



# **The First Quarterly Report**

**(31 March 2021)**

**Phnom Penh Commercial Bank Plc.**

## Financial Highlights

Financial Situation (in KHR million)	Quarter 1 2021	2020
Total Assets	4,236,287	4,179,286
Total Liabilities	3,593,175	3,549,733
Total Equity	643,112	629,553
Financial Results (in KHR million)	Quarter 1 2021	Quarter 1 2020
Total income	76,908	68,984
Profit (Loss) before tax	17,155	20,622
Profit (Loss) after tax	13,606	15,720
Total comprehensive income	13,561	15,076
Financial ratio (%)	Quarter 1 2021	2020
Solvency Ratio ❶	17.82	17.30
Debt to Equity Ratio	558.72	563.85
Liquidity Coverage Ratio ❶	143.98	123.59
Non-performing Credit Ratio ❷	1.29	1.04
Loan to Deposit Ratio (A/B)	87.55	86.44
Profitability Ratio (%)	Quarter 1 2021	Quarter 1 2020
Return on assets (ROA)	1.30	1.56
Return on equity (ROE)	8.55	10.46
Interest coverage ratio	640.37	718.55
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

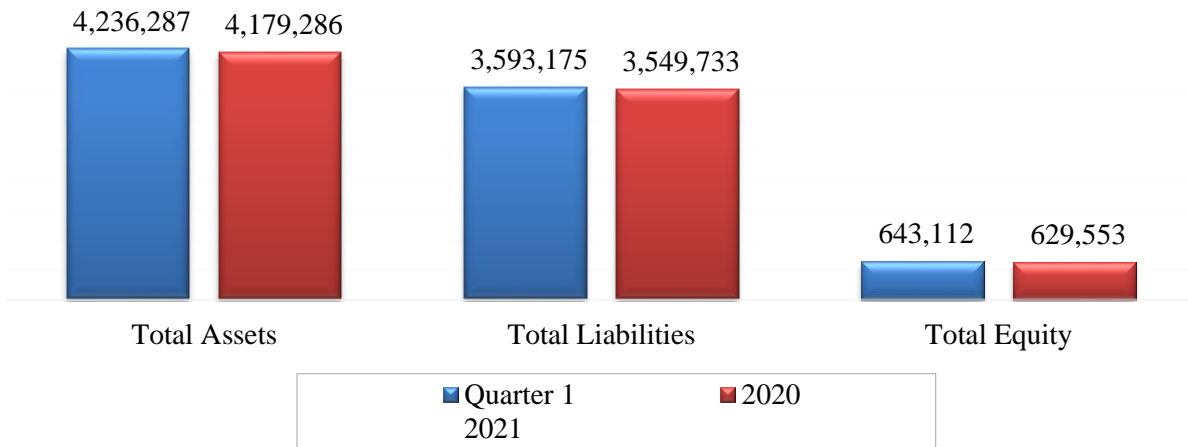
Note:

: ❶ Follow NBC's regulation

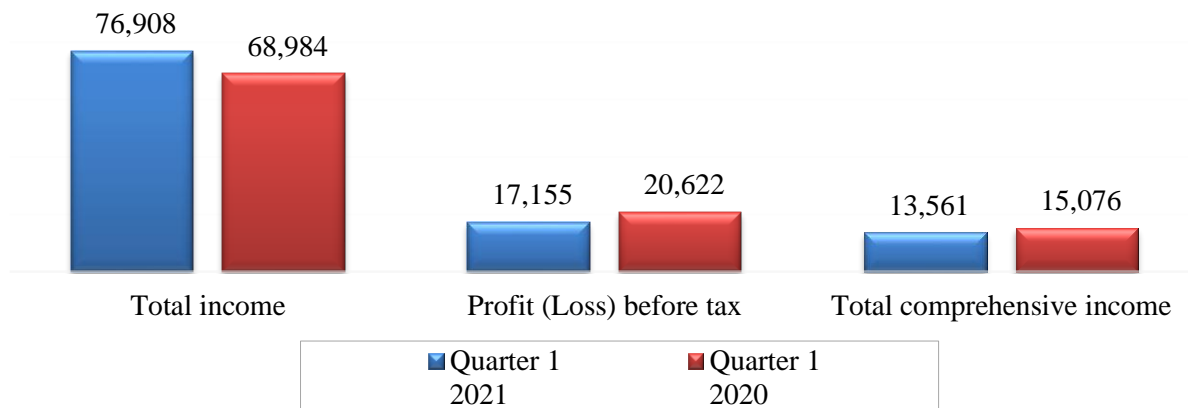
: ❷ Non-performing loan is follow NBC's regulation provision from 20% - 100%

## Financial Summary Charts

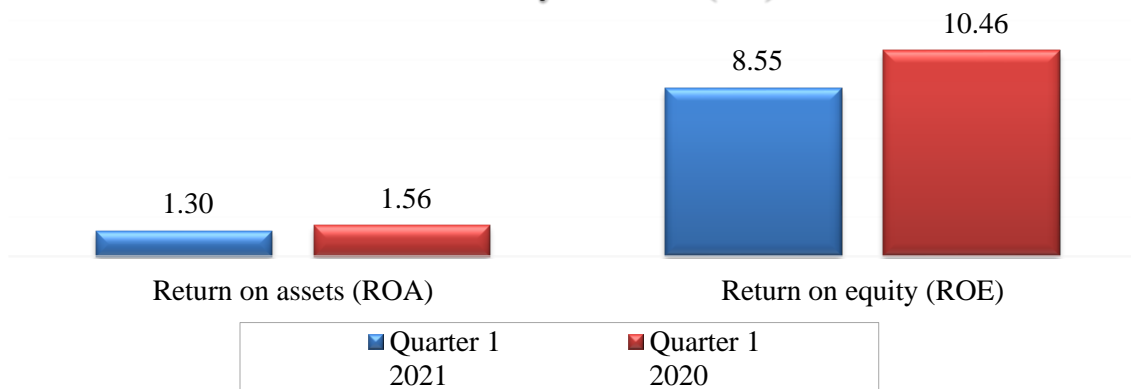
### Financial Situation (in KHR million)



### 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

At the behest of the Board of Directors, it is such an honor to present PPCBank's performance for Q1 2021 by following the requirement from the Securities and Exchange Regulator of Cambodia (SERC).

As everyone knows 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.

During the coronavirus pandemic, PPCBank has seen its positive business performance and continued stable growth in terms of volume and profitability and are executing planned investments. To serve customers better, PPCBank had relocated Central Market Branch to Calmette branch with the approval from Ministry of Commerce (MOC) dated 5<sup>th</sup> January, 2021. We believe, relocating our branch will improve customer's accessibility and convenience.

Despite this time of uncertainty, in Q1 2021, PPCBank officially launched new business loan product "Annatean 300" that will allow the eligible applicants will receive approval within three business days from the date of submission of their required documents.

In the same quarter, PPCBank and Prudential (Cambodia) Life Assurance Plc. officially partnership launched with the acknowledgment and participation from the representatives of National Bank of Cambodia (NBC) and Ministry of Economy and Finance (MEF).

In the recent months, PPCBank got insurance license agent for Saensokh branch from Ministry of Economy and Finance for bancassurance business (customer referral) by the collaboration with Prudential (Cambodia) Life Assurance Plc. At the same day, PPCBank officially launched on BanhJi bill payment service at PPCBank’s counters and Mobile App as well.

As of Q1 2021, our growth in assets expansions equivalently to approximately 1.36% from USD 1,033 million to USD 1,047 million, loan outstanding increased from USD 722 million to USD 726 million, our deposit expansion reaches to USD 806 million, 2.15% increase in total equity from USD 156 million to USD 159 million respectively from 2020 to Q1 2021, our achievement has been at triumphant rate amongst many financial competitors in the market.

As a representative of the Board of Directors, I would like to express my sincere thanks 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 (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 Q1 2021 and going forward to be best achievement in Q2 2021.

May 13, 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 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) 23 909 909/ (+855) 999 500
Fax	(+855) 23 999 540
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	00015794 dated 20 <sup>th</sup> May, 2008
License Number	B23 issued by National Bank of Cambodia dated 16 <sup>th</sup> December, 2019.
Disclosure Document Registration Number Issued by SECC	192/20 SECC date 01 <sup>st</sup> September 2020
Representative of the Listed Entity	Mr. Baek Jongil

**B. Nature of Business**

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



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

As we stand, we celebrate our past success in supporting a wide range of customers with their banking needs and also seek ways to improve our services to support our current and future clients. As of March, 2021 our total asset increase to US\$ 1,047 million, serving more than 122,000 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 5th January, 2021, PPCBank received approval from Ministry of Commerce (MOC) to relocate Central Market Branch to Calmette branch in order to serve customers better and we believe, relocating our branch will improve customer's accessibility and convenience.

On 27th January, 2021, PPCBank officially launched new business loan product "Annatean 300" which will allow the eligible applicants will receive approval within 3 business days from the date of submission of their required documents. Both hard and soft title deeds will qualify for the same interest rate of 9.99% per annum. Loan amounts start at a minimum of USD 10k up to a maximum of USD 300K. Borrowers can choose to repay the loan up to 120 months with a grace period for the first year.

On 1st February, 2021, PPCBank and Prudential (Cambodia) Life Assurance Plc. officially partnership launched acknowledged and participated by representatives of National Bank of Cambodia (NBC) and Ministry of Economy and Finance (MEF).

On 15th February, 2021, PPCBank got insurance license agent for Saensokh branch from Ministry of Economy and Finance for bancassurance business (customer referral) by the collaboration with Prudential (Cambodia) Life Assurance Plc.

At the same day, 15th February, 2021, PPCBank officially launched on BanhJi bill payment service at PPCBank's counters and Mobile App. that will allow BanhJi SME customers to pay BanhJi invoices through PPCBank payment channels (through Branches, Mobile App) and also allow PPCBank to access to BanhJi SME customers, increasing demand for accounts at PPCBank.

On 29th March, 2021, shareholders of PPCBank decided to appoint new BOD member Mr. Kim sung Chul to replace Mr. Heo Ryeon. At the same day, the Board of Directors of PPCBank also decided to appoint new president Mr. Baek Jongil to replace Mr. Shin Chang Moo who will hold another new position.

## PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

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

Key Achievement	Quarter 1 2021	2020
<b>Loan</b>		
Loan Accounts	7,136	5,960
Total Gross Loans <i>(in KHR million)</i>	2,935,000	2,922,159
<b>Deposit</b>		
Deposit Accounts	151,224	138,343
Total Deposits <i>(in KHR million)</i>	3,259,940	3,263,945
<b>Others</b>		
Operating Branches	23	23
Number of Staffs	463	472
ATMs	66	53
POS Terminals	226	202

### B. Revenue Structures

No	Sources of Revenue	Quarter 1 2021		Quarter 1 2020	
		Amount <i>(in KHR million)</i>	Percentage (%)	Amount <i>(in KHR million)</i>	Percentage (%)
1	Interest of Income	72,657	94.47	66,265	96.06
2	Fee and Commission Income	3,030	3.94	2,676	3.88
3	Other Income	1,221	1.59	43	0.06
<b>Total Income</b>		<b>76,908</b>	<b>100</b>	<b>68,984</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 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 1 2021		Quarter 1 2020	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	72,657	94.47	66,265	96.06
2	Fee and Commission Income	3,030	3.94	2,676	3.88
3	Other Income	1,221	1.59	43	0.06
<b>Total Income</b>		<b>76,908</b>	<b>100</b>	<b>68,984</b>	<b>100</b>

PPCBank earns most income from interest income representing 94% of total income in Q1 2021.

### 3. Gross Profit Margin Analysis

The Consolidated Statement of Profit or (Loss) and Other Comprehensive Income of the bank prepared in the format did not present the gross profit margin, it presented the net interest income which resulted from the total interest income less total interest expenses was illustrated in the next point of the Profit/ (Loss) before Tax Analysis as follows.

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

Statement of Profit or Loss before Tax	Quarter 1 2021 (in KHR million)	Quarter 1 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	72,657	66,265	6,391	9.65
Interest expense	(29,553)	(25,400)	(4,153)	16.35
<b>Net interest income</b>	<b>43,104</b>	<b>40,865</b>	<b>2,239</b>	<b>5.48</b>
Fee and commission income	3,030	2,676	353	13.21
Fee and commission expense	(1,063)	(1,288)	225	(17.48)
<b>Net fee and commission Income</b>	<b>1,967</b>	<b>1,388</b>	<b>579</b>	<b>41.68</b>
Other operating income	1,221	43	1,179	2,763.47
Personal expenses	(7,465)	(8,672)	1,207	(13.91)
Other expenses	(6,731)	(4,845)	(1,886)	38.93
Depreciation and amortization	(7,657)	(7,185)	(472)	6.57
<b>Operating profit</b>	<b>24,439</b>	<b>21,595</b>	<b>2,844</b>	<b>13.17</b>
Net impairment losses on financial instruments	(7,284)	(973)	(6,311)	648.86
<b>Profit before tax</b>	<b>17,155</b>	<b>20,622</b>	<b>(3,467)</b>	<b>(16.81)</b>

In Q1 2021, profit before tax was KHR17,155 million (16.8% lower than Q1 2020). The decreasing of the profit derived from increasing of Net impairment losses on financial instruments.

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

Statement of Profit or Loss after Tax	Quarter 1 2021 (in KHR million)	Quarter 1 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	17,155	20,622	(3,467)	(16.81)
Income tax expense	(3,549)	(4,902)	1,353	(27.61)
<b>Net profit for the period</b>	<b>13,606</b>	<b>15,720</b>	<b>(2,113)</b>	<b>(13.44)</b>

In Q1 2021, the net profit for the period was KHR13,606 million with 13% lower than Q1 2020, the changing as mentioned in section 4 (Profit (loss) before tax analysis).

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

Total Comprehensive Income	Quarter 1 2021 (in KHR million)	Quarter 1 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	13,606	15,720	(2,113)	(13.44)
Other comprehensive loss	(45)	(643)	599	(93.05)
<b>Total comprehensive income</b>	<b>13,561</b>	<b>15,076</b>	<b>(1,515)</b>	<b>(10.05)</b>

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

With the recent community virus (COVID-19) outbreak on 20-February-21 and the global pandemic of Covid-19 is not relieved yet, the country is facing sustained risk of further national spread causing disruption to business and economic activities. However, management considers that Group and the Bank's activities may be slow in this short period but would not lead to a going concern issue given the size of the operations, current profitability level and liquidity headroom of the Group and the Bank.

#### B. Significant Factors Affecting Profit

##### 1. Demand and Supply Conditions Analysis

The affect from COVID-19 community outbreak on 20-February has had significant impact on demand and supply in Cambodia. Therefore, the continuous and sustainable growths of SME loan

products segment are the most importance factors for PPCBank in term of profitability. As a result, in order to provide more for SME loans to support the business growth of customers in term of Covid-19 pandemic situation, in January, 2021, PPCBank officially launched new business loan product “Annatean 300” which will allow the eligible applicants will receive approval within 3 business days from the date of submission of their required documents. Both hard and soft title deeds will qualify for the same interest rate. Loan amounts start at a minimum of USD 10K up to a maximum of USD 300K. Borrowers can choose to repay the loan up to 120 months with a grace period for the first year. In addition, in February, 2021, PPCBank officially launched on BanhJi bill payment service at PPCBank’s counters and Mobile App. that will allow BanhJi SME customers to pay BanhJi invoices through PPCBank payment channels (through Branches, Mobile App) and also allow PPCBank to access to BanhJi SME customers, increasing demand for accounts at PPCBank.

On 15th February, 2021, PPCBank got insurance license agent for Saensokh branch from Ministry of Economy and Finance for bancassurance business (customer referral) by the collaboration with Prudential (Cambodia) Life Assurance Plc. in order to serve customers better with the customer’s accessibility and convenience.

Moreover, to support the community to prevent from the Covid-19 outbreak in decreasing of physical cash using, the Bank continuous significantly invested in the enhancement of its self-banking facilities by expanding more its network of electronic payments, installing more ATMs, and POS-terminals.

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

The fluctuations in price of raw material are not applicable to the Bank.

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

PPCBank and its subsidiaries are under Law on Taxation of Cambodia. The Bank is obligated to pay taxes as determined by tax regulations of Cambodia.

PPCBank had been awarded "**GOLD**" certificate of tax compliance from GDT with a period for year 2020 and 2021.



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

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

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

In Q1 2021, PPCBank recorded an increase in the revenue with net interest income 43,104 million KHR, which represents 5.5% 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. So, 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**

In Q1 2021, there is no material impact of inflation on the Bank's operational business.

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

Some measures have been put in place by the Royal Government of Cambodia and National Bank of Cambodia to continue to manage the impact and achieve effective direction in order to recover and boost Cambodia's economic growth from the outbreak of the virus (COVID-19)

- Improvement the development of small and medium enterprises,
- Pushing of innovation and the use of new technologies to strengthen the growth base of domestic activities.

- Increasing the agriculture products, will continue to be an important and high-potential sector that can help absorb some of the crisis effects, such as unemployment or poor lives supporting.
- Accelerating the diversification of the economic base and the implementation of industrial development strategies will help the Cambodian economy recover faster from the current crisis.

In 2021, the National Bank of Cambodia has set 4 monetary policies to implement such as:

1. Managing monetary supply at an appropriate level,
2. Maintaining a stable exchange rate to contribute to the price stability and public trust,
3. Pushing the use of the riel through market mechanisms and
4. Promoting the development of the interbank market by increasing the necessary monetary policy instruments in order to improve the effectiveness of monetary policy.

As recently of the COVID-19 community outbreak in Cambodia, in order to ensure the resilience and stability of the banking sector during the Covid-19 outbreak, also the National Bank of Cambodia requests all institutions to take the following actions:

1. Suspension of dividend distribution for the audited profit in 2020, and
2. Preparing an appropriate exit strategy after the concessions from the National Bank of Cambodia are finished.

As a result, the management of the Bank concluded that there was a small impact to the Bank's financial results in this quarter of 2021.

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

May 13, 2021

Seen and Agreed



**YIM, Yong Taick**

Chairman

