



The Second Quarterly Report

(30 June 2022)

Phnom Penh Commercial Bank Plc.

Financial Highlights

Financial Situation (in KHR million)	Quarter 2 2022	2021
Total Assets	4,125,119	4,015,041
Total Liabilities	3,374,141	3,306,817
Total Equity	750,977	708,224
Financial Results (in KHR million)	Quarter 2 2022	Quarter 2 2021
Total income	78,141	77,264
Profit (Loss) before tax	27,531	18,808
Profit (Loss) after tax	21,693	15,129
Total comprehensive income	23,205	16,738
Financial ratio (%)	Quarter 2 2022	2021
Solvency Ratio ❶	20.80	19.19
Debt to Equity Ratio	449.30	466.92
Liquidity Coverage Ratio ❶	103.06	125.46
Non-performing Credit Ratio ❷	5.14	1.82
Loan to Deposit Ratio (A/B)	97.62	97.08
Profitability Ratio (%)	Quarter 2 2022	Quarter 2 2021
Return on assets (ROA)	2.26	1.66
Return on equity (ROE)	12.39	10.14
Interest coverage ratio	885.14	693.48
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

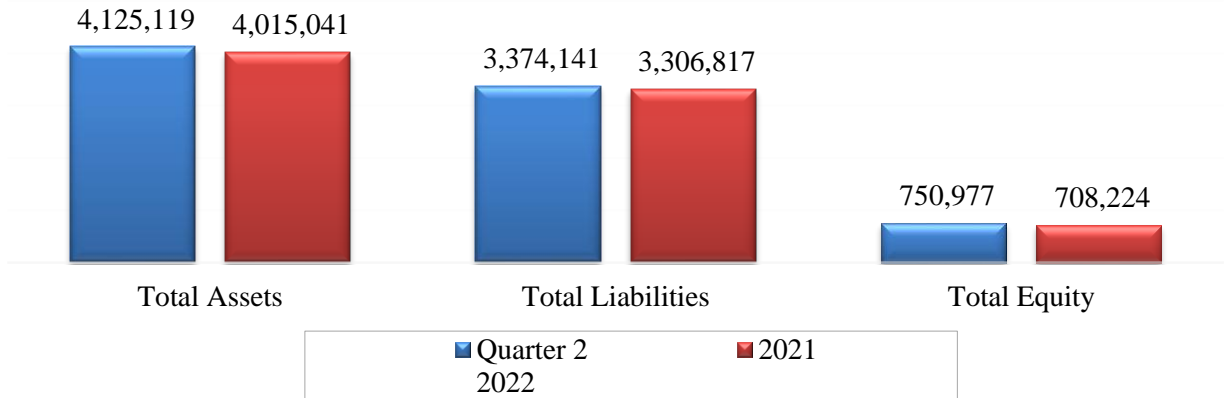
Note:

: ❶ Follow NBC's regulation

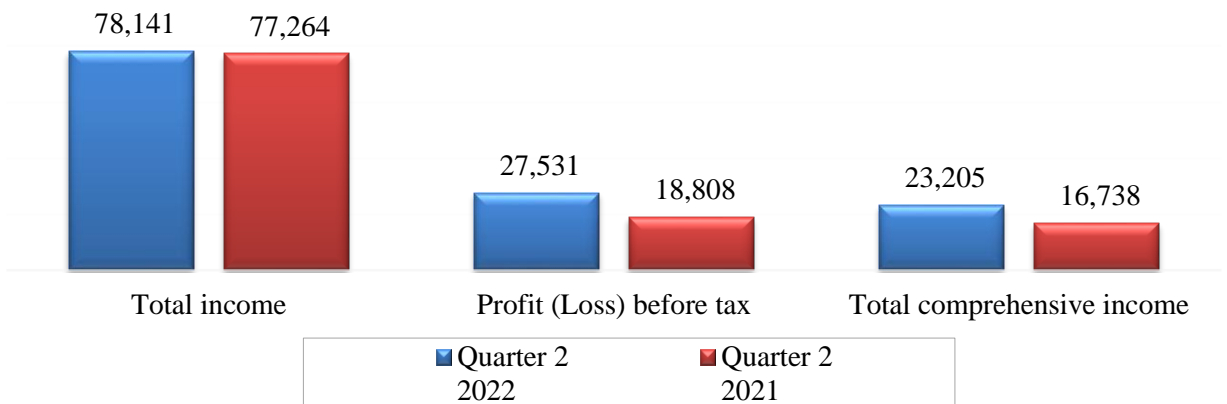
: ❷ Non-performing loan is follow NBC's regulation provision from 20% - 100%

Financial Summary Charts

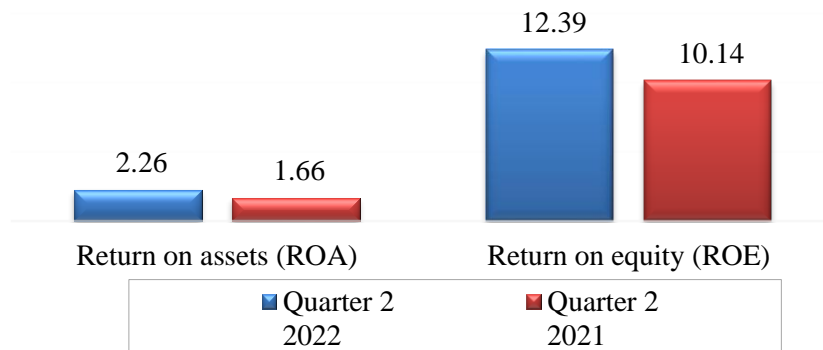
Financial Situation (in KHR million)



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

It is my pleasure to present the financial performance of PPCBank in Q2 2022 by following the requirement from the Securities and Exchange Regulator of Cambodia (SERC).

The COVID-19 pandemic presents unprecedented challenges for all societies around the world. Non-Pharmaceutical interventions have been implemented by national governments with the purpose of preventing overwhelming the health systems by limiting infection incidence levels. Nevertheless, these measures have affected the livelihood and wellbeing of millions of people around the globe, putting the socio-economic impact of the COVID-19 pandemic under the spotlight. Cambodia has shown great success in isolating COVID-19 cases and even reducing the incidence level to zero for several months in a row.

Cambodia's economy is forecast to grow 5.3% in 2022 and 6.5% in 2023. Cambodia's growth rebounded to an estimated 3.0% in 2021 after a contraction of 3.1% in 2020. The government has implemented policies to mitigate the negative impact of COVID-19 on businesses and people's incomes and to support economic recovery. Widespread vaccination against COVID-19 has enabled the country to reopen its borders for trade and tourism, leading to positive economic prospects for this year and 2023. Industry output is expected to grow by 8.1% in 2022 and 9.1% in 2023. This growth will also be buoyed by the implementation of the Garments, Footwear, and Travel Goods Development Strategy to raise competitiveness in this segment. Goods and services exports are forecast to grow in 2022 and 2023 on strong external demand for Cambodian products supported by a recovery in tourism services. The services sector is projected to rebound to 4.8% this year, rising to 6.8% in 2023. Reopening the economy and the high level of vaccination coverage will allow for a gradual recovery in tourism, which, in turn, will support demand for accommodation, food, transportation, and other in-person services.

Despite this challenging time, in Q2-2022, PPCBank officially launched "PPCBank KHQR Service" and upgraded PPCBank Mobile Banking from version 2.0 to 2.5. Also, PPCBank received approval from National Bank of Cambodia (NBC) and Ministry of Commerce (MOC) for the relocation of Siem Reap provincial branch. In this quarter, shareholders and Board of Directors of PPCBank decided to increase paid-in capital by converting from retained earning amount US\$12 million and got approval from NBC for three additional payment functions in PPCBank Mobile

Banking and Corporate Internet Banking (smartBiz), paid-in capital increase amount US\$12 million, dividend distribution and other approval from NBC and MOC for branch managers' appointment.

As of Q2 2022, our growth in assets expansions equivalently to approximately 0.5% from USD 1,009 million to USD 1,014 million, 1.8% increase in loan outstanding from USD 760 million to USD 774 million, deposit was USD 768 million, 2.1% increase in shareholder's equity from USD 181 million to USD 185 million respectively from Q1 2022 to Q2 2022, our achievement has been at triumphant rate amongst many financial competitors in the market.

On behalf of the Board of Directors, I would like to take this opportunity to thank our loyal shareholders, board of directors, executives of PPCBank for their guidance and leadership, our dedicated employees for their contribution and commitment, 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 2022 and going forward to be best achievement in Q3 2022.

August 11, 2022

Signature and Stamp



YIM, Yong Taick

Chairman

Table of Contents

Financial Highlights	1
Financial Summary Charts	2
Board of Directors	3
Message from the Chairman	4
PART 1 - GENERAL INFORMATION OF THE LISTED ENTITY	7
A. Identity of the Listed Entity.....	7
B. Nature of Business.....	7
C. Quarterly Key Events	8
PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE	10
A. Business Operation Performance including business segments information	10
B. Revenue Structures	10
PART 3 - FINANCIAL STATEMENT REVIEWED BY THE EXTERNAL AUDITOR	11
PART 4 - MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	12
A. Overview of Operations	12
B. Significant Factors Affecting Profit	15
C. Material Changes in Sale and Revenue	16
D. Impact of Foreign Exchange, Interest Rate and Commodity Prices	16
E. Impact of Inflation	16
F. Economic / Fiscal / Monetary Policy of Royal Government	16
Signature of Directors of Phnom Penh Commercial Bank Plc.	17

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	00015794dated 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, 2022 our total asset was US\$ 1,014 million, serving more than 111,000 customers, 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

On 6th April, 2022, PPCBank has upgraded PPCBank Mobile Banking from version 2.0 to 2.5 in order to improve digital banking experience of customers and enrich functions.

On 8th April, 2022, PPCBank officially launched "PPCBank KHQR Service". This PPCBank KHQR Service upgrade will allow you to accept payments from other Banks, MFIs and Wallets. KHQR is created for retail payment which it only requires a single QR for receiving payment from any mobile apps in Cambodia. Making QR payment simple and convenience for both customers and merchants.

To be more convenient to our value customers and expand our business operation activities, PPCBank has decided to relocate Siem Reap Provincial Branch by getting approval from National Bank of Cambodia (NBC) dated 8th April, 2022 from the current address at N° 423, Wat Bo Village, Sangkat Sala Kamreuk, Krong Siem Reap, Siem Reap Province to new address at N° 0275, Group 10, National Road No. 6, Phum Banteay Chas, Sangkat Sla Kram, Krong Siemreap, Siemreap Province.

In order to upgrade our products and services, PPCBank got approval from National Bank of Cambodia (NBC) for three additional payment functions in PPCBank Mobile Banking and Corporate Internet Banking (smartBiz) dated 18th April, 2022 as the following:

- 1- Paying service fee to National Social Security Fund (NSSF)
- 2- Online merchant payment; and
- 3- KHQR payment.

In order to strengthen our capital as well as to comply with NBC regulation “The Implementation of Prakas on the Calculation of Bank’s Net Worth”, our Shareholders and Board of Directors of have decided to convert retained earnings amount US\$ 12 million into paid-in capital dated 22nd April, 2022.

After we had got approval from NBC, PPCBank has submitted the request letter to Ministry of Commerce (MOC) and got approval from MOC for SR branch relocation dated 20th May, 2022.

On 24th June, 2022, PPCBank got approval from National Bank of Cambodia (NBC) to increase paid-in capital amount US\$12 million by increasing from US\$102 million to US\$114 million equal to 114,000 shares and at the same day, NBC also approved for PPCBank to distribute dividend to our shareholders.

PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

A. Business Operation Performance including business segments information

Key Achievement	Quarter 2 2022	2021
Loan		
Loan Accounts	7,947	7,308
Total Gross Loans <i>(in KHR million)</i>	3,149,195	3,037,931
Deposit		
Deposit Accounts	138,064	158,561
Total Deposits <i>(in KHR million)</i>	3,124,112	3,032,556
Others		
Operating Branches	23	23
Number of Staffs	466	445
ATMs	70	68
POS Terminals	248	238

B. Revenue Structures

No	Sources of Revenue	Quarter 2 2022		Quarter 2 2021	
		Amount <i>(in KHR million)</i>	Percentage (%)	Amount <i>(in KHR million)</i>	Percentage (%)
1	Interest of Income	75,493	96.61	75,335	97.50
2	Fee and Commission Income	2,576	3.30	497	0.64
3	Other Income	73	0.09	1,432	1.85
Total Income		78,141	100	77,264	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 2022 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 2022		Quarter 2 2021	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	75,493	96.61	75,335	97.50
2	Fee and Commission Income	2,576	3.30	497	0.64
3	Other Income	73	0.09	1,432	1.85
Total Income		78,141	100	77,264	100

PPCBank earns most income from interest income representing 97% of total income in Q2 2022.

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 2 2022 (in KHR million)	Quarter 2 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	75,493	75,335	158	0.21
Interest expense	(24,067)	(28,009)	3,942	(14.08)
Net interest income	51,426	47,326	4,100	8.66
Fee and commission income	2,576	497	2,079	418.78
Fee and commission expense	(740)	(1,135)	395	(34.80)
Net fee and commission Income	1,836	(639)	2,474	(387.44)
Other operating income	73	1,432	(1,360)	(94.92)
Personal expenses	(8,042)	(8,174)	131	(1.61)
Other expenses	(8,323)	(11,872)	3,549	(29.89)
Depreciation and amortization	(6,694)	(7,769)	1,075	(13.84)
Operating profit	30,275	20,305	9,970	49.10
Net impairment losses on financial instruments	(2,744)	(1,497)	(1,247)	83.31
Profit before tax	27,531	18,808	8,723	46.38

In Q2 2022, profit before tax was KHR 27,531 million (46% higher than Q2 2021). The increasing of the profit is mainly from decreasing of interest expense and increasing in Fee and Commission income.

5. Profit/ (Loss) After Tax Analysis

Statement of Profit or Loss after Tax	Quarter 2 2022 (in KHR million)	Quarter 2 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	27,531	18,808	8,723	46.38
Income tax expense	(5,839)	(3,679)	(2,159)	58.68
Net profit for the period	21,693	15,129	6,564	43.39

In Q2 2022, the net profit for the period was KHR 21,693 million with 43% higher than Q2 2021 mainly from decreasing of interest expense as mention in section 4 (Profit (loss) before tax analysis).

6. Total Comprehensive Income (loss) Analysis

Total Comprehensive Income	Quarter 2 2022 (in KHR million)	Quarter 2 2021 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	21,693	15,129	6,564	43.39
Other comprehensive loss	1,512	1,609	(97)	(6.03)
Total comprehensive income	23,205	16,738	6,467	38.64

7. Factors and Trends Analysis affecting financial Conditions and Results

The rapid spread of the Omicron variant indicates that the pandemic will likely continue to disrupt economic activity in the near term. In addition, a notable deceleration in major economies—including the United States and China—will weigh on external demand in emerging and developing economies. Meanwhile, rising inflation—which hits low-income workers particularly hard—is constraining monetary policy. Globally and in advanced economies, inflation is running at the highest rates since 2008. In emerging market and developing economies, it has reached its highest rate since 2011. Many emerging and developing economies are withdrawing policy support to contain inflationary pressures—well before the recovery is complete.

Therefore, Management considers that Group and the Bank’s activities may be some affected 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

Following a strong rebound in 2021, the global economy is entering a pronounced slowdown amid fresh threats from COVID-19 variants and a rise in inflation, debt, and income inequality that could endanger the recovery in emerging and developing economies.

Thus, in order to ensure the sustainable growth with such situation, the Banks continue to develop more and more for the Bank's digital platform as below:

- Upgrading PPCBank Mobile Banking from version 2.0 to 2.5 in order to improve digital banking experience of customers and enrich functions.
- Officially launched “PPCBank KHQR Service”. This PPCBank KHQR Service upgrade will allow customers to accept payments from other Banks, MFIs and Wallets. KHQR is created for retail payment which it only requires a single QR for receiving payment from any mobile apps in Cambodia. Making QR payment simple and convenience for both customers and merchants.
- Three additional payment functions in PPCBank Mobile Banking and Corporate Internet Banking (smartBiz) had been upgraded as the following:
 - Paying service fee to National Social Security Fund (NSSF)
 - Online merchant payment; and
 - KHQR payment.

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.

4. Exceptional and Extraordinary Items Analysis

The global economy is entering a pronounced slowdown amid fresh threats from COVID-19 variants and a rise in inflation may affect the financial results of the Bank.

C. Material Changes in Sale and Revenue

In Q2 2022, PPCBank recorded increase in the revenue, net interest income KHR 51,426 million, which represents 8.7% higher compared to the same period in 2021.

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 average inflation is 6.5% higher than in the second half of 2021 (3.4%) due to the rising prices of fuel and food related goods and services. With this, there is no material impact of inflation on the Bank's operational business.

F. Economic / Fiscal / Monetary Policy of Royal Government

According to the Prakas of the General Department of Taxation (GDT) on the introduction of withholding tax incentives and capital gains tax for investors, securities investors receive a 50% withholding tax deduction on interest holding and/or trading of state securities for 3 years in accordance with Sub-Decree No. 42 dated 24 February 2022. Investors are exempted from capital gains tax on the purchase and trading of securities.

Withholding tax on interest on state securities is determined at the following rates:

1. 6% for resident taxpayer is the same as interest paid by local bank to resident taxpayer with fixed deposit account in accordance with the new Article 25 of the Tax Law.
2. 14% for non-resident taxpayers.

Signature of Directors of Phnom Penh Commercial Bank Plc.

August 11, 2022

Seen and Agreed



YIM, Yong Taick

Chairman

