



The Second Quarterly Report

(30 June 2021)

Phnom Penh Commercial Bank Plc.

Financial Highlights

Financial Situation (in KHR million)	Quarter 2 2021	2020
Total Assets	4,044,272	4,179,286
Total Liabilities	3,382,030	3,549,733
Total Equity	662,242	629,553
Financial Results (in KHR million)	Quarter 2 2021	Quarter 2 2020
Total income	77,264	73,793
Profit (Loss) before tax	18,808	21,863
Profit (Loss) after tax	15,129	17,020
Total comprehensive income	16,738	18,275
Financial ratio (%)	Quarter 2 2021	2020
Solvency Ratio ❶	19.60	17.30
Debt to Equity Ratio	510.69	563.85
Liquidity Coverage Ratio ❶	155.39	123.59
Non-performing Credit Ratio ❷	1.81	1.04
Loan to Deposit Ratio (A/B)	93.80	86.44
Profitability Ratio (%)	Quarter 2 2021	Quarter 2 2020
Return on assets (ROA)	1.66	1.82
Return on equity (ROE)	10.14	12.26
Interest coverage ratio	693.48	732.59
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

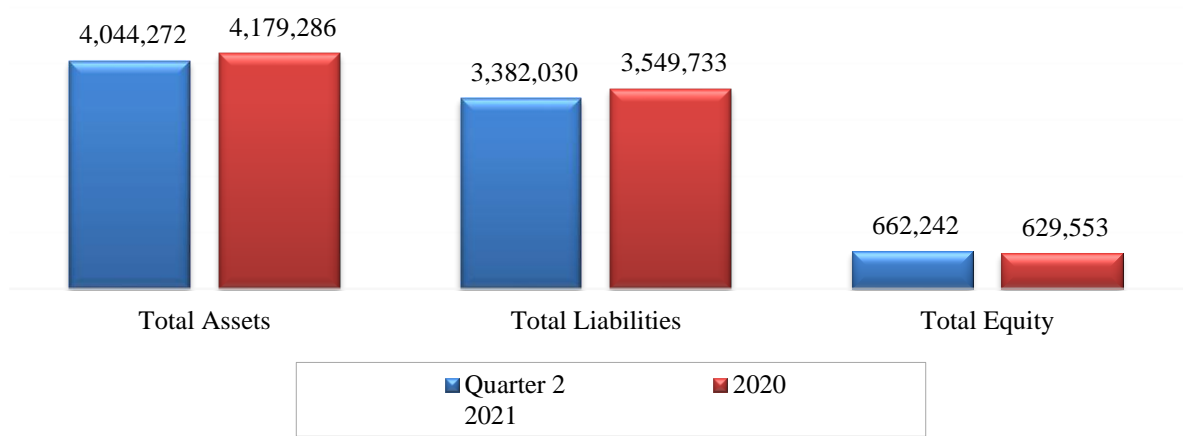
Note:

: ❶ Follow NBC's regulation

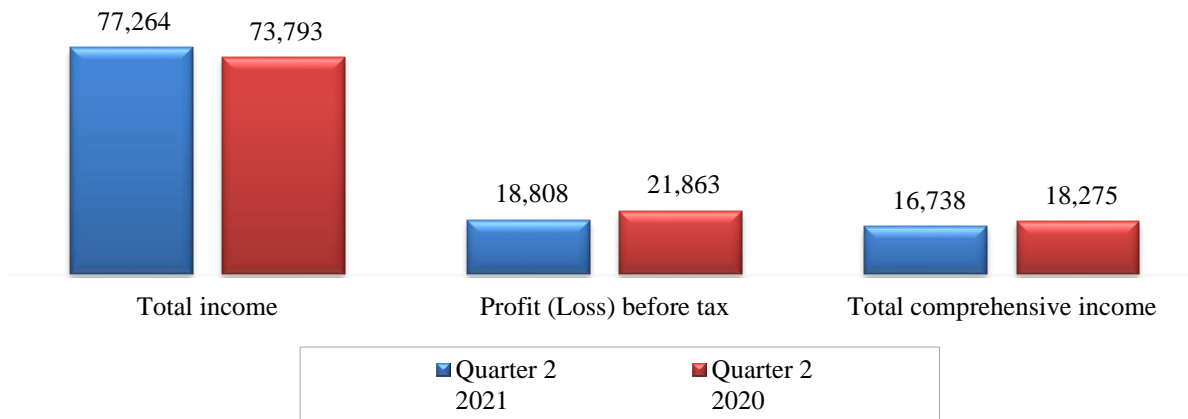
: ❷ Non-performing loan is follow NBC's regulation provision from 20% - 100%

Financial Summary Charts

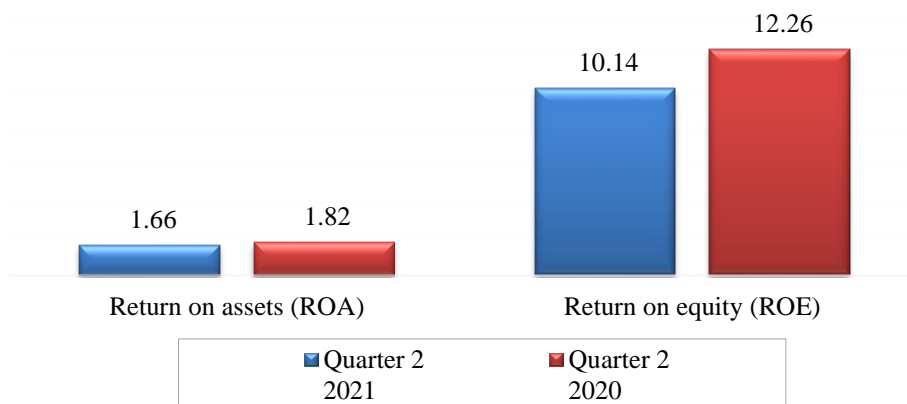
Financial Situation (in KHR million)



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

On behalf of the Board of Directors, it is my pleasure to present PPCBank's performance for Q2 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, the Ministry of Post and Telecommunications has begun accepting purchase orders for Covid-19 rapid antigen test kits from South Korea at \$3.70 per unit – an offer exclusively for public and private institutions with a larger number of employees or that are based in locations at higher risk of exposure to the virus.

Despite this time of uncertainty, in Q2 2021, PPCBank got approval from authorities to perform the bank's business activities and launched existing/new products and services such as service of loan repayment to PPCBank through Wing agents, the conversion of USD10 million from retained earnings into paid-in capital, appointment of new BOD member Mr. Kim Sung Chul, Launching new Card Management System (CMS), Improvement of Cardless Cash Service on Mobile App, approval from Electricity Du Cambodge (EDC) for monthly electricity bill payment for 5 more provinces, approval from Ministry of Economy and Finance (MoEF) for insurance agent at 4 more branches, Card Management Service Integration, Bakong Full Fund Transfer and other achievements.

As of Q2 2021, our total assets reached to USD994 million, loan outstanding expansion reached to USD727 million, our deposit was USD755 million and shareholder's equity was USD163 million, our achievement has been at triumphant rate amongst many financial competitors in the market.

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 (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 Q2 2021 and going forward to be best achievement in Q3 2021.

August 12, 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	ធនាគារ ភ្នំពេញ ពាណិជ្ជ ម.ក
In Latin	Phnom Penh Commercial Bank Plc.
Standard Code	KH2000111A46
Address	N° 217, Norodom Blvd (Street 41), Sangkat TonleBasak, Khan Chamkar Mon, Phnom Penh.
Phone	(+855) 23909 909/(+855) 999500
Website	www.ppcbank.com.kh
Email	info@ppcb.com.kh
Registration Number	00015794 dated 20 th May, 2008
License Number	B23 issued by National Bank of Cambodia dated 16 th December, 2019.
Disclosure Document Registration Number Issued by SECC	192/20 SECC date 01 st 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 June, 2021 our total asset was USD994 million, serving more than 125,000 customers, 23 branches national wide and 65 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 9th April, 2021, PPCBank officially launched Wing Loan Payment Service which allow PPCBank's customers go to any Wing agent to perform the loan repayment to PPCBank.

On 23rd April, 2021, shareholders and the board of directors of PPCBank decided to convert USD 10 million from retained earnings into paid-in capital.

On 17th May, 2021, PPCBank got approval from National Bank of Cambodia (NBC) to appoint Mr. Kim Sung Chul as a new member of the Board of Directors to replace Mr. Heo Ryeon.

On 25th May, 2021, PPCBank performed system go-live on New Card Management System (CMS). This New Card Management System will improve internal work process of PPCBank from manually to systematically and provide more convenience to the customers.

On 26th May, 2021, PPCBank improved its Cardless Cash Service which allow customers to be made in both KHR and USD withdrawal account and also allow customers to be made in cross currency from withdrawal account (Ex: Withdraw USD from KHR account or withdraw KHR from USD account).

On 2nd June, 2021, National Bank of Cambodia (NBC) decided to approve the conversion amount USD 10 million from retained earnings into paid-in capital which will increase registered capital of PPCBank from USD 92 million to USD 102 million equivalents to 102,000 shares with a par value of USD 1,000 (equivalent KHR 4,000,000).

On 8th June, 2021, PPCBank got approval from Electricity Du Cambodge (EDC) to expand its own business for monthly electricity bill payment for 5 more provinces of EDC at Kampong Cham province, Siem Reap province, Kampot province, Battambang province and Preah Sihanouk province.

On 10th June, 2021, PPCBank got insurance license agent for 4 more branches are Phsar Deum Kor branch, Bak Touk branch, Mao Tse Toung branch and Chraoy Chongvar branch from Ministry of Economy and Finance for bancassurance business (customer referral) by the collaboration with Prudential (Cambodia) Life Assurance Plc.

On 14th June, 2021, PPCBank got approval from Ministry of Commerce (MOC) to appoint Mr. Kim Sung Chul as a new member of the Board of Directors to replace Mr. Heo Ryeon.

On 29th June, 2021, Card Management Service of PPCBank is available on Mobile App which allow customers to view card, activate new card, card balance inquiry and transaction inquiry, block/unblock card, card re-issue and re-newal, PIN change & reset PIN, manage card limit, instant cash advance (for credit card individual), view billing statement (Credit Card). At the same day, Bakong Full Fund Transfer of PPCBank is available on Mobile App. It is a service which allow PPCBank Mobile App users to make account transfer to the receivers' account in real-time at the other participating Bakong institution through the National Bank Bakong System.

On 30th June, 2021, PPCBank got approval from Ministry of Commerce (MOC) to increase paid-in capital amount USD 10 million which converted from retained earnings.

PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

A. Business Operation Performance including business segments information

Key Achievement	Quarter 2 2021	2020
Loan		
Loan Accounts	6,878	6,477
Total Gross Loans <i>(in KHR million)</i>	2,958,553	2,922,159
Deposit		
Deposit Accounts	152,350	148,025
Total Deposits <i>(in KHR million)</i>	3,074,166	3,263,945
Others		
Operating Branches	23	23
Number of Staffs	451	474
ATMs	65	66
POS Terminals	242	225

B. Revenue Structures

No	Sources of Revenue	Quarter 2 2021		Quarter 2 2020	
		Amount <i>(in KHR million)</i>	Percentage (%)	Amount <i>(in KHR million)</i>	Percentage (%)
1	Interest of Income	75,335	97.50	68,745	93.16
2	Fee and Commission Income	497	0.64	5,008	6.79
3	Other Income	1,432	1.85	41	0.05
Total Income		77,264	100	73,793	100

**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 June 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 2 2021		Quarter 2 2020	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	75,335	97.50	68,745	93.16
2	Fee and Commission Income	497	0.64	5,008	6.79
3	Other Income	1,432	1.85	41	0.05
Total Income		77,264	100	73,793	100

PPCBank earns most income from interest income representing 98% of total income in Q2 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 2 2021 (in KHR million)	Quarter 2 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	75,335	68,745	6,590	9.59
Interest expense	(28,009)	(28,142)	133	(0.47)
Net interest income	47,326	40,602	6,724	16.56
Fee and commission income	497	5,008	(4,511)	(90.08)
Fee and commission expense	(1,135)	(1,144)	8	(0.73)
Net fee and commission Income	(639)	3,864	(4,503)	(116.53)
Other operating income	1,432	41	1,392	3,432.25
Personal expenses	(8,174)	(7,447)	(726)	9.75
Other expenses	(11,872)	(8,776)	(3,096)	35.28
Depreciation and amortization	(7,769)	(5,318)	(2,451)	46.09
Operating profit	20,305	22,966	(2,661)	(11.59)
Net impairment losses on financial instruments	(1,497)	(1,103)	(394)	35.76
Profit before tax	18,808	21,863	(3,055)	(13.97)

In Q2 2021, profit before tax KHR 18,808 million (14% lower than Q2 2020). The decreasing of the profit is mainly from decreasing of fee and commission income driven from loan penalty charge.

5. Profit/ (Loss) After Tax Analysis

Statement of Profit or Loss after Tax	Quarter 2 2021 (in KHR million)	Quarter 2 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	18,808	21,863	(3,055)	(13.97)
Income tax expense	(3,679)	(4,843)	1,164	(24.03)
Net profit for the period	15,129	17,020	(1,891)	(11.11)

In Q2 2021, the net profit for the period was KHR15,129 million with 11% lower than Q2 2020 mainly from decreasing of fee and commission income as mention in section 4 (Profit (loss) before tax analysis).

6. Total Comprehensive Income (loss) Analysis

Total Comprehensive Income	Quarter 2 2021 (in KHR million)	Quarter 2 2020 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	15,129	17,020	(1,891)	(11.11)
Other comprehensive loss	1,609	1,255	355	28.25
Total comprehensive income	16,738	18,275	(1,537)	(8.41)

7. Factors and Trends Analysis affecting financial Conditions and Results

Recently, with the new COVID-19 Delta variant, a warning the COVID-19 virus is getting ‘fitter and faster’ is travelling around the country after the community virus (COVID-19) outbreak on 20-February-21, the country is get more and more 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 and get a bit impact in this 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

After the new COVID-19 Delta variant, a warning the COVID-19 virus is getting ‘fitter and faster’ is travelling around the country along with the community virus (COVID-19) outbreak on 20-February-21, which some road and arear have been blocked again, has had additional more significant impact on demand and supply in the country. The continuous monitoring plan to ensure the sustainable growths for all the bank products, especially, SME loan products segment and digitalization are very most importance factors. 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, the new established business loan product “Annatean 300” had been extended to another 6 months from the dateline of 31th March 2021 until 30th September 2021, which continuously allow more for the eligible applicants to 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. 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. Moreover, in order to provide more easy way to all loan customers, on 9th April, 2021, PPCBank officially launched Wing Loan Payment Service which allow PPCBank’s customers go to any Wing agent to perform the loan repayment to PPCBank.

On the other hand, regarding digitalization, PPCBank improved its Cardless Cash Service which allow customers to be made in both KHR and USD withdrawal account and also allow customers to be made in cross currency from withdrawal account as well. On 29th June, 2021, Card Management Service of PPCBank is available on Mobile App which allow customers to view card, activate new card, card balance inquiry and transaction inquiry, block/unblock card, card re-issue and re-newal, PIN change & reset PIN, manage card limit, instant cash advance (for credit card individual), view billing statement (Credit Card). With the same day, Bakong Full Fund Transfer of PPCBank is available on Mobile App which allow PPCBank Mobile App users to make account transfer to the receivers’ account in real-time at the other participating Bakong institution through the National Bank Bakong System.

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 new COVID-19 Delta variant and 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 Q2 2021, PPCBank recorded increase in the revenue, net interest income 47,326 million KHR, which represents 16.6% 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

The inflation was 2.5% in Q2 2021, there is no material impact of inflation on the Bank's operational business.

F. Economic / Fiscal / Monetary Policy of Royal Government

The community virus (COVID-19) situation on 20-February-21 had been continuing outbreak across the country affected to the certain economic challenges. Some sectors such as garment industry, service sector, tourism, and other vital sectors are the most experiencing difficulties in this regard. 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), The Government of Cambodia has issued some several actions and taken the right steps to respond to the crisis, also created the fiscal space to minimize the economic impact of this crisis, especially on the most vulnerable people including providing wage support for garment workers and tax and credit relief for businesses. Below are the main points of 9th round meeting actions which shall be prepared and put into implement:

1. Measures to continue to support the garment, textile, footwear, travel products, bags and tourism sectors
2. Measures to continue to help the aviation sector
3. Measures to assist the transport and logistics sector
4. Cash support program for poor and vulnerable families.

In order to support the Royal Government's policy to restore economic growth, the National Bank of Cambodia will continue to implement the following monetary policy for the second half of 2021, such as:

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

The National Bank of Cambodia (NBC) also released a series of measures to further extend relief to customers suffering financially from the effects of the community virus (COVID-19) outbreak on 20-February-21 for the 3rd phase as follows:

- Maintaining the implementation on reserved requirement at 7% until further notice,

- Banks and Financial Institution shall be allowed to extend loan restructures until 31-December-21. For those customers living in closed areas may refinance their loans up to three times during the grace period, and
- Encouraging Banks and Financial Institutions to consider reducing or waiving fees on a case-by case basis.

In this quarter of 2021, the management acknowledged that there was no significant impact to the Bank's financial results.

Signature of Directors of Phnom Penh Commercial Bank Plc.

August 12, 2021

Seen and Agreed



YIM, Yong Taick

Chairman

