



# **The Third Quarterly Report**

**(30 September 2021)**

**Phnom Penh Commercial Bank Plc.**

## Financial Highlights

Financial Situation (in KHR million)	Quarter 3 2021	2020
Total Assets	4,201,189	4,179,286
Total Liabilities	3,515,595	3,549,733
Total Equity	685,594	629,553
Financial Results (in KHR million)	Quarter 3 2021	Quarter 3 2020
Total income	78,561	74,784
Profit (Loss) before tax	27,603	21,318
Profit (Loss) after tax	21,872	16,875
Total comprehensive income	22,503	17,355
Financial ratio (%)	Quarter 3 2021	2020
Solvency Ratio ❶	19.28	17.30
Debt to Equity Ratio	512.78	563.85
Liquidity Coverage Ratio ❶	119.02	123.59
Non-performing Credit Ratio ❷	1.96	1.04
Loan to Deposit Ratio (A/B)	89.87	86.44
Profitability Ratio (%)	Quarter 3 2021	Quarter 3 2020
Return on assets (ROA)	2.13	1.62
Return on equity (ROE)	13.02	11.18
Interest coverage ratio	815.15	679.84
Earnings per share (for equity listed entity)	NA	NA
Dividend per share (for equity listed entity)	NA	NA
Other Important Ratios (if any)	NA	NA

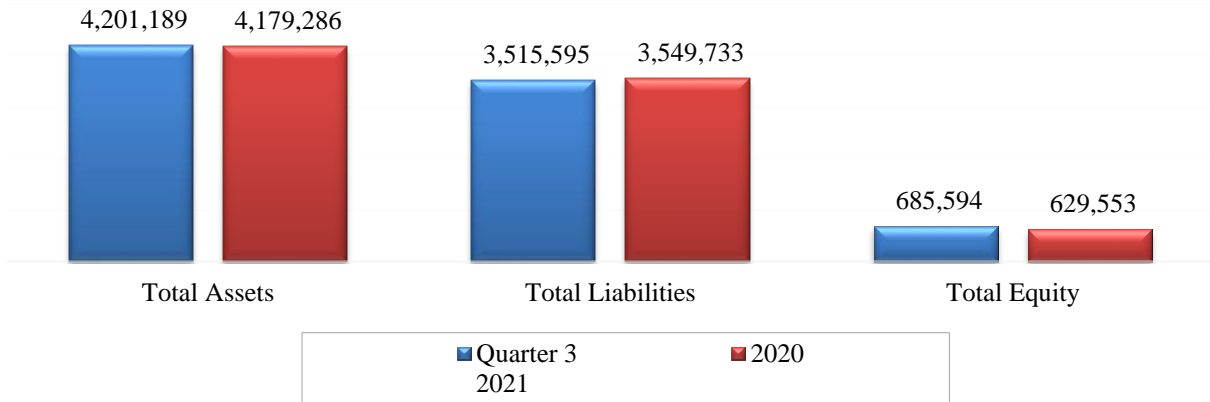
Note:

: ❶ Follow NBC's regulation

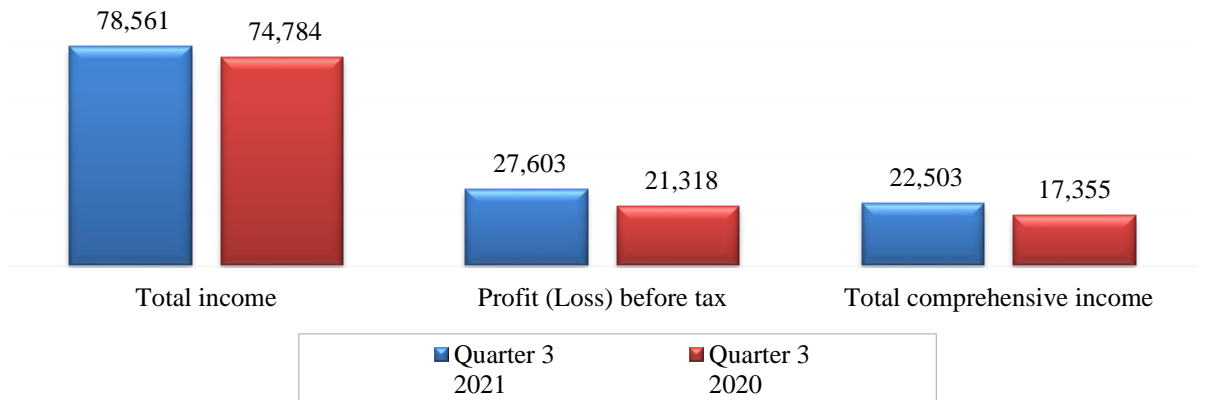
: ❷ Non-performing loan is follow NBC's regulation provision from 20% - 100%

## Financial Summary Charts

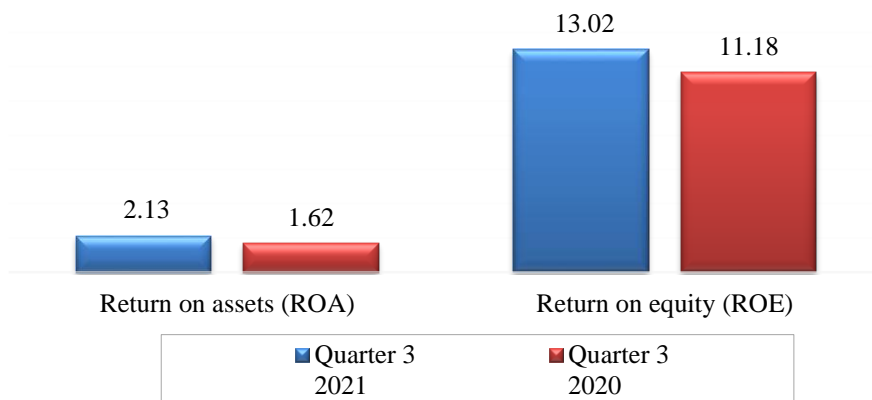
### Financial Situation (in KHR million)



### Financial Results (in KHR million)



### Profitability Ratio (%)



## Board of Directors



**YIM, Yong Taick**

Chairman



**SIM, Sang Ton**

Member



**KIM, Sung Chul**

Member



**PARK, Chong Tae**

Independent Member



**LEE, Myunsang**

Independent Member

## Message from the Chairman

In the name of the Board of Directors, it is such an honor to present PPCBank's performance for Q3 2021 by following the requirement from the Securities and Exchange Regulator of Cambodia (SERC).

As we all know that the new corona virus disease (Covid-19) pandemic has spread with alarming speed, infecting millions and bringing economic activity to a near-standstill as countries imposed tight restriction on movement to halt the spread of the virus. A global pandemic has closed schools, exacerbated child poverty and risks to halt development opportunities for children across Cambodia. The impact of the crisis is immediate, as many families in Cambodia have lost their jobs, they are not able to pay for their basic needs, such as food, water, medicine and access to health care and education due to the economic fallout of Covid-19. The Government of Cambodia has taken the right steps to respond to the crisis, including providing wage support for garment workers and tax and credit relief for businesses and providing Covid-19 vaccines as rapidly as possible to protect people from severe disease, reduce hospitalizations and help save lives and drive the country's economic recovery. The government has also created the fiscal space to minimize the economic impact of this crisis, especially on the most vulnerable people. Recently, in order to contribute to the effort of Royal Government to prevent the spread of Covid-19 timely and save cost, the Ministry of Post and Telecommunications has imported new Covid-19 rapid antigen test kits with good quality and reasonable price. So ministries-institutions, companies, enterprises, factories, private hospital, clinic, pharmacies, sub-pharmacies, distributor agents and the public can make purchase order for Covid-19 rapid antigen test kits "Wondfo" from China at USD 2 per unit and "Asan Easy Test" from South Korea at USD 2.9 per unit.

Despite this time of uncertainty, in Q3 2021, PPCBank officially launched Electricity Du Cambodge (EDC) bill payment at three more provinces; Battambang, Siem Reap and Kampot province, increasing on inward transfer limit of Bakong full fund transfer, approval from National Bank of Cambodia (NBC) and Ministry of Commerce (MOC) to appoint new authorized representatives of Jeonbuk Bank Co., Ltd. and JB Woori Capital Co., Ltd., MAA amendment, signing agreement with National Social Security Fund (NSSF) for partnership on monthly work injury and health care payment collection, PPCBank's ATM at Head Office can accept Cambodia

Shared Switch (CSS) Card and PPCBank has selected BPC's SmartVista to drive their growth strategy and excel in customer experience, and has adopted several solutions from the SmartVista suite and other achievements.

As of Q3 2021, our growth in assets expansions equivalently to approximately 3.7% from USD 994 million to USD 1,030 million, 1% increase in loan outstanding from USD 727 million to USD 734 million, 4.9% rise in deposits from USD 755 million to USD 793 million, 3.3% increase in shareholder's equity from USD 163 million to USD 168 million respectively from Q2 to Q3 2021, our achievement has been at triumphant rate amongst many financial competitors in the market.

On behalf of the Board of Directors, I would like to take this opportunity to thank our loyal shareholders, board of directors, executives of PPCBank for their guidance and leadership, our dedicated employees for their contribution and commitment during this difficult time and our customers for their trust in PPCBank especially National Bank of Cambodia (NBC) and Securities and Exchange Regulator of Cambodia (SERC) for their advice and support.

I, Yim Yong Taick have taken gratitude to express that we have executed a successful conclusive performance during our Q3 2021 and going forward to be best achievement in Q4 2021.

November 10, 2021

Signature and Stamp



**YIM, Yong Taick**

Chairman

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

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

**B. Nature of Business**

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



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

As we stand, we celebrate our past success in supporting a wide range of customers with their banking needs and also seek ways to improve our services to support our current and future clients. As of September, 2021 our total asset was US\$ 1,030 million, serving more than 127,000 customers, 23 branches national wide and 66 ATMs are in operation across the country (other more ATMs are being considered to install at major popular location across the country). Moreover, PPCBank will continue to deliver other convenient services and support through our digital channels to make banking experience easier for customers. Customers also can connect with us through live chat embedded on all PPCBank's digital channels for 24/7. In addition, PPCBank established first SME Center that will go beyond providing SME oriented financial products and services. Small and medium size enterprises will also be served with business consultation. Also, we have already expanded services with our foreign desk (Korea, Japan and China desk), Gold Club and SME Center that will go beyond providing SME oriented financial products and services. We truly value all of our customers and we will continue to develop new products and services to best serve customers.

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

On 16<sup>th</sup> July, 2021, PPCBank officially launched Electricity Du Cambodge (EDC) bill payment service of PPCBank's counter and Mobile App are available and be able to settle the EDC bill at three more provinces; Battambang, Siem Reap and Kampot province. This service makes PPCBank's customer in the above three provinces available to pay EDC bill through PPCBank.

On 13<sup>th</sup> August, 2021, PPCBank implemented on the increasing on inward transfer limit of Bakong full fund transfer which Bakong PPCBank's account can receive fund transfer from local bank who is Bakong member with unlimited amount per day and up to USD 50,000 or KHR 200 million per transaction.

On 30<sup>th</sup> August, 2021, PPCBank got approval from National Bank of Cambodia (NBC) to appoint Mr. Seo Han Kook as an authorized representative of Jeonbuk Bank Co., Ltd to replace Mr. Yim Yong Taick and Mr. Park Choon Won as an authorized representative of JB Woori Capital Co.,

Ltd. to replace Mr. Im Jung Tae. At the same time, National Bank of Cambodia (NBC) also approved the amendment of Memorandum and Articles of Association of PPCBank.

On 6<sup>th</sup> September, 2021, PPCBank successfully signed agreement with National Social Security Fund (NSSF) for partnership on monthly work injury and health care payment collection. It will be convenient for PPCBank's corporate customers and other potential customers if they can pay those payments through PPCBank to NSSF.

In order to enhance its own service, PPCBank's ATM at Head Office can accept Cambodia Shared Switch (CSS) Card, and this acquiring service is effective from 21<sup>st</sup> September, 2021.

On 23<sup>rd</sup> September, 2021, PPCBank got approval from Ministry of Commerce (MOC) to appoint Mr. Seo Han Kook as an authorized representative of Jeonbuk Bank Co., Ltd., Mr. Park Choon Won as an authorized representative of JB Woori Capital Co., Ltd. and accepted to register the change articles of incorporation as well.

In the 3<sup>rd</sup> quarter of 2021, PPCBank has selected BPC's SmartVista to drive their growth strategy and excel in customer experience, and has adopted several solutions from the SmartVista suite. BPC's SmartVista allows PPCBank to deliver a superior, faster and relevant experience to its customers. The bank gained in flexibility and freedom to ally its commercial campaign management, with product features such as incentivizing the move to contactless cards through cash back incentives during the start of the pandemic or coupling loyalty schemes, without having to rely on vendors.

## PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

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

Key Achievement	Quarter 3 2021	2020
<b>Loan</b>		
Loan Accounts	7,108	6,477
Total Gross Loans <i>(in KHR million)</i>	2,993,369	2,922,159
<b>Deposit</b>		
Deposit Accounts	155,250	148,025
Total Deposits <i>(in KHR million)</i>	3,233,089	3,263,945
<b>Others</b>		
Operating Branches	23	23
Number of Staffs	449	474
ATMs	66	66
POS Terminals	238	225

### B. Revenue Structures

No	Sources of Revenue	Quarter 3 2021		Quarter 3 2020	
		Amount <i>(in KHR million)</i>	Percentage (%)	Amount <i>(in KHR million)</i>	Percentage (%)
1	Interest of Income	75,273	95.82	71,367	95.43
2	Fee and Commission Income	3,153	4.01	3,324	4.44
3	Other Income	134	0.17	94	0.13
<b>Total Income</b>		<b>78,561</b>	<b>100</b>	<b>74,784</b>	<b>100</b>

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

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

## PART 4 - MANAGEMENT'S DISCUSSION AND ANALYSIS

### (MD&A)

The analyses focus on the operational and financial results based on interim Consolidated Financial Statement of Phnom Penh Commercial Bank (PPCBank) and its subsidiary, J&A (Cambodia) Investment Co., Ltd (the "Group") as of 30 September 2021 reviewed by Independent Auditors. The Interim Consolidated Financial Statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRS") and follows regulations and guidelines of National Bank of Cambodia.

#### A. Overview of Operations

##### 1. Revenue Analysis

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

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

##### 2. Revenue by Segment Analysis

No	Source of Revenue	Quarter 3 2021		Quarter 3 2020	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	75,273	95.82	71,367	95.43
2	Fee and Commission Income	3,153	4.01	3,324	4.44
3	Other Income	134	0.17	94	0.13
<b>Total Income</b>		<b>78,561</b>	<b>100</b>	<b>74,784</b>	<b>100</b>

PPCBank earns most income from interest income representing 96% of total income in Q3 2021.

### 3. Gross Profit Margin Analysis

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

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

Statement of Profit or Loss before Tax	Quarter 3 2021 (in KHR million)	Quarter 3 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	75,273	71,367	3,907	5.47
Interest expense	(26,772)	(30,749)	3,977	(12.93)
<b>Net interest income</b>	<b>48,502</b>	<b>40,618</b>	<b>7,883</b>	<b>19.41</b>
Fee and commission income	3,153	3,324	(170)	(5.12)
Fee and commission expense	(876)	(862)	(14)	1.63
<b>Net fee and commission Income</b>	<b>2,277</b>	<b>2,461</b>	<b>(184)</b>	<b>(7.48)</b>
Other operating income	134	94	40	42.25
Personal expenses	(8,247)	(7,853)	(393)	5.01
Other expenses	(5,543)	(7,203)	1,660	(23.05)
Depreciation and amortization	(8,192)	(7,459)	(733)	9.82
<b>Operating profit</b>	<b>28,931</b>	<b>20,657</b>	<b>8,273</b>	<b>40.05</b>
Net impairment losses on financial instruments	(1,327)	660	(1,988)	(301.02)
<b>Profit before tax</b>	<b>27,603</b>	<b>21,318</b>	<b>6,286</b>	<b>29.49</b>

In Q3 2021, profit before tax was KHR 27,603 million (29.5% higher than Q3 2020). The increasing of the profit is mainly from increasing of interest income driven from loan products.

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

Statement of Profit or Loss after Tax	Quarter 3 2021 (in KHR million)	Quarter 3 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	27,603	21,318	6,286	29.49
Income tax expense	(5,731)	(4,442)	(1,289)	29.01
<b>Net profit for the period</b>	<b>21,872</b>	<b>16,875</b>	<b>4,997</b>	<b>29.61</b>

In Q3 2021, the net profit for the period was KHR 21,872 million with 30% higher than Q3 2020 mainly from increasing of interest income as mention in section 4 (Profit (loss) before tax analysis).

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

Total Comprehensive Income	Quarter 3 2021 (in KHR million)	Quarter 3 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	21,872	16,875	4,997	29.61
Other comprehensive loss	631	480	151	31.50
<b>Total comprehensive income</b>	<b>22,503</b>	<b>17,355</b>	<b>5,148</b>	<b>29.66</b>

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

With the COVID-19 vaccination program policy of Royal Government in timely, have been vaccinated to almost peoples in the country, helping the country is getting fast release from the spreading of COVID-19 virus and all economic industry activities are re-opened. Therefore, management considers that with the next quarter, Group and the Bank’s activities shall be getting better in term of the size of the operations and profitability level.

**B. Significant Factors Affecting Profit**

**1. Demand and Supply Conditions Analysis**

After all economic industry activities are re-opened, the expected growth of all bank products, especially, SME loan products segment shall be expected double increase. With this regards, in order to continue provide more support to the business growth of customers as a part of supporting

the Royal Government's Policy on matters regarding the COVID-19 and the bank business growth, the new loan product "**Annatean 300**" had been extended until the end of this year, thus, the eligible applicants can get loans within 3 business days approval from the date of submission of their required documents. Both hard and soft title deeds will qualify for the same interest rate and Loan amounts, borrowers can choose to repay the loan up to 120 months with a grace period for the first year.

Regarding digitalization and to motivate the customers for using digital services in order to prevent from the spreading of Covid-19 as well as increasing the bank digital demand, more digital services have been added, such as:

- Bill payment service of Electricity Du Cambodge (EDC) of PPCBank's counter and Mobile App are available and be able to settle the EDC bill at three more provinces; Battambang, Siem Reap and Kampot province. This service makes PPCBank's customer in the above three provinces available to pay EDC bill through PPCBank.
- PPCBank successfully signed agreement with National Social Security Fund (NSSF) for partnership on monthly work injury and health care payment collection. It will be convenient for PPCBank's corporate customers and other potential customers if they can pay those payments through PPCBank to NSSF.
- In order to enhance its own service, PPCBank's ATM at Head Office can accept Cambodia Shared Switch (CSS) Card that allowed customers can do the transaction across all banks easily.
- PPCBank has selected BPC's SmartVista to drive their growth strategy and excel in customer experience, and has adopted several solutions from the SmartVista suite BPC's SmartVista allows PPCBank to deliver a superior, faster and relevant experience to its customers. The bank gained in flexibility and freedom to ally its commercial campaign management, with product features such as incentivizing the move to contactless cards through cash back incentives during the start of the pandemic or coupling loyalty schemes, without having to rely on vendors.



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

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

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

PPCBank is under the governance of Commercial Law on Taxation; therefore, the Bank is obligated to pay taxes as determined by the General Department of Taxation. For good practice on tax compliance, PPCBank was awarded "GOLD" certificate of tax compliance from GDT with a 2-year validity period for the tax year 2020 and 2021.

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

With the world is in the midst of a COVID-19 pandemic and community outbreak of COVID-19 in Cambodia. Economic conditions that impacted by COVID-19 may some affect the financial results of the Bank.

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

In Q3 2021, PPCBank recorded increase in the revenue, net interest income 48,502 million KHR, which represents 19.4% higher compared to the same period in 2020.

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

The foreign exchange position has strictly followed the regulatory requirements for the Net Open Position and can be regularly monitored and managed to avoid any significant impact to the bank's performance outcomes.

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

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

## **E. Impact of Inflation**

There is no material impact of inflation on the Bank's operational business.

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

In order to manage the impact of the COVID-19 pandemic on key sectors, the government has rolled out the 10<sup>th</sup> round of economic relief measures, and to bolster economic growth during and after the crisis. The government will continue to provide \$40 per month during Oct-Dec 2021 to suspended workers in textile, garments, footwear, travel goods and tourism sectors as part of its cash handout program amid the pandemic. Factory owners must add \$30 to the handout, increasing the total disbursement to \$70. Additionally, hotels, guesthouses, restaurants, and travel agents registered with the General Department of Taxation will be exempt from taxes for the fourth quarter. The obligation to pay monthly contributions into the National Social Security Fund (NSSF) for occupational risk and health care schemes will also be waived during any period of business suspension over Oct-Dec 2021. Domestically registered air lines will also be exempted from the minimum and will be allowed to defer civil aviation fee payments, in the fourth quarter.

Regarding to the improvement of the effectiveness of monetary policy, on 15-September-2021, the National Bank of Cambodia have released a new monetary policy instruments called Marginal Lending Facility-MLF, a financial tool that allows the Financial Institutions to do a very short-term, collateralized loan with NBC to get the KHR loan for supporting the bank operation which required to pledge NCD as collateral.

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

November 10, 2021

Seen and Agreed



**YIM, Yong Taick**

Chairman

