



The Second Quarterly Report

(30 June 2023)

Phnom Penh Commercial Bank Plc.

Financial Highlights

Financial Situation (in KHR million)	Quarter 2 2023	2022
Total Assets	4,389,368	4,043,530
Total Liabilities	3,536,890	3,238,038
Total Equity	852,478	805,492
Financial Results (in KHR million)	Quarter 2 2023	Quarter 2 2022
Total income	104,216	78,141
Profit (Loss) before tax	38,000	27,531
Profit (Loss) after tax	31,041	21,693
Total comprehensive income	35,181	23,205
Financial ratio (%)	Quarter 2 2023	2022
Solvency Ratio ❶	19.75	21.81
Debt to Equity Ratio	414.90	402.00
Liquidity Coverage Ratio ❶	107.40	127.46
Non-performing Credit Ratio ❷	5.17	4.61
Loan to Deposit Ratio (A/B)	102.16	105.03
Profitability Ratio (%)	Quarter 2 2023	Quarter 2 2022
Return on assets (ROA) ❸	3.21	2.26
Return on equity (ROE) ❹	16.55	12.39
Interest coverage ratio	870.76	885.14
Earnings per share (for equity listed entity)	NA	NA
Dividend per share (for equity listed entity)	NA	NA
Other Important Ratios (if any)	NA	NA

Note:

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

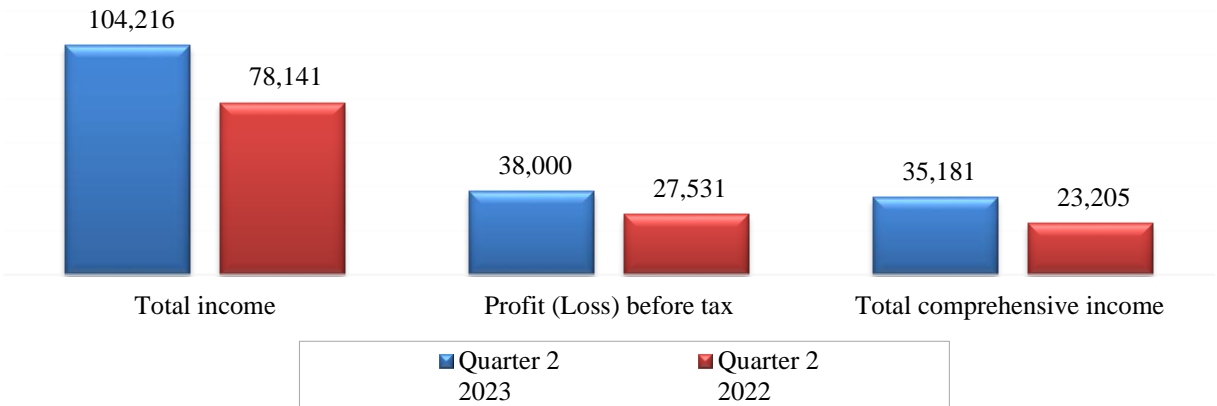
*) Total Comprehensive income seems to be higher than Actual Net profit due to the currency translation difference.

Financial Summary Charts

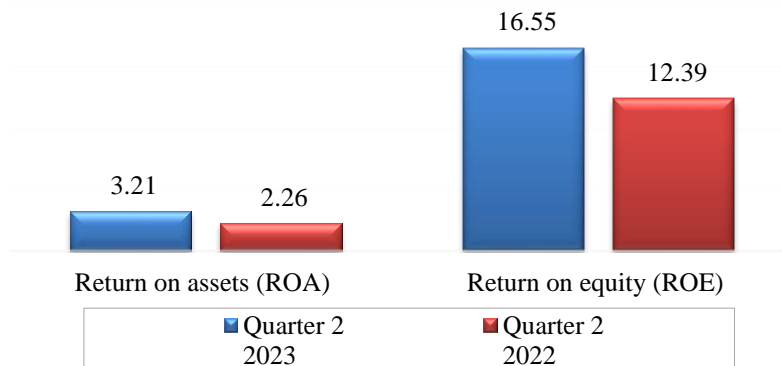
Financial Situation (in KHR million)



Financial Results (in KHR million)



Profitability Ratio (%)



Board of Directors



YIM, Yong Taick

Chairman



SIM, Sang Ton

Executive Director



BANG, Keuk Bong

Executive Director



HONG, Jee Soo

Independent Director



LEE, Myunsang

Independent Director

Message from the Chairman

On behalf of the Board of Directors, it is my great pleasure to present PPCBank's financial performance in Q2-2023 by following the requirement from the Securities and Exchange Regulator of Cambodia (SERC).

Cambodia's economy is firmly on a path to recovery, led by manufacturing exports and growth in services and agriculture. Cambodia's economic recovery solidified in 2022, when real growth accelerated to 5.2%. A strong rebound in services, especially trade, travel, and hospitality has helped bring Cambodia back to pre-COVID-19 growth levels, with foreign arrivals accelerating as the country hosts the Southeast Asian Games and ASEAN Para Games. This revival is also boosted by easing domestic prices as global oil and food prices stabilize. With the agriculture sector expanding due to improved access to regional markets following newly ratified trade agreements, economic growth is forecast to accelerate to 5.5% in 2023.

The banking industry has played the important roles in the sources of the finance or as a source of the funding major in order to provide the power to the recovering economy, and needing the financial resources to convince and spread the economy's activities. In term of the recovering the economy, PPCBank has provided loan to the private sectors, especially small enterprise and medium enterprise which have played the crucial roles in order to make the job opportunities, increase the people's income, in the ways of developing the national economic growth.

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

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

August 11, 2023

Signature and Stamp



YIM, Yong Taick

Chairman

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

Entity Name in Khmer	ធនាគារ ភ្នំពេញ កាណិស្ត 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) 23 909 909/(+855) 23 999 500
Website	www.ppcb.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. Lee Jin Young

B. Nature of Business

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

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

As we stand, we celebrate our past success in supporting a wide range of customers with their banking needs and also seek ways to improve our services to support our current and future clients. As of 2nd Quarter, 2023 our total asset was US\$ 1,063 million, 23 branches national wide and 66 ATMs and 2 CRMs are in operation across the country (other more ATMs and CRMs 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 (Mobile Banking, smartBiz, SMS Alert Service) to make banking experience easier for customers. Besides that, we keep creating more and more product/services for both on/off channels to meet customer's need such as payment service (Visa Debit Card, Visa Credit Card, POS Merchant, ATM Acquiring on Visa Card), deposit products (Saving Account, Current Account, Fixed Deposit Account, Installment Account), 3rd parties alliance services (with Wing, PPWSA, EDC, NSSF, AMK, Truemoney, Banhji, Bakong etc.), loan products (Housing Loan, Car Loan, SME Loan and other Business Loan), and many other products (KHQR, Trade Finance, Payroll Service, Fund Transfer, Western Union, Foreign Exchange etc.). Customers also can connect with us through live chat embedded on all PPCBank's digital channels for 24/7. We truly value all of our customers and we will continue to develop new products and services to best serve customers.

C. Quarterly Key Events

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

So, on 6th April, 2023, PPCBank Mobile App provides the latest technology with many functions to make banking more secure and modern. Customer can easily open PPCBank Fast Account on the mobile App to facilitate payments and receive many instantly from all banks.

On 5th May, 2023, PPCBank Visa card as payment method with TADA Mobile App and enjoy free ride is valid for the destination from or to Phnom Penh Airport, all three Aeon Mall branches.

On 18th May, 2023, PPCBank has integrated Telegram Live chat on PPCBank Website, Mobile App, and SmartBiz to make it easier to provide immediate answers and solutions to our customers.

On 1st June, 2023, with the new Cardless Cash feature, customers can easily withdraw money from PPCBank ATMs without a card. Just log in to PPCBank Mobile app, go to Cardless Cash Function on Home Screen, fill in the phone number and withdrawal amount, and customer will immediately receive a withdrawal code quickly and for Free of Charge.

PART 2 - INFORMATION ON BUSINESS OPERATION PERFORMANCE

A. Business Operation Performance including business segments information

Key Achievement	Quarter 2 2023	2022
Loan		
Loan Accounts	9,829	8,837
Total Gross Loans <i>(in KHR million)</i>	3,404,559	3,202,982
Deposit		
Deposit Accounts	158,680	148,380
Total Deposits <i>(in KHR million)</i>	3,262,197	2,974,183
Others		
Operating Branches	23	23
Number of Staffs	459	485
ATMs	68	71
POS Terminals	217	215

B. Revenue Structures

No	Sources of Revenue	Quarter 2 2023		Quarter 2 2022	
		Amount <i>(in KHR million)</i>	Percentage (%)	Amount <i>(in KHR million)</i>	Percentage (%)
1	Interest of Income	101,416	97.31	75,493	96.61
2	Fee and Commission Income	2,574	2.47	2,576	3.30
3	Other Income	226	0.22	73	0.09
Total Income		104,216	100	78,141	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 2023 reviewed by Independent Auditors. The Interim Consolidated Financial Statements have been prepared in accordance with Cambodian International Financial Reporting Standards ("CIFRS") and follows regulations and guidelines of National Bank of Cambodia.

A. Overview of Operations

1. Revenue Analysis

PPCBank has three main sources of revenue including Interest Income, Fees and Commissions Income and Other Incomes.

- Interest Income includes the interest income from loan and advance to customers, deposit with other banks, and securities investment.
- Fee and Commission Income mainly includes Loan commission fees, Local and Overseas remittance fees, Deposit fees, LC fees and Card fees.
- Other Income includes foreign exchange gains, dividend on investments and other fee incomes.

2. Revenue by Segment Analysis

No	Source of Revenue	Quarter 2 2023		Quarter 2 2022	
		Amount (in KHR million)	Percentage (%)	Amount (in KHR million)	Percentage (%)
1	Interest of Income	101,416	97.31	75,493	96.61
2	Fee and Commission Income	2,574	2.47	2,576	3.30
3	Other Income	226	0.22	73	0.09
Total Income		104,216	100	78,141	100

PPCBank earns most income from interest income representing 97% of total income in Q2 2023.

3. Gross Profit Margin Analysis

PPCBank prepares its Consolidated Statement of Profit or Loss and Other Comprehensive Income in which the format did not present the gross profit margin, but it presented the net interest income which resulted from the total interest income less interest expenses discussed under the next section on the Profit (Loss) before Tax Analysis.

4. Profit/ (Loss) Before Tax Analysis

Statement of Profit or Loss before Tax	Quarter 2 2023 (in KHR million)	Quarter 2 2022 (in KHR million)	Variance (in KHR million)	Variance (%)
Interest income	101,416	75,493	25,924	34.34
Interest expense	(35,987)	(24,067)	(11,921)	49.53
Net interest income	65,429	51,426	14,003	27.23
Fee and commission income	2,574	2,576	(2)	(0.09)
Fee and commission expense	(998)	(740)	(258)	34.85
Net fee and commission Income	1,575	1,836	(260)	(14.18)
Other operating income	226	73	153	210.52
Personal expenses	(8,502)	(8,042)	(459)	5.71
Other expenses	(6,901)	(8,323)	1,422	(17.08)
Depreciation and amortization	(6,163)	(6,694)	530	(7.92)
Operating profit	45,664	30,275	15,389	50.83
Net impairment losses on financial instruments	(7,664)	(2,744)	(4,920)	179.33
Profit before tax	38,000	27,531	10,469	38.02

In Q2 2023, profit before tax was KHR 38,000 million (38% higher than Q2 2022). The increasing of the profit is mainly from increasing of interest income from loans.

5. Profit/ (Loss) After Tax Analysis

Statement of Profit or Loss after Tax	Quarter 2 2023 (in KHR million)	Quarter 2 2022 (in KHR million)	Variance (in KHR million)	Variance (%)
Profit before tax	38,000	27,531	10,469	38.02
Income tax expense	(6,958)	(5,839)	(1,120)	19.18
Net profit for the period	31,041	21,693	9,349	43.10

In Q2 2023, the net profit for the period was KHR 31,041 million with 43% more than Q2 2022 mainly from the changing as mention in section 4 (Profit (loss) before tax analysis).

6. Total Comprehensive Income (loss) Analysis

Total Comprehensive Income	Quarter 2 2023 (in KHR million)	Quarter 2 2022 (in KHR million)	Variance (in KHR million)	Variance (%)
Net profit for the period	31,041	21,693	9,349	43.10
Other comprehensive loss	4,139	1,512	2,627	173.70
Total comprehensive income	35,181	23,205	11,976	51.61

7. Factors and Trends Analysis affecting financial Conditions and Results

Tentative signs in early 2023 that the world economy could achieve a soft landing—with inflation coming down and growth steady—have receded amid stubbornly high inflation and recent financial sector turmoil. Although inflation has declined as central banks have raised interest rates and food and energy prices have come down, underlying price pressures are proving sticky, with labor markets tight in a number of economies. Side effects from the fast rise in policy rates are becoming apparent, as banking sector vulnerabilities have come into focus and fears of contagion have risen across the broader financial sector, including nonbank financial institutions.

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

B. Significant Factors Affecting Profit

1. Demand and Supply Conditions Analysis

Retaining the sustainable growth is very important to all industries. PPCBank always expand and develop the new products and services in order to retain the growth and at the same time to offer the fast, convenient and easy banking services to our customers. Therefore, below are the products and services which recently expanded:

- PPCBank Mobile App provides the latest technology with many functions to make banking more secure and modern. Customer can easily open PPCBank Fast Account on the mobile App to facilitate payments and receive many instantly from all banks.
- PPCBank has integrated Telegram Live chat on PPCBank Website, Mobile App, and SmartBiz to make it easier to provide immediate answers and solutions to the customers.
- The new Cardless Cash feature, customers can easily withdraw money from PPCBank ATMs without a card. Just log in to PPCBank Mobile app, go to Cardless Cash Function on Home Screen, fill in the phone number and withdrawal amount, and customer will immediately receive a withdrawal code quickly and for Free of Charge.

2. Fluctuations in Price of Raw Material Analysis

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

3. Tax Analysis

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

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

4. Exceptional and Extraordinary Items Analysis

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

C. Material Changes in Sale and Revenue

In Q2 2023, PPCBank recorded increase in the revenue, net interest income KHR 65,429 million, which represents 27% higher compared to the same period in 2022.

D. Impact of Foreign Exchange, Interest Rate and Commodity Prices

The foreign exchange position has strictly followed the regulatory requirements for the Net Open Position and can be regularly monitored and managed to avoid any significant impact to the bank's performance outcomes.

The bank had applied fixed interest rates for both deposits and loans. Thus, no any significant impact to the bank's as reporting period.

The commodity price is not affect due to the bank had not involved in dealing with the commodity items.

E. Impact of Inflation

There is no material impact of inflation on the Bank's operational business.

F. Economic / Fiscal / Monetary Policy of Royal Government

Recently, The National Bank of Cambodia issued 2 new Prakas as below:

1. Prakas on Regulatory Capital in Deposit-Taking Banks and Financial Institutions

The purpose of this Prakas is to lay down the structure, components, and method of calculating regulatory capital of deposit-taking banks and financial institutions with the aim of strengthening the quality and quantity of capital held by institution to absorb losses both on a going-concern basis and to meet claim on a gone-concern basis.

2. Prakas on Credit Risk for Capital Adequacy Ratios in Deposit-Taking Banks and Financial Institutions

The purpose of this Prakas is to provide a measure of the credit risk for the implementation of a capital adequacy framework.

Signature of Directors of Phnom Penh Commercial Bank Plc.

August 11, 2023

Seen and Agreed



YIM, Yong Taick

Chairman

