

**PHNOM PENH COMMERCIAL BANK PLC.**

**CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

**PHNOM PENH COMMERCIAL BANK PLC.**

**CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

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## Report on review of interim financial information

To the shareholders of Phnom Penh Commercial Bank Plc.

### Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Phnom Penh Commercial Bank Plc. (the "Bank") and its subsidiary, J&A (Cambodia) Investment Co., Ltd. (together the "Group") as at 31 March 2021, condensed separate statement of financial position of the Bank as at 31 March 2021, and the related condensed consolidated and separate statements of profit or loss and other comprehensive income for the three-month period then ended, and condensed consolidated and separate statements of changes in equity and cash flows for the three-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information of the Group and condensed separate interim financial information of the Bank in accordance with Cambodian International Accounting Standard 34, "Interim financial reporting". Our responsibility is to express a conclusion on this condensed consolidated and separate interim financial information based on our review.

### Scope of review

We conducted our review in accordance with Cambodian International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated and separate special purpose interim financial information is not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, "Interim financial reporting".

For PricewaterhouseCoopers (Cambodia) Ltd.

  
By Kuy Lim  
Partner



Phnom Penh, Kingdom of Cambodia  
12 May 2021

**PHNOM PENH COMMERCIAL BANK PLC.**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2021**

	Notes	31 March 2021		31 December 2020	
		US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>					
Cash on hand		36,858,101	149,091,019	36,272,455	146,722,080
Balances with the central bank		72,509,190	293,299,674	73,290,366	296,459,530
Balances with other banks and financial institutions		109,417,463	442,593,638	99,998,608	404,494,369
Statutory deposits with the central bank		60,284,675	243,851,510	59,535,255	240,820,106
Loans to customers	6	723,466,860	2,926,423,448	721,322,069	2,917,747,769
Investment securities		3,246,622	13,132,586	3,157,903	12,773,718
Intangible assets		7,524,796	30,437,800	8,028,928	32,477,014
Property and equipment		15,975,134	64,619,417	16,279,751	65,851,593
Right of use assets	7	11,310,631	45,751,502	9,780,184	39,560,844
Deferred tax assets		502,140	2,031,156	237,010	958,705
Other assets		6,194,100	25,055,135	5,295,459	21,420,132
<b>TOTAL ASSETS</b>		<b>1,047,289,712</b>	<b>4,236,286,885</b>	<b>1,033,197,988</b>	<b>4,179,285,860</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from other banks		82,473,058	333,603,520	88,565,577	358,247,759
Deposits from non-bank customers		723,445,361	2,926,336,485	718,342,962	2,905,697,281
Current income tax liabilities		1,281,881	5,185,209	3,522,712	14,249,370
Borrowings		27,237,781	110,176,824	15,407,410	62,322,973
Debt securities issued		19,858,075	80,325,913	19,793,474	80,064,602
Lease liabilities	7	11,780,458	47,651,953	10,189,841	41,217,907
Employee benefit obligations		213,000	861,585	163,000	659,335
Other liabilities		1,973,519	7,982,884	1,538,547	6,223,423
Subordinated debts		20,037,128	81,050,183	20,037,128	81,050,182
<b>TOTAL LIABILITIES</b>		<b>888,300,261</b>	<b>3,593,174,556</b>	<b>877,560,651</b>	<b>3,549,732,832</b>
<b>EQUITY</b>					
Share capital		92,000,000	372,140,000	92,000,000	372,140,000
Regulatory reserves		10,336,722	43,729,847	11,683,167	49,195,067
Retained earnings		56,652,729	229,208,812	51,954,170	210,137,359
Other reserves		-	(1,966,330)	-	(1,919,398)
<b>TOTAL EQUITY</b>		<b>158,989,451</b>	<b>643,112,329</b>	<b>155,637,337</b>	<b>629,553,028</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,047,289,712</b>	<b>4,236,286,885</b>	<b>1,033,197,988</b>	<b>4,179,285,860</b>

The accompanying notes on pages 10 to 20 form an integral part of these condensed consolidated and separate interim financial information.

PHNOM PENH COMMERCIAL BANK PLC.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

FOR THE THREE-MONTH ENDED 31 MARCH 2021

	Notes	For the three-month period ended			
		31 March 2021		31 March 2020	
		US\$	KHR'000	US\$	KHR'000
Interest income		17,900,128	72,656,621	16,305,426	66,265,252
Interest expense		(7,280,798)	(29,552,759)	(6,249,993)	(25,399,972)
<b>Net interest income</b>		<u>10,619,330</u>	<u>43,103,862</u>	<u>10,055,433</u>	<u>40,865,280</u>
Fees and commission income		746,389	3,029,593	658,489	2,676,099
Fees and commission expense		(261,841)	(1,062,813)	(316,911)	(1,287,926)
<b>Net fees and commission income</b>		<u>484,548</u>	<u>1,966,780</u>	<u>341,578</u>	<u>1,388,173</u>
Impairment losses on financial assets	8	(1,794,436)	(7,283,615)	(239,327)	(972,625)
Other gains - net		64,730	262,739	320,416	1,302,171
Other operating income		300,920	1,221,434	10,496	42,656
<b>Net other operating (loss)/profit</b>		<u>(1,428,786)</u>	<u>(5,799,442)</u>	<u>91,585</u>	<u>372,202</u>
Personnel expenses		(1,839,135)	(7,465,049)	(2,133,782)	(8,671,690)
Depreciation and amortisation		(1,886,385)	(7,656,837)	(1,767,896)	(7,184,729)
Other operating expenses		(1,723,094)	(6,994,039)	(1,512,616)	(6,147,271)
<b>Profit before income tax</b>		<u>4,226,478</u>	<u>17,155,275</u>	<u>5,074,302</u>	<u>20,621,965</u>
Income tax expense		(874,364)	(3,549,043)	(1,206,310)	(4,902,444)
<b>Profit for the period</b>		<u>3,352,114</u>	<u>13,606,232</u>	<u>3,867,992</u>	<u>15,719,521</u>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Currency translation difference		-	(44,738)	-	(643,498)
		-	(44,738)	-	(643,498)
<b>Total comprehensive income for the period</b>		<u>3,352,114</u>	<u>13,561,494</u>	<u>3,867,992</u>	<u>15,076,023</u>
<b>Profit attributable to owners of the Bank</b>		<u>3,352,114</u>	<u>13,606,232</u>	<u>3,867,992</u>	<u>15,719,521</u>
<b>Total comprehensive income attributable to owners of the Bank</b>		<u>3,352,114</u>	<u>13,561,494</u>	<u>3,867,992</u>	<u>15,076,023</u>

The accompanying notes on pages 10 to 20 form an integral part of these condensed consolidated and separate interim financial information.

PHNOM PENH COMMERCIAL BANK PLC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Attributable to owners of the Group									
	Share capital		Regulatory reserve		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 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 period	-	-	-	-	3,867,992	15,719,521	-	-	3,867,992	15,719,521
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	(643,498)	-	(643,498)
<b>Total comprehensive income for the period</b>	-	-	-	-	3,867,992	15,719,521	-	(643,498)	3,867,992	15,076,023
<b>Transactions with owners in their capacity as owners:</b>										
Transfers from retained earnings to regulatory reserve	-	-	1,125,810	4,575,292	(1,125,810)	(4,575,292)	-	-	-	-
Currency translation differences	-	(880,000)	-	-	-	-	-	-	-	(880,000)
<b>Total transactions with owners</b>	-	(880,000)	1,125,810	4,575,292	(1,125,810)	(4,575,292)	-	-	-	(880,000)
<b>Balance at 31 March 2020</b>	<b>80,000,000</b>	<b>325,120,000</b>	<b>9,378,621</b>	<b>39,784,798</b>	<b>52,988,854</b>	<b>214,320,118</b>	<b>-</b>	<b>(643,498)</b>	<b>142,367,475</b>	<b>578,581,418</b>
<b>Balance at 1 January 2021</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
Profit for the period	-	-	-	-	3,352,114	13,606,233	-	-	3,352,114	13,606,233
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	(46,932)	-	(46,932)
<b>Total comprehensive income for the period</b>	-	-	-	-	3,352,114	13,606,233	-	(46,932)	3,352,114	13,559,301
<b>Transactions with owners in their capacity as owners:</b>										
Transfers from regulatory reserve to retained earnings	-	-	(1,346,445)	(5,465,220)	1,346,445	5,465,220	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	(1,346,445)	(5,465,220)	1,346,445	5,465,220	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>92,000,000</b>	<b>372,140,000</b>	<b>10,336,722</b>	<b>43,729,847</b>	<b>56,652,729</b>	<b>229,208,812</b>	<b>-</b>	<b>(1,966,330)</b>	<b>158,989,451</b>	<b>643,112,329</b>

The accompanying notes on pages 10 to 20 form an integral part of these condensed consolidated and separate interim financial information.

**PHNOM PENH COMMERCIAL BANK PLC.**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	31 March 2021		31 March 2020	
	US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>				
Profit before income tax	4,226,478	17,155,276	5,074,302	20,621,965
<i>Adjustments for:</i>				
Provision for employee benefit obligations	50,000	202,950	49,228	200,063
Depreciation and amortisation	1,886,385	7,656,837	1,767,896	7,184,729
Impairment losses on financial assets	1,794,436	7,283,615	239,327	972,625
Unrealised exchange losses on investment securities	(23,102)	(93,771)	-	-
Unrealised exchange losses on borrowings and debt securities	76,183	309,227	-	-
Interest income	(17,900,128)	(72,656,621)	(16,305,426)	(66,265,252)
Interest expense	7,280,798	29,552,759	6,249,994	25,399,972
<i>Changes in working capital:</i>				
Reserve requirement deposits	(769,857)	(3,124,850)	(5,194,394)	(21,110,017)
Loans to customers	(3,610,208)	(14,653,834)	(25,555,004)	(103,855,536)
Other assets	(898,642)	(3,647,588)	(753,364)	(3,061,671)
Deposits from other banks	(6,613,214)	(26,843,036)	18,243,466	74,141,446
Deposits from non-bank customers	5,449,480	22,119,439	(9,920,443)	(40,316,680)
Other liabilities	403,563	1,638,062	(483,705)	(1,965,777)
Cash used in operations	(8,647,828)	(35,101,535)	(26,588,123)	(108,054,133)
Interest received	17,133,256	69,543,886	16,164,972	65,694,446
Interest paid	(7,068,455)	(28,690,859)	(5,772,394)	(23,459,009)
Income tax paid	(3,380,325)	(13,720,739)	(193,876)	(787,912)
<b>Net cash outflow from operating activities</b>	<b>(1,963,352)</b>	<b>(7,969,247)</b>	<b>(16,389,421)</b>	<b>(66,606,608)</b>
<b>Cash flows from investing activities</b>				
Purchases of property and equipment	(474,460)	(1,925,833)	(777,044)	(3,157,907)
Purchases of intangible assets	(8,250)	(33,487)	(637,887)	(2,592,373)
Payments for acquisition of investment securities	-	-	13,440	54,620
Placements of Negotiable Certificate of Deposits with the central bank	(14,157,000)	(57,463,263)	(7,580,000)	(30,805,120)
Balances with other banks and financial institutions	7,420,174	30,118,486	(9,000,000)	(36,576,000)
<b>Net cash outflow from investing activities</b>	<b>(7,219,536)</b>	<b>(29,304,097)</b>	<b>(17,981,491)</b>	<b>(73,076,780)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-	-	(860,000)	(3,495,040)
Proceeds from borrowings	15,767,430	63,999,998	7,071,933	28,740,336
Repayments of borrowings	(3,987,367)	(16,184,723)	-	-
Principal elements of lease payments	(534,757)	(2,170,579)	(569,889)	(2,316,029)
<b>Net cash inflow from financing activities</b>	<b>11,245,306</b>	<b>45,644,696</b>	<b>5,642,044</b>	<b>22,929,267</b>
Net increase/(decrease) in cash and cash equivalents	2,062,418	8,371,352	(28,728,868)	(116,754,121)
Cash and cash equivalents at beginning of period	110,973,850	448,889,223	98,262,038	397,469,936
Currency translation differences	-	(28,871)	-	2,284,187
Cash and cash equivalents at end of period	<b>113,036,268</b>	<b>457,231,704</b>	<b>69,533,170</b>	<b>283,000,002</b>

The accompanying notes on pages 10 to 20 form an integral part of these condensed consolidated and separate interim financial information.

**PHNOM PENH COMMERCIAL BANK PLC.**

**CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2021**

	Notes	31 March 2021		31 December 2020	
		US\$	KHR'000	US\$	KHR'000
<b>ASSETS</b>					
Cash on hand		36,858,101	149,091,019	36,272,455	146,722,080
Balances with the central bank		72,509,190	293,299,674	73,290,366	296,459,530
Balances with other banks and financial institutions		109,417,464	442,593,642	99,998,609	404,494,373
Statutory deposits with the central bank		60,284,675	243,851,510	59,535,255	240,820,106
Loans to customers	6	729,696,995	2,951,624,345	727,553,634	2,942,954,450
Investment securities		3,246,622	13,132,586	3,157,903	12,773,718
Investment in subsidiary		490,000	1,982,050	490,000	1,982,050
Intangible assets		7,524,796	30,437,800	8,028,928	32,477,014
Property and equipment		9,335,246	37,761,070	9,636,834	38,980,994
Right of use assets	7	20,307,139	82,142,377	18,940,263	76,613,364
Deferred tax assets		646,169	2,613,754	371,863	1,504,186
Other assets		6,192,560	25,048,905	5,293,919	21,413,902
<b>TOTAL ASSETS</b>		<b>1,056,508,957</b>	<b>4,273,578,732</b>	<b>1,042,570,029</b>	<b>4,217,195,767</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from other banks		82,473,058	333,603,520	88,565,577	358,247,759
Deposits from non-bank customers		723,619,431	2,927,040,599	718,446,765	2,906,117,165
Current income tax liabilities		1,287,968	5,209,831	3,478,708	14,071,374
Borrowings		27,237,781	110,176,824	15,407,410	62,322,973
Debt securities issued		19,858,075	80,325,913	19,793,474	80,064,602
Lease liabilities	7	21,568,055	87,242,782	20,094,146	81,280,821
Employee benefit obligations		213,000	861,585	163,000	659,335
Other liabilities		1,965,309	7,949,675	1,530,290	6,190,023
Subordinated debts		20,037,128	81,050,183	20,037,128	81,050,182
<b>TOTAL LIABILITIES</b>		<b>898,259,805</b>	<b>3,633,460,912</b>	<b>887,516,498</b>	<b>3,590,004,234</b>
<b>EQUITY</b>					
Share capital		92,000,000	372,140,000	92,000,000	372,140,000
Regulatory reserves		10,396,390	43,956,177	11,744,124	49,426,629
Retained earnings		55,852,762	225,967,878	51,309,407	207,526,401
Other reserves		-	(1,946,235)	-	(1,901,497)
<b>TOTAL EQUITY</b>		<b>158,249,152</b>	<b>640,117,820</b>	<b>155,053,531</b>	<b>627,191,533</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,056,508,957</b>	<b>4,273,578,732</b>	<b>1,042,570,029</b>	<b>4,217,195,767</b>

The accompanying notes on pages 10 to 20 form an integral part of these condensed consolidated and separate interim financial information.



PHNOM PENH COMMERCIAL BANK PLC.

CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE-MONTH ENDED 31 MARCH 2021

	Notes	For the three-month period ended			
		31 March 2021		31 March 2020	
		US\$	KHR'000	US\$	KHR'000
Interest income		18,029,988	73,183,722	16,436,445	66,797,712
Interest expense		(7,373,594)	(29,929,418)	(6,307,244)	(25,632,640)
<b>Net interest income</b>		<u>10,656,394</u>	<u>43,254,304</u>	<u>10,129,201</u>	<u>41,165,072</u>
Fees and commission income		746,389	3,029,593	658,489	2,676,099
Fees and commission expense		(261,841)	(1,062,813)	(316,911)	(1,287,926)
<b>Net fees and commission income</b>		<u>484,548</u>	<u>1,966,780</u>	<u>341,578</u>	<u>1,388,173</u>
Impairment losses on financial assets	8	(1,795,725)	(7,288,848)	(239,610)	(973,775)
Other gains - net		79,363	322,134	320,416	1,302,171
Other operating income		300,920	1,221,434	10,496	42,656
<b>Net other operating (loss)/profit</b>		<u>(1,415,442)</u>	<u>(5,745,280)</u>	<u>91,302</u>	<u>371,052</u>
Personnel expenses		(1,839,135)	(7,465,049)	(2,133,782)	(8,671,690)
Depreciation and amortisation		(2,046,928)	(8,308,480)	(1,861,473)	(7,565,026)
Other operating expenses		(1,778,629)	(7,219,455)	(1,408,192)	(5,722,892)
<b>Profit before income tax</b>		<u>4,060,808</u>	<u>16,482,820</u>	<u>5,158,634</u>	<u>20,964,689</u>
Income tax expense		(865,187)	(3,511,794)	(1,199,983)	(4,876,731)
<b>Profit for the period</b>		<u>3,195,621</u>	<u>12,971,026</u>	<u>3,958,651</u>	<u>16,087,958</u>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Currency translation difference		-	(44,738)	-	(266,788)
		-	(44,738)	-	(266,788)
<b>Total comprehensive income for the period</b>		<u>3,195,621</u>	<u>12,926,287</u>	<u>3,958,651</u>	<u>15,821,170</u>
<b>Profit attributable to owners of the Bank</b>		<u>3,195,621</u>	<u>12,971,025</u>	<u>3,958,651</u>	<u>16,087,958</u>
<b>Total comprehensive income attributable to owners of the Bank</b>		<u>3,195,621</u>	<u>12,926,287</u>	<u>3,958,651</u>	<u>15,821,170</u>

The accompanying notes on pages 10 to 20 form an integral part of these condensed consolidated and separate interim financial information.

PHNOM PENH COMMERCIAL BANK PLC.

CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

	Attributable to owners of the Bank									
	Share capital		Regulatory reserve		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 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 period	-	-	-	-	3,958,651	16,087,958	-	-	3,958,651	16,087,958
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	(266,788)	-	(266,788)
<b>Total comprehensive income for the period</b>	-	-	-	-	3,958,651	16,087,958	-	(266,788)	3,958,651	15,821,170
<b>Transactions with owners in their capacity as owners:</b>										
Transfers from retained earnings to regulatory reserve	-	-	1,125,526	4,574,138	(1,125,526)	(4,574,138)	-	-	-	-
Currency translation differences	-	(400,000)	-	-	-	-	-	-	-	(400,000)
<b>Total transactions with owners</b>	-	(400,000)	1,125,526	4,574,138	(1,125,526)	(4,574,138)	-	-	-	(400,000)
<b>Balance at 31 March 2020</b>	<b>80,000,000</b>	<b>325,600,000</b>	<b>9,440,346</b>	<b>40,019,495</b>	<b>52,626,114</b>	<b>212,857,785</b>	<b>-</b>	<b>(266,788)</b>	<b>142,066,460</b>	<b>578,210,492</b>
<b>Balance at 1 January 2021</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
Profit for the period	-	-	-	-	3,195,621	12,971,025	-	-	3,195,621	12,971,025
Other comprehensive income - currency translation differences	-	-	-	-	-	-	-	(44,738)	-	(44,738)
<b>Total comprehensive income for the period</b>	-	-	-	-	3,195,621	12,971,025	-	(44,738)	3,195,621	12,926,287
<b>Transactions with owners in their capacity as owners:</b>										
Transfers from regulatory reserve to retained earnings	-	-	(1,347,734)	(5,470,452)	1,347,734	5,470,452	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	(1,347,734)	(5,470,452)	1,347,734	5,470,452	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>92,000,000</b>	<b>372,140,000</b>	<b>10,396,390</b>	<b>43,956,177</b>	<b>55,852,762</b>	<b>225,967,878</b>	<b>-</b>	<b>(1,946,235)</b>	<b>158,249,152</b>	<b>640,117,820</b>

The accompanying notes on pages 10 to 20 form an integral part of these condensed consolidated and separate interim financial information.

**PHNOM PENH COMMERCIAL BANK PLC.**

**CONDENSED SEPARATE STATEMENTS OF CASH FLOWS**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

	31 March 2021		31 March 2020	
	US\$	KHR'000	US\$	KHR'000
<b>Cash flows from operating activities</b>				
Profit before income tax	4,060,808	16,482,819	5,158,634	20,964,689
<i>Adjustments for:</i>				
Provision for employee benefit obligations	50,000	202,950	49,228	200,063
Depreciation and amortisation	2,046,928	8,308,480	1,861,473	7,565,026
Impairment losses on financial assets	1,795,725	7,288,848	239,610	973,775
Unrealised exchange losses on investment securities	(23,102)	(93,771)	-	-
Unrealised exchange losses on borrowings and debt securities	76,183	309,227	-	-
Interest income	(18,029,988)	(73,183,722)	(16,436,445)	(66,797,712)
Interest expense	7,373,594	29,929,418	6,307,245	25,632,640
<i>Changes in working capital:</i>				
Reserve requirement deposits	(769,857)	(3,124,850)	(5,194,394)	(21,110,017)
Loans to customers	(3,610,208)	(14,653,834)	(25,555,004)	(103,855,536)
Other assets	(898,641)	(3,647,584)	(883,629)	(3,591,068)
Deposits from other banks	(6,613,214)	(26,843,036)	18,243,466	74,141,446
Deposit from non-bank customers	5,519,746	22,404,649	(9,964,220)	(40,494,590)
Other liabilities	403,610	1,638,253	(422,597)	(1,717,434)
Cash used in operations	(8,618,416)	(34,982,153)	(26,596,633)	(108,088,718)
Interest received	17,263,257	70,071,560	16,295,991	66,226,907
Interest paid	(7,161,251)	(29,067,518)	(5,829,645)	(23,691,677)
Income tax paid	(3,330,233)	(13,517,416)	(193,876)	(787,912)
<b>Net cash outflow from operating activities</b>	<b>(1,846,643)</b>	<b>(7,495,527)</b>	<b>(16,324,163)</b>	<b>(66,341,400)</b>
<b>Cash flows from investing activities</b>				
Purchases of property and equipment	(474,460)	(1,925,833)	(777,044)	(3,157,907)
Purchases of intangible assets	(8,250)	(33,487)	(637,887)	(2,592,373)
Payments for acquisition of investment securities	-	-	13,440	54,620
Placements of Negotiable Certificate of Deposits with the central bank	(14,157,000)	(57,463,263)	(7,580,000)	(30,805,120)
Balances with other banks and financial institutions	7,420,174	30,118,486	(9,000,000)	(36,576,000)
<b>Net cash outflow from investing activities</b>	<b>(7,219,536)</b>	<b>(29,304,097)</b>	<b>(17,981,491)</b>	<b>(73,076,780)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-	-	(860,000)	(3,495,040)
Proceeds from borrowings	15,767,430	63,999,998	7,071,933	28,740,336
Repayments of borrowings	(3,987,367)	(16,184,723)	-	-
Principal elements of lease payments	(651,466)	(2,644,300)	(635,147)	(2,581,237)
<b>Net cash inflow from financing activities</b>	<b>11,128,597</b>	<b>45,170,975</b>	<b>5,576,786</b>	<b>22,664,059</b>
Net increase/(decrease) in cash and cash equivalents	2,062,418	8,371,351	(28,728,868)	(116,754,121)
Cash and cash equivalents at beginning of period	110,973,850	448,889,223	98,262,038	397,469,936
Currency translation differences	-	(28,870)	-	2,284,187
Cash and cash equivalents at end of period	<u>113,036,268</u>	<u>457,231,704</u>	<u>69,533,170</u>	<u>283,000,002</u>

The accompanying notes on pages 10 to 20 form an integral part of these condensed consolidated and separate interim financial information.

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

### **NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION**

#### **FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

##### **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 its 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 March 2021, the Bank has 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. 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 operation 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.

In 2019, the Bank requested the Cambodia Securities Exchange (CSX) and Securities and Exchange Commission of Cambodia (SECC) to list its corporate bonds in the CSX. The request was approved in principle by CSX on 25 December 2019.

The condensed consolidated and separate interim financial information was authorised for issue by the Board of Directors on 12 May 2021.

The condensed consolidated and separate interim financial information for the three-month period ended 31 March 2021 has been reviewed, not audited.

##### **2. BASIS OF PREPARATION**

This condensed consolidated and separate interim financial information for the three-month period ended 31 March 2021 has been prepared in accordance with Cambodian International Accounting Standard (CIAS) 34 “Interim Financial Reporting”.

The condensed consolidated and separate interim financial information does not include all the notes of the type normally included in the annual audited financial statements. Accordingly, this report is to be read in conjunction with the annual audited financial statements for the year ended 31 December 2020, which have been prepared in accordance with Cambodian International Financial Reporting Standards (CIFRS).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

An English version of these consolidated and separate interim financial information has been prepared from the consolidated and separate interim financial information that is in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language consolidated and separate interim financial information shall prevail.

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

**2. BASIS OF PREPARATION** (continued)

**New and amended standards adopted by the group**

A number of amended standards became applicable for the current reporting period as follows:

- COVID-19 Related Rent Concessions – Amendments to CIFRS 16
- Interest rate benchmark reform - Phase 2 - Amendments to CIFRS 9, CIAS 39, CIFRS 7, and CIFRS 16

Those amended standards have no impact on the Group or the Bank. As a result, the Group or the Bank did not have to change its accounting policies or make retrospective adjustments.

**Presentation in Khmer Riel (KHR)**

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

As at the reporting date, the average rates and closing rates are based on the following exchange rates per \$1:

	<b>For the three-month period ended</b>	
	<b>31 March 2021</b>	<b>31 March 2020</b>
Average rate	KHR 4,059	KHR 4,077
	<b>31 March 2021</b>	<b>31 December 2020</b>
Closing rate	KHR 4,045	KHR 4,045

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

**3. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD**

The following is the significant event that occurred in the current reporting period:

**Impact on impairment charge from COVID-19**

Because of the ongoing spread of COVID-19 pandemic and a recent community outbreak in February 2021, the country economy is experiencing an economic downturn, which could potentially have an impact on the quality of the financial assets including loans to customers. Therefore, the management continuously refreshes the parameters of the allowances for expected losses to reflect the current economic condition and downgrades the staging of its borrowers for the expected credit losses calculation purpose on the additional restructured loans to customers who are having financial difficulties due to the recent community outbreak, which result in additional impairment charges for the period.

Other than additional impairment loss recognised, management considers that the 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.

**4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

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. The significant estimates, assumptions and judgements made by management in applying the Group and the Bank's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual audited financial statements for the year ended 31 December 2020.

**5. SEGMENT AND REVENUE INFORMATION**

The Group and the Bank has 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 banking service 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 period.

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

6. LOANS TO CUSTOMERS

a) Details of loans to customers

	Consolidated financial information				Separate financial information			
	31 March 2021		31 December 2020		31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
Loans to customers amortised costs	726,322,274	2,937,973,598	722,412,525	2,922,158,664	732,554,841	2,963,184,332	728,645,233	2,947,369,968
Less: Allowance for expected credit loss	(2,855,414)	(11,550,150)	(1,090,456)	(4,410,895)	(2,857,846)	(11,559,987)	(1,091,599)	(4,415,518)
<b>Net loans to customers</b>	<b>723,466,860</b>	<b>2,926,423,448</b>	<b>721,322,069</b>	<b>2,917,747,769</b>	<b>729,696,995</b>	<b>2,951,624,345</b>	<b>727,553,634</b>	<b>2,942,954,450</b>

b) Allowances for expected credit losses

	Consolidated financial information				Separate financial information			
	31 March 2021		31 December 2020		31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
12-month ECL (Stage 1)	1,714,700	6,935,962	193,668	783,387	1,717,132	6,945,799	194,811	788,010
Lifetime ECL - not credit impaired (Stage 2)	164,175	664,088	85,127	344,339	164,175	664,088	85,127	344,339
Lifetime ECL - credit impaired (Stage 3)	976,539	3,950,100	811,661	3,283,169	976,539	3,950,100	811,661	3,283,169
	<b>2,855,414</b>	<b>11,550,150</b>	<b>1,090,456</b>	<b>4,410,895</b>	<b>2,857,846</b>	<b>11,559,987</b>	<b>1,091,599</b>	<b>4,415,518</b>

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

7. LEASES

This note provides information for leases where the Bank is a lessee.

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

i) Amounts recognised in the statement of financial position

	Consolidated financial information				Separate financial information			
	31 March 2021		31 December 2020		31 March 2021		31 December 2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Right-of-use assets (Non-current)</i>								
Office space	10,835,719	43,830,483	9,417,649	38,094,390	19,832,227	80,221,358	18,577,728	75,146,910
ATM space	154,269	624,018	168,926	683,306	154,269	624,018	168,926	683,306
Billboard	52,556	212,589	95,872	387,802	52,556	212,589	95,872	387,802
Generator	130,172	526,546	57,561	232,834	130,172	526,546	57,561	232,834
Vehicle	137,915	557,866	40,176	162,512	137,915	557,866	40,176	162,512
	<u>11,310,631</u>	<u>45,751,502</u>	<u>9,780,184</u>	<u>39,560,844</u>	<u>20,307,139</u>	<u>82,142,377</u>	<u>18,940,263</u>	<u>76,613,364</u>
<i>Lease liabilities</i>								
Current	3,829,790	15,491,501	2,118,619	8,569,814	3,829,790	15,491,501	2,118,619	8,569,814
Non-current	7,950,668	32,160,452	8,071,222	32,648,093	17,738,265	71,751,281	17,975,527	72,711,007
	<u>11,780,458</u>	<u>47,651,953</u>	<u>10,189,841</u>	<u>41,217,907</u>	<u>21,568,055</u>	<u>87,242,782</u>	<u>20,094,146</u>	<u>81,280,821</u>

Right-of-use assets' additions for the Group and the Bank during the period were US\$3,377,133 (2020: US\$5,240,482).



PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

7. LEASES (continued)

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

	Consolidated financial information For the three-month period ended				Separate financial information For the three-month period ended			
	31 March 2021		31 March 2020		31 March 2021		31 March 2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Depreciation of right-of-use assets</i>								
Office spaces	436,668	1,772,436	463,272	1,882,739	600,240	2,436,374	559,878	2,275,346
ATM spaces	38,329	155,577	26,898	109,313	38,329	155,577	26,898	109,313
Billboards	43,316	175,820	42,257	171,732	43,316	175,820	42,257	171,732
Generators	37,202	151,003	39,988	162,511	37,202	151,003	39,988	162,511
Vehicles	39,412	159,973	44,146	179,409	39,412	159,973	44,146	179,409
	<u>594,927</u>	<u>2,414,809</u>	<u>616,561</u>	<u>2,505,704</u>	<u>758,499</u>	<u>3,078,747</u>	<u>713,167</u>	<u>2,898,311</u>
Interest expense	111,694	453,366	61,471	249,818	201,985	819,857	116,214	472,294
Expense relating to leases of low-value assets (included in other operating expenses)	<u>20,096</u>	<u>81,570</u>	<u>23,177</u>	<u>94,191</u>	<u>20,096</u>	<u>81,570</u>	<u>23,177</u>	<u>94,191</u>
Total expenses related to leases	<u>131,790</u>	<u>534,936</u>	<u>84,648</u>	<u>344,009</u>	<u>222,081</u>	<u>901,427</u>	<u>139,391</u>	<u>566,485</u>

The total cash outflow for leases for the period ended 31 March 2021 was US\$853,451 (31 March 2020: US\$649,268).

PHNOM PENH COMMERCIAL BANK PLC.

NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

8. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Consolidated financial information				Separate financial information			
	For the three-month period ended		For the three-month period ended		For the three-month period ended		For the three-month period ended	
	31 March 2021		31 March 2020		31 March 2021		31 March 2020	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
<i>Expected Credit Loss (ECL):</i>								
Loans to customers	1,763,027	7,156,126	238,986	971,239	1,764,316	7,161,359.00	239,269	972,389
Off-balance sheet financial commitments	31,409	127,489	341	1,386	31,409	127,489	341	1,386
	<u>1,794,436</u>	<u>7,283,615</u>	<u>239,327</u>	<u>972,625</u>	<u>1,795,725</u>	<u>7,288,848</u>	<u>239,610</u>	<u>973,775</u>

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

**9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

This note provides an update on the judgements and estimates made by the Group and the Bank in determining the fair values of the financial instruments since the last annual audited financial statements.

(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 March 2021 and 31 December 2020 on a recurring basis:

As at 31 March 2021	Consolidated financial information			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	158,871	-	21,818	180,689
<b>Total financial assets</b>	<b>158,871</b>	<b>-</b>	<b>21,818</b>	<b>180,689</b>
<i>In KHR'000 equivalent</i>	<u>642,633</u>	<u>-</u>	<u>88,254</u>	<u>730,887</u>
<b>As at 31 December 2020</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	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>

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

**9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)**

(a) Fair value hierarchy (continued)

As at 31 March 2021	Separate financial information			
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	158,871	-	21,818	180,689
<b>Total financial assets</b>	<b>158,871</b>	<b>-</b>	<b>21,818</b>	<b>180,689</b>
<i>In KHR'000 equivalent</i>	<b>642,633</b>	<b>-</b>	<b>88,254</b>	<b>730,887</b>
<b>As at 31 December 2020</b>				
<b>Financial assets</b>				
<i>Financial assets at fair value through other comprehensive income (FVOCI)</i>				
Equity securities	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>	<b>577,023</b>	<b>-</b>	<b>88,254</b>	<b>665,277</b>

**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 is 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.

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

**9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (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 Group and the Bank consider 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 March 2021.

(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 NBC 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 loan to customers might approximate to their carrying value as reporting date.

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

The fair value of deposits from 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 customers with remaining maturities of more than one year are expected to approximate their carrying amount due to 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.

**PHNOM PENH COMMERCIAL BANK PLC.**

**NOTES TO THE CONDENSED CONSOLIDATED AND SEPARATE INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021**

**9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** (continued)

(d) Financial instruments not measured at fair value (continued)

(v) *Lease liabilities*

The estimated fair value of lease liabilities with maturities of less than one year approximate the carrying values. For other lease liabilities with maturities of one year or more, the fair values are estimated based on discounted cash flows using prevailing market rates of incremental borrowings.

(vi) *Borrowings and subordinated debts*

Borrowings and subordinated debts are not quoted in active market and their fair value approximates their carrying amount.

(vii) *Debt securities issued*

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.