



# **The First Quarterly Report**

**(31 March 2023)**

**Phnom Penh Commercial Bank Plc.**

## Financial Highlights

Financial Situation (in KHR million)	Quarter 1 2023	2022
Total Assets	4,064,445	4,043,530
Total Liabilities	3,250,209	3,238,038
Total Equity	814,236	805,492
Financial Results (in KHR million)	Quarter 1 2023	Quarter 1 2022
Total income	84,956	78,610
Profit (Loss) before tax	27,078	34,677
Profit (Loss) after tax	21,226	27,739
Total comprehensive income	18,478	25,926
Financial ratio (%)	Quarter 1 2023	2022
Solvency Ratio ❶	22.35	21.81
Debt to Equity Ratio	399.17	402.00
Liquidity Coverage Ratio ❶	118.83	127.46
Non-performing Credit Ratio ❷	4.63	4.61
Loan to Deposit Ratio (A/B)	107.07	105.03
Profitability Ratio (%)	Quarter 1 2023	Quarter 1 2022
Return on assets (ROA) ❸	1.84	2.57
Return on equity (ROE) ❹	9.20	14.37
Interest coverage ratio	698.31	965.26
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

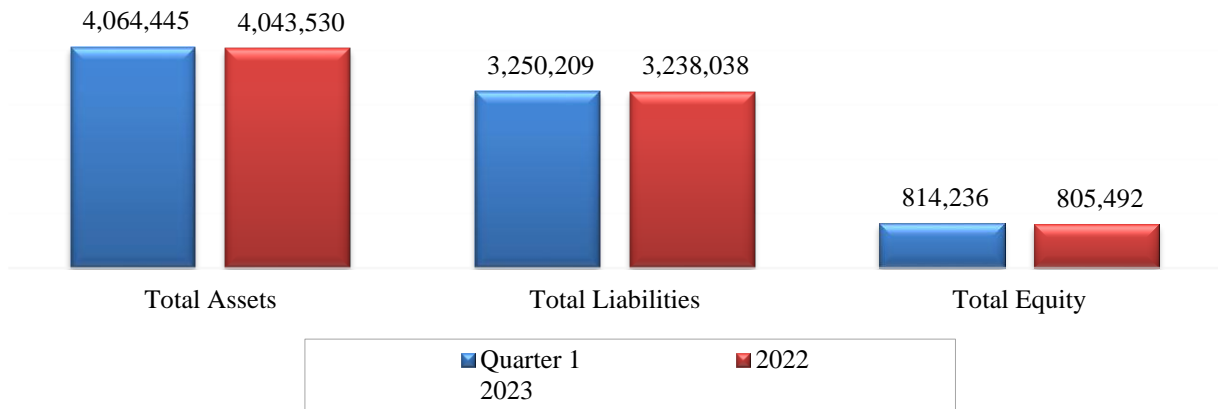
Note:

- : ❶ Follow NBC's regulation
- : ❷ Non-performing loan is follow NBC's regulation provision from 20% - 100%
- : ❸ ROA: Total comprehensive income / Total Asset
- : ❹ ROE: Total comprehensive income / Total Equity

\*) Total Comprehensive income seems to be lower than Actual Net profit due to the currency translation difference.

## Financial Summary Charts

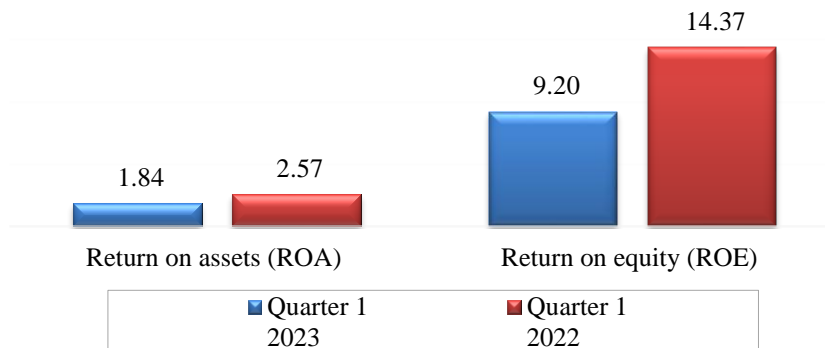
### Financial Situation (in KHR million)



### Financial Results (in KHR million)



### Profitability Ratio (%)



## Board of Directors



**YIM, Yong Taick**

Chairman



**SIM, Sang Ton**

Executive Director



**KIM, Sung Chul**

Executive Director



**HONG, Jee Soo**

Independent Director



**LEE, Myunsang**

Independent Director

## Message from the Chairman

On behalf of the Board of Directors, it is my great pleasure to present PPCBank’s financial performance in 2023 by following the requirement from the Securities and Exchange Regulator of Cambodia (SERC).

Year 2023 might be another difficult year even though we just escaped from Covid-19 pandemic. Recently, the Government has lowered the 2023 growth forecast from 6.6% to 5.6%. Even though; PPCBank still 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 create a success story in Southeast Asia in the financial industry by building flexible IT system and digitalization base in the short-term and secure and advance competitiveness through differentiation in the mid-term.

Moreover, we will help small business owners and SMEs in the vicinity make their way through the difficulties caused by the COVID-19 pandemic while expanding our inclusive finance. And more efforts will be made to support local communities and the marginalized through a variety of social contribution activities. By doing so, we will fully discharge our social responsibilities.

In the name of the Board of Directors, I would like to extend my gratitude to our loyal shareholders, board of directors, executives of PPCBank for their guidance and leadership, our dedicated employees for their contribution and commitment, our customers for their trust in PPCBank especially National Bank of Cambodia and Securities and Exchange Regulator of Cambodia for their advice and support.

Finally, I firmly believe that with continued commitment and hard work, PPCBank will continue to grow, and the best performance in 2023 with further achievements of goals.

May 12, 2023

Signature and Stamp



**YIM, Yong Taick**

Chairman

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

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

**B. Nature of Business**

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

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

As we stand, we celebrate our past success in supporting a wide range of customers with their banking needs and also seek ways to improve our services to support our current and future clients. As of Q1 2023 our total asset was US\$ 1,003 million, serving 23 branches national wide and 70 ATMs are in operation across the country (other more ATMs are being considered to install at major popular location across the country). Moreover, PPCBank will continue to deliver other convenient services and support through our digital channels to make banking experience easier for customers. Customers also can connect with us through live chat embedded on all PPCBank's digital channels for 24/7. In addition, PPCBank established first SME Center that will go beyond providing SME oriented financial products and services. Small and medium size enterprises will also be served with business consultation. Also, we have already expanded services with our foreign desk (Korea, Japan and China desk), Gold Club and SME Center that will go beyond providing SME oriented financial products and services. We truly value all of our customers and we will continue to develop new products and services to best serve customers.

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

As we are an easy banking, we try to expand our business operation activities and bring the easier way for customer to feel more convenient.

So on 9th January, 2023, PPCBank has officially grand opening Pochentong Branch which is relocated from Tuek Thlar Branch after getting approval license from National Bank of Cambodia (NBC) on 14th December, 2022.

On 28th January, 2023, PPCBank conducted 2023 Business Plan Workshop in the purpose of showing the bank's business plan and target for 2023.

On 1st February, 2023, the PPCBank KHQR Online Registration was officially launched. It is an online platform which convenience for customer to apply to be PPCBank KHQR merchant.

On 20th February, 2023, the Bill Payment Collection Service was launched and available on mobile app, smartBiz, and branch as well. All billers including utilities and general billers can collect payment through PPCBank without integrating any system and shorten the onboarding process to become PPCBank billers and collect payments through PPCBank instantly



On 16th March, 2023, PPCBank Mobile App and smartBiz App have been updated to improve performance and other convenient function. For Mobile app, when uploading QR image to make payments, users can choose to select from their organized photo albums in their device. And for smartBiz, KHQR payment notification function (for both business owners and staff to set and receive KHQR payment via Telegram, SMS, and App notification) is added to the Setting Menu.

On 17th March, 2023, PPCBank Mobile has been simplified to shorten the process on FAST Account and other transactions including Mobile App Self-Subscription, Reset Password and First Time Log in for better experience.

## PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

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

Key Achievement	Quarter 1 2023	2022
<b>Loan</b>		
Loan Accounts	9,320	8,837
Total Gross Loans <i>(in KHR million)</i>	3,235,088	3,202,982
<b>Deposit</b>		
Deposit Accounts	154,512	148,380
Total Deposits <i>(in KHR million)</i>	2,953,460	2,974,183
<b>Others</b>		
Operating Branches	23	23
Number of Staffs	493	485
ATMs	70	71
POS Terminals	217	215

### B. Revenue Structures

No	Sources of Revenue	Quarter 1 2023		Quarter 1 2022	
		Amount <i>(in KHR million)</i>	Percentage (%)	Amount <i>(in KHR million)</i>	Percentage (%)
1	Interest of Income	81,190	95.57	76,143	96.86
2	Fee and Commission Income	3,724	4.38	2,445	3.11
3	Other Income	43	0.05	22	0.03
<b>Total Income</b>		<b>84,956</b>	<b>100</b>	<b>78,610</b>	<b>100</b>

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

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

## PART 4 - MANAGEMENT'S DISCUSSION AND ANALYSIS

### (MD&A)

The analyses focus on the operational and financial results based on interim Consolidated Financial Statement of Phnom Penh Commercial Bank (PPCBank) and its subsidiary, J&A (Cambodia) Investment Co., Ltd (the "Group") as of 31 March 2023 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 1 2023		Quarter 1 2022	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	81,190	95.57	76,143	96.86
2	Fee and Commission Income	3,724	4.38	2,445	3.11
3	Other Income	43	0.05	22	0.03
<b>Total Income</b>		<b>84,956</b>	<b>100</b>	<b>78,610</b>	<b>100</b>

PPCBank earns most income from interest income representing 96% of total income in Q1 2023.

### 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 1 2023 (in KHR million)	Quarter 1 2022 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	81,190	76,143	5,047	6.63
Interest expense	(33,706)	(23,813)	(9,893)	41.55
<b>Net interest income</b>	<b>47,484</b>	<b>52,330</b>	<b>(4,846)</b>	<b>(9.26)</b>
Fee and commission income	3,724	2,445	1,278	52.28
Fee and commission expense	(1,090)	(945)	(145)	15.30
<b>Net fee and commission Income</b>	<b>2,634</b>	<b>1,500</b>	<b>1,134</b>	<b>75.57</b>
Other operating income	43	22	21	96.36
Personal expenses	(8,852)	(6,765)	(2,087)	30.85
Other expenses	(4,048)	(3,959)	(89)	2.26
Depreciation and amortization	(6,312)	(6,770)	458	(6.77)
<b>Operating profit</b>	<b>30,949</b>	<b>36,359</b>	<b>(5,410)</b>	<b>(14.88)</b>
Net impairment losses on financial instruments	(3,871)	(1,682)	(2,189)	130.14
<b>Profit before tax</b>	<b>27,078</b>	<b>34,677</b>	<b>(7,599)</b>	<b>(21.91)</b>

In Q1 2023, profit before tax was KHR 27,078 million (22% lower than Q1 2022). The decreasing of the profit is mainly from increasing of interest expense on customer deposits.

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

Statement of Profit or Loss after Tax	Quarter 1 2023 (in KHR million)	Quarter 1 2022 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	27,078	34,677	(7,599)	(21.91)
Income tax expense	(5,853)	(6,938)	1,085	(15.65)
<b>Net profit for the period</b>	<b>21,226</b>	<b>27,739</b>	<b>(6,513)</b>	<b>(23.48)</b>

In Q1 2023, the net profit for the period was KHR 21,226 million with 23% less than Q1 2022 mainly from the changing as mention in section 4 (Profit (loss) before tax analysis).

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

Total Comprehensive Income	Quarter 1 2023 (in KHR million)	Quarter 1 2022 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	21,226	27,739	(6,513)	(23.48)
Other comprehensive loss	(2,747)	(1,813)	(934)	51.54
<b>Total comprehensive income</b>	<b>18,478</b>	<b>25,926</b>	<b>(7,448)</b>	<b>(28.73)</b>

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

The economic impact of the 2022 conflict between Russian and Ukraine, the subsequent economic sanctions have targeted large parts of the Russian economy, Russian oligarchs, and members of the Russian government. Both the conflict and the sanctions have had a strongly negative impact on the world economic recovery during the COVID-19 recession. And with a recently of US Bank's collapse had panicked markets, piling pain on weaker financial institutions already struggling with the unintended consequences of soaring interest rates and high inflation rate.

Therefore, the Bank's activities may have some impact on the Bank's financial operations and profit margins.

## B. Significant Factors Affecting Profit

### 1. Demand and Supply Conditions Analysis

Supply chain shortfalls were a major concern during inflation's surge. This represented a shortage of, parts or products that created an imbalance in supply and demand, forcing prices higher.

Therefore, in order to maintain the profitability, the new products and services shall be added up to retain the bank growth. Below are the new added products and services:

- PPCBank KHQR Online Registration was officially launched. It is an online platform which convenience for customer to apply to be PPCBank KHQR merchant.
- Bill Payment Collection Service was launched and available on mobile app, smartBiz, and branch as well. All billers including utilities and general billers can collect payment through PPCBank without integrating any system and shorten the onboarding process to become PPCBank billers and collect payments through PPCBank instantly
- PPCBank Mobile App and smartBiz App have been updated to improve performance and other convenient function. For Mobile app, when uploading QR image to make payments, users can choose to select from their organized photo albums in their device. And for smartBiz, KHQR payment notification function (for both business owners and staff to set and receive KHQR payment via Telegram, SMS, and App notification) is added to the Setting Menu.
- PPCBank Mobile has been simplified to shorten the process on FAST Account and other transactions including Mobile App Self-Subscription, Reset Password and First Time Log in for better experience.

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

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

### 3. Tax Analysis

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

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

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

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

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

In Q1 2023, PPCBank recorded decrease in the revenue, net interest income KHR 47,484 million, which represents 9.3% lower compared to the same period in 2022.

#### **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**

According to the National Bank of Cambodia's Annual Report 2022, the National Bank of Cambodia will implement the following monetary policy:

- Managing the money supply at a reasonable level.
- Stabilizing the exchange rate in order to stabilize prices and public trust.
- Promoting the use of the riel through market mechanisms.
- Developing new monetary policy instruments; and
- Promoting the development of interbank markets in order to enhance the effectiveness of monetary policy.



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

May 12, 2023

Seen and Agreed



**YIM, Yong Taick**

Chairman

