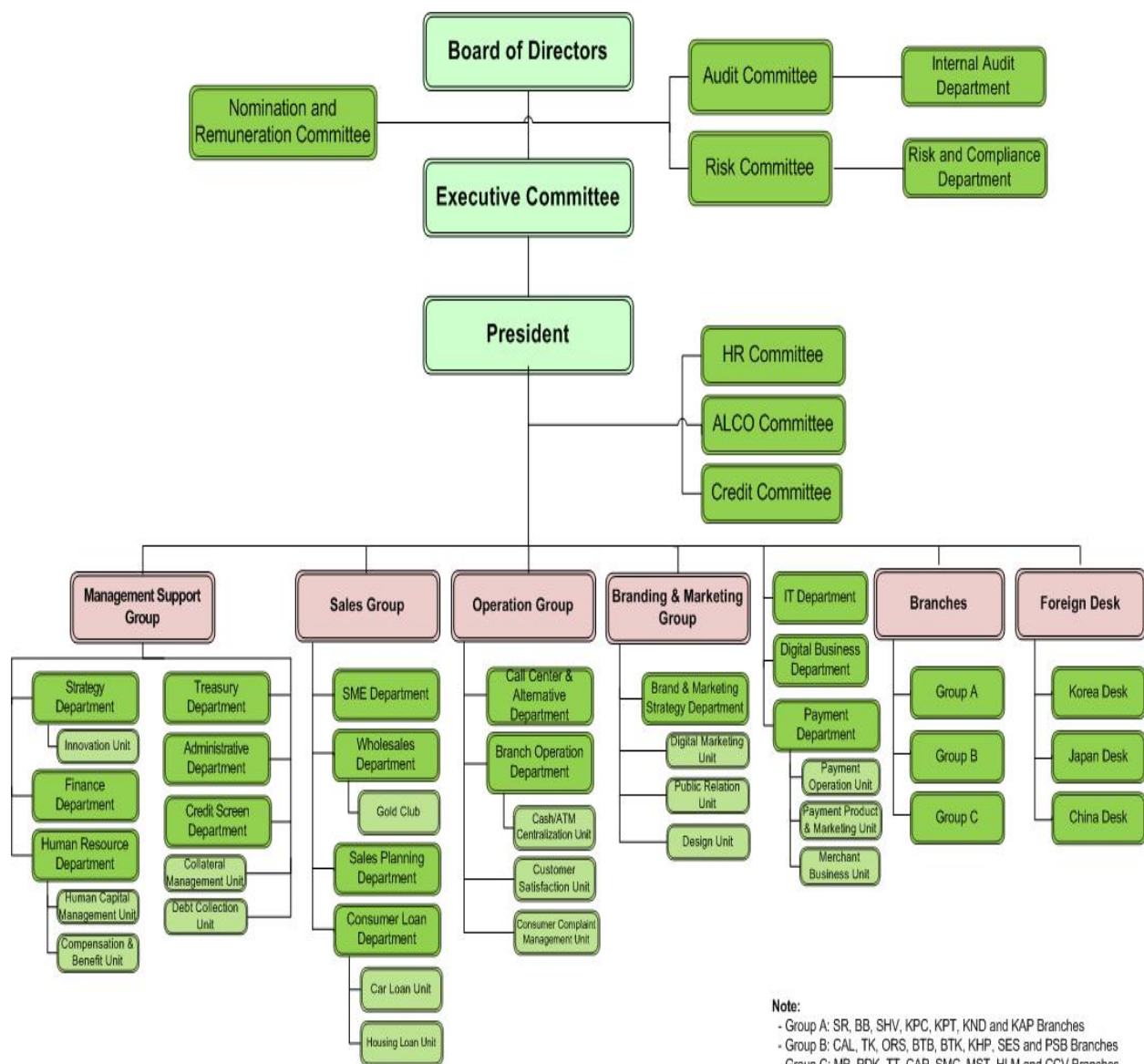
## People

As a retail financial group, we dedicate ourselves in providing the best service for low-to-middle class customers and promote small-to-medium sized enterprises.

## Space

Space has been firmly placed in our philosophy to ensure that we have committed especially with customers through channel that closeness and loyalty are strongly entrenched.

# PPCBank Organization Chart



**Note:**

- Group A: SR, BB, SHV, KPC, KPT, KND and KAP Branches
- Group B: CAL, TK, ORS, BTB, BTK, KHP, SES and PSB Branches
- Group C: MB, PDK, TT, CAP, SMC, MST, HLM and CCV Branches
- Staff from foreign desks/gold club shall work at any branches of the Banks
- Staff from foreign desks/gold club shall report to branch managers and management in charge of desk/Wholesales Department.

# PPCBank Corporate Information

## PPCBank Information

(As of December 31, 2020)

<b>Bank Name</b>	Phnom Penh Commercial Bank Plc (PPCBank)
<b>Date of Establishment</b>	1 <sup>st</sup> September, 2008
<b>Registration No</b>	00015794
<b>Head Office</b>	Nº 217, Norodom Blvd (Street 41), Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia
<b>Paid-Up Capital</b>	USD \$92 million
<b>No of employees</b>	474

## Principle Shareholders

(As of December 31, 2020)

The shares of Phnom Penh Commercial Bank Plc are held by **Jeonbuk Bank Co., Ltd** (a subsidiary company of JB Financial Group Co., Ltd. based in South Korea), **Apro Financial Co. Ltd** (a subsidiary company of J&K Capital Co, Ltd which is under the supervision of OK Financial Group based in South Korea) and **JB Woori Capital Co., Ltd** (a subsidiary company of JB Financial Group Co., Ltd. based in Korea) with the number of shares and percents as below:

Name	No. of Shares Held	Percentage of Total Outstanding Share (%)
<b>Jeonbuk Bank Co., Ltd</b>	46,000	50.00%
<b>Apro Financial Co., Ltd</b>	36,800	40.00%
<b>JB Woori Capital Co., Ltd</b>	9,200	10.00%
<b>Total</b>	<b>92,000</b>	<b>100.00%</b>

## External Auditor

*PricewaterhouseCoopers (Cambodia) Ltd.*

# Board of Directors

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The directors are appointed by our shareholders to act on their behalf. Our Board of Directors is responsible for determining the strategy of the Bank and for conducting and supervising operation to act in the best interests of the Bank. Our Board of Directors assumes responsibilities for corporate governance and for promoting the success of the bank by directing and supervising the bank's business operation and affairs. The membership is not confined only to members of the board but includes management as well.

The members of Board of Directors holding office are:



## **Mr. YIM YONG TAICK, Chairman**

- President, CEO at Jeonbuk Bank Co., Ltd (Nov 2014 – Present)
- Chairman, CEO at JB Woori Capital Co., Ltd (Sep 2011 - Oct 2014)
- Founder, CEO at Pegasus Private Equity Co., (Apr 2008 – Aug 2011)
- Founder, CEO at Meritz Investment Partners Co., (May 2005 – Mar 2008)
- Founder, CEO at Taurus Venture Capital Co., (Aug 1997 – Apr 2005)
- Founder, CEO at Lim & Partners Co., (Mar 1996 – Jul 1997 )
- Manager at Daishin Securities Co., Ltd (Mar 1986 – Feb 1996 )



## **Mr. KIM SUNG CHUL, Member**

- Deputy CEO at Jeonbuk Bank Co., Ltd. (January 2021 – Present)
- Head of Management Supporting Division at Jeonbuk Bank Co., Ltd.  
(Jan 2019 – Dec 2020)
- At Jeonbuk Bank Co., Ltd. (Aug 1991 – Dec 2018)
  - General Manager of Human Resources Supporting Department
  - General Manager of Business Promotion Department
  - General Manager of Seosindong Branch etc.



# Board of Directors (Con't)

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**Mr. SIM SANG TON, Member**

- Director at APRO Financial Co., Ltd (Jun 2004 – Present)
  - Representative Director at APRO Service Group Co., Ltd (May 2014 – Present)
  - Representative Director at YES Capital Co., Ltd (Dec 2013 – Present)
- 



**Mr. PARK CHONG TAE, Independent Member**

- CEO at MainStream & Company (Feb 2004 – Present)
  - CEO at E-Trinity Ltd (Aug 2003 – Jan 2004)
  - Managing Director at LKFS Co., Ltd (Mar 2000 – Jun 2003)
  - Manager at IBM Korea (Jan 1991 – Feb 2000)
- 



**Mr. LEE Myungsang, Independent Member**

- Statutory Audit at REDBADGE PACIFIC (Venture Capital) (Oct 2016 – Present)
- Lawyer (Partner) at LEEKIM & Partners, LLC (Feb 2014 – Present)
- Lawyer (CEO) at LEEKIM & Partners (Jan 2007 – Feb 2014)
- Lawyer (CEO) at Soehyun Partners (Feb 2001 – Jan 2007)
- Lawyer at Sojong Partners (Jan 2000 – Feb 2001)



# PPCBank Committees

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## **Audit Committee:**

Our Audit Committee is tasked to determine that conditions which the External Auditors, the Internal Audits and any other person belonging to the organization are remarkably in charge of the bank's operating procedures. They primarily undertake the responsibilities to ensure sound effective quality of internal control through its continuous monitoring and assessment. It is our committee duty to assure that the bank's integrity is being consistently carried out in all fields related or non-related to the bank's business and to make recommendations at most convincing behaviors for attaining effective and ethical management within our organizations.

## **Risk Committee:**

Our risk committee's principal role is to establish the bank's procedures and effectively implement the most appropriate process aimed at identifying, measuring, monitoring, limiting, management and, where applicable, mitigating the risks involved by the institution's operation and organization to ensure such process is consistently in line with the bank's strategy and goal; especially to ensure that we are operating in the most sustainable environment for all our stakeholders. The Risk Committee of Phnom Penh Commercial Bank is essentially responsible for overseeing the overall risk management practices of the bank, including management ability to access and manage the bank's risks such as credit risk, market risk, liquidity risk, operational risk etc. to ensure sound and safe organizational operations based on our value and integrity as fundamental standard.

## **Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee of Phnom Penh Commercial Bank Plc is established by the bank's board of directors with 3 members which include one independent person with expertise in legal issues and banking. The committee is responsible for ensuring that the remuneration regulation/system is consistent with the long-term objectives and corporate values of the Bank; reviewing and recommending on qualifications term and procedure to select and replace board member and affiliated committee members under the board; recommending independent persons who will become affiliated committee members under the board; inspecting, updating the mechanism and evaluating the effectiveness of the board of directors, executive committee and other affiliated committees under the board and recommend on remuneration or allowances for board members and executive committee members.

# PPCBank Committees (Con't)

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## **Credit Committee:**

Phnom Penh Commercial Bank Plc, Credit Committee is tasked to ensure that the bank has always utilized at most effective and efficiency in term of our loan disbursement as well as operate with highest soundness in our credit environment. Their performance has been favorable and plays mandatory role in contributing to our success and outstanding achievement in 2019. All tasks are carried out through professionalism and determination with experienced critical-analysis skills of utilizing the most suitable approach to ensure we have achieved exceptional expectation in term of our loan portfolio and portfolio quality. They also has mandatory role in guiding the bank back on track to sustainability when identifying any adverse trends and take the most corrective approaches to cope with such trend in relation to this volatile financial atmosphere.

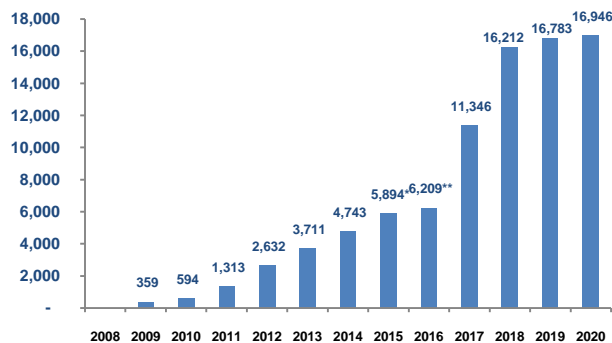
## **Human Resource Committee:**

As present management realized human resource is unarguably the most important resource in the organization, Phnom Penh Commercial Bank Plc has deployed a philosophy where we ensure we consistently maintained our employees 'satisfaction highest among other relevant aspects. We equipped ourselves with professional, experienced and skillful Human Resource Committee members which dedicated themselves in ensuring that our employees received the highest possible satisfaction in form of both working and personal environment. Our committee has performed satisfactorily in ensuring we have recruited qualified employees, praising them accurately in line and compliance with business goal and target and more importantly maintained our talents loyalty. They are further obliged to ensure fair evaluation by taking accounts with aspects in both internal and external environment to build the most effective human resource strategies in pertaining any relevant issues to ensure the bank's sustainability and crucially maintenance of employee's continuous improvement and loyalty

## **ALCO Committee:**

The ALCO committee of Phnom Penh Commercial Bank Plc is responsible for deliberation of monitoring on the bank's assets managements to ensure returns optimization as well as to ensure that the bank has consistently sound levels in term of the bank's liquidity and solvency in relevant compliance with all forms of requirement with the National Bank of Cambodia. They are to ensure that the undue levels of risk such as liquidity, interest rate, credit market and foreign exchange are not exposed by the bank. Additionally, our ALCO Committee has been responsible for suggesting on the adoption of crucial matters such as deposit pricing strategy and internal cost to ascertain the performance of the bank is continuously on track with the bank's targets and strategies.

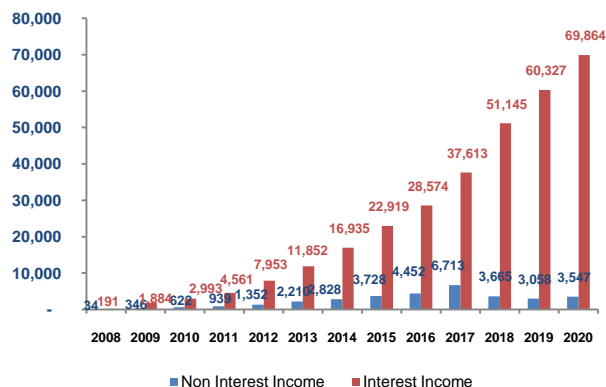
# Financial Summary



**Net Profit**

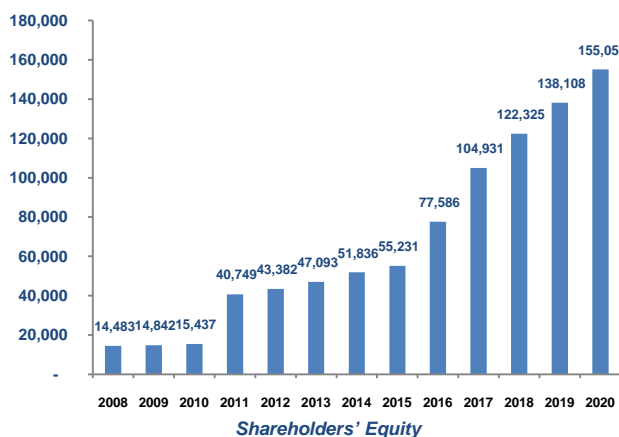
**Note:** \*Excludes USD 2.5 millions in remuneration expense.

\*\* Excludes USD 4.4 millions in extraordinary item expense.

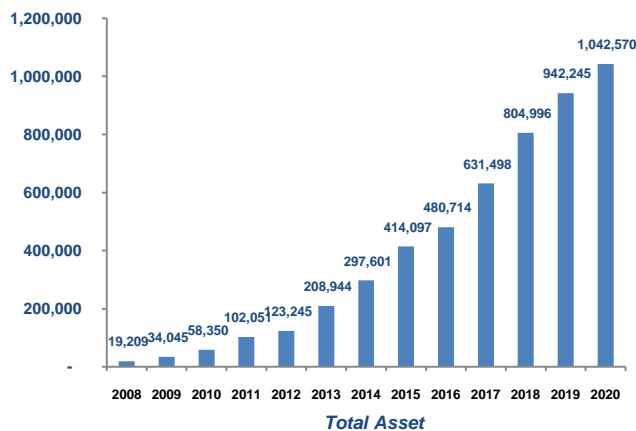


■ Non Interest Income ■ Interest Income

(‘000)

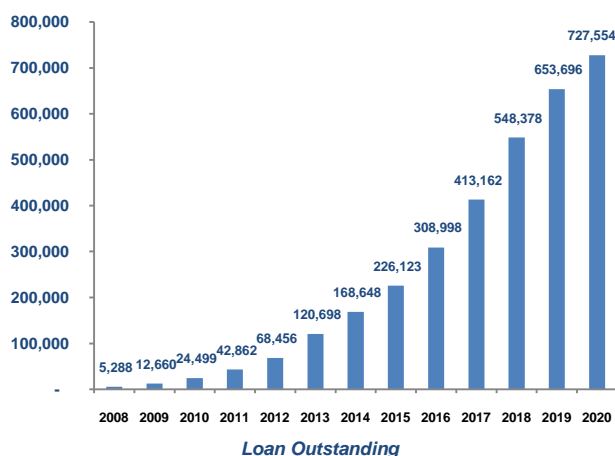


**Shareholders' Equity**

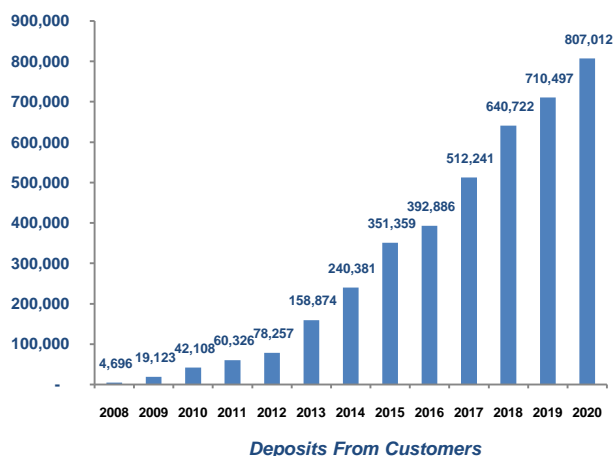


**Total Asset**

(‘000)



**Loan Outstanding**



**Deposits From Customers**

(‘000)

# Cambodia Overview



While the Cambodian economy continues to suffer from the impacts of the COVID-19 pandemic, there are signs that economic activity is beginning to pick up. The economy is projected to contract by 2 percent in 2020, but is expected to bounce back and grow by 4 percent in 2021. With the easing of social distancing measures, domestic economic activity is gradually returning to normal. Consumption is being partly underpinned by unprecedented government intervention, while inflation remained subdued. FDI inflows to projects in non-garment industries and agriculture have been rising, likely attracted by Free Trade Agreements.

Although total manufacturing exports have been hit by the pandemic, exports of bicycles, electrical parts, and vehicle parts and accessories are rising, and exports of rice and other agricultural commodities have surged. Domestic tourists have supported a partial recovery of the travel and tourism industry. Significant uncertainty remains to Cambodia's growth outlook. The most important policy goal must be to urgently regain jobs lost and suspended due to the pandemic. Looking ahead, it is essential that domestic and foreign investments are encouraged to take advantage of recent bilateral and regional free trade agreements. This would be possible through prompt introduction of a competitive investment law and incentive schemes, together with moves to improve the ease of doing business.

To help the country quickly recover from the pandemic, the report recommends boosting pro-poor and growth-enhancing public investment including cash-for-work projects, while promoting labor-intensive sectors to generate jobs by taking advantage of the quick recovery of domestic demand for consumer goods. It also notes the opportunities to facilitate an expansion of domestic and foreign investment arising from recent bilateral and regional free trade agreements, including the Cambodia-China Free Trade Agreement and Regional Comprehensive Economic Partnership (RCEP). The report also points out the critical importance of developing a strong COVID-19 vaccine infrastructure, as well as closely monitoring economic vulnerabilities arising from the prolonged construction and property boom. The report includes a special focus section on the Cambodia Business Pulse Surveys (BPS) taken to understand the economic effects of COVID-19 on businesses. The BPS, conducted in June and September 2020 with over 500 firms, showed that many businesses have re-opened since June. However, sales are still down significantly, especially for micro, small and medium-sized companies, and for firms in Siem Reap.

# PPCBank Overview

<b>Name Of Bank</b>	<b>Phnom Penh Commercial Bank Plc</b>
Date of Establishment	2008-09-01
Industry	Commercial Bank
President	BAEK, JONGIL
Board of Directors	1. Mr. YIM, Yong Taick, Chairman 2. Mr. SIM, Sang Ton, Director 3. Mr. KIM, Sung Chul, Director 4. Mr. PARK, Chong Tae, Independent Board of Director 5. Mr. LEE, Myunsang, Independent Board of Director
Address (Head Office)	Nº 217, Norodom Blvd (Street 41), Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Cambodia.
Paid-in Capital	USD \$92 million (As of December 31 <sup>st</sup> , 2020)
Number of Employees	474 (As of December 31 <sup>st</sup> , 2020)
Branches	23 Branches

- As of December 2020, PPCBank has 23 branches nationwide (16 in Phnom Penh, 1 in Siem Reap, 1 in Battambang, 1 in Preah Sihanouk, 1 in Kompong Cham, 1 in Kampong Thom, 1 in Kandal and 1 in Kampot).
- PPCBank has a total of 66 ATMs; 37 onsite ATMs and 29 offsite ATMs (at major popular locations in Cambodia).

No	Branch	Established Date	Location
1	BTB	2008	Phnom Penh
2	CAL	2009	Phnom Penh
3	PDK	2010	Phnom Penh
4	SR	2011	Siem Reap
5	TK	2011	Phnom Penh
6	TT	2012	Phnom Penh
7	BB	2013	Battambang
8	ORS	2013	Phnom Penh
9	SMC	2014	Phnom Penh
10	CAP	2014	Phnom Penh
11	Head Office	2015	Phnom Penh
12	BTK	2015	Phnom Penh
13	SHV	2015	Sihanouville
14	KPC	2016	Kompong Cham
15	KPT	2017	Kampong Thom
16	KND	2017	Kandal
17	KHP	2017	Phnom Penh
18	KAP	2018	Kampot
19	SES	2019	Phnom Penh
20	MST	2019	Phnom Penh
21	HLM	2019	Phnom Penh
22	PSB	2020	Phnom Penh
23	CCV	2020	Phnom Penh

# PPCBank Overview (Con't)

## Head Office

Tonle Bassac area is located in one of the fastest growing location in Phnom Penh. This area consists of residential and commercial building including embassy, ministries etc.

## CAL Branch

It is one of the busiest areas in the center of Phnom Penh. It is easier to discover potential buyer and market.

## PDK Branch

Phsar Deum Kor area is one of the populated area and one of the strategic area for PPCBank.

## TK Branch

Toul Kork area is in the center of Phnom Penh; and it's prime location.

## SR Branch

Siem Reap is the center of business and tourism. Siem Reap is full of shopping center, hotels, restaurant etc.

## TT Branch

Teuk Thla area is one of government's major plans to urbanize the city; it is full of construction new apartment and market.

## BB Branch

Battambang area is the center of business area and also on the border to Thailand. It is one of the strategic branch for PPCBank.

## ORS Branch

Ou Ruessey branch is in area surrounded by full of new construction of shopping center, companies, residents etc.

## CAP Branch

Chbar Ampov area is the bridge between Phnom Penh and other provinces with engaged national highway, two bridges, and more large-scale development.

## SMC Branch

Steung Meanchey area is one of the prime location in the southeastern of Phnom Penh.

## BTB Branch

Beong Trabek area is full of new construction. Many banks open their branches along the main blvd.

## BTK Branch

It is located in complex business building which is full of trading and investment companies.

## SHV Branch

Preah Sihanouk area is the best street linking Preah Sihanouk and other provinces including Kompot, Kep, and Koh Kong on the border with

## KPC Branch

Kompong Cham is the one of the major populous provinces and the agricultural center of Cambodia. It is a strategic location to be a central transportation hub linking Cambodian and both Thailand, Vietnam.

## KPT Branch

Krong Stueng Saen area indicated in 2<sup>nd</sup> rank in number of annual sale per year and number of business among other 8 districts.

## KND Branch

Angk Snuol area indicated in 5<sup>th</sup> rank in number of business among other 11 districts.

## KHP Branch

Koh Pich area is a new town touching Phnom Penh on the rivers Mekong and Basak.

## KAP Branch

Krong Kampot indicated the 1<sup>st</sup> rank in number of business among other 8 districts.

## SES Branch

Sen Sok area is very potential and important place for the bank to expand business (Aeon Mall 2 and Makro).

## MST Branch

Mao Tse Toung branch located on the busiest boulevard "Mao Tse Toung" between Khan Chamkar Mon and Khan Boeung Keng Kang.

## HLM Branch

Heng Ly Market Branch located on Street 271 where is full of SME enterprises.

## PSB Branch

Preah Sihanouk Blvd. Branch is the one of the busiest areas in Phnom Penh as its prime location in the center of business.

## CCV Branch

Chraoy Chongvar branch located along National Road N° 6, in the North-East of Phnom Penh and center of Biz.

# PPCBank Products and Services

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Phnom Penh Commercial Bank Plc caters a diverse range of useful products and services to ensure convenience, reliability and secure for all kinds of our beloved customers. For personal or business purposes, PPCBank will offer products that always stand for them.

## E-Banking Service



**Visa Debit Card:** Is our electronic plastic card loaded with latest technology based on the EMV (Europay, MasterCard and Visa) to provide protect against counterfeit fraud through authentication of the chip card and also recognized by VISA Inc. This card allows all valued customers to make cash withdrawal via any ATMs and payments through any POS Terminal throughout Cambodia and around the world where the VISA logo is displayed.

**Visa Credit Card:** Is our electronic plastic card loaded with latest technology based on EMV to provide more convenient payment facilities for PPCBank value customers. It is a secured card which designed with the high-end layer of security recognized by the Payment Card Industry Data Security Standard, and provides security for customers using credit service to operate their banking services via ATM, POS terminal, or e-commerce to make cash withdrawals or pay for goods/services up to the credit line set by PPCBank.

**Corporate Discounts:** Customers are able to enjoy our discounts at PPCBank cooperated merchants with PPCBank VISA card. PPCBank currently cooperates with over our 230 merchants in Cambodia in 2020.

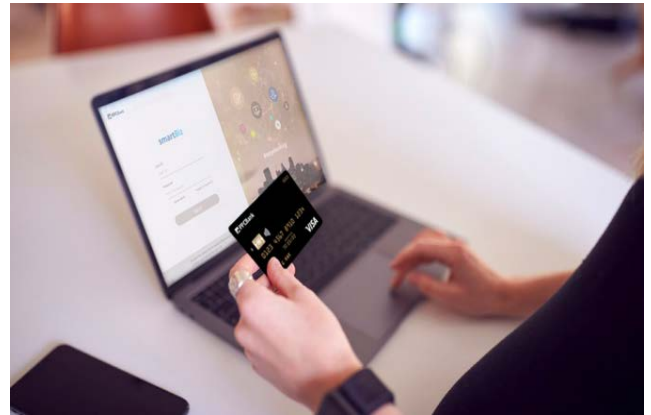


# PPCBank Products and Services (Con't)

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## VISA Gold Credit Card

Experience secure and convenient banking services with PPCBank Visa business gold credit contactless card.



## ATM Acquiring on Visa Card

Our nationwide ATMs will be ready to welcome all customers with VISA card holders to enjoyably use cash withdrawal for both international and local card holders. We equip our ATMs with latest operating technology that enables them to have full access to VISA database to accommodate customers 24/7.



## POS Merchant Service

PPCBank POS (Point-Of-Sale) Merchant Service enables convenience in payment management for business owners. Our POS machine now accepts all major contact and contactless cards such as VISA, Master Card, Union Pay, and Pre-paid PayOn Card. By becoming our merchant, business owners not only can increase easier payment management but also serve customers with high satisfaction and pleasant experience as well.



# PPCBank Products and Services (Con't)

## Deposits



**Saving Account:** We encourage customers to save money in our bank to ensure highest convenience and flexibility in managing cash flow. PPCBank offers customers with one of the highest interest rates of saving account in 2019.



**Current Account:** Our customers can enjoy our PPCBank Current Account which offers them with cheque book to settle all their payment without having to present at the bank or carry cash directly to their business partners.



**Fixed Deposit Account:** PPCBank Fixed Deposit Account provide high interest benefits for our value customers. Our customers can surely earn an attractive interest rate from the fund which they have placed with us.

# PPCBank Products and Services (Con't)

**Installment Deposit:** Our valued customers are able to enjoy high interest rate benefits when opening PPCBank Installment Deposits when planning out their life goals.



**VIP Saving Account:** As we understand our customers' concern and their need for planning out life goals, that's why PPCBank set up to provide more benefits to our customers who can enjoyably use Private Banking Service.



## 3<sup>rd</sup> Parties Alliance Services

 <b>One of the leading Money Transfer Agents</b>  Real-Time Transfer  Loan Repayment  7,000 Agents Nationwide	 <b>International Finance Corporation</b> WORLD BANK GROUP <i>Creating Markets, Creating Opportunities</i>  SME Loan	 <b>Phnom Penh Water Supply Authority</b>  Bill Payment Service	 <b>Electricite Du Cambodge</b>  Bill Payment Service
 <b>One of the leading Money Transfer Agents</b>  Real-Time Transfer  Loan Repayment	 <b>The next – generation mobile payments and banking app</b> 	 <b>Online Account Platform</b>  Bill Payment Service & Cashflow Financing  > 2,000 SME customers	 <b>One of leading MFIs in Market</b>  Real-Time Transfer

# PPCBank Products and Services (Con't)

## Credits

**Micro, Small Loan:** PPCBank offers our value customers with Micro Loan for small businesses to help reaching goal in sailing to their success.

**Medium Loan:** PPCBank also offers our value customers with Medium Loan for our customer to ensure they received outstanding service at reasonable interest rate for their capital financing.

**Large Loan:** We have made sure that an extended flexibility and conveniences are offered to our valued customers. We provide our Large Loan service to those who are in need of large capital for their personal use or corporate expansion with the most flexible rate and cost.

**Songkhoem Loan:** Songkhoem loan of PPCBank can help support your move to South Korea. This loan can help offer the necessary funds to prepare yourself as you transition into working in Korea.

**SME Soben Loan:** PPCBank's SME Soben Loan is designed with small and medium size enterprises' needs in mind and it will help prospective SMEs by supporting financial requirement.

**Overdraft:** Our Overdraft service specially tailored to meet our customers' transactional needs and optimize cash flow. We offer competitive rates so our valued customers can save on interest expense and we impose no fixed payment schedule.

**Car Loan:** PPCBank's car loan is provided to customers who want to buy for both new and used car with competitive interest rate.

**Motor Loan:** A type of PPCBank Loans set up for customers who wish to be a motorcycle owner with good conditions and competitive rates.

**Housing Loan:** With PPCBank Housing Loan, owning first home is just so easy, we make all of our customers' dream come true with our long term loan that they can borrow up to 80% of the home value with up to 20 years.

**Annatean 300:** Annatean 300 of PPCBank is a specially-designed loan for Small & Medium Enterprises (SMEs). Eligible applicants will receive approval within 3 business days from the date of submission of their required documents. Borrowers can request a grace period on repayment of the principle within the first year.

**Credit Line or Credit Limit** is maximum amount of money which the bank has been determined and promised to offer to customer (individual or company) depending on credit worthiness of customer.



# PPCBank Products and Services (Con't)

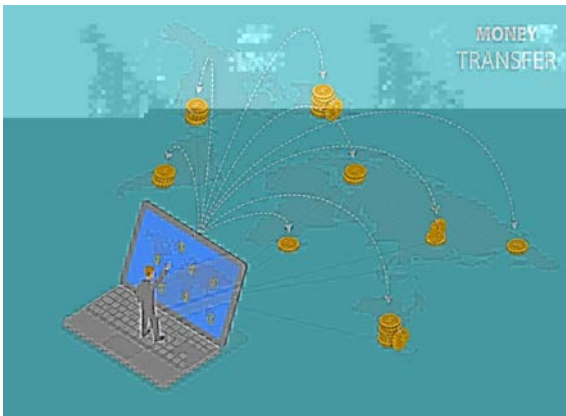
## Trade Finance



PPCBank Trade Finance Service with our Oversea Correspondent Banks Network throughout the world and our professionals make sure to provide our customers with highly beneficial consultation to equip our customers with the most corrective decision of businesses.

- Documentary Credit (L/C): Commonly known as our banker's letter of credit which is a facility for payment as well as means of finance for overseas Letter of Credit (Import). Letter of Credit (Export)
- Bank Guarantee: Is our guarantee of payment issued by PPCBank on behalf of client, should the client fail to fulfill a contractual commitment with a third party.
  - > Local Bank Guarantee
  - > Oversea Guarantee
  - > Shipping Guarantee

## Fund Transfer



PPCBank has the best solution for money transfer services which guarantee safety and convenience for our customers.

- Local Funds Transfer: Provide convenience for customers to make transfer within and outside PPCBank locally with highly competitive cost.
- International Funds Transfer Via Swift: Allow our customers to send money to anyone safely, quickly and easily, whether it is to family or suppliers overseas with another bank abroad via SWIFT with security and convenience.



# PPCBank Products and Services (Con't)

## Fast Transfer

The Fast Payment Service is made in real-time and takes less than 15 minutes. Don't have 1-2 days to wait for a payment transfer. It allows customers to transfer money and make payments in KHR within all the in-network members.



## Real-Time Fund Transfer (RFT)

RFT is part of Retail Pay System, a project by the National Bank of Cambodia. RFT allows a real-time fund transfers between customers of financial institutes that are the participating members.



## Transfer Service with Wing

Customers can conveniently make and receive a real time transfer between PPCBank and Wing. You can transfer through all of PPCBank's channels to Wing either Cash Pick-Up Service (Phone Number) for withdrawal at 7,500 Cash Xpress agents nationwide or Wing Account; and receive money directly to your PPCBank accounts from Wing.

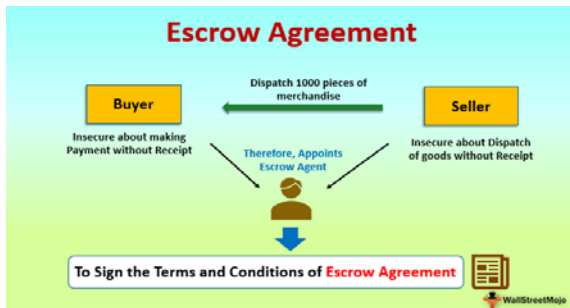


## Foreign Exchange

PPCBank also provides foreign exchange service to customer to exchange their money from currency to other currencies by offering the competitive exchange rate with the fast and convenience service.

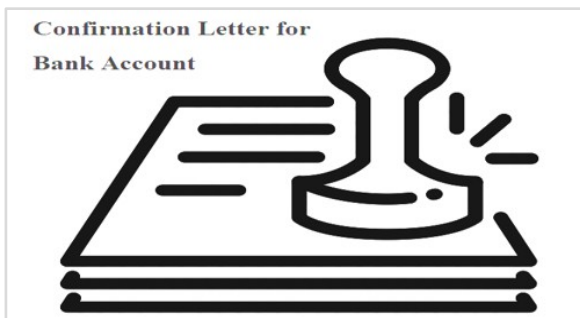


# PPCBank Products and Services (Con't)



## Escrow Agreement

PPCBank also offers Escrow service to the customers or a third party contractor that will agree to facilitate a transaction between a buyer and seller which can help you to contain the risks involved when you are buying or selling high-value assets, allowing you to transact safely.



**Bank Confirmation** is where PPCBank issues a confirmation letter or other information related to deposit, credit, safe box service, bank guarantees etc.



## Payroll Services

PPCBank offers both individual accounts and corporate accounts for payroll service and cut down the risk from bulk physical cash for customers from places to places to pay their employees.



## Western Union

Within minutes, the money to be sent will be available for payout to the intended recipients at Western Union agent location worldwide. Customers can enjoy using such continent service in all of our PPCBank branches.



# PPCBank Products and Services (Con't)



## Mobile Banking 2.0

An app developed for customers to remotely use mobile their devices to conduct financial transaction which available 24/7 whether checking inquiries, making transfers (including non-account holders), top-up any mobile phone and receiving special promotions. Additionally, customers will enjoyably be able to connect to social network anywhere anytime.



## SMS Alert Service

A service designed to provide instant transaction alerts through mobile phone SMS at anytime. Our customers will never have to hold on to paper receipt again. It will be free for the 1<sup>st</sup> month for all subscribers. Customers will be able to access to our services at their nearest PPCBank Branch.



## Corporate Internet Banking (smartBiz 1.5)

PPCBank smartBiz 1.5 is a smart and secured internet- based corporate management service offered with the simplest financial solution to fit all of your corporate financial need, either managing finance online from home or workplace or paying business partners/staffs, suppliers at the same time and at anytime.

# Our Corporate Social Responsibility

“Phnom Penh Commercial Bank Plc committed ourselves in doing our part for better Cambodia. Our employees, especially CSR teams are consistently doing their best to bring about the changes and improvement to our communities in both city and provincial areas.”



PPCBank contributed US\$ 5,000 in support to the Royal Government of Cambodia for activities in fighting against Covid-19 pandemic (Phnom Penh & Ta Khmao Town).



Together with the Government, we open a donation for Covid-19 Vaccination from everyone who'd like to be part of the campaign to combat this virus for Cambodian.



PPCBank contributed US\$ 5,000 in support to the Royal Government in solidarity against Covid-19.



PPCBank is glad to support APOPO Visitor Center in the mission of landmine clearance through donation which could be used to clear an area of the size of 2 footballs in Siem Reap province.



PPCBank staff pitched their donation and sent basic necessities such as drinking water, noodles to the flood victim in Pursat province.



We offer a full scholarship to 12 students to pursue their bachelor degree in the university.



With the generous donation from PPCBank customers, staff and us, we collected around 10,000 USD to support the flood victims in Pursat and Battambang provinces.



Local outbreak of Covid-19 hit the hardest those with low income. PPCBank was happy to support cyclo drivers through a great initiative, Local4Local.



PPCBank made doubles donation to support National Committee to Fight Covid-19 in Cambodia.

# Our Future Plan

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## 1. Branch Expansion For 2021

Phnom Penh Commercial Bank Plc grew with the most exceeding expectation since our establishment in 2008. With this solid growth that we have achieved and continuous increasing numbers of our customers have embarked on using the services, our plan is to keep expanding to broaden our reach to our customers nationally to be the best retail oriented bank in Cambodia and Southeast Asia by building sustainable growth base in the short-term and strengthening competitiveness through differentiation in the mid-term. Currently we operate on highly-achieved existing branches in Phnom Penh City, Siem Reap Province, Battambang Province, Preah Sihanouk Province, Kampong Cham Province, Kampong Thom Province, Kandal Province, Kampot province. The locations of our branches are in the core of the busiest business areas, where explosive growth is driving the customers' needs for financial products and services. For year 2021, we haven't had any plan to open new branches yet due to coronavirus pandemic. But PPCBank still tries to expand its reputation and provide our financial products and services to all potential areas in Cambodia through all channels of the bank.

## 2. Product & Service Development

To make our banking more time and resource efficient, our products development team has consistently working to create a more satisfied experience for our customers. Notably each branches of PPCBank have severed numerous customers daily, and our queue has yet become adequately competent to serve our customers with the most time efficiency.

### ***Online Payment – Visa Acquiring***

Online Payment-Visa Acquiring offers e-commerce payment system facilitate with VISA Card for online transaction to online shops/merchants. PPCBank is also the one bank will accept the VISA Card online transaction in the 2nd quarter, 2021. As of now, Payment Department is supporting with IT to develop this product.

### ***Online Payment – Master Card Acquiring***

Online Payment-Master Card Acquiring offers e-commerce payment system facilitate with Master Card for online transaction to online shops/merchants. PPCBank is also the one bank will accept the Master Card online transaction in the 2nd quarter, 2021. As of now, Payment Department is supporting with IT to develop this product.

# Our Future Plan (Con't)

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## ***Online Payment – JCB Acquiring***

Online Payment-JCB Acquiring offers e-commerce payment system facilitate with JCB Card for online transaction to online shops/merchants. PPCBank is also the one bank will accept the JCB Card online transaction in the 2nd quarter, 2021. As of now, Payment Department is supporting with IT to develop this product.

## ***NBC Payment – KHQR***

KHQR is the standardization of KHQR code specification will help promote wider use of mobile retail payment in Cambodia and provides consistent user experience for merchant and consumers.

## ***Wing Payment Collection***

Partnership includes international transfer from Korea to accounts/non account, local transfer and PPCBank loan collection outsourcing to Wing in real-time.

## ***AMK Transfer***

Partnership includes international transfer from Korea to accounts/non account and local transfer.

## ***True Money Bill Payment Service***

Partnership includes outsourcing of PPCBank loan collection in real-time.

## ***E-KYC (New Customer onboarding for account opening online)***

Digitalize the process of verifying customers' identity online through biometrics without face-to-face meetings during customer on boarding process for online account opening.

## ***Online Payment Gateway of mobilePay***

Upgrade existing mobilePAY to support account-based online payment.

# PPCBank Ethical Philosophy

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Effective approaches to instilling ethics and integrity are primary rudiments of ensuring sound corporate governance and managerial operation and control. As PPCBank has constantly recognized that only ethical managerial leadership can ensure the sustainable growth and future of the bank, we know that to effectively create a culture of ethics in our bank, it is believed that all level of our operations must be executed within ethical conducts to emphasize what we stand for. To ensure the complete effectiveness of our strategic implementation of ethical conducts, we reinforce our channel of communication through each managerial level so that we can competently eliminate all the fissures and the possibilities of misinformation within our bank. We implemented our code of ethics to ensure to effectively train our employees to fully engage and consistently attach themselves with this set of codes to make them the most ethical citizen and more importantly bankers in the society. We deploy our ethical conducts through training our employees to always think and act from view point of the customers which educating to have a clear perception of the banker's responsibilities and profession. We, in addition to being ethical bankers, believe in our contribution to local economic development in ensuring better financial services to local residents and local economy particularly. Amongst all these, in these modern managements, we realize how crucial it is to respect our shareholders' opinions and maximize their value to make certain that maintaining maximum asset soundness and profits through managing rationally. Inarguably, over them all our employees are equipped with mindset that to be highly professional bankers and ethical ones, we make sure to establish clean financial impression with a sincere and correct attitude. Since first day of employment, we made sure we have created an atmosphere which enables this philosophy in our employee's work as well as lives to fully drive them to reach full potential of being the most professional bankers in the industry and distinguished citizens in the society.



# PPCBank Branches and ATMs

## PPCBank Branches

<b>1. Main Branch</b>	<b>13. Preah Sihanouk Provincial Branch</b>
Nº 217, Norodom Blvd (Street 41), Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh. Tel: (855) 23 909 970	Nº 59, Street 23 Tola, Phum Muoy, Sangkat Pir, Krong Preah Sihanouk, Preah Sihanouk Province. Tel: (855) 34 935 8004
<b>2. Calmette Branch</b>	<b>14. Kampong Cham Provincial Branch</b>
Nº 26B, Preah Monivong Blvd., Phum Phum 8, Sangkat Srah Chak, Khan Doun Penh, Phnom Penh. Tel: (855) 23 999 650	Phum Ti Prammuoy, Sangkat Veal Vong, Krong Kampong Cham, Kampong Cham Province. Tel: (855) 42 943 800
<b>3. Phsar Deum Kor Branch</b>	<b>15. Kampong Thom Provincial Branch</b>
Nº 78, Preah Monireth Blvd., Sangkat Toul Svay Prey Ti Pir, Khan Boeng Keng Kang, Phnom Penh. Tel: (855) 23 999 700	Nº 292, National Road Nº 6, Stueng Saen Village, Sangkat Kampong Krabau, Krong Stueng Saen, Kampong Thom Province. Tel: (855) 23 900 501
<b>4. Tuol Kork Branch</b>	<b>16. Kandal Provincial Branch</b>
Nº 24, Street 273, Sangkat Tuol Sangke 1, Khan Russey Keo, Phnom Penh. Tel: (855) 23 999 051	Nº 25, National Road Nº 4, Svay Chrum Village, Baek Chan Commune, Angk Snuol District, Kandal Province. Tel: (855) 24 900 050
<b>5. Siem Reap Provincial Branch</b>	<b>17. Koh Pich Branch</b>
Nº 423, Phum Wat Bo, Sangkat Sala Samreuk, Krong Siem Reap, Siem Reap Province. Tel: (855) 63 967 500	Nº 1, Harvard Street, Diamond Island, Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh. Tel: (855) 23 998 010
<b>6. Tuek Thla Branch</b>	<b>18. Kampot Provincial Branch</b>
Nº B9-B11, Street Northbridge, Chong Thnol Khang Kaet Village, Sangkat Tuek Thla, Khan Saensokh, Phnom Penh.. Tel: (855) 23 985 430	Nº 54, Street Nº 713 corner of street Nº 701, Kampong Bay Khang Cheung Village, Sangkat Kampong Bay, Krong Kampot, Kampot Province. Tel: (855) 33 932 400
<b>7. Battambang Provincial Branch</b>	<b>19. Saensokh Branch</b>
Nº C031-C033, Street 01, Phum Prek Mohatep, Sangkat Svay Por, Krong Battambang, Battambang Province. Tel: (855) 42 943 800	Nº 269, Street Nº 1003, Bayab Village, Sangkat Phnom Penh Thmei, Khan Saensokh, Phnom Penh. Tel: (855) 23 901 940
<b>8. Ou Ruessei Branch</b>	<b>20. Mao Tse Toung Branch</b>
Nº 437, Preah Monivong Blvd., Corner of Street 214, Sangkat Boeng Proluet, Khan Prampir Meakkakra, Phnom Penh. Tel: (855) 23 964 037	The GF Floor of Nº 148, Mao Tse Toung Blvd. (Street 245), Sangkat Tuol Tumpung Ti Pir, Khan Chamkar Mon, Phnom Penh. Tel: (855) 23 901 943
<b>9. Chbar Ampov Branch</b>	<b>21. Heng Ly Market Branch</b>
Nº 612 AB, National Road Nº 1, Krom 10, Ruessei Sras Village, Sangkat Nirouth, Khan Chbar Ampov, Phnom Penh. Tel: (855) 23 900 501	Nº 9B, Street 271, Borey Kamakar Village, Sangkat Tuek Thla, Khan Saensokh, Phnom Penh. Tel: (855) 23 909 990
<b>10. Steung Meanchey Branch</b>	<b>22. Preah Sihanouk Blvd. Branch</b>
Nº 1C & 2P, Preah Monireth Blvd., Ruessei Village, Sangkat Stueng Mean Chey 2, Khan Mean Chey, Phnom Penh. Tel: (855) 23 985 430	Nº 114E0 and 116 E0, Preah Sihanouk Blvd., Phum Phum 5, Sangkat Boeng Keng Kang Ti Muoy, Khan Boeng Keng Kang, Phnom Penh. Tel: (855) 23 909 070
<b>11. Boeng Trabaek Branch</b>	<b>23. Chraoy Chongvar Branch</b>
Nº 767-769, Monivong Blvd., Sangkat Boeng Trabaek, Khan Chamkar Mon, Phnom Penh. Tel: (855) 23 999701	Nº 534 Sor, National Road Nº 6, Phum Kien Khleang, Sangkat Chraoy Chongvar, Khan Chraoy Chongvar, Phnom Penh. Tel: (855) 23 909 080
<b>12. Bak Touk Branch</b>	
Nº 36, Street 169, Sangkat Veal Vong, Khan Prampir Meakkakra, Phnom Penh. Tel: (855) 23 900 800	

# PPCBank Branches and ATMs (Cont')

## PPCBank ATMs

Onsite	Address	Offsite	Address
Main Branch (2)	No. 217, Norodom Blvd (Opposite Malaysia Embassy)	- Aeon Mall 1	Inside Aeon Mall 1
Calmette Branch (2)	No. 26B, Preah Monivong Blvd (Nearby Calmette Hospital)	- Dae Jang Geum Restaurant	Boeng Keng Kang 1
Phsar Deum Kor Branch	No. 78, Monireth Blvd (Between Intercon and City Mall)	- Aeon Mall 2	Inside Aeon Mall 2
Tuol Kork Branch (2)	No. 24, Corner St. 273 (Between TVK Antenna and JP Bridge)	- Siem Reap Plaza Market	Siem Reap Province
Siem Reap Provincial Branch	No. 423, Corner Kohke Traffic Light	- Angkor Market	Siem Reap Province
Tuek Thla Branch (2)	No. B9-B11, St. NorthBridge	- Angkor Shopping Center Hotel	Siem Reap Province
Battambang Provincial Branch	No. C031-C033, St.1 (Near Spean Thmor Thmey)	- Battambang Town Restaurant	Battambang Province
Ou Ruessei Branch (2)	No. 437, Preah Monivong Blvd, Corner of Street 214	- Phnom Penh Tower	Inside Phnom Penh Tower
Chbar Ampov Branch	#612 AB, National Road #1 (Near Nirouth Pagoda)	- Kim Mart	Boeng Keng Kang 1
Stueng Mean Chey Branch (2)	#1 C & 2P, Monireth Blvd	- Queenco Hotel & Casino	Preah Sihanouk Province
Boeng Trabaek Branch (2)	#767-769, Monivong Blvd (Opposite Vietnam Embassy)	- PGCT	Near PGCT Center GF
Bak Touk Branch	#36, Street 169 (Opposite Bak Touk High School)	- Courtyard Hotel	Sangkat Boeng Raing, Khan Daun Penh
Preah Sihanouk Provincial Branch (3)	#59, St. 23 Tola, Phum 1, Sangkat 2, Preah Sihanouk City	- Peng Huoth (Boeng Snor)	Borey Peng Huoth (Boeng Snor)
Kompong Cham Provincial Branch	St. 7A, Sangkat Veal Vong, Kompong Cham City	- Chip Mong Noro Mall	Noro Mall, Norodom Blvd.
Kompong Thom Provincial Branch	Land Lot N° 292, National Road N° 6, Kampong Thom Province.	- Eden Garden Mall	Phnom Penh City Center (PPCC)
Kandal Provincial Branch	N° 25, National Road N° 4, Svay Chrum Village, Angk Snuol District, Kandal Province.	- Foduna Hotel	Preah Sihanouk Province
Koh Pich Branch	N° 1, Harvard Street, Diamond Island, Phnom Penh.	- Xi Hu Hotel	Preah Sihanouk Province
Kampot Provincial Branch	N° 54, Street N° 713 corner of street 701, Sangkat Kampong Bay, Krong Kampot.	- In & Out Market	Boeng Keng Kang 1
Saensokh Branch (2)	N° 269, Street N° 1003, Bayab Village (Nearby Aeon Mall 2)	- TK Avenue	Tuol Kork
Mao Tse Toung Branch (2)	N° 148, Mao Tse Toung Blvd. (nearby Tuol Tumpung Market)	- Kim Mart-SES	Phum Bayab, Khan Saensokh
Heng Ly Market Branch (2)	N° 9B, Street 271 (nearby Cambodian Mekong University)	- Kim Mart-Tuol Tompoung	Tuol Tompoung
Preah Sihanouk Blvd. Branch (2)	N° 114E0 and 116E0, Preah Sihanouk Blvd. (Nearby Independence Monument)	- Baitong Hotel	Boeng Keng Kang 1
Chraoy Chongvar Branch (2)	N° 534 Sor, National Road N° 6 (Between Bale Bridge and Chraoy Chongvar Bridge)	- Exchange Square	Sangkat Wat Phnom
		- Sik Gaek Korean Restaurant	Boeng Keng Kang 1
		- Lucky Express (Street 271)	In front of Sovanna Shopping Center
		- Amazon Café	Kampong Cham Province
		- Tela Petroleum Chraoy Chongvar	Prohm Bayon Circle
		- The Quay Hotel	Riverside, Sangkat Phsar Kandal Ti 1
		- Lucky Express (Saensokh)	Street 1986, Sangkat Phnom Penh Thmey



# Independent Auditor's Reports

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**PHNOM PENH COMMERCIAL BANK PLC**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**PHNOM PENH COMMERCIAL BANK PLC.**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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## **DIRECTORS' REPORT**

The Board of Directors (the "Directors") hereby submits their report and the audited consolidated financial statements of Phnom Penh Commercial Bank Plc (the "Bank") and its subsidiary, J&A (Cambodia) Investment Co., Ltd. (together referred to as the "Group") and the separate financial statements of the Bank for the year ended 31 December 2020.

## **PRINCIPAL ACTIVITIES**

The principal activities of the Bank consist of the provision of various types of banking and related financial services.

The principal activities of the subsidiary, J&A (Cambodia) Investment Co., Ltd., are buying, selling, renting and operating the self-owned or leased real estate and development of building projects.

There were no significant changes in nature of the principal activities during the financial year.

## **RESULTS OF OPERATION AND DIVIDEND**

The results of financial performance for the year ended 31 December 2020 are set out in the consolidated and separate statements of profit or loss and other comprehensive income on page 10 and page 14, respectively.

The dividend amounting to US\$1,000,000 was declared in 2019 but fully paid in 2020 which was approved by the central bank on 15 January 2020. There was no dividend declared or paid in 2020.

## **SHARE CAPITAL**

On 18 May 2020, the Bank increased its share capital from US\$80,000,000 to US\$92,000,000 by converting the retained earnings to the share capital which is approved by the central bank on 30 June 2020.

## **BAD AND DOUBTFUL LOANS TO CUSTOMERS**

Before the consolidated and separate financial statements of the Group and the Bank were drawn up, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans to customers or making of allowance for impairment losses, and satisfied themselves that all known bad loans to customers had been written off and that adequate loss allowance has been made for bad loans to customers.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the amount written off for bad loans to customers or the amount of the allowance for impairment losses in the consolidated and separate financial statements of the Group and the Bank inadequate to any material extent.

## **ASSETS**

Before the consolidated and separate financial statements of the Group and the Bank were prepared, the Directors took reasonable steps to ensure that any assets which were unlikely to be realised in the ordinary course of business, at their value as shown in the accounting records of the Group and the Bank, have been written down to an amount which they might be expected to realise.

At the date of this report and based on the best of knowledge, the Directors are not aware of any circumstances which would render the values attributed to the assets in the consolidated and separate financial statements of the Group and the Bank misleading in any material respect.

## **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there is:

- (a) no charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (b) no contingent liability in respect of the Group and the Bank that has arisen since the end of the financial year other than in the ordinary course of banking business.

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Bank to meet its obligations as and when they fall due.

## **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 consolidated and separate financial statements of the Group and of the Bank, which would render any amount stated in the consolidated and separate financial statements misleading in any material respect.

## **ITEMS OF UNUSUAL NATURE**

The financial performance of the Group and the Bank for the financial year was not, in the opinion of the Directors, 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 financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the financial performance of the Group and the Bank for the current financial year in which this report is made.

## **THE BOARD OF DIRECTORS**

The members of the Directors holding office during the year and as at the date of this report are:

Mr. Yim Yong Taick	Chairman
Mr. Heo Ryeon	Director
Mr. Sim Sang Ton	Director
Mr. Park Chong Tae	Independent Director
Mr. Lee Myungsang	Independent Director

## **DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

The Directors are responsible for ascertaining that financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRS").

In preparing these consolidated and separate financial statements, the Directors are required to:

- i) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii) comply with the disclosure requirements of CIFRS or, if there have been any departures in the interest of fair presentation, these have been appropriately disclosed, explained and quantified in the consolidated and separate financial statements;
- iii) maintain adequate accounting records and an effective system of internal controls;
- iv) prepare the consolidated and separate financial statements on the going concern basis unless it is inappropriate to assume that the Group and the Bank will continue operations in the foreseeable future; and



- v) effectively control and direct the Group and the Bank in all material decisions affecting its operations and performance and ascertain that such have been properly reflected in the consolidated and separate financial statements.

The Directors confirm that the Group and the Bank have complied with the above requirements in preparing the consolidated and separate financial statements.

#### **APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

The accompanying consolidated and separate financial statements, together with the notes thereto, which present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2020 and the financial performance and cash flows of the Group and the Bank for the year then ended in accordance with the CIFRS, were approved by the Board of Directors.

Signed in accordance with a resolution of the Board of Directors.



Mr. Shin Chang Moo  
President

Phnom Penh, Kingdom of Cambodia

26 MAR 2021



## **Independent Auditor's Report**

To the Shareholders of Phnom Penh Commercial Bank Plc.

### **Our opinion**

In our opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Phnom Penh Commercial Bank Plc. (the Bank) and its subsidiary, J&A (Cambodia) Investment Co., Ltd. (the Group) and separate financial position of the Bank as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRS).

### *What we have audited*

Phnom Penh Commercial Bank Plc.'s financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- separate statement of financial position as at 31 December 2020;
- separate statement of profit or loss and other comprehensive income for the year then ended;
- separate statement of changes in equity for the year then ended;
- separate statement of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

### **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 consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Group and the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Kampuchea Institute of Certified Public Accountants and Auditors' Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code) that are relevant to our audit of the consolidated and separate financial statements in Cambodia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the KICPAA Code.



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. We determine one key audit matter: Allowances for expected credit losses for loans to customers. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
<p><b>Allowances for expected credit losses on loans to customers</b></p> <p>Refer to:</p> <ul style="list-style-type: none"> <li>Note 2.8(e) – summary of significant accounting policies on allowances for expected credit losses of loans to customers.</li> <li>Note 3(ii) – critical accounting judgments and key sources of estimation uncertainty on allowances for expected credit losses of loans to customers.</li> <li>Note 8(a) – Allowances for expected credit losses on loans to customers.</li> <li>Note 36.1 – credit risk.</li> </ul> <p>CIFRS 9 introduces an expected credit loss (ECL) impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.</p> <p>This is an area of focus as the management made significant judgments in applying the accounting requirements for measuring ECL, such as:</p> <ul style="list-style-type: none"> <li>grouping similar financial assets for the purposes of measuring ECL</li> <li>choosing appropriate models and assumptions for measuring ECL</li> <li>determining criteria to identify loans to customers that have experienced a significant increase in credit risk (SICR), and</li> <li>applying assumptions and analysis on expected future cash flows and forward-looking information.</li> </ul> <p>COVID-19's impact on ECL measurement:</p> <p>CIFRS 9 is a non-mechanistic approach. Management considered additional qualitative criteria for SICR on restructured loans due to COVID-19 and incorporated post-model adjustments (overlays) to ECL where the existing ECL models were not built for COVID-19.</p>	<p>We performed the following procedures:</p> <p><b>Overall governance and controls</b></p> <ul style="list-style-type: none"> <li>Gained an understanding and evaluated credit policies, procedures and controls put in place by management.</li> <li>Gained an understanding and evaluated CIFRS 9 accounting policies.</li> <li>Tested loan samples to check compliance with the Bank's credit policies and procedures.</li> <li>Assessed the design and tested operating effectiveness of internal controls on approval on loan write-offs, and review and approval of ECL results.</li> </ul> <p><u>Collective assessment approach</u></p> <ul style="list-style-type: none"> <li>Assessed the appropriateness of grouping similar financial assets.</li> <li>Gained an understanding of and assessed ECL model methodology applied against the inherent nature of loan portfolios and CIFRS 9 requirements.</li> <li>Assessed reasonableness of and tested model assumptions made by management including expected future cash flows, forward-looking information and other assumptions against CIFRS 9 requirements and benchmarked information used in the model to reasonable and supportable information.</li> <li>On a sample basis, tested reliability of data inputs used in ECL model: historical loan data, loan data at 31 December 2020 and historical macroeconomic data.</li> <li>Assessed criteria and threshold used to determine SICR against CIFRS 9 requirements.</li> <li>On a sample basis, traced that transfers between loan stages conformed to criteria and threshold used to determine SICR, and that stages were reflected in ECL calculation.</li> <li>On a sample basis, recomputed ECL and reconciled ECL balances to accounting records and tested ECL movement.</li> </ul>



Key audit matter	How our audit addressed the key audit matter
	<p data-bbox="868 326 1257 356"><u>Individual assessment approach</u></p> <ul data-bbox="868 387 1457 728" style="list-style-type: none"> <li>• Assessed criteria and threshold for individual assessment against the Bank's policies and CIFRS 9 requirements.</li> <li>• Assessed reasonableness of expected future cash flows by testing management's assumptions on collateral valuation and haircut, expected costs and time for collateral realisation.</li> <li>• Recomputed ECL and reconciled ECL balances to accounting records and tested movement.</li> </ul> <p data-bbox="868 759 1385 789"><b>COVID-19's impact on ECL measurement</b></p> <ul data-bbox="868 821 1457 1351" style="list-style-type: none"> <li>• Tested the design and operating effectiveness of internal controls on credit risk assessment and approval on loan restructuring.</li> <li>• On a sample basis, recomputed gain/loss from loan modification due to restructuring.</li> <li>• Assessed qualitative criteria for SICR for restructured loans due to COVID-19 against CIFRS 9 requirements.</li> <li>• On a sample basis, traced that transfers between stages due to COVID-19 conformed to SICR criteria and that stages were reflected in the ECL calculation.</li> <li>• Assessed reasonableness of and tested assumptions used for post-model adjustment (overlays) due to COVID-19, by benchmarking to reasonable and supportable information.</li> </ul> <p data-bbox="868 1383 1457 1503">Based on the above procedures and the supporting evidence, the allowances for expected credit losses for loans to customers are consistent with the management's assessment.</p>

#### Other information

Management is responsible for the other information. The other information obtained at the date of this auditor's report are the directors' report and the supplementary financial information and other disclosures required by the National Bank of Cambodia but do not include the consolidated and separate financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report, and the information included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

When we read the information included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Responsibilities of management and those charged with governance for the consolidated and separate financial statements**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with CIFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

#### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 Group and 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 consolidated and separate 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 Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For PricewaterhouseCoopers (Cambodia) Ltd.

  
By Lim Kuy  
Partner



Phnom Penh, Kingdom of Cambodia  
26 March 2021

**PHNOM PENH COMMERCIAL BANK PLC.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

		2020		2019	
	Notes	US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>					
Cash on hand	4	36,272,455	146,722,080	35,393,946	144,230,330
Balances with the central bank	5	73,290,366	296,459,530	93,903,019	382,654,802
Balances with other banks and financial institutions	6	99,998,608	404,494,369	36,800,649	149,962,645
Statutory deposits with the central bank	7	59,535,255	240,820,106	83,033,615	338,361,982
Loans to customers	8	721,322,069	2,917,747,769	647,463,266	2,638,412,809
Investment securities	9	3,157,903	12,773,718	3,178,194	12,951,141
Intangible assets	10	8,028,928	32,477,014	8,451,311	34,439,092
Property and equipment	11	16,279,751	65,851,593	15,905,545	64,815,096
Right-of-use assets	12	9,780,184	39,560,844	6,078,035	24,767,993
Deferred tax assets	13	237,010	958,705	500,163	2,038,164
Other assets	14	5,295,459	21,420,132	5,578,350	22,731,776
<b>TOTAL ASSETS</b>		<b>1,033,197,988</b>	<b>4,179,285,860</b>	<b>936,286,093</b>	<b>3,815,365,830</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from other banks	15	88,565,577	358,247,759	64,182,658	261,544,330
Deposits from non-bank customers	16	718,342,962	2,905,697,281	646,275,606	2,633,573,094
Current income tax liabilities	17	3,522,712	14,249,370	4,412,840	17,982,323
Borrowings	18	15,407,410	62,322,973	52,198,004	212,706,866
Debt securities issued	19	19,793,474	80,064,602	-	-
Lease liabilities	12	10,189,841	41,217,907	6,743,741	27,480,745
Employee benefit obligations		163,000	659,335	302,243	1,231,640
Other liabilities	20	1,538,547	6,223,423	3,634,390	14,810,140
Subordinated debts	21	20,037,128	81,050,182	20,037,128	81,651,297
<b>TOTAL LIABILITIES</b>		<b>877,560,651</b>	<b>3,549,732,832</b>	<b>797,786,610</b>	<b>3,250,980,435</b>
<b>EQUITY</b>					
Share capital	22	92,000,000	372,140,000	80,000,000	326,000,000
Regulatory reserves		11,683,167	49,195,067	8,252,811	35,209,506
Retained earnings		51,954,170	210,137,359	50,246,672	203,175,889
Other reserves		-	(1,919,398)	-	-
<b>TOTAL EQUITY</b>		<b>155,637,337</b>	<b>629,553,028</b>	<b>138,499,483</b>	<b>564,385,395</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,033,197,988</b>	<b>4,179,285,860</b>	<b>936,286,093</b>	<b>3,815,365,830</b>

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

PHNOM PENH COMMERCIAL BANK PLC.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020		2019	
		US\$	KHR'000	US\$	KHR'000
Interest income	23	69,337,337	282,688,323	59,845,949	242,495,785
Interest expense	24	(28,235,649)	(115,116,741)	(21,279,111)	(86,222,958)
<b>Net interest income</b>		<u>41,101,688</u>	<u>167,571,582</u>	<u>38,566,838</u>	<u>156,272,827</u>
Fee and commission income	25	3,468,821	14,142,383	2,877,911	11,661,295
Fee and commission expense	25	(1,077,175)	(4,391,642)	(703,989)	(2,852,563)
<b>Net fee and commission income</b>		<u>2,391,646</u>	<u>9,750,741</u>	<u>2,173,922</u>	<u>8,808,732</u>
Impairment losses on financial assets	26	(458,452)	(1,869,109)	(685,939)	(2,779,425)
Other gains/(losses) – net		299,346	1,220,434	(197,868)	(801,762)
Other operating income		78,263	319,078	180,195	730,150
<b>Net other operating loss</b>		<u>(80,843)</u>	<u>(329,597)</u>	<u>(703,612)</u>	<u>(2,851,037)</u>
Personnel expenses	27	(7,758,532)	(31,631,535)	(6,840,858)	(27,719,157)
Depreciation and amortisation		(6,894,117)	(28,107,315)	(5,512,817)	(22,337,934)
Other operating expenses	28	(7,360,030)	(30,006,842)	(6,252,817)	(25,336,414)
<b>Profit before income tax</b>		<u>21,399,812</u>	<u>87,247,034</u>	<u>21,430,656</u>	<u>86,837,017</u>
Income tax expense	29	(4,261,958)	(17,376,003)	(4,647,590)	(18,832,035)
<b>Profit for the year</b>		<u>17,137,854</u>	<u>69,871,031</u>	<u>16,783,066</u>	<u>68,004,982</u>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	(1,919,398)	-	386,011
		-	(1,919,398)	-	386,011
<b>Total comprehensive income for the year</b>		<u>17,137,854</u>	<u>67,951,633</u>	<u>16,783,066</u>	<u>68,390,993</u>
<b>Profit attributable to owners of the Group</b>		<u>17,137,854</u>	<u>69,871,031</u>	<u>16,783,066</u>	<u>68,004,982</u>
<b>Total comprehensive income attributable to owners of the Group</b>		<u>17,137,854</u>	<u>67,951,633</u>	<u>16,783,066</u>	<u>68,390,993</u>

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.



**PHNOM PENH COMMERCIAL BANK PLC.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Attributable to owners of the Group									
	Share capital		Regulatory reserves		Retained earnings		Other reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>Balance at 1 January 2019</b>	80,000,000	321,440,000	8,200,983	32,201,652	34,515,434	139,432,914	-	-	122,716,417	493,074,566
Profit for the year	-	-	-	-	16,783,066	68,004,982	-	-	16,783,066	68,004,982
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	386,011	-	386,011
<b>Total comprehensive income for the year</b>	-	-	-	-	16,783,066	68,004,982	-	386,011	16,783,066	68,390,993
<b>Transactions with owners in their capacity as owners:</b>										
Transfers from retained earnings to regulatory reserve	-	-	51,828	210,007	(51,828)	(210,007)	-	-	-	-
Dividend provided for but not yet paid	-	-	-	-	(1,000,000)	(4,052,000)	-	-	(1,000,000)	(4,052,000)
Currency translation differences	-	4,560,000	-	2,797,847	-	-	-	(386,011)	-	6,971,836
<b>Total transactions with owners</b>	-	4,560,000	51,828	3,007,854	(1,051,828)	(4,262,007)	-	(386,011)	(1,000,000)	2,919,836
<b>Balance at 31 December 2019</b>	80,000,000	326,000,000	8,252,811	35,209,506	50,246,672	203,175,889	-	-	138,499,483	564,385,395
<b>Balance at 1 January 2020</b>	80,000,000	326,000,000	8,252,811	35,209,506	50,246,672	203,175,889	-	-	138,499,483	564,385,395
Profit for the year	-	-	-	-	17,137,854	69,871,031	-	-	17,137,854	69,871,031
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	(1,919,398)	-	(1,919,398)
<b>Total comprehensive income for the year</b>	-	-	-	-	17,137,854	69,871,031	-	(1,919,398)	17,137,854	67,951,633
<b>Transactions with owners in their capacity as owners:</b>										
Conversion of retained earnings to share capital (Note 22)	12,000,000	48,924,000	-	-	(12,000,000)	(48,924,000)	-	-	-	-
Transfers from retained earnings to regulatory reserve	-	-	3,430,356	13,985,561	(3,430,356)	(13,985,561)	-	-	-	-
Currency translation differences	-	(2,784,000)	-	-	-	-	-	-	-	(2,784,000)
<b>Total transactions with owners</b>	12,000,000	46,140,000	3,430,356	13,985,561	(15,430,356)	(62,909,561)	-	-	-	(2,784,000)
<b>Balance at 31 December 2020</b>	92,000,000	372,140,000	11,683,167	49,195,067	51,954,170	210,137,359	-	(1,919,398)	155,637,337	629,553,028

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

**PHNOM PENH COMMERCIAL BANK PLC.**
**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020		2019	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>					
Profit before income tax		21,399,812	87,247,034	21,430,656	86,837,017
<i>Adjustments for:</i>					
Provision for employee benefit obligations		(139,243)	(567,694)	(16,157)	(65,468)
Depreciation and amortisation		6,894,117	28,107,315	5,512,817	22,337,934
Net impairment losses on financial assets	26	458,452	1,869,109	685,939	2,779,425
Unrealised exchange losses on investment securities		20,599	83,982	-	-
Unrealised exchange gains on borrowings and debt securities		219,592	895,277	-	-
Gain on disposal of property and equipment		(2,680)	(10,926)	-	-
Interest income		(69,337,337)	(282,688,323)	(59,845,949)	(242,495,785)
Interest expense		28,235,649	115,116,741	21,279,111	86,222,958
<i>Changes in working capital</i>					
Reserve requirement with the central bank		24,669,819	100,578,852	(3,243,536)	(13,142,808)
Loans to customers		(73,204,241)	(298,453,691)	(107,270,536)	(434,660,212)
Other assets		282,890	1,153,343	(1,332,360)	(5,398,723)
Deposits from other banks		24,342,367	99,243,830	20,471,544	82,950,696
Deposits from non-bank customers		68,407,284	278,896,497	49,560,229	200,818,048
Other liabilities		(1,098,732)	(4,479,530)	994,611	4,030,164
Cash generated from/(used in) operations		31,148,348	126,991,816	(51,773,631)	(209,786,754)
Interest received		67,363,854	274,642,433	60,037,774	243,273,060
Interest paid		(24,214,141)	(98,721,053)	(21,018,949)	(85,168,781)
Income tax paid	17	(4,888,933)	(19,932,180)	(4,110,270)	(16,654,814)
<b>Net cash generated from/(used in) operating activities</b>		<u>69,409,128</u>	<u>282,981,016</u>	<u>(16,865,076)</u>	<u>(68,337,289)</u>
<b>Cash flows from investing activities</b>					
Placements of capital guarantee deposits		(1,200,000)	(4,892,400)	-	-
Purchases of property and equipment	11	(3,519,043)	(14,347,138)	(3,178,673)	(12,879,983)
Purchases of intangible assets	10	(1,515,249)	(6,177,670)	(4,782,573)	(19,378,986)
Payments for acquisition of investment securities		-	-	(3,004,052)	(12,172,419)
Proceeds from sale of property and equipment		2,680	10,926	-	-
Withdrawal/(placements) of Negotiable Certificate of Deposits with the central bank		29,197,000	119,036,169	(43,700,000)	(177,072,400)
Balances with other banks and financial institutions		(59,057,409)	(240,777,056)	20,831,477	84,409,145
<b>Net cash used in investing activities</b>		<u>(36,092,021)</u>	<u>(147,147,169)</u>	<u>(33,833,821)</u>	<u>(137,094,643)</u>
<b>Cash flows from financing activities</b>					
Dividend paid		(1,000,000)	(4,077,000)	-	-
Proceeds from borrowings		21,031,377	85,744,924	51,869,057	210,173,419
Repayments of borrowings		(58,107,715)	(236,905,154)	(2,975,084)	(12,055,040)
Proceeds from issuance of debt securities		19,538,742	79,659,451	-	-
Principal elements of lease payments		(2,067,697)	(8,430,001)	(1,492,820)	(6,048,907)
<b>Net cash (used in)/generated from financing activities</b>		<u>(20,605,293)</u>	<u>(84,007,780)</u>	<u>47,401,153</u>	<u>192,069,472</u>
Net increase/(decrease) in cash and cash equivalents		12,711,814	51,826,067	(3,297,744)	(13,362,460)
Cash and cash equivalents at beginning of year		98,262,036	397,469,936	101,559,780	408,067,196
Currency translation differences		-	(406,780)	-	5,713,061
Cash and cash equivalents at end of year	30	<u>110,973,850</u>	<u>448,889,223</u>	<u>98,262,036</u>	<u>400,417,797</u>

**Significant non-cash financing and investing activities**

Retained earnings amounting to US\$12,000,000 of the Bank was converted to be share capital during the year (see note 22).

Negotiable Certificate of Deposits of US\$13,700,000 (2019: nil) were rolled over from the year ended 31 December 2019.

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

**PHNOM PENH COMMERCIAL BANK PLC.**

**SEPARATE STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

		2020		2019	
	Notes	US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>					
Cash on hand	4	36,272,455	146,722,080	35,393,946	144,230,330
Balances with the central bank	5	73,290,366	296,459,530	93,903,019	382,654,802
Balances with other banks and financial institutions	6	99,998,609	404,494,373	36,800,649	149,962,645
Statutory deposits with the central bank	7	59,535,255	240,820,106	83,033,615	338,361,982
Loans to customers	8	727,553,634	2,942,954,450	653,695,600	2,663,809,570
Investment securities	9	3,157,903	12,773,718	3,178,194	12,951,141
Investment in subsidiary		490,000	1,982,050	490,000	1,996,750
Intangible assets	10	8,028,928	32,477,014	8,451,311	34,439,092
Property and equipment	11	9,636,834	38,980,994	9,250,510	37,695,828
Right-of-use assets	12	18,940,263	76,613,364	11,874,357	48,388,005
Deferred tax assets	13	371,863	1,504,186	602,239	2,454,124
Other assets	14	5,293,919	21,413,902	5,571,695	22,704,658
<b>TOTAL ASSETS</b>		<u>1,042,570,029</u>	<u>4,217,195,767</u>	<u>942,245,135</u>	<u>3,839,648,927</u>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from other banks	15	88,565,577	358,247,759	64,182,658	261,544,332
Deposits from non-bank customers	16	718,446,765	2,906,117,165	646,314,238	2,633,730,520
Current income tax liabilities	17	3,478,708	14,071,374	4,414,012	17,987,099
Borrowings	18	15,407,410	62,322,973	52,198,004	212,706,866
Debt securities issued	19	19,793,474	80,064,602	-	-
Lease liabilities	12	20,094,146	81,280,821	13,112,451	53,433,238
Employee benefit obligations		163,000	659,335	302,243	1,231,640
Other liabilities	20	1,530,290	6,190,023	3,576,592	14,574,613
Subordinated debts	21	20,037,128	81,050,182	20,037,128	81,651,297
<b>TOTAL LIABILITIES</b>		<u>887,516,498</u>	<u>3,590,004,234</u>	<u>804,137,326</u>	<u>3,276,859,605</u>
<b>EQUITY</b>					
Share capital	22	92,000,000	372,140,000	80,000,000	326,000,000
Regulatory reserves		11,744,124	49,426,629	8,314,820	35,445,357
Retained earnings		51,309,407	207,526,401	49,792,989	201,343,965
Other reserves		-	(1,901,497)	-	-
<b>TOTAL EQUITY</b>		<u>155,053,531</u>	<u>627,191,533</u>	<u>138,107,809</u>	<u>562,789,322</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		1,042,570,029	4,217,195,767	942,245,135	3,839,648,927

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

**PHNOM PENH COMMERCIAL BANK PLC.**

**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Notes</b>	<b>2020</b>		<b>2019</b>	
		<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Interest income	23	69,864,356	284,836,979	60,327,355	244,446,442
Interest expense	24	(29,070,859)	(118,521,892)	(21,500,747)	(87,121,027)
<b>Net interest income</b>		<u>40,793,497</u>	<u>166,315,087</u>	<u>38,826,608</u>	<u>157,325,415</u>
Fee and commission income	25	3,468,821	14,142,383	2,877,911	11,661,295
Fee and commission expense	25	(1,077,143)	(4,391,512)	(703,989)	(2,852,563)
<b>Net fee and commission income</b>		<u>2,391,678</u>	<u>9,750,871</u>	<u>2,173,922</u>	<u>8,808,732</u>
Impairment losses on financial assets	26	(459,504)	(1,873,398)	(685,991)	(2,779,636)
Other gains/(losses) – net		381,580	1,555,702	(197,868)	(801,761)
Other operating income		78,263	319,078	180,195	730,150
<b>Net other operating income/ (loss)</b>		<u>339</u>	<u>1,382</u>	<u>(703,664)</u>	<u>(2,851,247)</u>
Personnel expenses	27	(7,758,532)	(31,631,535)	(6,840,858)	(27,719,157)
Depreciation and amortisation		(7,446,999)	(30,361,415)	(5,887,123)	(23,854,622)
Other operating expenses	28	(6,805,080)	(27,744,311)	(6,195,451)	(25,103,968)
<b>Profit before income tax</b>		<u>21,174,903</u>	<u>86,330,079</u>	<u>21,373,434</u>	<u>86,605,153</u>
Income tax expense	29	(4,229,181)	(17,242,371)	(4,590,686)	(18,601,460)
<b>Profit for the year</b>		<u>16,945,722</u>	<u>69,087,708</u>	<u>16,782,748</u>	<u>68,003,693</u>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Currency translation differences		-	(1,901,497)	-	386,003
		-	(1,901,497)	-	386,003
<b>Total comprehensive income for the year</b>		<u>16,945,722</u>	<u>67,186,211</u>	<u>16,782,748</u>	<u>68,389,696</u>
<b>Profit attributable to owners of the Bank</b>		<u>16,945,722</u>	<u>69,087,708</u>	<u>16,782,748</u>	<u>68,003,693</u>
<b>Total comprehensive income attributable to owners of the Bank</b>		<u>16,945,722</u>	<u>67,186,211</u>	<u>16,782,748</u>	<u>68,389,696</u>

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

**PHNOM PENH COMMERCIAL BANK PLC.**

**SEPARATE STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Attributable to owners of the Bank									
	Share capital		Regulatory reserves		Retained earnings		Other reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>Balance at 1 January 2019</b>	80,000,000	321,440,000	8,263,044	32,460,027	34,062,017	137,602,068	-	-	122,325,061	491,502,095
Profit for the year	-	-	-	-	16,782,748	68,003,693	-	-	16,782,748	68,003,693
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	386,003	-	386,003
<b>Total comprehensive income for the year</b>	-	-	-	-	16,782,748	68,003,693	-	386,003	16,782,748	68,389,696
<b>Transactions with owners in their capacity as owners:</b>										
Transfers from retained earnings to regulatory reserve	-	-	51,776	209,796	(51,776)	(209,796)	-	-	-	-
Dividend provided for but not yet paid	-	-	-	-	(1,000,000)	(4,052,000)	-	-	(1,000,000)	(4,052,000)
Currency translation differences	-	4,560,000	-	2,775,534	-	-	-	(386,003)	-	6,949,531
<b>Total transactions with owners</b>	-	4,560,000	51,776	2,985,330	(1,051,776)	(4,261,796)	-	(386,003)	(1,000,000)	2,897,531
<b>Balance at 31 December 2019</b>	80,000,000	326,000,000	8,314,820	35,445,357	49,792,989	201,343,965	-	-	138,107,809	562,789,322
<b>Balance at 1 January 2020</b>	80,000,000	326,000,000	8,314,820	35,445,357	49,792,989	201,343,965	-	-	138,107,809	562,789,322
Profit for the year	-	-	-	-	16,945,722	69,087,708	-	-	16,945,722	69,087,708
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	(1,901,497)	-	(1,901,497)
<b>Total comprehensive income for the year</b>	-	-	-	-	16,945,722	69,087,708	-	(1,901,497)	16,945,722	67,186,211
<b>Transactions with owners in their capacity as owners:</b>										
Conversion of retained earnings to share capital (Note 22)	12,000,000	48,924,000	-	-	(12,000,000)	(48,924,000)	-	-	-	-
Transfers from retained earnings to regulatory reserve	-	-	3,429,304	13,981,272	(3,429,304)	(13,981,272)	-	-	-	-
Currency translation differences	-	(2,784,000)	-	-	-	-	-	-	-	(2,784,000)
<b>Total transactions with owners</b>	12,000,000	46,140,000	3,429,304	13,981,272	(15,429,304)	(62,905,272)	-	-	-	(2,784,000)
<b>Balance at 31 December 2020</b>	92,000,000	372,140,000	11,744,124	49,426,629	51,309,407	207,526,401	-	(1,901,497)	155,053,531	627,191,533

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.



**PHNOM PENH COMMERCIAL BANK PLC.**

**SEPARATE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020		2019	
		US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>					
Profit before income tax		21,174,903	86,330,079	21,373,434	86,605,153
<i>Adjustments for:</i>					
Provision for employee benefit obligations		(139,243)	(567,694)	(16,157)	(65,468)
Depreciation and amortisation		7,446,999	30,361,415	5,887,123	23,854,622
Impairment losses on financial assets	26	459,504	1,873,398	685,991	2,779,636
Unrealised exchange losses on investment securities		20,599	83,982	-	-
Unrealised exchange gains on borrowings and debt securities		219,592	895,277	-	-
Gain on disposal of property and equipment		(2,680)	(10,926)	-	-
Interest income		(69,864,356)	(284,836,979)	(60,327,355)	(244,446,442)
Interest expense		29,070,859	118,521,892	21,500,747	87,121,027
<i>Changes in working capital</i>					
Reserve requirement with the central bank		24,669,819	100,578,852	(3,243,536)	(13,142,808)
Loans to customers		(73,204,241)	(298,453,691)	(107,270,536)	(434,660,212)
Other assets		277,773	1,132,481	(1,326,325)	(5,374,269)
Deposits from other banks		24,342,367	99,243,830	20,471,544	82,950,696
Deposits from non-bank customers		68,472,455	279,162,199	49,402,148	200,177,504
Other liabilities		(1,049,191)	(4,277,552)	941,840	3,816,336
Cash generated from/(used in) operations		31,895,159	130,036,563	(51,921,082)	(210,384,225)
Interest received		67,890,590	276,789,935	60,508,818	245,181,731
Interest paid		(25,049,351)	(102,126,204)	(21,240,585)	(86,066,850)
Income tax paid	17	(4,934,109)	(20,116,362)	(4,110,270)	(16,654,814)
<b>Net cash generated from/(used in) operating activities</b>		<b>69,802,289</b>	<b>284,583,932</b>	<b>(16,763,119)</b>	<b>(67,924,158)</b>
<b>Cash flows from investing activities</b>					
Placements of capital guarantee deposits		(1,200,000)	(4,892,400)	-	-
Purchases of property and equipment	11	(3,519,043)	(14,347,138)	(3,178,674)	(12,879,987)
Purchases of intangible assets	10	(1,515,249)	(6,177,670)	(4,782,573)	(19,378,986)
Payments for acquisition of investment securities		-	-	(3,004,052)	(12,172,419)
Proceeds from sale of property and equipment		2,680	10,926	-	-
Placements of Negotiable Certificate of Deposits with the central bank		29,197,000	119,036,169	(43,700,000)	(177,072,400)
Balances with other banks and financial institutions		(59,057,409)	(240,777,056)	20,831,477	84,409,144
<b>Net cash used in from investing activities</b>		<b>(36,092,021)</b>	<b>(147,147,169)</b>	<b>(33,833,822)</b>	<b>(137,094,648)</b>
<b>Cash flows from financing activities</b>					
Dividend paid		(1,000,000)	(4,077,000)	-	-
Proceeds from borrowings		21,031,377	85,744,924	51,869,057	210,173,419
Repayments of borrowings		(58,107,715)	(236,905,154)	(2,975,084)	(12,055,040)
Proceeds from issuance of debt securities		19,538,742	79,659,451	-	-
Principal elements of lease payments		(2,460,858)	(10,032,918)	(1,594,776)	(6,462,033)
<b>Net cash (used in)/generated from financing activities</b>		<b>(20,998,454)</b>	<b>(85,610,697)</b>	<b>47,299,197</b>	<b>191,656,346</b>
Net increase/(decrease) in cash and cash equivalents		12,711,814	51,826,066	(3,297,744)	(13,362,460)
Cash and cash equivalents at beginning of year		98,262,036	397,469,936	101,559,780	408,067,196
Currency translation differences		-	(406,779)	-	5,713,061
Cash and cash equivalents at end of year	30	<b>110,973,850</b>	<b>448,889,223</b>	<b>98,262,036</b>	<b>400,417,797</b>

**Non-cash from investing and financing activities**

Retained earnings amounting to US\$12,000,000 of the Bank was converted to be share capital during the period (see note 22).

Negotiable Certificate of Deposits of US\$13,700,000 (2019: nil) were rolled over from the year ended 31 December 2019.

The accompanying notes from pages 17 to 118 form an integral part of these consolidated and separate financial statements.

## **PHNOM PENH COMMERCIAL BANK PLC.**

### **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **1. GENERAL INFORMATION**

Phnom Penh Commercial Bank Plc. (the “Bank”) was registered with the Ministry of Commerce as a public limited liability company under the registration number 00015794, dated 20 May 2008 and obtained a licence from the National Bank of Cambodia (the “NBC”) to carry out banking operations effective from 27 August 2008. The Bank officially commenced its operations on 1 September 2008.

The principal activity of the Bank is the provision of all aspects of banking business and related financial services in the Kingdom of Cambodia. As at 31 December 2020, the Bank had a head office and sixteen branches in Phnom Penh and seven branches in Siem Reap, Battambang, Sihanoukville, Kampong Cham, Kampong Thom, Kandal and Kampot provinces.

Star & Crane Cam Co., Ltd. (the “Subsidiary”) is a private limited company, which was registered with the Ministry of Commerce under the registration number 00013276, dated 28 August 2014. On 23 April 2020, the Subsidiary has obtained an approval from the Ministry of Commerce on changing its legal name from Star & Crane Cam Co., Ltd. to J&A (Cambodia) Investment Co., Ltd. The principal activities of the subsidiary are buying, selling, renting and operating self-owned or leased real estate and development of building projects for the business operations of the Group.

The registered office of the Bank and its subsidiary (the “Group”) are located at No. 217, Norodom Boulevard (Street 41), Sangkat Tonle Basak, Khan Chamkar Mon, Phnom Penh, Kingdom of Cambodia.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 26 March 2021.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **2.1 Basis of preparation**

The consolidated and separate financial statements are prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) which are based on all standards published by the International Accounting Standard Board including other interpretations and amendments that may occur in any circumstances to each standard.

The consolidated and separate financial statements have been prepared under the historical cost convention, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The Group and the Bank disclose the amount for each asset and liability that expected to be recovered or settled no more than 12-month after the reporting period as current, and more than 12-month after the reporting period as non-current.

The preparation of consolidated and separate financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 3.

An English version of the consolidated and separate financial statements have been prepared from the statutory consolidated and separate financial statements that are in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language statutory consolidated and separate financial statements shall prevail.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.2 New and amended standards adopted by the Group and the Bank**

The Group and the Bank have applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to CIAS 1 and CIAS 8
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**2.3 New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group and the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**2.4 Basis of consolidation**

**(a) Subsidiary**

Subsidiary is an entity over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of a subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

**(b) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Bank.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.4 Basis of consolidation** (continued)

**(c) Investment in subsidiaries**

In the Bank's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amount of investments are recognised in the statement of profit or loss.

The amounts due from subsidiaries of which the Bank does not expect repayment in foreseeable future are considered as part of the Bank's investments in subsidiaries.

**2.5 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources to and assessing the performance of the operating segments, has been identified as the management team (including the president and vice president), which makes strategic decisions.

**2.6 Foreign currencies**

*(i) Functional and presentation currency*

Items included in the consolidated and separate financial statements of the Group and the Bank are measured using the currency of the primary economic environment in which the Group and the Bank operate ("the functional currency"). The functional currency is the US\$ because of the significant influence of the US\$ on their operations. The consolidated and separate financial statements are presented in United States dollars ("US\$") which is the Group and the Bank's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than US\$ are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within interest expense. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses) - net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.6 Foreign currencies (continued)**

*(iii) Presentation in Khmer Riel*

In compliance with the Law on Accounting and Auditing, the consolidated and separate financial statements shall be expressed in Khmer Riel. The statement of profit or loss and other comprehensive income and the statement of cash flows are translated into KHR using the average exchange rates for the year. Assets and liabilities for each statement of financial position presented and shareholders' capital are translated at the closing rates as at the reporting date. Resulting exchange differences arising from the translation of shareholders' capital is recognised directly in equity; all other resulting exchange differences are recognised in the other comprehensive income.

The Group and the Bank have used the official exchange rate published by the National Bank of Cambodia. As at the reporting date, the yearly average rate was US\$ 1 to Riel 4,077 (2019: US\$ 1 to Riel 4,052) and the closing rate was US\$1 to Riel 4,045 (2019: US\$ 1 to Riel 4,075).

**2.7 Cash and cash equivalents**

For the purpose of presentation in the consolidated and separate statements of cash flows, cash and cash equivalents comprise includes cash on hand, unrestricted deposits and placements with the central bank, deposits and placements with other banks and financial institutions, and other short-term highly liquid investments with original maturities of three months or less where the Group and the Bank have full ability to withdraw for general purpose whenever needed and subject to an insignificant risk of changes in value.

**2.8 Financial assets**

**a) Classification**

The Group and the Bank classify their financial assets in the following measurement categories:

- those to be measured at amortised cost such as cash on hand, deposits and placements with the central bank and other banks and financial institutions, loans to customers at amortised cost, other assets, and
- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss).

The classification depends on the Group and the Bank's model for managing financial assets and the contractual terms of the financial assets cash flows.

For assets measured at fair value, gains or losses will either be recorded in profit or loss or OCI. For investment in equity instruments that are held for trading, this will depend on whether the Group or the Bank has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

**(i) Financial assets at fair value through OCI comprise of:**

- Equity securities which are not held for trading, and for which the Group or the Bank has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**2.8 Financial assets** (continued)

**a) Classification** (continued)

(ii) The Group and the Bank classify their financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

**b) Recognition and derecognition**

Financial assets are recognised when the Group or the Bank becomes a party to the contractual provision of the instruments. Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group or the Bank commits to purchase or sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group or the Bank has transferred substantially all the risks and rewards of ownership. A gain or loss on derecognition of a financial asset measured at amortised cost is recognised in profit or loss when the financial asset is derecognised.

**c) Measurement**

At initial recognition, the Group and the Bank measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Group and the Bank's business model for managing the assets and the cash flow characteristics of the assets. The Group and the Bank classify their debt instruments as financial assets measured at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest ("SPPI"), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in finance income using the effective interest rate method.

*Equity instruments*

The Group and the Bank subsequently measure all equity investments at fair value. Where the Group or the Bank's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss allowing the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group or the Bank's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.8 Financial assets (continued)**

**d) Reclassification of financial assets**

The Group and the Bank reclassify financial assets when and only when their business model for managing those assets changes.

**e) Impairment**

The Group and the Bank assess on a forward-looking basis the expected credit loss ("ECL") associated with their debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from credit commitments (including overdraft and revolving facilities) and financial guarantee contracts. The Group and the Bank recognise a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group and the Bank apply a three-stage approach to measuring ECL for the following categories:

- Debt instruments measured at amortised cost; and
- Credit commitments (including undrawn overdraft and revolving facilities) and financial guarantee contract

The three-stage approach is based on the change in credit risk since initial recognition:

**(a) Stage 1: 12-months ECL**

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

**(b) Stage 2: Lifetime ECL – not credit impaired**

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

**(c) Stage 3: Lifetime ECL – credit impaired**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.9 Financial liabilities**

Financial liabilities are recognised when the Group or the Bank becomes a party to the contractual provision of the instruments. Financial liabilities of the Group and Bank include deposits from other banks, deposits from non-bank customers, borrowings, subordinated debts, debt securities issued, and other financial liabilities.

Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss.

Financial liabilities that are not classified as fair value through profit or loss are measured at amortised cost. The financial liabilities measured at amortised cost are deposits from other banks, deposits from non-bank customers, borrowings, subordinated debts, debt securities issued, and other liabilities.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

**2.10 Credit commitments and financial guarantee contracts**

Credit commitments (including undrawn overdraft and revolving facilities) provided by the Group and the Bank are measured as the amount of the loss allowance. The Group and the Bank have not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For credit commitments (including undrawn overdraft and revolving facilities), the expected credit losses are recognised as provisions (presented with other liabilities). However, for contracts that include both a loan and an undrawn commitment and that the Group and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised at fair value and subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under CIFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of CIFRS 15 'Revenue from Contracts with Customers', where appropriate.

**2.11 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.12 Property and equipment**

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress and land is not depreciated. Depreciation on other property and equipment are depreciated using the following methods to allocate their cost to their residual value over their estimated useful lives:

	<u>Years</u>	<u>Depreciation method</u>
Buildings	40 years	Straight-line
Leasehold improvements	5 years	Straight-line
Furniture and fittings	4 years	Reducing balance
IT equipment	4 years	Reducing balance
Motor vehicles	4 years	Reducing balance

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

**2.13 Intangible asset**

Intangible assets, which comprise acquired computer software license for the core banking system and related costs, are stated at cost less accumulated amortisation and impairment loss. Acquired computer software licenses are capitalised on the basis of costs incurred to acquire the specific software license and bring them into use. These costs are amortised over their estimated useful lives of 5 years using the straight-line method. Intangible asset work-in-progress is not amortised.

Costs associated with maintaining computer software are recognised as expenses when incurred.

**2.14 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Any impairment loss is charged to profit or loss in the period in which it arises. Reversal of impairment losses is recognised in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.15 Leases**

*The Group and the Bank as a lessee*

As at inception of contract, the Group and the Bank assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments from fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group and the Bank where possible, use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct cost; and
- restoration cost, if any

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Bank are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Subsequently the right-of-use asset is measured at cost less depreciation and any accumulated impairment losses.

The Group and the Bank remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.15 Leases (continued)**

*The Group and the Bank as a lessee (continued)*

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Payments associated with all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise small items of office equipment.

**2.16 Regulatory reserves**

Banks and financial institutions are required to compute regulatory provisions according to Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provisions on impairment. If the accumulated regulatory provision is higher than the accumulated impairment based on CIFRS 9, the 'topping up' will be recorded as regulatory reserves presented under equity. The reserves are subsequently reversed (up to zero) should the accumulated regulatory provision equal or be lower than accumulated impairment based on CIFRS 9. The regulatory reserves are set aside as a buffer, non-distributable, and not allowed to be included in the net worth calculation.

**2.17 Income tax**

The income tax expenses are the tax payables on the current's period taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in the country where the Group and the Bank operate and generate taxable income.

Deferred tax is provided in full, using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated and separate financial statements. Deferred tax is determined using tax rates based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.18 Provisions**

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

**2.19 Employee benefits**

i) Short-term employee benefits

Short-term employee benefits are accrued in the year in which the associated services are rendered by the employees of the Group and the Bank.

ii) Other long-term employment benefits - seniority payments

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued to provide guidelines on the implementation of the law. In accordance with the law and Prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

- Annual service - effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).
- Past years of seniority service - employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with the Group or the Bank. The past seniority payment depends on each staff past services and shall not exceed six months of average gross salaries. On 22 March 2019, the Ministry of Labour and Vocational Training issued guideline number 042/19 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December starting December 2021.

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of the Group or the Bank.

The past years of seniority service is classified as long-term employee benefits. Past seniority liability is recognised at the present value of defined obligations at the reporting period. The present value of the past seniority payment is determined by discounting the estimated future payments by references to the high-quality corporate bond of the currency that the liability is denominated.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.20 Interest income and expense**

Interest income and expense from financial instruments at amortised cost are recognised within “interest income” and “interest expense” respectively in the consolidated and separate statements of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and the Bank take into account all contractual terms of the financial instrument and include any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset except for:

- Purchased or originated credit-impaired (“POCI”) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial assets.
- Financial assets that are not POCI but have subsequently become credit-impaired (or ‘stage 3’), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

**2.21 Fee and commission income**

Fees and commissions are recognised as income when all conditions precedent is fulfilled (performance obligations are satisfied, and control is transferred over time or point in time).

Commitment fees for loans, advances and financing that are likely to be drawn down are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate on the financial instrument.

**2.22 Rounding of amounts**

Khmer riel amounts disclosed in the consolidated and separate financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The Group and the Bank make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group and the Bank's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

**(i) Consolidation of entities with less than 50% ownership**

J&A (Cambodia) Investment Co., Ltd. is 49% owned by the Bank and 51% owned by Arun Susdey Investment Co., Ltd., a company incorporated in Cambodia.

Management has concluded that the Bank controls J&A (Cambodia) Investment Co., Ltd., even though it holds less than half of the share capital of this subsidiary. This is because the Bank has the practical ability to direct the relevant activities of J&A (Cambodia) Investment Co., Ltd. unilaterally. In addition, the Bank has a sufficiently dominant voting interest to direct the relevant activities of J&A (Cambodia) Investment Co., Ltd. Therefore, the Bank has included J&A (Cambodia) Investment Co., Ltd. in these consolidated financial statements.

**(ii) Measurement of allowances for expected credit losses**

The Group and the Bank assess on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from credit commitments (including overdraft and revolving facilities) and financial guarantee contracts. The measurement of allowance for ECL reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing groups of similar financial assets for the purposes of measuring ECL

Management noted the impact of COVID-19 pandemic on its assessment of the allowance for ECL on its financial assets including the restructured loans resulting from the impact of COVID-19 pandemic. The Group and the Bank have restructured loans for its borrowers who are having financial difficulties during the period. As a result, the Group and the Bank have applied additional qualitative criteria to downgrade the staging of the borrowers for allowance for ECL calculation purposes. In addition, because of the uncertainty associated with the COVID-19 pandemic, and the extent to which the actions of governments, businesses and consumers mitigate against potentially adverse credit outcomes are not fully incorporated into existing ECL models, management overlays have been applied to ensure allowance for ECL for its financial assets are appropriate. Management overlays which add to the modelled allowance for ECL have been made for the balance of loans to customers.

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**4. CASH ON HAND**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<i>Current</i>								
US dollars	33,466,049	135,370,168	32,527,088	132,547,884	33,466,049	135,370,168	32,527,088	132,547,884
Khmer Riel	2,621,411	10,603,607	2,734,657	11,143,727	2,621,411	10,603,607	2,734,657	11,143,727
Euro	184,995	748,305	132,201	538,719	184,995	748,305	132,201	538,719
	<u>36,272,455</u>	<u>146,722,080</u>	<u>35,393,946</u>	<u>144,230,330</u>	<u>36,272,455</u>	<u>146,722,080</u>	<u>35,393,946</u>	<u>144,230,330</u>

**5. BALANCES WITH THE CENTRAL BANK**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<i>Current</i>								
Settlement accounts	41,479,625	167,785,083	7,593,864	30,944,996	41,479,625	167,785,083	7,593,864	30,944,996
Current accounts	17,282,035	69,905,831	39,003,567	158,939,535	17,282,035	69,905,831	39,003,567	158,939,535
Negotiable certificate of deposit (i)	14,528,706	58,768,616	47,305,588	192,770,271	14,528,706	58,768,616	47,305,588	192,770,271
	<u>73,290,366</u>	<u>296,459,530</u>	<u>93,903,019</u>	<u>382,654,802</u>	<u>73,290,366</u>	<u>296,459,530</u>	<u>93,903,019</u>	<u>382,654,802</u>

- (i) The Group and the Bank pledged negotiable certificate of deposits (“NCD”) amounting to US\$13,155,706 (31 December 2019: US\$42,341,414) as collaterals for Liquidity Providing Collateralised Operation (“LPCO”). The Group and the Bank also pledged negotiable certificate of deposits (NCD) amounting to US\$1,373,000 (31 December 2019: US\$1,464,174) with the Central Bank as collateral for settlement clearing facility. As at 31 December 2020, the Group and the Bank had yet utilised the overdraft on settlement clearing facility.

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**6. BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS**

**(a) By residency status**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Deposits and placements with local banks	95,873,218	387,807,166	30,575,991	124,597,164	95,873,218	387,807,166	30,575,991	124,597,164
Deposits and placements with overseas banks	4,125,390	16,687,203	6,224,658	25,365,481	4,125,391	16,687,207	6,224,658	25,365,481
	<u>99,998,608</u>	<u>404,494,369</u>	<u>36,800,649</u>	<u>149,962,645</u>	<u>99,998,609</u>	<u>404,494,373</u>	<u>36,800,649</u>	<u>149,962,645</u>

**(b) By account types**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Local banks:								
Saving accounts	1,450,053	5,865,464	1,886,726	7,688,408	1,450,053	5,865,464	1,886,726	7,688,408
Current accounts	364,292	1,473,561	671,419	2,736,032	364,292	1,473,561	671,419	2,736,032
Fixed deposits	94,058,873	380,468,141	28,017,846	114,172,724	94,058,873	380,468,141	28,017,846	114,172,724
Overseas banks:								
Current accounts	4,125,390	16,687,203	6,224,658	25,365,481	4,125,391	16,687,207	6,224,658	25,365,481
	<u>99,998,608</u>	<u>404,494,369</u>	<u>36,800,649</u>	<u>149,962,645</u>	<u>99,998,609</u>	<u>404,494,373</u>	<u>36,800,649</u>	<u>149,962,645</u>



**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**6. BALANCES WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)**

**(c) By maturity**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Current	99,998,608	404,494,369	36,800,649	149,962,645	99,998,608	404,494,369	36,800,649	149,962,645
Non-current	-	-	-	-	-	-	-	-
	<u>99,998,608</u>	<u>404,494,369</u>	<u>36,800,649</u>	<u>149,962,645</u>	<u>99,998,609</u>	<u>404,494,373</u>	<u>36,800,649</u>	<u>149,962,645</u>

Annual interest rates of deposits and place with other banks and financial institutions are as follows:

	<b>2020</b>	<b>2019</b>
Current accounts	Nil	Nil
Savings accounts	0.10% - 2.5%	2.5%
Fixed deposits	2.25% - 5.5%	2.5% - 6.5%

**7. STATUTORY DEPOSITS WITH THE CENTRAL BANK**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<i>Current</i>								
Reserve requirement (i)	50,313,457	203,517,933	74,983,274	305,556,842	50,313,457	203,517,933	74,983,274	305,556,842
<i>Non-current</i>								
Capital guarantee deposits (ii)	9,221,798	37,302,173	8,050,341	32,805,140	9,221,798	37,302,173	8,050,341	32,805,140
	<u>59,535,255</u>	<u>240,820,106</u>	<u>83,033,615</u>	<u>338,361,982</u>	<u>59,535,255</u>	<u>240,820,106</u>	<u>83,033,615</u>	<u>338,361,982</u>

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. STATUTORY DEPOSITS WITH THE CENTRAL BANK (continued)**

*(i) Reserve requirement*

The reserve requirement represents the minimum reserve which is calculated at 7% (2019: 8% and 12.50%) of both customers' deposits and borrowings in Khmer Riel (KHR) and other currencies, respectively. The reserve requirement on customers' deposits and borrowings bear no interest.

On 18 March 2020, as part of the Government's policy, among others, to mitigate the impact of COVID-19 on Cambodia's economy and to increase liquidity of banks and financial institutions, the NBC issued Prakas No. B7-020-230 on the Maintenance of Reserve Requirements against Banks and Financial Institutions' Deposits and Borrowings, which requires banks and financial institutions to maintain reserve requirements against their deposits and borrowings at an average daily balance equal to 7% in both local and foreign currencies with the NBC.

*(ii) Capital guarantee deposits*

Pursuant to Prakas No. B7-01-136 on Bank's Capital Guarantee dated 15 October 2001 issued by the central bank, banks are required to maintain 10% of its paid-up capital as a statutory deposit with the central bank. The deposit, which is not available for use in the Group and the Bank's day-to-day operations, is refundable should the Group and the Bank voluntarily cease its operations in Cambodia.

Annual interest rates of statutory deposits with the central bank are as follows:

	<u>2020</u>	<u>2019</u>
Reserve requirement	Nil	Nil
Capital guarantee	0.47% - 0.54%	0.46% - 0.54%

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

8. LOANS TO CUSTOMERS

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>At amortised cost</i>								
Business loans	610,652,554	2,470,089,581	564,882,010	2,301,894,191	616,885,262	2,495,300,885	571,114,435	2,327,291,323
Retail loans	111,759,971	452,069,083	83,598,872	340,665,403	111,759,971	452,069,083	83,598,872	340,665,403
Total gross loans	722,412,525	2,922,158,664	648,480,882	2,642,559,594	728,645,233	2,947,369,968	654,713,307	2,667,956,726
Less: Allowances for expected credit losses (Note 36.1(e)(f))	(1,090,456)	(4,410,895)	(1,017,616)	(4,146,785)	(1,091,599)	(4,415,518)	(1,017,707)	(4,147,156)
	721,322,069	2,917,747,769	647,463,266	2,638,412,809	727,553,634	2,942,954,450	653,695,600	2,663,809,570

(a) Allowances for expected credit losses on loans to customers

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
12-month ECL (Stage 1)	193,668	783,387	28,706	116,977	194,811	788,010	28,797	117,347
Lifetime ECL - not credit impaired (Stage 2)	85,127	344,339	5,754	23,448	85,127	344,339	5,754	23,448
Lifetime ECL - credit impaired (Stage 3)	811,661	3,283,169	983,156	4,006,361	811,661	3,283,169	983,156	4,006,361
	1,090,456	4,410,895	1,017,616	4,146,786	1,091,599	4,415,518	1,017,707	4,147,156

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**8. LOANS TO CUSTOMERS (continued)**

**(b) Analysis by industry**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Financial institutions	24,959,737	100,962,136	40,921,980	166,757,069	24,959,737	100,962,136	40,921,980	166,757,069
Construction	162,017,813	655,362,054	161,749,153	659,127,798	162,017,813	655,362,054	161,749,153	659,127,798
Agriculture	6,661,852	26,947,191	5,639,011	22,978,970	6,661,852	26,947,191	5,639,011	22,978,970
Household	102,655,606	415,241,926	73,167,654	298,158,190	102,655,606	415,241,926	73,167,654	298,158,190
Manufacturing	28,771,418	116,380,386	32,940,653	134,233,161	28,771,418	116,380,386	32,940,653	134,233,161
Real estate	45,408,552	183,677,593	26,077,042	106,263,946	51,641,260	208,888,897	32,309,467	131,661,078
Retail trade	122,942,532	497,302,542	100,286,417	408,667,149	122,942,532	497,302,542	100,286,417	408,667,149
Services	149,767,925	605,811,257	124,112,428	505,758,144	149,767,925	605,811,257	124,112,428	505,758,144
Transportation	14,107,160	57,063,462	14,826,730	60,418,925	14,107,160	57,063,462	14,826,730	60,418,925
Wholesale trade	39,651,100	160,388,700	2,452,204	9,992,731	39,651,100	160,388,700	2,452,204	9,992,731
Others	25,468,830	103,021,417	66,307,610	270,203,511	25,468,830	103,021,417	66,307,610	270,203,511
	<u>722,412,525</u>	<u>2,922,158,664</u>	<u>648,480,882</u>	<u>2,642,559,594</u>	<u>728,645,233</u>	<u>2,947,369,968</u>	<u>654,713,307</u>	<u>2,667,956,726</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

8. LOANS TO CUSTOMERS (continued)

(c) Analysis by loan classification

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Performing</i>								
Gross amount	666,526,674	2,696,100,396	640,338,428	2,609,379,094	672,759,382	2,721,311,700	646,570,853	2,634,776,226
Exposure at default	666,526,674	2,696,100,396	640,338,428	2,609,379,094	672,759,382	2,721,311,700	646,570,853	2,634,776,226
Allowances for expected credit losses	(193,668)	(783,387)	(28,706)	(116,977)	(194,811)	(788,010)	(28,797)	(117,347)
<i>Under-performing</i>								
Gross amount	48,365,778	195,639,572	292,160	1,190,552	48,365,778	195,639,572	292,160	1,190,552
Exposure at default	48,365,778	195,639,572	292,160	1,190,552	48,365,778	195,639,572	292,160	1,190,552
Allowances for expected credit losses	(85,127)	(344,339)	(5,754)	(23,448)	(85,127)	(344,339)	(5,754)	(23,448)
<i>Non-performing</i>								
Gross amount	7,520,073	30,418,696	7,850,294	31,989,948	7,520,073	30,418,696	7,850,294	31,989,948
Exposure at default	7,520,073	30,418,696	7,850,294	31,989,948	7,520,073	30,418,696	7,850,294	31,989,948
Allowances for expected credit losses	(811,661)	(3,283,169)	(983,156)	(4,006,360)	(811,661)	(3,283,169)	(983,156)	(4,006,361)
<b>Total</b>								
Gross amount	722,412,525	2,922,158,664	648,480,882	2,642,559,594	728,645,233	2,947,369,968	654,713,307	2,667,956,726
Exposure at default	722,412,525	2,922,158,664	648,480,882	2,642,559,594	728,645,233	2,947,369,968	654,713,307	2,667,956,726
Allowances for expected credit losses	(1,090,456)	(4,410,895)	(1,017,616)	(4,146,785)	(1,091,599)	(4,415,518)	(1,017,707)	(4,147,156)

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**8. LOANS TO CUSTOMERS (continued)**

**(d) Analysis by maturity**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Not later than 1 year	392,710,088	1,588,512,306	394,760,550	1,608,649,241	398,942,796	1,613,723,610	400,481,700	1,631,962,928
Later than 1 year and no later than 3 years	187,916,088	760,120,576	129,241,258	526,658,126	187,916,088	760,120,576	129,241,258	526,658,126
Later than 3 years and no later than 5 years	41,139,675	166,409,986	50,273,907	204,866,171	41,139,675	166,409,985	50,273,907	204,866,171
Later than 5 years	100,646,674	407,115,796	74,205,167	302,386,056	100,646,674	407,115,797	74,716,442	304,469,501
Total gross loans	<u>722,412,525</u>	<u>2,922,158,664</u>	<u>648,480,882</u>	<u>2,642,559,594</u>	<u>728,645,233</u>	<u>2,947,369,968</u>	<u>654,713,307</u>	<u>2,667,956,726</u>

**(e) Analysis by exposure**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Large exposure	16,565,926	67,009,171	30,321,658	123,560,756	16,565,926	67,009,171	30,321,658	123,560,756
Non-large exposure	705,846,599	2,855,149,493	618,159,224	2,518,998,838	712,079,307	2,880,360,797	624,391,649	2,544,395,970
Total gross loans	<u>722,412,525</u>	<u>2,922,158,664</u>	<u>648,480,882</u>	<u>2,642,559,594</u>	<u>728,645,233</u>	<u>2,947,369,968</u>	<u>654,713,307</u>	<u>2,667,956,726</u>



**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**8. LOANS TO CUSTOMERS (continued)**

**(f) Analysis by relationship**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Related parties (Note 34(b)1(b) )	682,073	2,758,986	596,382	2,430,256	6,391,161	25,852,247	6,305,470	25,694,790
Non-related parties	721,730,452	2,919,399,678	647,884,500	2,640,129,338	722,254,072	2,921,517,721	648,407,837	2,642,261,936
Total gross loans	722,412,525	2,922,158,664	648,480,882	2,642,559,594	728,645,233	2,947,369,968	654,713,307	2,667,956,726

**(g) Analysis by residency**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Residents	722,412,525	2,922,158,664	648,480,882	2,642,559,594	728,645,233	2,947,369,968	654,713,307	2,667,956,726
Non-residents	-	-	-	-	-	-	-	-
Total gross loans	722,412,525	2,922,158,664	648,480,882	2,642,559,594	728,645,233	2,947,369,968	654,713,307	2,667,956,726

**(h) Interest rate**

These loans to customers earn annual interest rates as follows:

	2020	2019
Business loans	5.90% - 18%	6.50% - 18%
Retail loans	3.20% - 18%	3% - 18%
Overdrafts	7.30% - 12%	7.30% - 13.50%

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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9. INVESTMENT SECURITIES

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>Non-current</b>								
<i>Debt investment at amortised cost:</i>								
<i>Listed corporate bonds</i>								
LOLC (Cambodia) Co., Ltd.	2,993,434	12,108,441	2,974,457	12,120,912	2,993,434	12,108,441	2,974,457	12,120,912
Total debt investment at amortised cost	2,993,434	12,108,441	2,974,457	12,120,912	2,993,434	12,108,441	2,974,457	12,120,912
<i>Equity investment at FVOCI:</i>								
<i>Listed securities</i>								
Phnom Penh Autonomous Port	142,651	577,023	181,919	741,320	142,651	577,023	181,919	741,320
<i>Unlisted securities</i>								
Credit bureau (Cambodia) Co., Ltd.	21,818	88,254	21,818	88,909	21,818	88,254	21,818	88,909
Total equity investment at FVOCI	164,469	665,277	203,737	830,229	164,469	665,277	203,737	830,229
	3,157,903	12,773,718	3,178,194	12,951,141	3,157,903	12,773,718	3,178,194	12,951,141

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**10. INTANGIBLE ASSETS**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>Computer software</b>	<b>Swift and other intangible assets</b>	<b>Work in progress</b>	<b>Total</b>	<b>Computer software</b>	<b>Swift and other intangible assets</b>	<b>Work in progress</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>As at 1 January 2019</b>								
Cost	3,154,653	39,416	3,119,368	6,313,437	3,154,653	39,416	3,119,368	6,313,437
Accumulated amortisation	(1,597,037)	(39,416)	-	(1,636,453)	(1,597,037)	(39,416)	-	(1,636,453)
Net book value	<u>1,557,616</u>	<u>-</u>	<u>3,119,368</u>	<u>4,676,984</u>	<u>1,557,616</u>	<u>-</u>	<u>3,119,368</u>	<u>4,676,984</u>
<i>In KHR'000 equivalents</i>	<u>6,258,501</u>	<u>-</u>	<u>12,533,621</u>	<u>18,792,122</u>	<u>6,347,285</u>	<u>-</u>	<u>12,711,425</u>	<u>19,058,710</u>
<b>For the year ended 31 December 2019</b>								
Opening net book value	1,557,616	-	3,119,368	4,676,984	1,557,616	-	3,119,368	4,676,984
Additions	1,245,887	-	3,536,686	4,782,573	1,245,887	-	3,536,686	4,782,573
Transfers	5,129,800	-	(5,129,800)	-	5,129,800	-	(5,129,800)	-
Amortisation charges	(1,008,246)	-	-	(1,008,246)	(1,008,246)	-	-	(1,008,246)
Closing net book value	<u>6,925,057</u>	<u>-</u>	<u>1,526,254</u>	<u>8,451,311</u>	<u>6,925,057</u>	<u>-</u>	<u>1,526,254</u>	<u>8,451,311</u>
<b>As at 31 December 2019</b>								
Cost	9,530,340	39,416	1,526,254	11,096,010	9,530,340	39,416	1,526,254	11,096,010
Accumulated amortisation	(2,605,283)	(39,416)	-	(2,644,699)	(2,605,283)	(39,416)	-	(2,644,699)
Net book value	<u>6,925,057</u>	<u>-</u>	<u>1,526,254</u>	<u>8,451,311</u>	<u>6,925,057</u>	<u>-</u>	<u>1,526,254</u>	<u>8,451,311</u>
<i>In KHR'000 equivalent</i>	<u>28,219,607</u>	<u>-</u>	<u>6,219,485</u>	<u>34,439,092</u>	<u>28,219,607</u>	<u>-</u>	<u>6,219,485</u>	<u>34,439,092</u>

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**10. INTANGIBLE ASSETS (continued)**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>Computer software US\$</b>	<b>Swift and other intangible assets US\$</b>	<b>Work in progress US\$</b>	<b>Total US\$</b>	<b>Computer software US\$</b>	<b>Swift and other intangible assets US\$</b>	<b>Work in progress US\$</b>	<b>Total US\$</b>
<b>As at 1 January 2020</b>								
Cost	9,530,340	39,416	1,526,254	11,096,009	9,530,340	39,416	1,526,254	11,096,010
Accumulated amortisation	(2,605,283)	(39,416)	-	(2,644,699)	(2,605,283)	(39,416)	-	(2,644,699)
Net book value	6,925,057	-	1,526,254	8,451,310	6,925,057	-	1,526,254	8,451,311
<i>In KHR'000 equivalents</i>	28,219,607	-	6,219,485	34,439,092	28,219,607	-	6,219,485	34,439,092
<b>For the year ended 31 December 2020</b>								
Opening net book value	6,925,057	-	1,526,254	8,451,310	6,925,057	-	1,526,254	8,451,311
Additions	460,817	-	1,054,432	1,515,249	460,817	-	1,054,432	1,515,249
Transfers	1,413,570	-	(1,413,570)	-	1,413,570	-	(1,413,570)	-
Amortisation charges	(1,937,632)	-	-	(1,937,632)	(1,937,632)	-	-	(1,937,632)
Closing net book value	6,861,812	-	1,167,116	8,028,928	6,861,812	-	1,167,116	8,028,928
<b>As at 31 December 2020</b>								
Cost	11,404,727	39,416	1,167,116	12,611,259	11,404,727	39,416	1,167,116	12,611,259
Accumulated amortisation	(4,542,915)	(39,416)	-	(4,582,331)	(4,542,915)	(39,416)	-	(4,582,331)
Net book value	6,861,812	-	1,167,116	8,028,928	6,861,812	-	1,167,116	8,028,928
<i>In KHR'000 equivalent</i>	27,756,030	-	4,720,984	32,477,014	27,756,030	-	4,720,984	32,477,014

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. PROPERTY AND EQUIPMENT**

	<b>Consolidated financial statements</b>							
	<b>Land US\$</b>	<b>Buildings US\$</b>	<b>Leasehold improvements US\$</b>	<b>Furniture and fittings US\$</b>	<b>IT equipment US\$</b>	<b>Motor vehicles US\$</b>	<b>Work in progress US\$</b>	<b>Total US\$</b>
<b>As at 1 January 2019</b>								
Cost	6,652,700	4,114,600	7,530,908	3,695,946	2,936,166	690,988	409,270	26,030,578
Accumulated depreciation	-	(861,395)	(4,050,011)	(2,521,953)	(2,770,618)	(424,764)	-	(10,628,741)
Net book value	<u>6,652,700</u>	<u>3,253,205</u>	<u>3,480,897</u>	<u>1,173,993</u>	<u>165,548</u>	<u>266,224</u>	<u>409,270</u>	<u>15,401,837</u>
<i>In KHR'000 equivalents</i>	<u>26,730,549</u>	<u>13,071,378</u>	<u>13,986,244</u>	<u>4,717,104</u>	<u>665,172</u>	<u>1,069,688</u>	<u>1,644,447</u>	<u>61,884,582</u>
<b>For the year ended 31 December 2019</b>								
Opening net book value	6,652,700	3,253,205	3,480,897	1,173,993	165,548	266,224	409,270	15,401,837
Additions	-	-	-	1,045,184	177,945	28,880	1,926,664	3,178,673
Transfers	-	-	1,705,500	124,781	398,000	-	(2,228,281)	-
Depreciation charges	-	(211,955)	(1,124,004)	(934,109)	(242,208)	(162,689)	-	(2,674,965)
Closing net book value	<u>6,652,700</u>	<u>3,041,250</u>	<u>4,062,393</u>	<u>1,409,849</u>	<u>499,285</u>	<u>132,415</u>	<u>107,653</u>	<u>15,905,545</u>
<b>As at 31 December 2019</b>								
Cost	6,652,700	4,114,600	9,236,408	4,865,911	3,512,111	719,868	107,653	29,209,251
Accumulated depreciation	-	(1,073,350)	(5,174,015)	(3,456,062)	(3,012,826)	(587,453)	-	(13,303,706)
Net book value	<u>6,652,700</u>	<u>3,041,250</u>	<u>4,062,393</u>	<u>1,409,849</u>	<u>499,285</u>	<u>132,415</u>	<u>107,653</u>	<u>15,905,545</u>
<i>In KHR'000 equivalent</i>	<u>27,109,753</u>	<u>12,393,094</u>	<u>16,554,251</u>	<u>5,745,135</u>	<u>2,034,586</u>	<u>539,591</u>	<u>438,686</u>	<u>64,815,096</u>

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**11. PROPERTY AND EQUIPMENT (continued)**

	Consolidated financial statements							
	Land US\$	Buildings US\$	Leasehold improvements US\$	Furniture and fittings US\$	IT equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
<b>As at 1 January 2020</b>								
Cost	6,652,700	4,114,600	9,236,408	4,865,911	3,512,111	719,868	107,653	29,209,251
Accumulated depreciation	-	(1,073,350)	(5,174,015)	(3,456,062)	(3,012,826)	(587,453)	-	(13,303,706)
Net book value	6,652,700	3,041,250	4,062,393	1,409,849	499,285	132,415	107,653	15,905,545
<i>In KHR'000 equivalents</i>	27,109,753	12,393,094	16,554,251	5,745,135	2,034,586	539,591	438,686	64,815,096
<b>For the year ended 31 December 2020</b>								
Opening net book value	6,652,700	3,041,250	4,062,393	1,409,849	499,285	132,415	107,653	15,905,545
Additions	-	-	-	781,758	203,284	146,530	2,387,471	3,519,043
Transfers	-	-	1,849,854	545,150	10,428	-	(2,405,432)	-
Depreciation charges	-	(209,874)	(1,390,743)	(1,056,030)	(334,566)	(153,624)	-	(3,144,837)
Closing net book value	6,652,700	2,831,376	4,521,504	1,680,727	378,431	125,321	89,692	16,279,751
<b>As at 31 December 2020</b>								
Cost	6,652,700	4,114,600	11,086,262	6,174,997	3,696,007	866,398	89,692	32,680,656
Accumulated depreciation	-	(1,283,224)	(6,564,758)	(4,494,270)	(3,317,576)	(741,077)	-	(16,400,905)
Net book value	6,652,700	2,831,376	4,521,504	1,680,727	378,431	125,321	89,692	16,279,751
<i>In KHR'000 equivalent</i>	26,910,172	11,452,916	18,289,484	6,798,541	1,530,753	506,923	362,804	65,851,593



PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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11. PROPERTY AND EQUIPMENT (continued)

	Separate financial statements						
	Buildings US\$	Leasehold improvements US\$	Furniture and fittings US\$	IT equipment US\$	Motor vehicles US\$	Work in progress US\$	Total US\$
<b>As at 1 January 2019</b>							
Cost	3,914,600	7,530,908	3,680,889	2,936,166	690,988	409,270	19,162,821
Accumulated depreciation	(667,375)	(4,050,011)	(2,515,369)	(2,770,618)	(424,764)	-	(10,428,137)
Net book value	<u>3,247,225</u>	<u>3,480,897</u>	<u>1,165,520</u>	<u>165,548</u>	<u>266,224</u>	<u>409,270</u>	<u>8,734,684</u>
<i>In KHR'000 equivalents</i>	<u>13,047,350</u>	<u>13,986,244</u>	<u>4,683,059</u>	<u>665,172</u>	<u>1,069,688</u>	<u>1,644,447</u>	<u>35,095,960</u>
<b>For the year ended 31 December 2019</b>							
Opening net book value	3,247,225	3,480,897	1,165,520	165,548	266,224	409,270	8,734,684
Additions	-	-	1,045,184	177,945	28,880	1,926,664	3,178,673
Transfers	-	1,705,500	124,781	398,000	-	(2,228,281)	-
Depreciation charges	(199,837)	(1,124,004)	(934,109)	(242,208)	(162,689)	-	(2,662,847)
Closing net book value	<u>3,047,388</u>	<u>4,062,393</u>	<u>1,401,376</u>	<u>499,285</u>	<u>132,415</u>	<u>107,653</u>	<u>9,250,510</u>
<b>As at 31 December 2019</b>							
Cost	3,914,600	9,236,409	4,850,854	3,512,111	719,868	107,653	22,341,495
Accumulated depreciation	(867,212)	(5,174,016)	(3,449,478)	(3,012,826)	(587,453)	-	(13,090,985)
Net book value	<u>3,047,388</u>	<u>4,062,393</u>	<u>1,401,376</u>	<u>499,285</u>	<u>132,415</u>	<u>107,653</u>	<u>9,250,510</u>
<i>In KHR'000 equivalent</i>	<u>12,418,106</u>	<u>16,554,251</u>	<u>5,710,607</u>	<u>2,034,586</u>	<u>539,591</u>	<u>438,687</u>	<u>37,695,828</u>

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. PROPERTY AND EQUIPMENT (continued)**

	<b>Separate financial statements</b>						
	<b>Buildings US\$</b>	<b>Leasehold improvements US\$</b>	<b>Furniture and fittings US\$</b>	<b>IT equipment US\$</b>	<b>Motor vehicles US\$</b>	<b>Work in progress US\$</b>	<b>Total US\$</b>
<b>As at 1 January 2020</b>							
Cost	3,914,600	9,236,408	4,850,854	3,512,111	719,868	107,653	22,341,494
Accumulated depreciation	(867,212)	(5,174,015)	(3,449,478)	(3,012,826)	(587,453)	-	(13,090,984)
Net book value	<u>3,047,388</u>	<u>4,062,393</u>	<u>1,401,376</u>	<u>499,285</u>	<u>132,415</u>	<u>107,653</u>	<u>9,250,510</u>
<i>In KHR'000 equivalents</i>	<u>12,418,106</u>	<u>16,554,251</u>	<u>5,710,607</u>	<u>2,034,586</u>	<u>539,591</u>	<u>438,687</u>	<u>37,695,828</u>
<b>For the year ended 31 December 2020</b>							
Opening net book value	3,047,388	4,062,393	1,401,376	499,285	132,415	107,653	9,250,510
Additions	-	-	781,758	203,284	146,530	2,387,471	3,519,043
Transfers	-	1,849,854	545,150	10,428	-	(2,405,432)	-
Depreciation charges	(197,756)	(1,390,743)	(1,056,030)	(334,566)	(153,624)	-	(3,132,719)
Closing net book value	<u>2,849,632</u>	<u>4,521,504</u>	<u>1,672,254</u>	<u>378,431</u>	<u>125,321</u>	<u>89,692</u>	<u>9,636,834</u>
<b>As at 31 December 2020</b>							
Cost	3,914,600	11,086,262	6,159,940	3,696,007	866,398	89,692	25,812,899
Accumulated depreciation	(1,064,968)	(6,564,758)	(4,487,686)	(3,317,576)	(741,077)	-	(16,176,065)
Net book value	<u>2,849,632</u>	<u>4,521,504</u>	<u>1,672,254</u>	<u>378,431</u>	<u>125,321</u>	<u>89,692</u>	<u>9,636,834</u>
<i>In KHR'000 equivalent</i>	<u>11,526,761</u>	<u>18,289,484</u>	<u>6,764,267</u>	<u>1,530,753</u>	<u>506,925</u>	<u>362,804</u>	<u>38,980,994</u>

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. LEASES**

This note provides information for leases where the Group and the Bank are the lessees.

The Group and the Bank lease various buildings for its head office and branch operations. Rental contracts are typically made for fixed periods of 1 to 20 years.

On 10 March 2020, J&A (Cambodia) Investment Co., Ltd. (the “Subsidiary”), as a lessor, amended its lease agreement with the Bank, as a lessee, to increase the rental fees price as follows:

- From US\$ 40,000 to US\$ 69,000 per month from 1 May 2020 to 31 December 2025; and
- From US\$ 69,000 to US\$ 80,000 from 1 January 2026 to 31 December 2034.

The Bank has to remeasure the lease liability and corresponding right-of-use asset at the effective date of the modification, which was on 1 May 2020, using a revised discount rate.

For the separate financial statements, the modification increases the carrying amount of lease liabilities on the date of the modification by US\$3,928,757 and a corresponding amount to right-of-used assets to reflect the amendment of the lease.

**(i) Amounts recognised in the statement of financial position**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Right-of-use assets (Non-current)</i>								
Office space	9,417,649	38,094,390	5,731,519	23,355,940	18,577,728	75,146,910	11,527,841	46,975,952
ATM space	168,926	683,306	69,314	282,455	168,926	683,306	69,314	282,455
Billboard	95,872	387,802	37,428	152,519	95,872	387,802	37,428	152,519
Generator	57,561	232,834	116,341	474,090	57,561	232,834	116,341	474,090
Vehicle	40,176	162,512	123,433	502,989	40,176	162,512	123,433	502,989
	<u>9,780,184</u>	<u>39,560,844</u>	<u>6,078,035</u>	<u>24,767,993</u>	<u>18,940,263</u>	<u>76,613,364</u>	<u>11,874,357</u>	<u>48,388,005</u>
<i>Lease liabilities</i>								
Current	2,118,619	8,569,814	2,190,936	8,928,064	2,118,619	8,569,814	2,190,936	8,928,064
Non-current	8,071,222	32,648,093	4,552,805	18,552,681	17,975,527	72,711,007	10,921,515	44,505,174
	<u>10,189,841</u>	<u>41,217,907</u>	<u>6,743,741</u>	<u>27,480,745</u>	<u>20,094,146</u>	<u>81,280,821</u>	<u>13,112,451</u>	<u>53,433,238</u>

Right-of-use assets' additions for the Group and the Bank during the year were US\$5,240,482 (2019: US\$1,392,773)

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. LEASES (continued)**

**(ii) Amounts recognised in the statement of profit or loss and other comprehensive income**

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<i>Depreciation of right-of-use assets</i>								
Office space	1,338,428	5,456,771	1,289,808	5,226,302	1,903,428	7,760,276	1,676,232	6,792,092
ATM space	80,127	326,678	83,960	340,206	80,127	326,678	83,960	340,206
Billboard	145,358	592,625	197,679	800,995	145,358	592,625	197,679	800,995
Generator	128,986	525,876	120,203	487,063	128,986	525,876	120,203	487,063
Vehicle	118,749	484,139	137,956	558,998	118,749	484,139	137,956	558,998
	<u>1,811,648</u>	<u>7,386,089</u>	<u>1,829,606</u>	<u>7,413,564</u>	<u>2,376,648</u>	<u>9,689,594</u>	<u>2,216,030</u>	<u>8,979,354</u>
Interest expenses	307,546	1,253,865	294,023	1,191,381	626,383	2,553,763	515,659	2,089,450
Expense relating to leases of low value assets (including in operating expenses)	<u>61,874</u>	<u>252,260</u>	<u>90,708</u>	<u>367,549</u>	<u>61,874</u>	<u>252,260</u>	<u>90,708</u>	<u>367,549</u>
	<u>369,420</u>	<u>1,506,125</u>	<u>384,731</u>	<u>1,558,930</u>	<u>688,257</u>	<u>2,806,023</u>	<u>606,367</u>	<u>2,456,999</u>

The total cash outflow for leases for the consolidated financial statements for the year ended 31 December 2020 was US\$2,375,243 (31 December 2019: US\$1,492,820) and for the separate financial statements for the year ended 31 December 2020 US\$3,087,241 (31 December 2019: US\$1,594,776).

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. DEFERRED TAX ASSETS**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<b>Non-current</b>								
Deferred tax assets	759,343	3,071,542	784,123	3,195,301	906,398	3,666,380	898,601	3,661,799
Deferred tax liabilities	(522,333)	(2,112,837)	(283,960)	(1,157,137)	(534,535)	(2,162,194)	(296,362)	(1,207,675)
Deferred tax assets - net	<u>237,010</u>	<u>958,705</u>	<u>500,163</u>	<u>2,038,164</u>	<u>371,863</u>	<u>1,504,186</u>	<u>602,239</u>	<u>2,454,124</u>

The movement of net deferred tax assets during the year as follows:

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
At 1 January	500,163	2,038,164	322,609	1,296,243	602,239	2,454,124	367,781	1,477,744
(Charged)/credited to profit or loss	(263,153)	(1,072,875)	177,554	719,449	(230,376)	(939,243)	234,458	950,024
Currency translation differences	-	(6,584)	-	22,472	-	(10,695)	-	26,356
At 31 December	<u>237,010</u>	<u>958,705</u>	<u>500,163</u>	<u>2,038,164</u>	<u>371,863</u>	<u>1,504,186</u>	<u>602,239</u>	<u>2,454,124</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

13. DEFERRED TAX ASSETS (continued)

Deferred tax assets:

		Consolidated financial statements				
	Unamortised loan processing fees US\$	Unrealised exchange loss US\$	Leases US\$	Seniority payment US\$	Accelerated depreciation US\$	Total US\$
At 1 January 2019	522,214	8,206	65,784	-	-	596,204
Credited to profit or loss	120,562	-	67,357	-	-	187,919
At 31 December 2019	642,776	8,206	133,141	-	-	784,123
<i>In KHR'000 equivalent</i>	2,619,312	33,439	542,550	-	-	3,195,301
At 1 January 2020	642,776	8,206	133,141	-	-	784,123
(Charged)/credited to profit or loss	(179,910)	(8,206)	(104,184)	24,864	242,656	(24,780)
At 31 December 2020	462,866	-	28,957	24,864	242,656	759,343
<i>In KHR'000 equivalent</i>	1,872,293	-	117,131	100,575	981,543	3,071,542



PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

13. DEFERRED TAX ASSETS (continued)

Deferred tax assets (continued):

	Separate financial statements					
	Unamortised loan processing fees	Unrealised exchange loss	Leases	Seniority payment	Accelerated depreciation	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2019	522,214	8,206	123,368	-	-	653,788
Credited to profit or loss	120,562	-	124,251	-	-	244,813
At 31 December 2019	642,776	8,206	247,619	-	-	898,601
<i>In KHR'000 equivalent</i>	2,619,312	33,439	1,009,047	-	-	3,661,798
At 1 January 2020	642,776	8,206	247,619	-	-	898,601
(Charged)/credited to profit or loss	(179,910)	(8,206)	(71,607)	24,864	242,656	7,797
At 31 December 2020	462,866	-	176,012	24,864	242,656	906,398
<i>In KHR'000 equivalent</i>	1,872,293	-	711,969	100,575	981,543	3,666,380

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

13. DEFERRED TAX ASSETS (continued)

Deferred tax liabilities:

	Consolidated financial statements				Separate financial statements			
	Impairment loss on financial assets	Unrealised exchange gain	Accelerated depreciation	Total	Impairment loss on financial assets	Unrealised exchange gain	Accelerated depreciation	Total
	US\$	US\$		US\$	US\$	US\$		US\$
As at 1 January 2019	192,669	-	80,926	273,595	205,081	80,926	80,926	286,007
Charged to profit or loss	10,365	-	-	10,365	10,355	-	-	10,355
As at 31 December 2019	203,034	-	80,926	283,960	215,436	80,926	80,926	296,362
<i>In KHR'000 equivalent</i>	827,364	-	329,773	1,157,137	877,902	-	329,772	1,207,674
As at 1 January 2020	203,034	-	80,926	283,960	215,436	-	80,926	296,362
Charged/(credited) to profit or loss	259,642	59,657	(80,926)	238,373	259,442	59,657	(80,926)	238,173
As at 31 December 2020	462,676	59,657	-	522,333	474,878	59,657	-	534,535
<i>In KHR'000 equivalent</i>	1,871,524	241,313	-	2,112,837	1,920,881	241,313	-	2,162,194

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**14. OTHER ASSETS**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Advanced payments	1,744,942	7,058,290	1,911,879	7,790,907	1,744,942	7,058,290	1,911,879	7,790,907
Rental deposits	1,538,549	6,223,431	1,143,932	4,661,523	1,538,549	6,223,431	1,143,932	4,661,523
Prepayments	762,518	3,084,385	828,093	3,374,479	762,518	3,084,385	828,093	3,374,479
Other	1,249,450	5,054,026	1,694,446	6,904,867	1,247,910	5,047,796	1,687,791	6,877,749
	<u>5,295,459</u>	<u>21,420,132</u>	<u>5,578,350</u>	<u>22,731,776</u>	<u>5,293,919</u>	<u>21,413,902</u>	<u>5,571,695</u>	<u>22,704,658</u>
	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current	2,715,069	10,982,454	3,584,032	10,279,346	2,713,529	10,976,224	3,577,377	10,252,228
Non-current	2,580,390	10,437,678	1,994,318	12,452,430	2,580,390	10,437,678	1,994,318	12,452,430
	<u>5,295,459</u>	<u>21,420,132</u>	<u>5,578,350</u>	<u>22,731,776</u>	<u>5,293,919</u>	<u>21,413,902</u>	<u>5,571,695</u>	<u>22,704,658</u>

**15. DEPOSITS FROM OTHER BANKS**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current accounts	11,169,044	45,178,783	3,936,603	16,041,655	11,169,044	45,178,783	3,936,603	16,041,657
Savings accounts	12,870,923	52,062,884	1,638,960	6,678,762	12,870,923	52,062,884	1,638,960	6,678,762
Fixed deposits	64,525,610	261,006,092	58,607,095	238,823,913	64,525,610	261,006,092	58,607,095	238,823,913
	<u>88,565,577</u>	<u>358,247,759</u>	<u>64,182,658</u>	<u>261,544,330</u>	<u>88,565,577</u>	<u>358,247,759</u>	<u>64,182,658</u>	<u>261,544,332</u>

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. DEPOSITS FROM OTHER BANKS (continued)**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current	75,315,577	304,651,509	64,182,658	261,544,330	75,315,577	304,651,509	64,182,658	261,544,332
Non-current	13,250,000	53,596,250	-	-	13,250,000	53,596,250	-	-
	<u>88,565,577</u>	<u>358,247,759</u>	<u>64,182,658</u>	<u>261,544,330</u>	<u>88,565,577</u>	<u>358,247,759</u>	<u>64,182,658</u>	<u>261,544,332</u>

Annual interest rates for deposits from customers are as follows:

	2020	2019
Current accounts	0%	0%
Savings accounts	0.20% - 1.00%	0.20% - 0.70%
Fixed deposits	2.00% - 6.30%	1.25% - 5.30%

**16. DEPOSITS FROM NON-BANK CUSTOMERS**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Fixed deposits	455,421,883	1,842,181,517	392,227,268	1,598,326,117	455,421,883	1,842,181,517	392,227,268	1,598,326,117
Savings accounts	181,166,203	732,817,291	149,494,319	609,189,350	181,166,203	732,817,291	149,494,319	609,189,350
Current accounts	64,154,132	259,503,463	82,908,553	337,852,353	64,257,935	259,923,347	82,947,185	338,009,779
Margin deposits (*)	10,310,302	41,705,172	13,361,292	54,447,265	10,310,302	41,705,172	13,361,292	54,447,265
Instalment deposits	7,290,442	29,489,838	8,284,174	33,758,009	7,290,442	29,489,838	8,284,174	33,758,009
	<u>718,342,962</u>	<u>2,905,697,281</u>	<u>646,275,606</u>	<u>2,633,573,094</u>	<u>718,446,765</u>	<u>2,906,117,165</u>	<u>646,314,238</u>	<u>2,633,730,520</u>

(\*) Margin deposits represent the aggregate balances of required non-interest-bearing cash deposits from customers for letters of credit and guarantee.

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**16. DEPOSITS FROM NON-BANK CUSTOMERS (continued)**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current	638,365,139	2,582,186,987	567,008,953	2,310,561,483	638,468,942	2,582,606,871	567,047,585	2,310,718,909
Non-current	79,977,823	323,510,294	79,266,653	323,011,611	79,977,823	323,510,294	79,266,653	323,011,611
	<u>718,342,962</u>	<u>2,905,697,281</u>	<u>646,275,606</u>	<u>2,633,573,094</u>	<u>718,446,765</u>	<u>2,906,117,165</u>	<u>646,314,238</u>	<u>2,633,730,520</u>
	<b>2020</b>	<b>2019</b>						
Current accounts	Nil	Nil						
Savings accounts	0.3% - 2.00%	0.3% - 1.80%						
Fixed deposits	0.8% - 7.30%	0.8% - 8.00%						
Instalment deposits	3.0% -7.5%	3.0% -7.5%						

**17. CURRENT INCOME TAX LIABILITIES**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
At 1 January	4,412,840	17,982,323	3,697,966	14,858,427	4,414,012	17,987,099	3,699,138	14,863,136
Current income tax expense (Note 29)	3,998,805	16,175,166	4,825,144	19,551,483	3,998,805	16,303,128	4,825,144	19,551,483
Income tax paid	(4,888,933)	(19,932,180)	(4,110,270)	(16,654,814)	(4,934,109)	(20,116,362)	(4,110,270)	(16,654,814)
Currency translation differences	-	24,061	-	227,227	-	(102,491)	-	227,294
At 31 December	<u>3,522,712</u>	<u>14,249,370</u>	<u>4,412,840</u>	<u>17,982,323</u>	<u>3,478,708</u>	<u>14,071,374</u>	<u>4,414,012</u>	<u>17,987,099</u>

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18. BORROWINGS

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Borrowings at amortised cost</i>								
Current	14,335,546	57,987,283	52,198,004	212,706,866	14,335,546	57,987,283	52,198,004	212,706,866
Non-current	1,071,864	4,335,690	-	-	1,071,864	4,335,690	-	-
	<u>15,407,410</u>	<u>62,322,973</u>	<u>52,198,004</u>	<u>212,706,866</u>	<u>15,407,410</u>	<u>62,322,973</u>	<u>52,198,004</u>	<u>212,706,866</u>

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Borrowings at amortised cost</i>								
Secured (*)	12,087,869	48,895,430	41,273,577	168,189,826	12,087,869	48,895,430	41,273,577	168,189,826
Unsecured (**)	3,319,541	13,427,543	10,924,427	44,517,040	3,319,541	13,427,543	10,924,427	44,517,040
	<u>15,407,410</u>	<u>62,322,973</u>	<u>52,198,004</u>	<u>212,706,866</u>	<u>15,407,410</u>	<u>62,322,973</u>	<u>52,198,004</u>	<u>212,706,866</u>

(\*) This represents the liquidity-providing collateralised operation (“LPCO”) purchased from the NBC with terms of 12 months (2019: 6 months to 12 months) with interest rate from 2.60% to 5% per annum (2019: 2.80% to 3.15% per annum).

(\*\*) This represents borrowings obtained from local banks with terms ranging from 12 months to 84 months and interest rates ranging from 2% to 6.30% (2019: 6.30%).

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Principal	15,095,452	61,061,103	51,869,056	211,366,403	15,095,452	61,061,103	51,869,056	211,366,403
Interest payables	311,958	1,261,870	328,948	1,340,463	311,958	1,261,870	328,948	1,340,463
	<u>15,407,410</u>	<u>62,322,973</u>	<u>52,198,004</u>	<u>212,706,866</u>	<u>15,407,410</u>	<u>62,322,973</u>	<u>52,198,004</u>	<u>212,706,866</u>

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**19. DEBT SECURITIES ISSUED**

The Bank issued its bond securities for the first phase with a par value of KHR100,000 totalling to KHR40,000 million and maturity of three-year period. On 22 September 2020, the Bank issued its bond securities for the second phase with a par value of KHR100,000 totalling to KHR40,000 million and maturity of three-year period. These bonds are classified as foreign exchange-indexed bond with coupon rate of 6.5% per annum with the interest to be paid semi-annually.

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Current	1,366,384	5,527,023	-	-	1,366,384	5,527,023	-	-
Non-current	18,427,090	74,537,579	-	-	18,427,090	74,537,579	-	-
	<u>19,793,474</u>	<u>80,064,602</u>	<u>-</u>	<u>-</u>	<u>19,793,474</u>	<u>80,064,602</u>	<u>-</u>	<u>-</u>
	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Principal amount	19,455,601	78,697,906	-	-	19,455,601	78,697,906	-	-
Interest payables	337,873	1,366,696	-	-	337,873	1,366,696	-	-
	<u>19,793,474</u>	<u>80,064,602</u>	<u>-</u>	<u>-</u>	<u>19,793,474</u>	<u>80,064,602</u>	<u>-</u>	<u>-</u>



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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**20. OTHER LIABILITIES**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Accrued expenses	541,142	2,188,919	460,505	1,876,558	541,142	2,188,919	460,505	1,876,558
Other taxes payables	366,538	1,482,646	944,890	3,850,427	366,538	1,482,646	944,890	3,850,427
Dividend payable	-	-	860,000	3,504,500	-	-	860,000	3,504,500
Others	630,867	2,551,858	1,368,995	5,578,655	622,610	2,518,458	1,311,197	5,343,128
	<u>1,538,547</u>	<u>6,223,423</u>	<u>3,634,390</u>	<u>14,810,140</u>	<u>1,530,290</u>	<u>6,190,023</u>	<u>3,576,592</u>	<u>14,574,613</u>
	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Current	2,083,858	8,429,206	3,634,390	14,810,140	2,075,601	8,395,806	3,576,592	14,574,613
Non-current	-	-	-	-	-	-	-	-
	<u>2,083,858</u>	<u>8,429,206</u>	<u>3,634,390</u>	<u>14,810,140</u>	<u>2,075,601</u>	<u>8,395,806</u>	<u>3,576,592</u>	<u>14,574,613</u>

**21. SUBORDINATED DEBTS**

This represents the borrowings obtained from the Jeonbuk Bank Co., Ltd. and Apro Financial Co., Ltd. amounting to US\$12,000,000 and US\$8,000,000, respectively with ten-year term and interest rate at 6.90% per annum (2019: 6.90% per annum). These borrowings were qualified as Tier II subordinated debts and approved by the central bank on 21 December 2018.

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**22. SHARE CAPITAL**

On 18 May 2020, the Bank has increased its share capital from US\$80,000,000 to US\$92,000,000 by converting its retained earnings of US\$12,000,000 to the share capital, which was approved by the central bank and the Ministry of Commerce on 30 June 2020 and 27 July 2020, respectively.

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
At beginning of the year	80,000,000	326,000,000	80,000,000	321,440,000	80,000,000	326,000,000	80,000,000	321,440,000
Conversion of retained earnings to share capital	12,000,000	48,924,000	-	-	12,000,000	48,540,000	-	-
Currency translation differences	-	(2,784,000)	-	4,560,000	-	(2,400,000)	-	4,560,000
At end of the year	92,000,000	372,140,000	80,000,000	326,000,000	92,000,000	372,140,000	80,000,000	326,000,000
	2020				2019			
	Number of shares	%	US\$	KHR'000	Number of shares	%	US\$	KHR'000
<b>Shareholders:</b>								
Jeonbuk Bank Co., Ltd	46,000	50%	46,000,000	186,070,000	40,000	50%	40,000,000	163,000,000
Apro Financial Co., Ltd	36,800	40%	36,800,000	148,856,000	32,000	40%	32,000,000	130,400,000
JB Woori Capital Co., Ltd	9,200	10%	9,200,000	37,214,000	8,000	10%	8,000,000	32,600,000
	92,000	100%	92,000,000	372,140,000	80,000	100%	80,000,000	326,000,000

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**23. INTEREST INCOME**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Interest income from financial assets at amortised cost</i>								
Loans to customers	66,185,846	269,839,695	57,832,494	234,337,266	66,712,865	271,988,351	58,313,900	236,287,923
Balances with the central bank	296,292	1,207,982	223,168	904,277	296,292	1,207,982	223,168	904,277
Debt investment	265,757	1,083,491	180,377	730,888	265,757	1,083,491	180,377	730,888
Balances with other banks	2,589,442	10,557,155	1,609,910	6,523,354	2,589,442	10,557,155	1,609,910	6,523,354
	<u>69,337,337</u>	<u>282,688,323</u>	<u>59,845,949</u>	<u>242,495,785</u>	<u>69,864,356</u>	<u>284,836,979</u>	<u>60,327,355</u>	<u>244,446,442</u>

**24. INTEREST EXPENSE**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Interest expense on financial liabilities at amortised cost:</i>								
Deposits from non-bank customers	21,899,632	89,284,800	16,390,710	66,415,157	22,416,005	91,390,052	16,390,710	66,415,157
Deposits from other banks	2,141,296	8,730,064	2,799,362	11,343,015	2,141,296	8,730,064	2,799,362	11,343,015
Borrowings	1,817,227	7,408,834	415,016	1,681,645	1,817,227	7,408,834	415,016	1,681,645
Subordinated debts	1,383,781	5,641,675	1,380,000	5,591,760	1,383,781	5,641,675	1,380,000	5,591,760
Debt securities issued	686,167	2,797,503	-	-	686,167	2,797,503	-	-
Leases	307,546	1,253,865	294,023	1,191,381	626,383	2,553,764	515,659	2,089,450
	<u>28,235,649</u>	<u>115,116,741</u>	<u>21,279,111</u>	<u>86,222,958</u>	<u>29,070,859</u>	<u>118,521,892</u>	<u>21,500,747</u>	<u>87,121,027</u>

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**25. NET FEE AND COMMISSION INCOME**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Fee and commission income:								
Penalties fees	1,771,342	7,221,761	1,346,366	5,455,475	1,771,342	7,221,761	1,346,366	5,455,475
Fund transfer fees	622,854	2,539,376	796,314	3,226,664	622,854	2,539,376	796,314	3,226,664
Visa fees	419,365	1,709,751	439,411	1,780,494	419,365	1,709,751	439,411	1,780,494
Trade finance	381,640	1,555,946	98,123	397,594	381,640	1,555,946	98,123	397,594
Others	273,620	1,115,549	197,697	801,068	273,620	1,115,549	197,697	801,068
	3,468,821	14,142,383	2,877,911	11,661,295	3,468,821	14,142,383	2,877,911	11,661,295
Fee and commission expense:	(1,077,175)	(4,391,642)	(703,989)	(2,852,563)	(1,077,143)	(4,391,512)	(703,989)	(2,852,563)
Net fee and commission income	2,391,646	9,750,741	2,173,922	8,808,732	2,391,678	9,750,871	2,173,922	8,808,732
Timing of recognition:								
Fee and commission income								
At a point in time	3,223,513	14,142,383	2,877,911	11,661,295	3,223,513	14,142,383	2,827,906	11,661,295
Over time	245,308	1,555,946	50,005	202,620	245,308	1,000,121	50,005	202,620
	3,468,821	15,698,329	2,927,916	11,863,915	3,468,821	15,142,504	2,877,911	11,863,915

**26. IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Expected Credit Loss ("ECL"):</i>								
Loans to customers	455,563	1,857,330	686,208	2,780,515	456,615	1,861,619	686,260	2,780,726
Off-balance sheet financial commitments	2,889	11,779	(269)	(1,090)	2,889	11,779	(269)	(1,090)
	458,452	1,869,109	685,939	2,779,425	459,504	1,873,398	685,991	2,779,636

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**27. PERSONNEL EXPENSES**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Salaries and wages	5,390,210	21,975,886	4,687,360	18,993,183	5,390,210	21,975,886	4,687,360	18,993,183
Bonuses and incentives	907,737	3,700,844	759,068	3,075,744	907,737	3,700,844	759,068	3,075,744
Employee benefit expenses	549,161	2,238,929	454,249	1,840,617	549,161	2,238,929	454,249	1,840,617
Staff housing and related expenses	70,711	288,289	153,379	621,492	70,711	288,289	153,379	621,492
Staff training expenses	70,483	287,359	61,934	250,956	70,483	287,359	61,934	250,956
Others	770,230	3,140,228	724,868	2,937,165	770,230	3,140,228	724,868	2,937,165
	<u>7,758,532</u>	<u>31,631,535</u>	<u>6,840,858</u>	<u>27,719,157</u>	<u>7,758,532</u>	<u>31,631,535</u>	<u>6,840,858</u>	<u>27,719,157</u>

**28. OTHER OPERATING EXPENSES**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Repairs and maintenance	1,342,835	5,474,738	1,052,014	4,262,761	1,338,125	5,455,536	1,062,970	4,307,154
Other tax expenses	863,906	3,522,145	861,135	3,489,319	850,373	3,466,971	852,459	3,454,164
Professional fees	846,224	3,450,055	587,293	2,379,711	846,224	3,450,055	579,337	2,347,474
Marketing and advertising	701,321	2,859,286	774,728	3,139,198	701,321	2,859,286	774,728	3,139,198
Bank security expenses	507,268	2,068,132	371,289	1,504,463	507,268	2,068,132	371,289	1,504,463
Utilities expenses	443,363	1,807,591	375,434	1,521,259	443,363	1,807,591	375,434	1,521,259
Business meals and entertainment	431,356	1,758,638	356,694	1,445,324	431,356	1,758,638	356,694	1,445,324
License fees	357,366	1,456,981	320,487	1,298,613	357,366	1,456,981	320,487	1,298,613
Telephone expenses	189,411	772,229	163,253	661,502	189,411	772,229	163,253	661,501
Travelling expenses	125,709	512,516	343,834	1,393,215	125,709	512,516	343,834	1,393,215
Conventions and conference	103,026	420,037	109,808	444,942	103,026	420,037	109,808	444,943
Insurance expenses	69,751	284,375	35,681	144,579	69,751	284,375	35,681	144,579
Low value rental	64,382	262,485	93,213	377,699	61,874	252,260	90,709	367,553
Office supplies	20,796	84,785	18,072	73,228	20,796	84,785	18,072	73,228
Others	1,293,316	5,272,849	789,882	3,200,601	759,117	3,094,919	740,696	3,001,300
	<u>7,360,030</u>	<u>30,006,842</u>	<u>6,252,817</u>	<u>25,336,414</u>	<u>6,805,080</u>	<u>27,744,311</u>	<u>6,195,451</u>	<u>25,103,968</u>

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29. INCOME TAX EXPENSE

(a) Income tax expense

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Current income tax	3,998,805	16,303,128	4,825,144	19,551,483	3,998,805	16,303,128	4,825,144	19,551,483
Deferred tax	263,153	1,072,875	(177,554)	(719,448)	230,376	939,243	(234,458)	(950,023)
	<u>4,261,958</u>	<u>17,376,003</u>	<u>4,647,590</u>	<u>18,832,035</u>	<u>4,229,181</u>	<u>17,242,371</u>	<u>4,590,686</u>	<u>18,601,460</u>

(b) Reconciliation between income tax expenses and accounting profit

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Profit before income tax	21,399,812	87,247,034	21,430,656	86,837,017	21,174,903	86,330,079	21,373,434	86,605,153
Tax at application income tax rate at 19.1% (2019: 20%)	4,087,364	16,664,183	4,286,131	17,367,403	4,044,406	16,489,043	4,274,687	17,321,031
Tax effect of reconciling items:								
Effect of non-deductible expenses	277,522	1,131,457	299,647	1,214,170	289,724	1,181,205	254,187	1,029,967
Effect of non-taxable income	(7,443)	(30,345)	-	-	(7,443)	(30,345)	-	-
Other adjustments	(95,485)	(389,292)	61,812	250,462	(97,506)	(397,532)	61,812	250,462
Income tax expense	<u>4,261,958</u>	<u>17,376,003</u>	<u>4,647,590</u>	<u>18,832,035</u>	<u>4,229,181</u>	<u>17,242,371</u>	<u>4,590,686</u>	<u>18,601,460</u>

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**29. INCOME TAX EXPENSE** (continued)

Under the Cambodian tax regulations, the Group and the Bank are subject to 20% Income Tax.

In accordance with the Sub-decree No. 01 of the Royal Government of Cambodia ("RGC") dated on 4 January 2019, an entity who listed corporate bond on Cambodia Securities Exchange ("CSX") is entitled up to 50% reduction on tax on profit (20%) for the period of three years.

The Bank successfully listed its corporate bond on CSX on 10 April 2020. The Bank is expected to receive the tax on profit reduction up to 50% for 3 years from 2020 following conditions as per Prakas No. 183 MoEF Br.K dated 25 February 2020.

- Issue bond size is more than 20% of total assets, the reduction on tax on profit at 50%.
- Issue bond size is 20% or less than total assets, the reduction on tax on profit is based on a pro-rata basis but the tax incentive amount should not exceed KHR 80,000 million.

As at 31 December 2020, the Bank's bond issuance was approximately 1.90% of total assets. The Bank has calculated the tax incentives for the year then ended 31 December 2020 based on pro-rata basis resulting in 4.75% incentive of tax on profit (20%). Therefore, the Bank's income tax is calculated at 19.1% for the year then ended 31 December 2020. For the year ended 31 December 2019, the Bank's income tax liabilities was at 20% as the Bank did not have the tax incentives for the year ended 31 December 2019.

**(c) Other matter**

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.



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**30. CASH AND CASH EQUIVALENTS**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Cash on hand	36,272,455	146,722,080	35,393,946	144,230,330	36,272,455	146,722,080	35,393,946	144,230,330
Balances with the central bank:								
Settlement accounts	41,479,625	167,785,083	7,593,864	30,944,996	41,479,625	167,785,083	7,593,864	30,944,996
Current accounts	17,282,035	69,905,832	39,003,566	158,939,531	17,282,035	69,905,832	39,003,566	158,939,531
Negotiable Certificate of Deposit	-	-	3,500,000	14,262,500	-	-	3,500,000	14,262,500
Balances with other banks and financial institutions								
Current accounts	4,489,683	18,160,768	1,874,583	7,638,926	4,489,683	18,160,768	1,874,583	7,638,926
Savings accounts	1,450,052	5,865,460	6,896,077	28,101,514	1,450,052	5,865,460	6,896,077	28,101,514
Term deposits (maturity of three months or less)	10,000,000	40,450,000	4,000,000	16,300,000	10,000,000	40,450,000	4,000,000	16,300,000
	<u>110,973,850</u>	<u>448,889,223</u>	<u>98,262,036</u>	<u>400,417,797</u>	<u>110,973,850</u>	<u>448,889,223</u>	<u>98,262,036</u>	<u>400,417,797</u>

**31. NET DEBT RECONCILIATIONS**

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Cash and cash equivalents	110,973,850	448,889,223	98,262,036	400,417,797	110,973,850	448,889,223	98,262,036	400,417,797
Borrowings	(15,407,410)	(62,322,973)	(52,198,004)	(212,706,866)	(15,407,410)	(62,322,973)	(52,198,004)	(212,706,866)
Subordinated debts	(20,037,128)	(81,050,182)	(20,037,128)	(81,651,297)	(20,037,128)	(81,050,182)	(20,037,128)	(81,651,297)
Debt securities issued	(19,793,474)	(80,064,602)	-	-	(19,793,474)	(80,064,602)	-	-
Lease liabilities	(10,189,841)	(41,217,907)	(6,743,741)	(27,480,745)	(20,094,146)	(81,280,821)	(6,743,741)	(27,480,745)
	<u>45,545,997</u>	<u>184,233,559</u>	<u>19,283,163</u>	<u>78,578,889</u>	<u>35,641,692</u>	<u>144,170,645</u>	<u>19,283,163</u>	<u>78,578,889</u>

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31. NET DEBT RECONCILIATIONS (continued)

	Consolidated financial statements						
	Liabilities from financing activities				Other assets		
	Borrowings US\$	Subordinated debts US\$	Debt securities issued US\$	Leases US\$	Sub-total US\$	Cash and cash equivalents US\$	Total US\$
Net debt as at 1 January 2019	(2,978,067)	(20,003,781)	-	(6,843,788)	(29,825,636)	101,559,780	71,734,144
Cash flows	(48,893,973)	-	-	1,492,820	(47,401,153)	(3,297,744)	(50,698,897)
New leases	-	-	-	(1,392,773)	(1,392,773)	-	(1,392,773)
Other changes (i)	(325,964)	(33,347)	-	-	(359,311)	-	(359,311)
Net debt as at 31 December 2019	(52,198,004)	(20,037,128)	-	(6,743,741)	(78,978,873)	98,262,036	19,283,163
In KHR'000 equivalents	(212,706,866)	(81,651,297)	-	(27,480,745)	(321,838,908)	400,417,797	78,578,889
Net debt as at 1 January 2020	(52,198,004)	(20,037,128)	-	(6,743,741)	(78,978,873)	98,262,036	19,283,163
Cash flows	37,076,338	-	(19,538,742)	2,067,697	19,605,293	12,711,814	32,317,107
New leases	-	-	-	(5,513,797)	(5,513,797)	-	(5,513,797)
Other changes (i)	(285,744)	-	(254,732)	-	(540,476)	-	(540,476)
Net debt as at 31 December 2020	(15,407,410)	(20,037,128)	(19,793,474)	(10,189,841)	(65,427,853)	110,973,850	45,545,997
In KHR'000 equivalents	(62,322,973)	(81,050,183)	(80,064,601)	(41,217,907)	(264,655,664)	448,889,223	184,233,559

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31. NET DEBT RECONCILIATIONS (continued)

	Separate financial statements					Other assets	Total
	Liabilities from financing activities				Cash and cash equivalents		
	Borrowings	Subordinated debts	Debt securities issued	Leases			
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Net debt as at 1 January 2019	(2,978,067)	(20,003,781)	-	(13,314,454)	(36,296,302)	101,559,780	65,263,478
Cash flows	(48,893,973)	-	-	1,594,776	(47,299,197)	(3,297,744)	(50,596,941)
New leases	-	-	-	(1,392,773)	(1,392,773)	-	(1,392,773)
Other changes (i)	(325,964)	(33,347)	-	-	(359,311)	-	(359,311)
Net debt as at 31 December 2019	(52,198,004)	(20,037,128)	-	(13,112,451)	(85,347,583)	98,262,036	12,914,453
In KHR'000 equivalents	(212,706,866)	(81,651,297)	-	(53,433,238)	(347,791,401)	400,417,797	52,626,396
Net debt as at 1 January 2020	(52,198,004)	(20,037,128)	-	(13,112,451)	(85,347,583)	98,262,036	12,914,453
Cash flows	37,076,338	-	(19,538,742)	2,460,858	19,998,454	12,711,814	32,710,268
New leases	-	-	-	(9,442,553)	(9,442,553)	-	(9,442,553)
Other changes (i)	(285,744)	-	(254,732)	-	(540,476)	-	(540,476)
Net debt as at 31 December 2020	(15,407,410)	(20,037,128)	(19,793,474)	(20,094,146)	(75,332,158)	110,973,850	35,641,692
In KHR'000 equivalents	(62,322,973)	(81,050,183)	(80,064,602)	(81,280,820)	(304,718,578)	448,889,223	144,170,645

- (i) Other changes include non-cash movements and accrued interest expenses which will be presented as operating cash flows in the statement of cash flows when paid.

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**32. COMMITMENTS**

The Group and the Bank had the contractual amounts of the Group and the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities as follows:

**(a) Loan commitments and guarantees**

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
Bank guarantees	28,324,181	114,571,312	14,537,765	59,241,392	28,324,181	114,571,312	14,537,765	59,241,392
Unused portion of overdrafts	10,177,944	41,169,783	7,105,812	28,956,184	10,177,944	41,169,783	7,105,812	28,956,184
Letters of credit	2,468,438	9,984,832	1,305,083	5,318,213	2,468,438	9,984,832	1,305,083	5,318,213
Unused portion of credit cards	7,616,431	30,808,463	6,196,226	25,249,621	7,616,431	30,808,463	6,196,226	25,249,621
	<u>48,586,994</u>	<u>196,534,390</u>	<u>29,144,886</u>	<u>118,765,410</u>	<u>48,586,994</u>	<u>196,534,390</u>	<u>29,144,886</u>	<u>118,765,410</u>

**(b) Capital commitments**

The capital expenditure commitment in respect of the purchases of IT equipment and software is as follows:

	<b>Consolidated financial statements</b>				<b>Separate financial statements</b>			
	<b>2020</b>		<b>2019</b>		<b>2020</b>		<b>2019</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
IT equipment and software	907,660	3,700,530	1,139,002	4,641,432	907,660	3,700,530	1,139,002	4,641,432

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**33. PRIOR YEAR RECLASSIFICATION**

The Group and the Bank previously did not initially recognise and measure their loans provided to employees at fair value. In 2020, they assessed the impact of the measurement of the loans. As a result, they made the prior year reclassification in the statement of financial position. No adjustment was made to the profit or loss in the prior year because the impact is immaterial. Furthermore, the impact to the balances as at 1 January 2019 is not material.

The impact to the consolidated and separate financial statement line items is as follows:

	Consolidated financial statements				Separate financial statements			
	2019	Reclassification	2019		2019	Reclassification	2019	
	US\$	US\$	US\$	KHR'000	US\$	US\$	US\$	KHR'000
<b>Statement of financial position</b>								
Loans to customers	648,753,833	(1,290,567)	647,463,266	2,638,412,809	654,986,167	(1,290,567)	653,695,600	2,663,809,570
Other assets	4,287,783	1,290,567	5,578,350	22,731,776	4,281,128	1,290,567	5,571,695	22,704,658

**34. RELATED PARTY BALANCES AND TRANSACTIONS**

The Group and the Bank entered into a number of transactions with related parties in the normal course of business. The volumes of related party transactions outstanding balances at the year end and relating expenses and income for the year are as follows:

*(a) Related parties and relationships*

The related parties of and their relationship with the Group and the Bank are as follows:

Related party	Relationship
JB Financial Group Co., Ltd.	Ultimate parent company
Jeonbuk Bank Co., Ltd.	Immediate parent company
Apro Financial Co., Ltd.	Shareholder of the Bank
JB Woori Capital Co., Ltd	Shareholder of the Bank
Apro Asia Finance Corporation Ltd.	Company under common shareholder
J&A (Cambodia) Investment Co., Ltd.	Subsidiary
Arun Susdey Investment Co., Ltd.	Shareholder of the subsidiary
Key management personnel	All directors of the Group and the Bank who make critical decisions in relation to the strategic direction of the Group and the Bank and senior management staff (including their close family members)

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**34. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

*(b) Loans to related parties*

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Subsidiary	-	-	-	-	5,709,088	23,093,261	5,709,088	23,264,534
Key management personnel	682,073	2,758,986	596,382	2,430,256	682,073	2,758,986	596,382	2,430,256
			-	-				
	682,073	2,758,986	596,382	2,430,256	6,391,161	25,852,247	6,305,470	25,694,790

*(c) Deposits from related parties*

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Subsidiary (i)	-	-	-	-	156,512	633,091	38,632	157,425
Immediate parent company (ii)	65,979	266,885	784,242	3,195,786	65,979	266,885	784,242	3,195,786
Company under common shareholders (iii)	2,463,866	9,966,338	2,852,854	11,625,380	2,463,866	9,966,338	2,852,854	11,625,380
Key management personnel (iv)	1,220,444	4,936,696	993,940	4,050,306	1,220,444	4,936,696	993,940	4,050,306
	3,750,289	15,169,919	4,631,036	18,871,472	3,906,801	15,803,010	4,669,668	19,028,897

(i) This represents the current account of J&A (Cambodia) Investment Co., Ltd. maintained with the Bank bearing no interest.

(ii) This represents the current account of Jeonbuk Bank Co., Ltd. maintained with the Bank bearing no interest.

(iii) This represents the current account and fixed deposits of Apro Asia Finance Corporation Ltd. bearing interest rate ranging from 0.2% to 3.5% per annum (2019: 1% to 4% per annum)

(iv) This represents the current accounts, savings accounts, instalment deposits and fixed deposits of key management personnel bearing interest ranging from 1% to 5.75% per annum (2019: 1% to 5.75% per annum).

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**34. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

*(d) Subordinated debts from related parties*

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Immediate parent company (Note 21)	12,022,277	48,630,110	12,022,277	48,990,779	12,022,277	48,630,110	12,022,277	48,990,779
Shareholders of the Bank (Note 21)	8,014,851	32,420,072	8,014,851	32,660,518	8,014,851	32,420,072	8,014,851	32,660,518
	<u>20,037,128</u>	<u>81,050,182</u>	<u>20,037,128</u>	<u>81,651,297</u>	<u>20,037,128</u>	<u>81,050,182</u>	<u>20,037,128</u>	<u>81,651,297</u>

*(e) Interest income*

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Subsidiary	-	-	-	-	473,891	1,932,054	389,500	1,587,213
Key management personnel	47,542	193,829	22,076	89,960	47,542	193,829	22,076	89,960
	<u>47,542</u>	<u>193,829</u>	<u>22,076</u>	<u>89,960</u>	<u>521,433</u>	<u>2,125,883</u>	<u>411,576</u>	<u>1,677,173</u>

*(f) Interest expense*

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Immediate parent company	830,268	3,385,003	828,000	3,374,100	830,268	3,385,003	828,000	3,374,100
Shareholders of the Bank	553,513	2,256,673	553,513	2,242,835	553,513	2,256,673	553,513	2,242,835
Under common shareholders	76,797	313,101	45,371	183,843	76,797	313,101	45,371	183,843
Key management personnel	46,269	188,639	21,587	87,967	46,269	188,639	21,587	87,967
	<u>1,506,847</u>	<u>6,143,416</u>	<u>1,448,471</u>	<u>5,888,745</u>	<u>1,506,847</u>	<u>6,143,416</u>	<u>1,448,471</u>	<u>5,888,745</u>

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**34. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

*(g) Other operating expenses*

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Land lease from the subsidiary								
(i)	-	-	-	-	712,000	2,902,824	323,592	1,311,195
Purchase of maintenance service from immediate parent company (ii)	184,480	752,125	-	-	184,480	752,125	-	-
	184,480	752,125	-	-	896,480	3,654,949	323,592	1,311,195

(i) This represents the lease liabilities and right-of-used assets of the Bank, as a lessee, which entered into an agreement to lease the building for its head office with J&A (Cambodia) Investment Co., Ltd. (the "Subsidiary"), as a lessor, for the fixed period 10 years.

(ii) This represents the payments of maintenance service of the banking system and brand royalty to Jeonbuk Bank Co., Ltd. There is no outstanding payable to the related parties as at 31 December 2020.

*(h) Key management compensation*

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Salaries and other short-term benefits	968,730	3,918,512	839,992	3,422,967	968,730	3,918,512	839,992	3,422,967

*(j) Terms and conditions*

The purchase transactions with the related parties were made on normal commercial terms and conditions.



**35. SEGMENT AND REVENUE INFORMATION**

The Group and the Bank have only one reportable segment, namely, banking service income. The chief operating decision-maker (“the management team”) reviews the internal management report, which reports the performances of the interest income segment as a whole, to assess performance and allocate resources. The management team also reviews profit before tax and net profit as a whole compared to prior year.

**36. FINANCIAL RISK MANAGEMENT**

The Group and the Bank embrace risk management as an integral part of the Group and the Bank’s business, operations and decision-making process. In ensuring that the Group and the Bank achieve optimum returns whilst operating within a sound business environment, the Board of Directors has established the Executive Committee who are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of their propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of the Group and the Bank’s risk management activities are to:

- identify the various risk exposures and capital requirements;
- ensure risk-taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board; and
- create shareholders’ value through sound risk management framework.

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**36. FINANCIAL RISK MANAGEMENT (continued)**

The Group and the Bank hold the following financial assets and financial liabilities:

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>Financial assets</b>								
<i>Financial assets at amortised cost</i>								
Cash on hand	36,272,455	146,722,080	35,393,946	144,230,330	36,272,455	146,722,080	35,393,946	144,230,330
Balances with the central bank	73,290,366	296,459,530	176,936,634	721,016,784	59,535,255	240,820,106	176,936,634	721,016,784
Balances with other banks and financial institutions	99,998,608	404,494,369	36,800,649	149,962,645	99,998,609	404,494,373	36,800,649	149,962,645
Loans to customers	722,412,525	2,922,158,664	649,771,449	2,647,818,655	728,645,233	2,947,369,968	656,003,874	2,673,215,787
Investment securities	2,993,434	12,108,441	2,974,457	12,120,912	2,993,434	12,108,441	2,974,457	12,120,912
Other financial assets	3,095,817	12,522,580	2,832,342	11,541,794	3,094,277	12,516,350	2,831,723	11,539,271
<i>Financial assets at fair value through other comprehensive income</i>								
Investment securities	164,469	665,277	203,737	830,229	164,469	665,277	203,737	830,229
<b>Total financial assets</b>	<b>938,227,674</b>	<b>3,795,130,941</b>	<b>904,913,214</b>	<b>3,687,521,349</b>	<b>930,703,732</b>	<b>3,764,696,595</b>	<b>911,145,020</b>	<b>3,712,915,958</b>
<b>Financial liabilities</b>								
<i>Financial liabilities at amortised cost</i>								
Deposits from other banks	88,565,577	358,247,759	64,182,658	261,544,331	88,565,577	358,247,759	64,182,658	261,544,331
Deposits from non-bank customers	718,342,962	2,905,697,281	646,275,606	2,633,573,094	718,446,765	2,906,117,165	646,314,238	2,633,730,520
Borrowings	15,407,410	62,322,973	52,198,004	212,706,866	15,407,410	62,322,973	52,198,004	212,706,866
Debt securities issued	19,793,474	80,064,602	-	-	19,793,474	80,064,602	-	-
Lease liabilities	10,189,841	41,217,907	6,743,741	27,480,745	20,094,146	81,280,821	13,112,451	53,433,238
Other financial liabilities	1,172,008	4,740,772	2,427,452	9,891,867	1,163,751	4,707,373	2,369,654	9,656,340
Subordinated debts	20,037,128	81,050,182	20,037,128	81,651,297	20,037,128	81,050,182	20,037,128	81,651,297
<b>Total financial liabilities</b>	<b>873,508,400</b>	<b>3,533,341,476</b>	<b>791,864,589</b>	<b>3,226,848,200</b>	<b>883,508,251</b>	<b>3,573,790,875</b>	<b>798,214,133</b>	<b>3,252,722,592</b>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT (continued)**

**36.1 Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Group and the Bank's customers or market counterparties fail to fulfil their contractual obligations to the Group and the Bank. Credit risk arises from deposits and placements with the central bank and other banks, loans to customers, other financial assets, and credit commitments and financial guarantee contracts. Credit exposure arises principally in lending activities.

**(a) Credit risk measurement**

Credit risk is managed on a group basis.

For loans to customers and credit commitments, the estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, of the associated loss ratios and of default correlations between counterparties. The Group and the Bank measure credit risk using probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") for the purposes of measuring expected credit loss ("ECL") under CIFRS 9.

Deposits and placements with the central bank and other banks are considered to be low credit risk. The credit ratings of these assets are monitored for credit deterioration. Measurement for impairment is limited to 12-month ECL. Other financial assets at amortised cost and financial assets at FVOCI are monitored for its credit rating deterioration, and the measurement of impairment follows three-stage approach in note 36.1(c).

**(b) Risk limit control and mitigation policies**

The Group and the Bank operate and provides loans to individuals or enterprises within the Kingdom of Cambodia. The Bank manages limits and controls the concentration of credit risk whenever it is identified.

The Group and the Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security in the form of collaterals for loans to customers, which is common practice. The Group and the Bank implement guidelines on the acceptability of specific classes of collaterals or credit risk mitigation. The principal collateral types to secure for loans to customers are:

- Mortgages over residential properties (land, building and other properties);
- Cash in the form of margin deposits, if any.

**(c) ECL policies**

The measurement of allowance for ECL under the CIFRS 9's three-stage approach is to recognise lifetime allowance for ECL for financial instruments for which there has been a significant increase in credit risk since initial origination or is credit-impaired as at the reporting date. The financial instrument which has not undergone any significant deterioration in credit risk shall be recognised with 12-month allowance for ECL.

Under the three-stage approach, the financial instrument is allocated into three stages based on the relative movement in the credit risk.

- Stage 1 includes financial instruments that neither have a significant increase in credit risk since initial recognition nor credit-impaired or have low credit risk as at reporting date. For these assets, 12-month allowance for ECL are recognised.

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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(c) ECL policies (continued)

- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For these assets, lifetime allowance for ECL are recognised.
- Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime allowance for ECL are recognised.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their allowance for ECL is always measured on a lifetime basis (Stage 3).

The key judgements and assumptions adopted by the Group and the Bank in addressing the requirements of the standard on the measurement of allowances are:

(i) *Significant increase in credit risk ("SICR")*

The assessment of SICR shall be a multifactor and holistic analysis and based on a mixture of quantitative and/or qualitative information. To determine whether the risk of default of a loan/financing has increased significantly since initial recognition, the current risk of default at the reporting date is compared with the risk of default at initial recognition. A borrower is considered to have credit risk increased significantly since initial recognition if any of the following criteria is met:

- Past due 15 days for short-term on its contractual payment, and
- Past due 30 days for long-term on its contractual payment;

*Restructured loans due to COVID-19*

The Group and the Bank determine restructured loans due to COVID-19 to have significant increase in credit risk.

(ii) *Definition of default and credit impaired*

The Group and the Bank define a financial instrument as in default which is also credit-impaired when it meets one of the following criteria:

- The principal or interest or both of the loan is past due for more than 60 days and 90 days for short-term and long-term, respectively. In the case of revolving facilities (e.g. overdraft), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of 60 days or more and 90 days or more consecutive days for short-term and long-term, respectively. For the purpose of ascertaining the period in arrears:
  - (1) Repayment on each of the instalment amounts must be made in full. A partial repayment made on an instalment amount shall be deemed to be in arrears.
  - (2) Where a moratorium on loan repayment is granted in relation to the rescheduling and restructuring, the determination of period in arrears shall exclude the moratorium period granted. The moratorium shall be for a period of not more than 6 months from the date of the obligor's/counterparty's application for the moratorium.
  - (3) Where repayments are scheduled on intervals of 60 days or longer for short-term loans and 90 days or longer for long-term loans, the loan is classified as impaired as soon as a default occurs, unless it does not exhibit any weakness that would render it classified according to the credit risk grading policy.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(c) ECL policies (continued)

(ii) *Definition of default and credit impaired (continued)*

- The loan is forced impaired due to various reasons, such as bankruptcy, significant financial difficulty, etc. In the event where a loan is not in default or past due but force impaired, the loan shall be classified as impaired upon approval by the Credit Committee.
- Restructuring and rescheduling of a loan facility involves any modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of an obligor/counterparty.
- When an obligor/counterparty has multiple loans with the Group and the Bank and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.
- Write-off/charged-off accounts.

(iii) *Measurement of ECL - inputs, assumptions and estimation techniques*

The ECL is measured on either a 12-month or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL is assessed and measured on both individual and collective basis.

For individual assessment, the allowance for ECL is determined by comparing the outstanding exposure with the present value of cash flow of collateral recoverable amount which is expected to be received from the borrowers.

For collective assessment, the ECL is determined by projecting the PD, LGD and EAD for each future month and for the collective segment. The three components are multiplied together to calculate an ECL for each future year.

*Probability of Default ("PD")*

The PD represents the likelihood that a borrower will be unable to meet its financial obligation either over the next 12 months (12-month PD) or over the remaining lifetime (Lifetime PD) of the obligation.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition through the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(c) ECL policies (continued)

(iii) *Measurement of ECL - inputs, assumptions and estimation techniques (continued)*

*Exposure at Default ("EAD")*

EAD is the total amount that the Group and the Bank are exposed to at the time the borrower defaults.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or remaining maturity.
- For revolving products the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default.

*Loss Given Default ("LGD")*

LGD represents the Group and the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The assumptions underlying the ECL calculation are monitored and reviewed periodically. There have been no significant changes in estimation techniques or in significant assumptions made during the reporting period.

(iv) *Forward-looking information incorporated into the ECL models*

The estimation of ECL incorporates forward-looking information. The Group and the Bank have performed statistical analysis based on historical experience to identify the key economic variables impacting credit risk and expected credit losses for each portfolio.

The analysis is performed on PD to understand the impact changes in these variables have had historically on default rate. Historical economic variables for analysis are sourced from an external research house. The statistical regression analysis shows no relationship of these economic variables on historical default rate.

The Group and the Bank assess that the unadjusted historical information is the best reasonable and supportable information, so forward-looking information was not incorporated at 31 December 2020.

The Group and the Bank are to periodically perform statistical analysis and monitor its portfolio's circumstances.

(v) *Post-model (overlays) adjustment*

To consider the effect of COVID-19 pandemic on expected credit losses, the Group and the Bank have assessed the most recent economic condition to incorporate post-model adjustments (overlays) to ECL by applying a percentage increase as a top-up over ECL calculation from historical information. The Group and the Bank have used reasonable and supportable information without undue cost or effort to determine the percentage of customers expected to have significant increase in credit risk.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(c) Impairment (ECL) policies (continued)

(vi) *Grouping of exposure for ECL measured on collective basis*

For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous, such as.

Term	Segment
Short-term	Business
Short-term	Retail
Long-term	Business
Long-term	Retail

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group and the Bank have considered benchmarking internal/external supplementary data to use for modelling purposes.

The appropriateness of groupings is monitored and reviewed on a periodic basis to ensure that each group consists of homogenous exposures.

(vii) *Write off policy*

Write-off is usually taken when relevant recovery actions have been exhausted or further recovery is not economically feasible or justifiable. When a loan or debt instrument is deemed uncollectible, it is written off against the related allowance for impairment. Such loans are either written off in full or partially after taking into consideration the realisable value of collateral (if any) and when in the judgement of the management, there is no prospect of recovery. All write-offs must be approved by the Board or its delegated authorities.

(viii) *Modification of loans*

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

The risk of default of such loans after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original loans. The Group and the Bank monitor the subsequent performance of modified assets. The Group and the Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(c) Impairment (ECL) policies (continued)

(ix) *Off-balance sheet exposures*

Off-Balance Sheet exposures are exposures such as trade facilities and undrawn commitments. The Group and the Bank applied Credit Conversion Factor ("CCF") to estimate the EAD of off-balance sheet items. CCF is estimated to be 100% of the off-balance sheet exposure.



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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(d) Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposure to credit risk for financial assets recognised in the statements of financial position is their carrying amounts. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Group and the Bank on financial instruments subject to impairment:

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>At 31 December</b>								
<b>Credit risk exposure related to on-balance sheet assets:</b>								
Balances with other banks and financial institutions	99,998,608	404,494,369	36,800,649	149,962,645	99,998,609	404,494,373	36,800,649	149,962,645
Loans to customers	722,412,525	2,922,158,663	648,480,882	2,642,559,594	728,645,233	2,947,369,967	654,713,307	2,667,956,726
Investment securities	3,157,903	12,773,718	3,178,194	12,951,141	3,157,903	12,773,718	3,178,194	12,951,141
Other financial assets	3,095,817	12,522,580	2,832,342	11,541,794	3,094,277	12,516,350	2,831,723	11,539,271
<b>Credit risk exposure related to off-balance sheet items:</b>								
Bank guarantees	28,324,181	114,571,312	14,537,765	59,241,392	28,324,181	114,571,312	14,537,765	59,241,392
Unused portion of overdrafts	10,177,944	41,169,783	7,105,812	28,956,184	10,177,944	41,169,783	7,105,812	28,956,184
Letters of credit	2,468,438	9,984,832	1,305,083	5,318,213	2,468,438	9,984,832	1,305,083	5,318,213
Unused portion of credit cards	7,616,431	30,808,463	6,196,226	25,249,621	7,616,431	30,808,463	6,196,226	25,249,621
<b>Total gross credit exposure</b>	<b>877,251,847</b>	<b>3,548,483,720</b>	<b>720,436,953</b>	<b>2,935,780,584</b>	<b>883,483,016</b>	<b>3,573,688,798</b>	<b>726,668,759</b>	<b>2,961,175,193</b>
<b>Allowances for expected credit losses</b>	<b>(1,093,767)</b>	<b>(4,424,288)</b>	<b>(1,017,616)</b>	<b>(4,146,785)</b>	<b>(1,091,599)</b>	<b>(4,415,518)</b>	<b>(1,017,707)</b>	<b>(4,147,156)</b>
<b>Total net credit exposure</b>	<b>876,158,080</b>	<b>3,544,059,432</b>	<b>719,419,337</b>	<b>2,931,633,799</b>	<b>882,391,417</b>	<b>3,569,273,280</b>	<b>725,651,052</b>	<b>2,957,028,037</b>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**
**36. FINANCIAL RISK MANAGEMENT (continued)**
**36.1 Credit risk (continued)**
**(e) Credit quality of financial assets**

The Group and the Bank assess credit quality of loans to customers using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

Credit quality description is summarised as follows:

<b>Credit Quality</b>	<b>Description</b>
Normal	Obligors in this category exhibit strong capacity to meet financial commitment.  The Group and the Bank monitor obligors in this category by delinquency status. Obligors that are less than 15 days past due on its contractual payments for short-term and less than 30 days on its contractual payment past due for long-term facilities are in standard monitoring.
Special mention	Obligors in this category have a fairly acceptable capacity to meet financial commitments.  The Group and the Bank monitor obligors in this category by delinquency status. Obligors that are from 15 days to 30 days past due on its contractual payments for short-term facilities or are from 31 to 89 days past due on its contractual payments for long-term facilities are included in special monitoring.
Substandard, doubtful and loss	Obligors are assessed to be impaired.

Except for substandard for short-term loans, the obligors in this category have a fairly acceptable capacity to meet financial commitments.

The credit quality of financial instruments other than loans to customers are determined based on the ratings of counterparties as defined equivalent ratings of other international rating agencies as defined below:

<b>Credit Quality</b>	<b>Description</b>
Sovereign	Refer to financial assets issued by the central bank/government or guarantee by the central bank/government.
Investment grade	Refers to the credit quality of the financial asset that the issuer is able to meet payment obligation and exposure bondholder to low credit risk of default.
Non-investment grade	Refers to low credit quality of the financial asset that is highly exposed to default risk.
Un-graded	Refers to financial assets which are currently not assigned with ratings due to unavailability of ratings models.
Credit impaired	Refers to the asset that is being impaired.

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(e) Credit quality of financial assets (continued)

The following table shows an analysis of the credit exposure by stages, together with the allowance for ECL provision:

<b>Consolidated financial statements</b>								
	<b>2020</b>				<b>2019</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>12-month ECL US\$</b>	<b>Lifetime ECL not Credit- Impaired US\$</b>	<b>Lifetime ECL Credit- Impaired US\$</b>		<b>12-month ECL US\$</b>	<b>Lifetime ECL not Credit- Impaired US\$</b>	<b>Lifetime ECL Credit- Impaired US\$</b>	
<b>Balances with other banks and financial institutions</b>								
Investment grade	5,789,869	-	-	5,789,869	6,224,658	-	-	6,224,658
Non-investment grade	-	-	-	-	-	-	-	-
Un-graded	94,208,739	-	-	94,208,739	30,575,991	-	-	30,575,991
Gross carrying amount	99,998,608	-	-	99,998,608	36,800,649	-	-	36,800,649
<i>In KHR'000 equivalent</i>	404,494,369	-	-	404,494,369	149,962,645	-	-	149,962,645
<b>Separate financial statements</b>								
	<b>2020</b>				<b>2019</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>12-month ECL US\$</b>	<b>Lifetime ECL not Credit- Impaired US\$</b>	<b>Lifetime ECL Credit- Impaired US\$</b>		<b>12-month ECL US\$</b>	<b>Lifetime ECL not Credit- Impaired US\$</b>	<b>Lifetime ECL Credit- Impaired US\$</b>	
<b>Balances with other banks and financial institutions</b>								
Investment grade	5,789,869	-	-	5,789,869	6,224,658	-	-	6,224,658
Non-investment grade	-	-	-	-	-	-	-	-
Un-graded	94,208,740	-	-	94,208,740	30,575,991	-	-	30,575,991
Gross carrying amount	99,998,609	-	-	99,998,609	36,800,649	-	-	36,800,649
<i>In KHR'000 equivalent</i>	404,494,373	-	-	404,494,373	149,962,645	-	-	149,962,645

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(e) Credit quality of financial assets (continued)

	Consolidated financial statements							
	2020				2019			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
<b>Loans to customers at amortised cost</b>								
Normal	666,487,349	47,548,249	-	714,035,598	640,338,428	4,333	-	640,342,761
Special mention	39,325	428,676	-	468,001	-	6,283	-	6,283
Substandard	-	362,671	4,482,661	4,845,332	-	281,544	6,563,430	6,844,974
Doubtful	-	-	144,613	144,613	-	-	23,240	23,240
Loss	-	-	2,918,981	2,918,981	-	-	1,263,624	1,263,624
Gross carrying amount	666,526,674	48,339,596	7,546,255	722,412,525	640,338,428	292,160	7,850,294	648,480,882
Allowances for expected credit losses	(193,668)	(85,127)	(811,661)	(1,090,456)	(28,706)	(5,754)	(983,156)	(1,017,616)
Net carrying amount	666,333,006	48,254,469	6,734,594	721,322,069	640,309,722	286,406	6,867,138	647,463,266
<i>In KHR'000 equivalent</i>	2,695,317,009	195,189,327	27,241,433	2,917,747,769	2,609,262,117	1,167,104	27,983,588	2,638,412,809

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(e) Credit quality of financial assets (continued)

	Separate financial statements							
	2020				2019			
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	Total US\$	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	Total US\$
<b>Loans to customers at amortised cost</b>								
Normal	672,720,057	47,548,249	-	720,268,306	646,570,853	4,333	-	646,575,186
Special mention	39,325	428,676	-	468,001	-	6,283	-	6,283
Substandard	-	362,671	4,482,661	4,845,332	-	281,544	6,563,430	6,844,974
Doubtful	-	-	144,613	144,613	-	-	23,240	23,240
Loss	-	-	2,918,981	2,918,981	-	-	1,263,624	1,263,624
Gross carrying amount	672,759,382	48,339,596	7,546,255	728,645,233	646,570,853	292,160	7,850,294	654,713,307
Allowances for expected credit losses	(194,811)	(85,127)	(811,661)	(1,091,599)	(28,797)	(5,754)	(983,156)	(1,017,707)
Net carrying amount	672,564,571	48,254,469	6,734,594	727,553,634	646,542,056	286,406	6,867,138	653,695,600
<i>In KHR'000 equivalent</i>	<u>2,720,523,690</u>	<u>195,189,327</u>	<u>27,241,433</u>	<u>2,942,954,450</u>	<u>2,634,658,878</u>	<u>1,167,104</u>	<u>27,983,588</u>	<u>2,663,809,570</u>

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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(e) Credit quality of financial assets (continued)

Consolidated financial statements								
	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$		12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	
<b>Other financial assets at amortised cost</b>								
Investment grade	-	-	-	-	-	-	-	-
Non-investment grade	-	-	-	-	-	-	-	-
Un-graded	2,787,998	-	-	2,787,998	2,832,342	-	-	2,832,342
Gross exposure	2,787,998	-	-	2,787,998	2,832,342	-	-	2,832,342
<i>In KHR'000 equivalent</i>	11,277,452	-	-	11,277,452	11,541,794	-	-	11,541,794
Separate financial statements								
	2020				2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$		12-month ECL US\$	Lifetime ECL not Credit- Impaired US\$	Lifetime ECL Credit- Impaired US\$	
<b>Other financial assets at amortised cost</b>								
Investment grade	-	-	-	-	-	-	-	-
Non-investment grade	-	-	-	-	-	-	-	-
Un-graded	2,786,458	-	-	2,786,458	2,831,723	-	-	2,831,723
Gross exposure	2,786,458	-	-	2,786,458	2,831,723	-	-	2,831,723
<i>In KHR'000 equivalent</i>	11,271,223	-	-	11,271,223	11,539,271	-	-	11,539,271

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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(e) Credit quality of financial assets (continued)

	Consolidated financial statements							
	2020				2019			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
<b>Off-balance sheet items</b>								
Normal	48,560,644	-	-	48,560,644	21,983,774	-	-	21,983,774
Special mention	-	9,130	-	9,130	-	-	-	-
Substandard	-	181	-	181	-	-	-	-
Doubtful	-	-	16,605	16,605	-	-	-	-
Loss	-	-	434	434	-	-	-	-
Gross exposure	48,560,644	9,311	17,039	48,586,994	21,983,774	-	-	21,983,774
Allowances for expected credit losses	(3,044)	(267)	-	(3,311)	(422)	-	-	(422)
Net exposure	48,557,600	9,044	17,039	48,583,683	21,983,352	-	-	21,983,352
<i>In KHR'000 equivalent</i>	196,415,492	36,583	68,923	196,520,998	89,582,159	-	-	89,582,159

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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(e) Credit quality of financial assets (continued)

	Separate financial statements							
	2020				2019			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
<b>Off-balance sheet items</b>								
Normal	48,560,644	-	-	48,560,644	29,144,886	-	-	29,144,886
Special mention	-	9,130	-	9,130	-	-	-	-
Substandard	-	181	-	181	-	-	-	-
Doubtful	-	-	16,605	16,605	-	-	-	-
Loss	-	-	434	434	-	-	-	-
Gross carrying amount	48,560,644	9,311	17,039	48,586,994	29,144,886	-	-	29,144,886
Allowances for expected credit losses	(3,044)	(267)	-	(3,311)	(422)	-	-	(422)
Net carrying amount	48,557,600	9,044	17,039	48,583,683	29,144,464	-	-	29,144,464
<i>In KHR'000 equivalent</i>	196,415,492	36,583	68,923	196,520,998	118,763,691	-	-	118,763,691



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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(f) Loss allowance

(i) Expected credit loss reconciliation – loans to customers

	Consolidated financial statements				Separate financial statements			
	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$	Stage 1 12-month ECL US\$	Stage 2 Lifetime ECL not Credit- Impaired US\$	Stage 3 Lifetime ECL Credit- Impaired US\$	Total US\$
<b>Expected credit loss</b>								
Loss allowance as at 1 January 2020	28,706	5,754	983,156	1,017,616	28,797	5,754	983,156	1,017,707
<i>Changes due to exposure as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(63,777)	63,777	-	-	(63,777)	63,777	-	-
Transfer to stage 3	(398,730)	-	398,730	-	(398,730)	-	398,730	-
New financial assets originated	169,346	-	-	169,346	170,398	-	-	170,398
Net remeasurement of loss allowance (*)	458,123	15,596	148,711	622,430	458,123	15,596	148,711	622,430
Financial assets derecognised during the year other than write-off	-	-	(331,356)	(331,356)	-	-	(331,356)	(331,356)
Write-offs	-	-	(387,580)	(387,580)	-	-	(387,580)	(387,580)
Loss allowance as at 31 December 2020	<u>193,668</u>	<u>85,127</u>	<u>811,661</u>	<u>1,090,456</u>	<u>194,811</u>	<u>85,127</u>	<u>811,661</u>	<u>1,091,599</u>
<i>In KHR'000 equivalent</i>	<u>783,387</u>	<u>344,339</u>	<u>3,283,169</u>	<u>4,410,895</u>	<u>788,010</u>	<u>344,339</u>	<u>3,283,169</u>	<u>4,415,518</u>

(\*) This is the impact of the measurement of ECL due to changes in PD, LGD, and credit rating of obligors during the year arising from regular refreshing of inputs to models.

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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(f) Loss allowance (continued)

(i) Expected credit loss reconciliation – loans to customers (continued)

	Consolidated financial statements				Separate financial statements			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL		12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-		ECL	not Credit-	Credit-	
	US\$	Impaired	Impaired	Total	US\$	Impaired	Impaired	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Gross carrying amount</b>								
Gross carrying amount as at 1 January 2020	640,338,428	292,160	7,850,294	648,480,882	646,570,853	292,160	7,850,294	654,713,307
<i>Changes due to financial instruments recognised as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(48,073,618)	48,073,618	-	-	(48,073,618)	48,073,618	-	-
Transfer to stage 3	(577,227)	-	577,227	-	(577,227)	-	577,227	-
New financial assets originated	520,139,700	-	-	520,139,700	520,139,700	-	-	520,139,700
Financial assets derecognised during the year other than write-off	(445,300,609)	-	(519,468)	(445,820,077)	(445,300,326)	-	(519,468)	(445,819,794)
Write-offs	-	-	(387,980)	(387,980)	-	-	(387,980)	(387,980)
Gross carrying amount as at 31 December 2020	<u>666,526,674</u>	<u>48,365,778</u>	<u>7,520,073</u>	<u>722,412,525</u>	<u>672,759,382</u>	<u>48,365,778</u>	<u>7,520,073</u>	<u>728,645,233</u>
<i>In KHR'000 equivalent</i>	<u>2,696,100,396</u>	<u>195,639,572</u>	<u>30,418,696</u>	<u>2,922,158,664</u>	<u>2,721,311,701</u>	<u>195,639,572</u>	<u>30,418,695</u>	<u>2,947,369,968</u>

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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(f) Loss allowance (continued)

(i) Expected credit loss reconciliation – loans to customers (continued)

	Consolidated financial statements				Separate financial statements			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL		12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-		ECL	not Credit-	Credit-	
	US\$	Impaired	Impaired	Total	US\$	Impaired	Impaired	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Expected credit loss</b>								
Loss allowance as at 1 January 2019	64,095	1,929	268,166	334,190	64,186	1,929	268,166	334,281
<i>Changes due to exposure as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(3,825)	3,825	-	-	(3,825)	3,825	-	-
Transfer to stage 3	(983,156)	-	983,156	-	(983,156)	-	983,156	-
New financial assets originated	1,011,953	-	-	1,011,953	1,017,707	-	-	1,017,707
Financial assets derecognised during the year other than write-off	(60,361)	-	(268,166)	(328,527)	(66,115)	-	(268,166)	(334,281)
Loss allowance as at 31 December 2019	28,706	5,754	983,156	1,017,616	28,797	5,754	983,156	1,017,707
<i>In KHR'000 equivalent</i>	116,977	23,448	4,006,360	4,146,785	117,348	23,448	4,006,360	4,147,156

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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(f) Loss allowance (continued)

(i) *Expected credit loss reconciliation – loans to customers (continued)*

	Consolidated financial statements				Separate financial statements			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL		12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	Total	ECL	not Credit-	Credit-	Total
	US\$	Impaired	Impaired	US\$	US\$	Impaired	Impaired	US\$
		US\$	US\$			US\$	US\$	
<b>Gross carrying amount</b>								
Gross carrying amount as at 1 January 2019	539,959,377	39,356	2,491,890	542,490,623	546,181,439	39,356	2,491,890	548,712,685
<i>Changes due to financial instruments recognised as at 1 January:</i>								
Transfer to stage 1	-		-	-	-		-	-
Transfer to stage 2	(252,804)	252,804	-	-	(252,804)	252,804	-	-
Transfer to stage 3	(6,982,980)	-	6,982,980	-	(6,982,980)	-	6,982,980	-
New financial assets originated	500,985,067	-	-	500,985,067	500,995,430	-	-	500,995,430
Financial assets derecognised during the year other than write-off	(393,370,232)	-	(1,624,576)	(394,994,808)	(393,370,232)	-	(1,624,576)	(394,994,808)
Gross carrying amount as at 31 December 2019	<u>640,338,428</u>	<u>292,160</u>	<u>7,850,294</u>	<u>648,480,882</u>	<u>646,570,853</u>	<u>292,160</u>	<u>7,850,294</u>	<u>654,713,307</u>
<i>In KHR'000 equivalent</i>	<u>2,609,379,094</u>	<u>1,190,552</u>	<u>31,989,948</u>	<u>2,642,559,594</u>	<u>2,634,776,226</u>	<u>1,190,552</u>	<u>31,989,948</u>	<u>2,667,956,726</u>

PHNOM PENH COMMERCIAL BANK PLC.

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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(f) Loss allowance (continued)

(ii) Expected credit loss reconciliation – Off-balance sheet items

	Consolidated financial statements				Separate financial statements			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL		12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-		ECL	not Credit-	Credit-	
	US\$	Impaired	Impaired	Total	US\$	Impaired	Impaired	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Expected credit loss</b>								
Loss allowance as at 1 January 2020	422	-	-	422	422	-	-	422
<i>Changes due to exposure as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(267)	267	-	-	(267)	267	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
New exposure	2,622	-	-	2,622	2,622	-	-	2,622
Loss allowance as at 31 December 2020	2,777	267	-	3,044	2,777	267	-	3,044
<i>In KHR'000 equivalent</i>	11,233	1,080	-	12,313	11,233	1,080	-	12,313

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(f) Loss allowance (continued)

(ii) Expected credit loss reconciliation – Off-balance sheet items (continued)

	Consolidated financial statements				Separate financial statements			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL		12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	Total	ECL	not Credit-	Credit-	Total
	US\$	Impaired	Impaired	US\$	US\$	Impaired	Impaired	US\$
		US\$	US\$	US\$		US\$	US\$	US\$
<b>Gross carrying amount</b>								
Gross carrying amount as at 1 January 2020	29,144,886	-	-	29,144,886	29,144,886	-	-	29,144,886
<i>Changes due to financial instruments recognised as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(9,311)	9,311	-	-	(9,311)	9,311	-	-
Transfer to stage 3	(17,039)	-	17,039	-	(17,039)	-	17,039	-
New exposure	19,442,108	-	-	19,442,108	19,442,108	-	-	19,442,108
Gross carrying amount as at 31 December 2020	48,560,644	9,311	17,039	48,586,994	48,560,644	9,311	17,039	48,586,994
<i>In KHR'000 equivalent</i>	196,427,805	37,663	68,922	196,534,390	196,427,805	37,663	68,922	196,534,390

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(f) Loss allowance (continued)

(ii) Expected credit loss reconciliation – Off-balance sheet items (continued)

	Consolidated financial statements				Separate financial statements			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL		12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-		ECL	not Credit-	Credit-	
	US\$	Impaired	Impaired	Total	US\$	Impaired	Impaired	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Expected credit loss</b>								
Loss allowance as at 1 January 2019	689	-	-	689	689	-	-	689
<i>Changes due to exposure as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
New exposure	187	-	-	187	187	-	-	187
Exposure derecognised or expired	(454)	-	-	(454)	(454)	-	-	(454)
Loss allowance as at 31 December 2019	422	-	-	422	422	-	-	422
<i>In KHR'000 equivalent</i>	1,720	-	-	1,720	1,720	-	-	1,720

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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36. FINANCIAL RISK MANAGEMENT (continued)

36.1 Credit risk (continued)

(f) Loss allowance (continued)

(ii) Expected credit loss reconciliation – Off-balance sheet items (continued)

	Consolidated financial statements				Separate financial statements			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL		12-month	Lifetime ECL	Lifetime ECL	
	ECL	not Credit-	Credit-	Total	ECL	not Credit-	Credit-	Total
	US\$	Impaired	Impaired	US\$	US\$	Impaired	Impaired	US\$
		US\$	US\$			US\$	US\$	
<b>Gross carrying amount</b>								
Gross carrying amount as at 1 January 2019	23,968,114	-	-	23,968,114	23,968,114	-	-	23,968,114
<i>Changes due to financial instruments recognised as at 1 January:</i>								
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
New exposure	10,412,074	-	-	10,412,074	10,412,074	-	-	10,412,074
Exposure derecognised or expired	(5,235,302)	-	-	(5,235,302)	(5,235,302)	-	-	(5,235,302)
Gross carrying amount as at 31 December 2019	29,144,886	-	-	29,144,886	29,144,886	-	-	29,144,886
<i>In KHR'000 equivalent</i>	118,765,410	-	-	118,765,410	118,765,410	-	-	118,765,410



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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(g) Concentration of financial assets with credit risk exposure

(i) *Industry sector*

The following table breaks down the Group and the Bank's main credit exposure at their gross carrying amounts less impairment if any, as categorised by the industry sectors of its counterparties.

	Consolidated financial statements					
	2020					
	Balance with other banks and financial institutions US\$	Loans to customers US\$	Investment securities US\$	Other financial assets US\$	Off-balance sheet items US\$	Total US\$
Financial institutions	99,998,608	24,959,737	2,993,434	-	2,289,712	130,241,491
Construction	-	6,661,852	-	-	16,651	6,678,503
Agriculture	-	162,017,813	-	-	1,311,609	163,329,422
Household	-	102,655,606	-	-	40,829	102,696,435
Manufacturing	-	28,771,418	-	-	58,686	28,830,104
Real estate	-	45,408,552	-	-	2,172,644	47,581,196
Retail trade	-	122,942,532	-	-	1,671,985	124,614,517
Services	-	149,767,925	21,818	-	1,514,672	151,304,415
Transportation	-	14,107,160	-	-	289,744	14,396,904
Wholesale trade	-	39,651,100	-	-	412,099	40,063,199
Others	-	25,468,830	142,651	3,095,817	38,808,363	67,515,661
Total credit exposure	99,998,608	722,412,525	3,157,903	3,095,817	48,586,994	877,251,847
In KHR'000 equivalent	404,494,369	2,922,158,664	12,773,718	12,522,580	196,534,390	3,548,483,721

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

(i) *Industry sector (continued)*

	Separate financial statements					
	2020					
	Balance with other banks and financial institutions US\$	Loans to customers US\$	Investment securities US\$	Other financial assets US\$	Off-balance sheet items US\$	Total US\$
Financial institutions	99,998,609	24,959,737	2,993,434	-	2,289,712	130,241,492
Construction	-	6,661,852	-	-	16,651	6,678,503
Agriculture	-	162,017,813	-	-	1,311,609	163,329,422
Household	-	102,655,606	-	-	40,829	102,696,435
Manufacturing	-	28,771,418	-	-	58,688	28,830,106
Real estate	-	51,641,260	-	-	2,172,644	53,813,904
Retail trade	-	122,942,532	-	-	1,671,985	124,614,517
Services	-	149,767,925	21,818	-	1,514,672	151,304,415
Transportation	-	14,107,160	-	-	289,744	14,396,904
Wholesale trade	-	39,651,100	-	-	412,099	40,063,199
Others	-	25,468,830	142,651	3,094,277	38,808,361	67,514,119
Total credit exposure	99,998,609	728,645,233	3,157,903	3,094,277	48,586,994	883,483,016
In KHR'000 equivalent	404,494,373	2,947,369,968	12,773,718	12,516,350	196,534,390	3,573,688,799

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

(i) *Industry sector (continued)*

<b>Consolidated financial statements</b>						
<b>2019</b>						
	<b>Balance with other banks and financial institutions US\$</b>	<b>Loans to customers US\$</b>	<b>Investment securities US\$</b>	<b>Other financial assets US\$</b>	<b>Off-balance sheet items US\$</b>	<b>Total US\$</b>
Financial institutions	36,800,649	40,921,980	2,974,457	-	619,361	81,316,447
Construction	-	5,639,011	-	-	85,369	5,724,380
Agriculture	-	161,749,153	-	-	1,602,322	163,351,475
Household	-	73,167,654	-	-	476,439	73,644,093
Manufacturing	-	32,940,653	-	-	221,901	33,162,554
Real estate	-	26,077,042	-	-	329,682	26,406,724
Retail trade	-	100,286,417	-	-	1,303,326	101,589,743
Services	-	124,112,428	21,818	-	1,261,718	125,395,964
Transportation	-	14,826,730	-	-	105,996	14,932,726
Wholesale trade	-	2,452,204	-	-	14,731	2,466,935
Others	-	66,307,610	181,919	2,832,342	23,124,041	92,445,912
Total credit exposure	<u>36,800,649</u>	<u>648,480,882</u>	<u>3,178,194</u>	<u>2,832,342</u>	<u>29,144,886</u>	<u>720,436,953</u>
<i>In KHR'000 equivalent</i>	<u>149,962,645</u>	<u>2,642,559,594</u>	<u>12,951,141</u>	<u>11,541,794</u>	<u>118,765,410</u>	<u>2,935,780,584</u>

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.1 Credit risk** (continued)

(g) Concentration of financial assets with credit risk exposure (continued)

(i) *Industry sector (continued)*

	Separate financial statements					
	2019					
	Balance with other banks and financial institutions US\$	Loans to customers US\$	Investment securities US\$	Other financial assets US\$	Off-balance sheet items US\$	Total US\$
Financial institutions	36,800,649	40,921,980	2,974,457	-	619,361	81,316,447
Construction	-	5,639,011	-	-	85,369	5,724,380
Agriculture	-	161,749,153	-	-	1,602,322	163,351,475
Household	-	73,167,654	-	-	476,439	73,644,093
Manufacturing	-	32,940,653	-	-	221,901	33,162,554
Real estate	-	32,309,467	-	-	329,682	32,639,149
Retail trade	-	100,286,417	-	-	1,303,326	101,589,743
Services	-	124,112,428	21,818	-	1,261,718	125,395,964
Transportation	-	14,826,730	-	-	105,996	14,932,726
Wholesale trade	-	2,452,204	-	-	14,731	2,466,935
Others	-	66,307,610	181,919	2,831,723	23,124,041	92,445,293
Total credit exposure	<u>36,800,649</u>	<u>654,713,307</u>	<u>3,178,194</u>	<u>2,831,723</u>	<u>29,144,886</u>	<u>726,668,759</u>
<i>In KHR'000 equivalent</i>	<u>149,962,645</u>	<u>2,667,956,726</u>	<u>12,951,141</u>	<u>11,539,271</u>	<u>118,765,410</u>	<u>2,961,175,193</u>

(h) Repossessed collateral

The Group and the Bank did not obtain assets by taking possession of collateral held as security as at 31 December 2020 and 31 December 2019.

**36. FINANCIAL RISK MANAGEMENT (continued)**

**36.2 Market risk**

The Group and the Bank take on exposure to market risk, which is the risk that the fair value or future cash flow of a financial instrument, will fluctuate because of changes in market prices. Market risk arises from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Group and the Bank do not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge its risk exposure.

**(i) Foreign exchange risk**

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group and the Bank's functional currency.

The Group and the Bank operate in Cambodia and transacts in many currencies, and is exposed to various currency risks, primarily with respect to Khmer Riel.

The management monitors their foreign exchange risk against functional currencies. However, the Group and the Bank do not hedge its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts.

The Group and the Bank's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The table below summarises the Group and the Bank's exposure to foreign currency exchange rate risk. Included in the table are the Group and the Bank's financial instruments at their carrying amounts by currency in US\$ equivalent.

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**36. FINANCIAL RISK MANAGEMENT (continued)**

**36.2 Market risk (continued)**

(i) Foreign exchange risk (continued)

	Consolidated financial statements				Separate financial statements			
	In US\$ equivalent				In US\$ equivalent			
	US\$	KHR	Others	Total	US\$	KHR	Others	Total
<b>As at 31 December 2020</b>								
<b>Financial assets</b>								
Cash on hand	33,466,049	2,621,411	184,995	36,272,455	33,466,049	2,621,411	184,995	36,272,455
Balances with the central bank	72,031,428	1,258,938	-	73,290,366	72,031,428	1,258,938	-	73,290,366
Balances with other banks and financial institutions	99,749,658	68,669	180,281	99,998,608	99,749,659	68,669	180,281	99,998,609
Loans to customers	647,868,140	74,544,385	-	722,412,525	654,100,848	74,544,385	-	728,645,233
Investment securities	21,817	3,136,086	-	3,157,903	21,817	3,136,086	-	3,157,903
Other financial assets	3,060,312	35,505	-	3,095,817	3,058,772	35,505	-	3,094,277
<b>Total financial assets</b>	<b>856,197,404</b>	<b>81,664,994</b>	<b>365,276</b>	<b>938,227,674</b>	<b>862,428,573</b>	<b>81,664,994</b>	<b>365,276</b>	<b>944,458,843</b>
<b>Financial liabilities</b>								
Deposits from other banks	77,673,315	10,892,262	-	88,565,577	77,673,315	10,892,262	-	88,565,577
Deposits from other non-bank customers	711,738,137	6,604,825	-	718,342,962	711,841,940	6,604,825	-	718,446,765
Borrowings	1,243,596	14,163,814	-	15,407,410	1,243,596	14,163,814	-	15,407,410
Debt securities	-	19,793,474	-	19,793,474	-	19,793,474	-	19,793,474
Lease liabilities	10,189,841	-	-	10,189,841	20,094,146	-	-	20,094,146
Other financial liabilities	1,170,537	1,471	-	1,172,008	1,162,280	1,471	-	1,163,751
Subordinated debts	20,037,128	-	-	20,037,128	20,037,128	-	-	20,037,128
<b>Total financial liabilities</b>	<b>822,052,554</b>	<b>51,455,846</b>	<b>-</b>	<b>873,508,400</b>	<b>832,052,405</b>	<b>51,455,846</b>	<b>-</b>	<b>883,508,251</b>
<b>Net position</b>	<b>34,144,850</b>	<b>30,209,148</b>	<b>365,276</b>	<b>64,719,274</b>	<b>30,376,168</b>	<b>30,209,148</b>	<b>365,276</b>	<b>60,950,592</b>
<b>In KHR'000 equivalent</b>	<b>138,115,918</b>	<b>122,196,004</b>	<b>1,477,541</b>	<b>261,789,463</b>	<b>122,871,600</b>	<b>122,196,004</b>	<b>1,477,541</b>	<b>246,545,145</b>
<b>Off-balance sheet items</b>	<b>48,586,994</b>	<b>-</b>	<b>-</b>	<b>48,586,994</b>	<b>48,586,994</b>	<b>-</b>	<b>-</b>	<b>48,586,994</b>
<b>In KHR'000 equivalent</b>	<b>196,534,390</b>	<b>-</b>	<b>-</b>	<b>196,534,390</b>	<b>196,534,390</b>	<b>-</b>	<b>-</b>	<b>196,534,390</b>

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**36. FINANCIAL RISK MANAGEMENT (continued)**

**36.2 Market risk (continued)**

(i) Foreign exchange risk (continued)

	Consolidated financial statements				Separate financial statements			
	In US\$ equivalent				In US\$ equivalent			
	US\$	KHR	Others	Total	US\$	KHR	Others	Total
<b>As at 31 December 2019</b>								
<b>Financial assets</b>								
Cash on hand	32,523,433	2,738,312	132,201	35,393,946	32,523,433	2,738,312	132,201	35,393,946
Balances with the central bank	84,805,752	9,097,267	-	93,903,019	84,805,752	9,097,267	-	93,903,019
Balances with other banks and financial institutions	36,134,260	508,059	158,330	36,800,649	36,134,260	508,059	158,330	36,800,649
Loans to customers	577,300,891	71,179,991	-	648,480,882	583,533,316	71,179,991	-	654,713,307
Investment securities	252,078	2,926,116	-	3,178,194	252,078	2,926,116	-	3,178,194
Other financial assets	2,424,050	408,292	-	2,832,342	2,423,431	408,292	-	2,831,723
<b>Total financial assets</b>	<b>733,440,464</b>	<b>86,858,037</b>	<b>290,531</b>	<b>820,589,032</b>	<b>739,672,270</b>	<b>86,858,037</b>	<b>290,531</b>	<b>826,820,838</b>
<b>Financial liabilities</b>								
Deposits from other banks	63,495,971	686,687	-	64,182,658	63,495,971	686,687	-	64,182,658
Deposits from other non-bank customers	625,730,524	20,545,082	-	646,275,606	625,769,156	20,545,082	-	646,314,238
Borrowings	328,948	51,869,056	-	52,198,004	328,948	51,869,056	-	52,198,004
Lease liabilities	6,743,741	-	-	6,743,741	13,112,451	-	-	13,112,451
Other financial liabilities	2,078,094	349,358	-	2,427,452	2,020,296	349,358	-	2,369,654
Subordinated debts	20,037,128	-	-	20,037,128	20,037,128	-	-	20,037,128
<b>Total financial liabilities</b>	<b>718,414,406</b>	<b>73,450,183</b>	<b>-</b>	<b>791,864,589</b>	<b>724,763,950</b>	<b>73,450,183</b>	<b>-</b>	<b>798,214,133</b>
<b>Net position</b>	<b>15,026,058</b>	<b>13,407,854</b>	<b>290,531</b>	<b>28,724,443</b>	<b>14,908,320</b>	<b>13,407,854</b>	<b>290,531</b>	<b>28,606,705</b>
<b>In KHR'000 equivalent</b>	<b>61,231,186</b>	<b>54,637,005</b>	<b>1,183,914</b>	<b>117,052,105</b>	<b>60,751,404</b>	<b>54,637,005</b>	<b>1,183,914</b>	<b>116,572,323</b>
<b>Off-balance sheet items</b>	<b>29,144,886</b>	<b>-</b>	<b>-</b>	<b>29,144,886</b>	<b>29,144,886</b>	<b>-</b>	<b>-</b>	<b>29,144,886</b>
<b>In KHR'000 equivalent</b>	<b>118,765,410</b>	<b>-</b>	<b>-</b>	<b>118,765,410</b>	<b>118,765,410</b>	<b>-</b>	<b>-</b>	<b>118,765,410</b>

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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.2 Market risk** (continued)

(i) Foreign exchange risk (continued)

**Sensitivity analysis**

As shown in the table above, the Group and the Bank are primarily exposed to changes in US\$/KHR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from KHR denominated financial instruments.

	Consolidated financial statements				Separate financial statements			
	Impact on post tax profit		Impact on other component of equity		Impact on post tax profit		Impact on other component of equity	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>2020</b>								
US\$/KHR exchange rate - increase by 2%	(474,443)	(1,934,304)	-	-	(474,443)	(1,934,304)	-	-
US\$/KHR exchange rate - decrease by 2%	493,833	2,013,357	-	-	493,833	2,013,357	-	-
<b>2019</b>								
US\$/KHR exchange rate - increase by 2%	947,505	3,839,290	-	-	947,505	3,839,290	-	-
US\$/KHR exchange rate - decrease by 2%	(974,147)	(3,947,244)	-	-	(974,147)	(3,947,244)	-	-

(ii) Price risk

The Group and the Bank's exposure to equity securities price risk arises from investment held by the Group and the Bank and classified as FVOCI. The investment amount is insignificant, so the Group and the Bank did not have any policy to manage its price risk arising from investments in equity securities.



**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.2 Market risk** (continued)

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of changes but may reduce losses in the event that unexpected movements arise. The management of the Group and the Bank at this stage do not have a policy to set limits on the level of mismatch of interest rate repricing that may be undertaken; however, the management regularly monitors the mismatch.

The table below summarises the Group and the Bank's exposure to interest rate risks. It includes the Group and the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

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36. FINANCIAL RISK MANAGEMENT (continued)

36.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Consolidated financial statements						Total US\$
	1 month US\$	1 to 3 months KHR'000	3 to 12 months US\$	1 to 5 years KHR'000	Over 5 years US\$	Non-interest bearing KHR'000	
<b>As at 31 December 2020</b>							
<b>Financial assets</b>							
Cash on hand	-	-	-	-	-	36,272,455	36,272,455
Balances with the central bank	1,373,224	4,292,158	8,863,324	-	-	58,761,660	73,290,366
Balances with other banks and financial institutions	16,314,994	18,673,889	60,520,043	-	-	4,489,683	99,998,609
Loans to customers	37,287,620	73,953,387	281,469,081	229,055,763	100,646,674	-	722,412,525
Investment securities	-	-	-	2,993,434	-	164,469	3,157,903
Other financial assets	-	-	-	-	-	3,095,817	3,095,817
<b>Total financial assets</b>	<b>54,975,838</b>	<b>96,919,434</b>	<b>350,852,448</b>	<b>232,049,197</b>	<b>100,646,674</b>	<b>102,784,084</b>	<b>938,227,675</b>
<b>Financial liabilities</b>							
Deposits from other banks	18,182,559	3,366,286	42,400,021	154,517	13,293,914	11,168,280	88,565,577
Deposits from non-bank customers	227,117,436	78,200,156	263,791,277	73,909,290	114,621	75,210,182	718,342,962
Borrowings	-	4,080,861	10,070,523	36,127	1,219,899	-	15,407,410
Debt securities issued	-	-	-	19,777,323	-	16,151	19,793,474
Lease liabilities	144,650	290,104	1,210,529	4,479,608	4,064,950	-	10,189,841
Other financial liabilities	-	-	-	-	-	1,172,008	1,172,008
Subordinated debts	-	-	-	-	20,037,128	-	20,037,128
<b>Total financial liabilities</b>	<b>245,444,645</b>	<b>85,937,407</b>	<b>317,472,350</b>	<b>98,356,865</b>	<b>38,730,512</b>	<b>87,566,621</b>	<b>873,508,400</b>
<b>Total interest repricing gap</b>	<b>(190,468,807)</b>	<b>10,982,027</b>	<b>33,380,098</b>	<b>133,692,332</b>	<b>61,916,162</b>	<b>15,217,463</b>	<b>64,719,275</b>
<b>In KHR'000 equivalent</b>	<b>(770,446,324)</b>	<b>44,422,299</b>	<b>135,022,496</b>	<b>540,785,483</b>	<b>250,450,875</b>	<b>61,554,638</b>	<b>261,789,467</b>

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36. FINANCIAL RISK MANAGEMENT (continued)

36.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Separate financial statements						
	1 month US\$	1 to 3 months KHR'000	3 to 12 months US\$	1 to 5 years KHR'000	Over 5 years US\$	Non-interest bearing KHR'000	Total US\$
As at 31 December 2020							
Financial assets							
Cash on hand	-	-	-	-	-	36,272,455	36,272,455
Balances with the central bank	1,373,224	4,292,158	8,863,324	-	-	58,761,660	73,290,366
Balances with other banks and financial institutions	16,314,995	18,673,889	60,520,042	-	-	4,489,683	99,998,609
Loans to customers	43,520,328	73,953,387	281,469,081	229,055,763	100,646,674	-	728,645,233
Investment securities	-	-	-	2,993,434	-	164,469	3,157,903
Other financial assets	-	-	-	-	-	3,094,277	3,094,277
Total financial assets	61,208,547	96,919,434	350,852,447	232,049,197	100,646,674	102,782,544	944,458,843
Liabilities							
Deposits from other banks	18,182,559	3,366,286	42,400,021	154,517	13,293,914	11,168,280	88,565,577
Deposits from non-bank customers	227,221,239	78,200,156	263,791,277	73,909,290	114,621	75,210,182	718,446,765
Borrowings	-	4,080,861	10,070,523	36,127	1,219,899	-	15,407,410
Debt securities issued	-	-	-	19,777,323	-	16,151	19,793,474
Lease liabilities	183,433	368,029	1,567,157	6,557,024	11,418,503	-	20,094,146
Other financial liabilities	-	-	-	-	-	1,163,751	1,163,751
Subordinated debts	-	-	-	-	20,037,128	-	20,037,128
Total financial liabilities	245,587,231	86,015,332	317,828,978	100,434,281	46,084,065	87,558,364	883,508,251
Total interest repricing gap	(184,378,684)	10,904,102	33,023,469	131,614,916	54,562,609	15,224,180	60,950,592
In KHR'000 equivalent	(745,811,777)	44,107,093	133,579,932	532,382,335	220,705,753	61,581,808	246,545,144

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36. FINANCIAL RISK MANAGEMENT (continued)

36.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Consolidated financial statements						
	1 month US\$	1 to 3 months KHR'000	3 to 12 months US\$	1 to 5 years KHR'000	Over 5 years US\$	Non-interest bearing KHR'000	Total US\$
As at 31 December 2019							
Financial assets							
Cash on hand	-	-	-	-	-	35,393,946	35,393,946
Balances with the central bank	3,506,007	6,613,164	37,186,416	-	-	46,597,432	93,903,019
Balances with other banks and financial institutions	11,100,731	1,033,973	17,769,868	-	-	6,896,077	36,800,649
Loans to customers	42,478,879	64,412,278	287,869,393	179,515,165	74,205,167	-	648,480,882
Investment securities	-	-	-	2,974,457	-	203,737	3,178,194
Other financial assets	-	-	-	-	-	2,832,342	2,832,342
Total financial assets	57,085,617	72,059,415	342,825,677	182,489,622	74,205,167	91,923,534	820,589,032
Liabilities							
Deposits from other banks		10,767,246	14,919,724	34,559,085	-	-	64,182,658
Deposits from non-bank customers	96,269,845	180,075,341	77,369,502	202,071,180	82,817,214	7,672,524	646,275,606
Borrowings	-	6,390,359	45,807,645	-	-	-	52,198,004
Lease liabilities	133,735	258,169	1,119,433	3,295,067	1,937,337	-	6,743,741
Other financial liabilities	-	-	-	-	-	2,427,452	2,427,452
Subordinated debts	-	-	-	-	20,037,128	-	20,037,128
Total financial liabilities	100,340,183	197,491,115	139,216,304	239,925,332	104,791,679	10,099,976	791,864,589
Total interest repricing gap	(43,254,566)	(125,431,700)	203,609,373	(57,435,710)	(30,586,512)	81,823,558	28,724,443
In KHR'000 equivalent	(176,262,356)	(511,134,178)	829,708,195	(234,050,518)	(124,640,036)	333,430,999	117,052,106

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36. FINANCIAL RISK MANAGEMENT (continued)

36.2 Market risk (continued)

(iii) Interest rate risk (continued)

	Separate financial statements						
	1 month US\$	1 to 3 months KHR'000	3 to 12 months US\$	1 to 5 years KHR'000	Over 5 years US\$	Non-interest bearing KHR'000	Total US\$
As at 31 December 2019							
Financial assets							
Cash on hand	-	-	-	-	-	35,393,946	35,393,946
Balances with the central bank	3,506,007	6,613,164	37,186,416	-	-	46,597,432	93,903,019
Balances with other banks and financial institutions	11,100,731	1,033,973	17,769,868	-	-	6,896,077	36,800,649
Loans to customers	42,478,879	64,412,278	293,590,543	179,515,165	74,716,442	-	654,713,307
Investment securities	-	-	-	2,974,457	-	203,737	3,178,194
Other financial assets	-	-	-	-	-	2,831,723	2,831,723
Total financial assets	57,085,617	72,059,415	348,546,827	182,489,622	74,716,442	91,922,915	826,820,838
Liabilities							
Deposits from other banks	10,767,246	14,919,724	34,559,085	-	-	3,936,603	64,182,658
Deposits from non-bank customers	180,075,341	77,369,502	202,071,180	82,817,214	7,672,524	96,308,477	646,314,238
Borrowings	-	6,390,359	45,807,645	-	-	-	52,198,004
Lease liabilities	155,425	301,737	1,318,611	4,448,799	6,887,879	-	13,112,451
Other financial liabilities	-	-	-	-	-	2,369,654	2,369,654
Subordinated debts	-	-	-	-	20,037,128	-	20,037,128
Total financial liabilities	190,998,012	98,981,322	283,756,521	87,266,013	34,597,531	102,614,734	798,214,133
Total interest repricing gap	(133,912,395)	(26,921,907)	64,790,306	95,223,609	40,118,911	(10,691,819)	28,606,705
In KHR'000 equivalent	(545,693,010)	(109,706,771)	264,020,497	388,036,207	163,484,562	(43,569,162)	116,572,323

**36. FINANCIAL RISK MANAGEMENT (continued)**

**36.3 Liquidity risk**

Liquidity risk is the risk that the Group or the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence of this may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

**(a) Liquidity risk management process**

The Group and the Bank's management monitor its liquidity and manages the concentration and profile of debt maturities. Monitoring and reporting take the form of the daily cash position and project for the next day, week and month respectively, as these are key periods for liquidity management. The management monitors the movement of the main depositors and projection of their withdrawals.

**(b) Funding approach**

The Group and the Bank's main sources of liquidities arise from shareholder's paid-up capital, subordinated debts, debt securities issued, borrowings and customers' deposits. The sources of liquidity are regularly reviewed daily through management's review of maturity of term deposits and key depositors.

**(c) Non-derivative cash flows**

The table below presents the cash flows payable by the Group and the Bank under non-derivative financial liabilities based on remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group and the Bank manage the inherent liquidity risk based on expected undiscounted cash flows.

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL RISK MANAGEMENT (continued)

36.3 Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

	Consolidated financial statements					Total contractual cash flow
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	
<b>As at 31 December 2020</b>						
<b>Financial liabilities</b>						
Deposits from other banks	29,358,710	3,376,772	43,500,473	167,253	17,475,429	93,878,637
Deposits from other non-bank customers	302,406,326	78,735,971	271,885,500	82,829,326	147,579	736,004,702
Borrowings	362,381	4,171,880	10,211,869	38,497	1,383,502	16,168,129
Debt securities issued	446,253	206,269	961,425	21,691,434	-	23,305,381
Lease liabilities	187,683	374,897	1,571,996	5,961,597	6,579,974	14,676,146
Other financial liabilities	1,172,008	-	-	-	-	1,172,008
Subordinated debts	154,332	223,069	1,039,726	5,523,781	24,180,909	31,121,817
<b>Total financial liabilities by remaining contractual maturities</b>	<b>334,087,693</b>	<b>87,088,858</b>	<b>329,170,989</b>	<b>116,211,888</b>	<b>49,767,393</b>	<b>916,326,820</b>
<b>In KHR'000 equivalent</b>	<b>1,351,384,720</b>	<b>352,274,429</b>	<b>1,331,496,649</b>	<b>470,077,086</b>	<b>201,309,104</b>	<b>3,706,541,988</b>
Off-balance sheet items	48,586,994	-	-	-	-	48,586,994
<b>Liquidity - off-balance sheet</b>	<b>48,586,994</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,586,994</b>
<b>In KHR'000 equivalent</b>	<b>196,534,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196,534,391</b>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL RISK MANAGEMENT (continued)

36.3 Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

	Separate financial statements					Total contractual cash flow
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	US\$
<b>As at 31 December 2020</b>						
<b>Financial liabilities</b>						
Deposits from other banks	29,358,710	3,376,772	43,500,473	167,253	17,475,429	93,878,637
Deposits from other non-bank customers	302,510,129	78,735,971	271,885,500	82,829,326	147,579	736,108,505
Borrowings	362,381	4,171,880	10,211,869	38,497	1,383,502	16,168,129
Debt securities issued	446,253	206,269	961,425	21,691,434	-	23,305,381
Lease liabilities	244,350	488,230	2,081,996	8,704,930	13,039,974	24,559,480
Other financial liabilities	1,163,751	-	-	-	-	1,163,751
Subordinated debts	154,332	223,069	1,039,726	5,523,781	24,180,909	31,121,817
<b>Total financial liabilities by remaining contractual maturities</b>	<b>334,239,906</b>	<b>87,202,191</b>	<b>329,680,989</b>	<b>118,955,221</b>	<b>56,227,393</b>	<b>926,305,700</b>
<b>In KHR'000 equivalent</b>	<b>1,352,000,420</b>	<b>352,732,863</b>	<b>1,333,559,599</b>	<b>481,173,870</b>	<b>227,439,804</b>	<b>3,746,906,556</b>
Off-balance sheet items	48,586,994	-	-	-	-	48,586,994
<b>Liquidity - off-balance sheet</b>	<b>48,586,994</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,586,994</b>
<b>In KHR'000 equivalent</b>	<b>196,534,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196,534,391</b>



PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL RISK MANAGEMENT (continued)

36.3 Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

	Consolidated financial statements					
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total contractual cash flow US\$
<b>As at 31 December 2019</b>						
<b>Financial liabilities</b>						
Deposits from other banks	14,716,301	14,975,783	35,019,902	-	-	64,711,986
Deposits from other non-bank customers	276,412,855	77,886,718	208,238,839	92,432,447	10,357,630	665,328,489
Borrowings	243,534	6,588,773	46,247,656	-	-	53,079,963
Lease liabilities	152,331	294,250	1,264,356	3,739,684	2,071,569	7,522,190
Other financial liabilities	3,576,170	-	-	-	-	3,576,170
Subordinated debts	154,333	226,849	1,039,726	5,523,781	25,508,658	32,453,347
<b>Total financial liabilities by remaining contractual maturities</b>	<b>295,255,524</b>	<b>99,972,373</b>	<b>291,810,479</b>	<b>101,695,912</b>	<b>37,937,857</b>	<b>826,672,145</b>
<b>In KHR'000 equivalent</b>	<b>1,203,166,260</b>	<b>407,387,420</b>	<b>1,189,127,702</b>	<b>414,410,841</b>	<b>154,596,767</b>	<b>3,368,688,990</b>
Off-balance sheet items	29,144,886	-	-	-	-	29,144,886
<b>Liquidity - off-balance sheet</b>	<b>29,144,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,144,886</b>
<b>In KHR'000 equivalent</b>	<b>118,765,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,765,410</b>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

36. FINANCIAL RISK MANAGEMENT (continued)

36.3 Liquidity risk (continued)

(c) Non-derivative cash flows (continued)

	Separate financial statements					
	1 month US\$	1 to 3 months US\$	3 to 12 months US\$	1 to 5 years US\$	Over 5 years US\$	Total contractual cash flow US\$
<b>As at 31 December 2019</b>						
<b>Financial liabilities</b>						
Deposits from other banks	14,716,301	14,975,783	35,019,902	-	-	64,711,986
Deposits from other non-bank customers	276,451,487	77,886,718	208,238,839	92,432,447	10,357,630	665,367,121
Borrowings	243,534	6,588,773	46,247,656	-	-	53,079,963
Lease liabilities	192,331	374,250	1,624,356	5,659,684	7,951,569	15,802,190
Other financial liabilities	3,576,170	-	-	-	-	3,576,170
Subordinated debts	154,333	226,849	1,039,726	5,523,781	25,508,658	32,453,347
<b>Total financial liabilities by remaining contractual maturities</b>	<u>295,334,156</u>	<u>100,052,373</u>	<u>292,170,479</u>	<u>103,615,912</u>	<u>43,817,857</u>	<u>834,990,777</u>
<b>In KHR'000 equivalent</b>	<u>1,203,486,686</u>	<u>407,713,420</u>	<u>1,190,594,702</u>	<u>422,234,841</u>	<u>178,557,767</u>	<u>3,402,587,416</u>
Off-balance sheet items	29,144,886	-	-	-	-	29,144,886
<b>Liquidity - off-balance sheet</b>	<u>29,144,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,144,886</u>
<b>In KHR'000 equivalent</b>	<u>118,765,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,765,410</u>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**36. FINANCIAL RISK MANAGEMENT (continued)****36.4 Fair value of financial assets and liabilities****(a) Fair value hierarchy**

To provide an indication about the reliability of the inputs used in determining fair value, the Group and the Bank classify its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group and the Bank's financial assets measured and recognised at fair value at 31 December 2020 and 31 December 2019 on a recurring basis:

<b>As at 31 December 2020</b>	<b>Consolidated financial statements</b>			
	<b>Level 1 US\$</b>	<b>Level 2 US\$</b>	<b>Level 3 US\$</b>	<b>Total US\$</b>
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities – public service	142,651	-	21,818	164,469
<b>Total financial assets</b>	<b>142,651</b>	<b>-</b>	<b>21,818</b>	<b>164,469</b>
<i>In KHR'000 equivalent</i>	<u>577,023</u>	<u>-</u>	<u>88,254</u>	<u>665,277</u>
<b>As at 31 December 2019</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities – public service	181,919	-	21,818	203,737
<b>Total financial assets</b>	<b>181,919</b>	<b>-</b>	<b>21,818</b>	<b>203,737</b>
<i>In KHR'000 equivalent</i>	<u>741,320</u>	<u>-</u>	<u>88,908</u>	<u>830,228</u>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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36. FINANCIAL RISK MANAGEMENT (continued)

36.4 Fair value of financial assets and liabilities (continued)

(a) Fair value hierarchy (continued)

As at 31 December 2020	Separate financial statements			Total US\$
	Level 1 US\$	Level 2 US\$	Level 3 US\$	
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities – public service	142,651	-	21,818	164,469
<b>Total financial assets</b>	<b>142,651</b>	<b>-</b>	<b>21,818</b>	<b>164,469</b>
<i>In KHR'000 equivalent</i>	<u>577,023</u>	<u>-</u>	<u>88,254</u>	<u>665,277</u>
<b>As at 31 December 2019</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities – public service	181,919	-	21,818	203,737
<b>Total financial assets</b>	<b>181,919</b>	<b>-</b>	<b>21,818</b>	<b>203,737</b>
<i>In KHR'000 equivalent</i>	<u>741,320</u>	<u>-</u>	<u>88,908</u>	<u>830,228</u>

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group and the Bank are the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(b) Financial instruments measured at fair value

The Group and the Bank's financial asset at FVOCI are investment in listed and unlisted equity securities where the fair values have been determined based on the quoted market prices available on the Cambodian Securities Exchange, and present values and the discount rate used, respectively, were adjusted for counterparty or own credit risk.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.4 Fair value of financial assets and liabilities** (continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

The unlisted equity securities are the investment in Credit Bureau Cambodia (“CBC”) to be measured at fair value through other comprehensive income as they are not held for trading and the Company has irrevocably elected at initial recognition to recognise as the financial assets at FVOCI. These are the strategic investments and the Company considers this classification to be more relevant.

The fair value has been determined based on present values and the discount rate used were adjusted for counterparty or own credit risk. There is no gain/loss recognised in other comprehensive income due to fair value approximate the carrying amount. There is no loss allowance for this FVOCI at 31 December 2020.

(d) Financial instruments not measured at fair value

As at the balance sheet date, the fair values of financial instruments of the Group and the Bank approximate their carrying amounts.

The estimated fair values are based on the following methodologies and assumptions:

i) *Deposits and placements with the central bank and other banks*

The carrying amounts of deposits and placements with the central bank and other banks approximate their fair values, since these accounts consist mostly of current, savings and short-term deposits.

ii) *Loans to customers*

For fixed rate loans with remaining period to maturity of less than one year, the carrying amounts are generally reasonable estimates of their fair values.

For fixed rate loans with remaining period to maturity of one year and above, fair values are estimated by discounting the estimated future cash flows using a current lending rate as the prevailing market rates of loans with similar credit risks and maturities have been assessed as insignificantly different to the contractual lending rates. As a result, the fair value of non-current loans to customers is approximate to their carrying value as reporting date.

iii) *Deposits from banks and non-bank customers*

The fair value of deposits from banks and non-bank customers with maturities of less than one year approximate their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits from banks and non-bank customers with remaining maturities of more than one year are expected to approximate their carrying amount due to the Group and the Bank offered similar interest rate of the instrument with similar maturities and terms.

The estimated fair value of deposits with no stated maturities, which includes non-interest bearing deposits, deposits payable on demand is the amount payable at the reporting date.

iv) *Other financial assets and other financial liabilities*

The carrying amounts of other financial assets and other financial liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.4 Fair value of financial assets and liabilities** (continued)

*v) Borrowings and subordinated debts*

Borrowings and subordinated debts are not quoted in active market and their fair value approximates their carrying amount due to its short term.

*vi) Debt securities*

The estimated fair value of debt securities is generally based on quoted and observable market prices at the date of statement of financial position. They are not actively traded. The estimated fair values of debt securities approximate their carrying values based on estimated future cash flows using prevailing market rates.

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
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**36. FINANCIAL RISK MANAGEMENT** (continued)

**36.5 Capital management**

The Group and the Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirement set by the central bank;
- To safeguard the Group and the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of business.

The central bank requires all commercial banks to i) hold minimum capital requirement, ii) maintain the Group and the Bank's net worth at least equal to minimum capital and iii) comply with solvency, liquidity and other prudential ratios.

The table below summarises the composition of regulatory capital:

	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<b>Tier I capital</b>								
Share capital	92,000,000	372,140,000	80,000,000	326,000,000	92,000,000	372,140,000	80,000,000	326,000,000
Retained earnings	51,954,170	210,154,618	50,246,672	204,755,188	51,309,407	207,546,551	49,792,989	202,906,430
Less: Intangible assets	(8,028,928)	(32,477,014)	(8,451,311)	(34,439,092)	(8,028,928)	(32,477,014)	(8,451,311)	(34,439,092)
Less: Loans to related parties	(682,073)	(2,758,985)	(596,382)	(2,430,257)	(6,391,161)	(25,852,246)	(6,305,470)	(25,694,790)
	<u>135,243,169</u>	<u>547,058,619</u>	<u>121,198,979</u>	<u>493,885,839</u>	<u>128,889,318</u>	<u>521,357,291</u>	<u>115,036,208</u>	<u>468,772,548</u>
<b>Tier II complementary capital</b>								
General provision	8,298,326	33,566,729	6,848,169	27,906,289	8,360,426	33,817,923	6,910,269	28,159,346
Less: Equity participation in banking or financial institutions	(21,818)	(88,254)	(21,818)	(88,908)	(21,818)	(88,254)	(21,818)	(88,908)
	<u>8,276,508</u>	<u>33,478,475</u>	<u>6,826,351</u>	<u>27,817,381</u>	<u>8,338,608</u>	<u>33,729,669</u>	<u>6,888,451</u>	<u>28,070,438</u>
<b>Total Capital Tier I + Tier II</b>	<u>143,519,677</u>	<u>580,537,094</u>	<u>128,025,330</u>	<u>521,703,220</u>	<u>137,227,926</u>	<u>555,086,960</u>	<u>121,924,659</u>	<u>496,842,986</u>



# PPC Bank

## 2020 Annual Report

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