

**PRASAC MICROFINANCE INSTITUTION PLC.**

**Condensed Interim Financial Statements  
for the three-month period  
ended 31 March 2022**

**and**

**Independent Auditors' Report on Review of  
Condensed Interim Financial Statements**

## Corporate Information

Company	Prasac Microfinance Institution Plc.	
Registration No.	00001157	
Registered office	Building 212, Street 271 Sangkat Tuol Tumpung 2, Khan Chamkarmon Phnom Penh Kingdom of Cambodia	
Shareholders	Kookmin Bank Co., Ltd Kookmin Bank Cambodia Plc	
Board of Directors	Mr. Kwi Sang Jun Mr. Chung Hui Tae Mr. Oum Sam Oeun Mr. Choi Dong Hyun Mr. Lee Kyung Cheon Mr. Pak Jaehong Mr. Chan Sophal Mr. Ji Kyu Jang	Chairman Director (appointed on 23 February 2022) Director (appointed on 23 February 2022) Director Independent Director Independent Director Independent Director Director (resigned on 18 January 2022)
Executive Committee	Mr. Oum Sam Oeun Mr. Kim Hyeunjong  Mr. Yi JuHwan  Mr. Won Sooyeon  Mr. Kong Sean Mr. Ry Vanna Mr. Pen Sovannoksitha Mr. Hoeun Honey Mr. Sim Senacheert  Mr. Oum Sophan  Mr. Neang Sokhim  Mr. Say Sony  Mr. Choub Veasna  Mr. Chea Hang	President & Chief Executive Officer EVP & Deputy Chief Executive Officer (appointed on 16 February 2022) EVP & Chief Risk Officer (appointed on 14 January 2022) EVP & Chief Finance Officer (appointed on 14 January 2022) EVP & Chief Operation Officer EVP & Chief Business Officer EVP & Chief Marketing Officer EVP & Chief Human Resource Officer President & Chief Executive Officer (resigned on 21 January 2022) EVP & Chief Financial Officer (retired on 24 January 2022) EVP & Chief Business Officer (resigned on 28 February 2022) EVP & Chief Marketing Officer (resigned on 28 January 2022) EVP & Chief Human Resource Officer (resigned on 28 January 2022) EVP & Chief Corporate Strategy and Business Plan Officer (resigned on 26 January 2022)
Auditors	KPMG Cambodia Ltd	

# **Prasac Microfinance Institution Plc.**

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## Report of the Board of Directors

The Board of Directors (“Board” or “the Directors”) of Prasac Microfinance Institution Plc. (“the Company”) hereby presents its report and the Company’s condensed interim financial statements for the three-month period ended 31 March 2022.

### The Company

The Company is a licensed micro-finance institution (“MFI”) incorporated and registered in the Kingdom of Cambodia.

The Company was incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce (“MoC”) as a public limited liability company under registration number 00001157 dated 19 September 2011 with the latest renewal on 28 April 2016.

The National Bank of Cambodia (“NBC”) granted a microfinance license to the Company effective on 14 December 2007. In addition, the Company received the license from the NBC to conduct a deposit-taking business on 27 August 2010 and permission to conduct automated teller machine and point-of-sale services on 1 December 2011.

The Company’s head office is located at Building 212, Street 271, Sangkat Tuol Tumpung 2, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia.

### Principal activities

The Company operates under regulations by NBC with special focus on providing lending and other financial services to the citizenry and small and medium size enterprises, and to engage in all other activities which the Directors believe support these objectives.

### Financial results

The financial results of the Company for the three-month period ended 31 March 2022 were disclosed in the condensed interim statement of profit or loss and other comprehensive income.

### Dividends

No dividends were declared or paid during the period and the Directors do not recommend any dividends to be paid as at the reporting date.

### Share capital

On 11 March 2022, the Company requested to the National Bank of Cambodia (“NBC”) to increase its share capital from USD300,000,000 to USD400,000,000 by way of capitalising the retained earnings. This request was approved by the NBC on 25 April 2022. The Memorandum and Articles of Association of the Company had been updated to reflect this change and was endorsed by the MoC on 28 April 2022.

# **Prasac Microfinance Institution Plc.**

## **Reserves and provisions**

There were no material movements to or from reserves and provisions during the period other than those disclosed in the condensed interim financial statements.

## **Expected credit losses on loans to customers**

Before the condensed interim financial statements of the Company were drawn up, the Directors took reasonable steps to ascertain that action had been taken and satisfied themselves that all known bad loans had been written off and that adequate provision for expected credit losses on loans had been made.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad loans or the amount of the provision for bad and doubtful loans in the condensed interim financial statements of the Company inadequate to any material extent.

## **Assets**

Before the condensed interim financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any assets, other than debts, which were unlikely to be realised in the ordinary course of business at their value as shown in the accounting records of the Company had been written down to an amount which they are expected to be realised.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to the assets in the condensed interim financial statements of the Company misleading.

## **Valuation methods**

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the condensed interim financial statements of the Company as misleading or inappropriate.

## **Contingent and other liabilities**

At the date of this report, there is:

- No change in the assets of the Company which has arisen since the end of the financial reporting period which secures the liabilities of any other person; and
- No contingent liability in respect of the Company that has arisen since the end of the financial reporting period other than in the ordinary course of business.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period after the end of the reporting period which, in the opinion of the Directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.

# Prasac Microfinance Institution Plc.

## Change of circumstances

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the condensed interim financial statements of the Company, which would render any amount stated in the condensed interim financial statements misleading.

The results of the operations of the Company for the reporting period were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

Nothing has arisen during in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the current reporting period in which this report is made.

## The Board of Directors

The members of Board of the Directors during the period and at the date of this report are:

<i>Name</i>	<i>Position</i>
Mr. Kwi Sang Jun	Chairman
Mr. Chung Hui Tae	Director (appointed on 23 February 2022)
Mr. Oum Sam Oeun	Director (appointed on 23 February 2022)
Mr. Choi Dong Hyun	Director
Mr. Lee Kyung Cheon	Independent Director
Mr. Pak Jaehong	Independent Director
Mr. Chan Sophal	Independent Director
Mr. Ji Kyu Jang	Director (resigned on 18 January 2022)

## Executive management

Members of the executive management during the period and at the date of this report are:

<i>Name</i>	<i>Position</i>
Mr. Oum Sam Oeun	President & Chief Executive Officer
Mr. Kim Hyeunjong	EVP & Deputy Chief Executive Officer (appointed on 16 February 2022)
Mr. Yi JuHwan	EVP & Chief Risk Officer (appointed on 14 January 2022)
Mr. Won Sooyeon	EVP & Chief Finance Officer (appointed on 14 January 2022)
Mr. Kong Sean	EVP & Chief Operation Officer
Mr. Ry Vanna	EVP & Chief Business Officer
Mr. Pen Sovannsoksitha	EVP & Chief Marketing Officer
Mr. Hoeun Honey	EVP & Chief Human Resource Officer
Mr. Sim Senacheert	President & Chief Executive Officer (resigned on 21 January 2022)

# Prasac Microfinance Institution Plc.

## Executive management (continued)

Members of the executive management during the period and at the date of this report are: (continued)

Mr. Oum Sophan	EVP & Chief Financial Officer (retired on 24 January 2022)
Mr. Neang Sokhim	EVP & Chief Business Officer (resigned on 28 February 2022)
Mr. Say Sony	EVP & Chief Marketing Officer (resigned on 28 January 2022)
Mr. Choub Veasna	EVP & Chief Human Resource Officer (resigned on 28 January 2022)
Mr. Chea Hang	EVP & Chief Corporate Strategy and Business Plan Officer (resigned on 26 January 2022)

## Directors' interest

No member of the Directors holds a direct interest in the equity of the Company.

## Directors' benefits

During and at the end of the reporting period, no arrangement existed to which the Company was a party, whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

No director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or with a firm in which the director is a member, or with a company which the director has a material financial interest other than those disclosed in the condensed interim financial statements.

## Board of Directors' responsibility in respect to the condensed interim financial statements

The Board of Directors is responsible for ensuring that the condensed interim financial statements of the Company as at 31 March 2022, and for the three-month period then ended, as set out on pages 8 to 45, are prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, *Interim Financial Reporting* ("CIAS 34"). The Board of Directors oversees the preparation of these condensed interim financial statements by management who is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- Comply with the disclosure requirements and guidelines issued by CIAS 34 or, if there has been any departure in the interest of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the condensed interim financial statements;

# Prasac Microfinance Institution Plc.

## Board of Directors' responsibility in respect to the condensed interim financial statements (continued)

- Maintain adequate accounting records and an effective system of internal controls;
- Prepare the condensed interim financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- Set overall policies for the Company, ratify all decisions and actions by management that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the condensed interim financial statements.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the management has complied with the above requirements in preparing the condensed interim financial statements.

## Approval of the condensed interim financial statements

We hereby approve the accompanying condensed interim financial statements, together with the notes thereto, which are prepared, in all material respects, in accordance with CIAS 34, "Interim Financial Reporting".

*Signed in accordance with a resolution of the Board of Directors*



Mr. Kwi Sang Jun  
Chairman

Phnom Penh, Kingdom of Cambodia

12 May 2022





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## **THE INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

### **To the shareholders of Prasac Microfinance Institution Plc.**

#### ***Introduction***

We have reviewed the accompanying 31 March 2022 condensed interim financial statements of Prasac Microfinance Institution Plc. ("the Company"), as set out on pages 8 to 45 (hereafter referred to as "the condensed interim financial statements") which comprise:

- the condensed interim statement of financial position as at 31 March 2022;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed interim statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2022; and
- other explanatory notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the Cambodian International Accounting Standard 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

#### ***Scope of Review***

We conducted our review in accordance with the 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 interim financial statements, are not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34, "Interim Financial Reporting".

For KPMG Cambodia Ltd



Nge Huy  
Partner

Phnom Penh, Kingdom of Cambodia

12 May 2022

# Prasac Microfinance Institution Plc.

## Condensed interim statement of financial position as at 31 March 2022

	Notes	31 March 2022		31 December 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<b>ASSETS</b>					
Cash on hand	6	173,293,768	701,839,760	222,365,399	905,916,636
Balances with the National Bank of Cambodia	7	383,051,987	1,551,360,547	368,419,366	1,500,940,497
Balances with other banks	8	3,258,969	13,198,824	2,308,097	9,403,187
Loans to customers	9	3,948,537,478	15,991,576,786	3,691,567,993	15,039,448,003
Other assets	10	2,083,617	8,438,649	1,815,969	7,398,258
Property and equipment	11	4,844,384	19,619,756	4,861,518	19,805,825
Right-of-use assets	12	16,083,574	65,138,475	16,097,643	65,581,798
Intangible assets	13	1,281,321	5,189,350	1,354,529	5,518,351
Deferred tax assets, net	20(c)	12,798,058	51,832,135	11,727,635	47,778,385
<b>TOTAL ASSETS</b>		<u>4,545,233,156</u>	<u>18,408,194,282</u>	<u>4,320,518,149</u>	<u>17,601,790,940</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>LIABILITIES</b>					
Deposits from banks and other financial institutions	14	74,684,584	302,472,565	81,881,578	333,585,549
Deposits from customers	15	2,655,082,438	10,753,083,874	2,533,330,855	10,320,789,903
Borrowings	16	902,805,735	3,656,363,227	829,821,864	3,380,694,274
Bonds payable	17	32,239,835	130,571,332	31,342,099	127,687,711
Subordinated debts	18	106,144,131	429,883,731	105,191,790	428,551,352
Lease liabilities	19	15,613,630	63,235,202	15,591,438	63,519,518
Income tax payable	20(b)	11,078,588	44,868,281	34,153,679	139,142,088
Provision for employee benefits	21	1,375,762	5,571,836	237,906	969,229
Other liabilities	22	22,482,090	91,052,465	14,627,852	59,593,871
<b>Total liabilities</b>		<u>3,821,506,793</u>	<u>15,477,102,513</u>	<u>3,646,179,061</u>	<u>14,854,533,495</u>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	23(a)	300,000,000	1,200,000,000	300,000,000	1,200,000,000
Retained earnings		396,523,487	1,621,136,409	349,600,939	1,430,490,098
Regulatory reserve	23(b)	27,202,876	110,550,405	24,738,149	100,536,219
Currency translation reserves		-	(595,045)	-	16,231,128
<b>Total shareholders' equity</b>		<u>723,726,363</u>	<u>2,931,091,769</u>	<u>674,339,088</u>	<u>2,747,257,445</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>4,545,233,156</u>	<u>18,408,194,282</u>	<u>4,320,518,149</u>	<u>17,601,790,940</u>

The accompanying notes form an integral part of these condensed interim financial statements.

## Prasac Microfinance Institution Plc.

### Condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022

	Notes	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Interest income	24	140,746,793	571,854,220	118,818,341	482,283,647
Interest expense	25	(56,971,835)	(231,476,566)	(50,217,821)	(203,834,136)
<b>Net interest income</b>		<b>83,774,958</b>	<b>340,377,654</b>	<b>68,600,520</b>	<b>278,449,511</b>
Fees and commission income	26	2,547,402	10,350,094	2,173,850	8,823,658
Fees and commission expense	26	(23,112)	(93,904)	(21,075)	(85,544)
<b>Net fees and commission income</b>	26	<b>2,524,290</b>	<b>10,256,190</b>	<b>2,152,775</b>	<b>8,738,114</b>
Other income	27	2,820,292	11,458,846	2,877,695	11,680,565
Grant income		134,492	546,441	365,210	1,482,388
Net foreign exchange gain		380,696	1,546,768	641,598	2,604,247
<b>Total other income</b>		<b>3,335,480</b>	<b>13,552,055</b>	<b>3,884,503</b>	<b>15,767,200</b>
<b>Total interest, fees, commission and other income</b>		<b>89,634,728</b>	<b>364,185,899</b>	<b>74,637,798</b>	<b>302,954,825</b>
Personnel expenses	28	(23,721,483)	(96,380,385)	(20,385,032)	(82,742,845)
Allowance for impairment losses	9	1,005,951	4,087,179	(4,252,318)	(17,260,159)
General and administrative expenses	29	(3,703,743)	(15,048,308)	(3,641,347)	(14,780,228)
Depreciation and amortisation	30	(1,634,026)	(6,639,048)	(1,611,500)	(6,541,079)
<b>Profit before income tax</b>		<b>61,581,427</b>	<b>250,205,337</b>	<b>44,747,601</b>	<b>181,630,514</b>
Income tax expense	20(a)	(12,194,152)	(49,544,840)	(8,783,546)	(35,652,414)
<b>Net profit for the period</b>		<b>49,387,275</b>	<b>200,660,497</b>	<b>35,964,055</b>	<b>145,978,100</b>
<i>Other comprehensive loss:</i>					
Currency translation differences		-	(16,826,173)	-	(503,498)
<b>Total comprehensive income for the period</b>		<b>49,387,275</b>	<b>183,834,324</b>	<b>35,964,055</b>	<b>145,474,602</b>

The accompanying notes form an integral part of these condensed interim financial statements.

## Prasac Microfinance Institution Plc.

### Condensed interim statement of changes in equity for the three-month period ended 31 March 2022

	Share capital		Retained earnings		Reserve fund		Regulatory reserve		Currency translation reserves		Total	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Balance at 1 January 2022	300,000,000	1,200,000,000	349,600,939	1,430,490,098	-	-	24,738,149	100,536,219	-	16,231,128	674,339,088	2,747,257,445
Net profit for the period	-	-	49,387,275	200,660,497	-	-	-	-	-	-	49,387,275	200,660,497
Transfer to regulatory reserve	-	-	(2,464,727)	(10,014,186)	-	-	2,464,727	10,014,186	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	(16,826,173)	-	(16,826,173)
<b>Balance at 31 March 2022</b>	<b>300,000,000</b>	<b>1,200,000,000</b>	<b>396,523,487</b>	<b>1,621,136,409</b>	<b>-</b>	<b>-</b>	<b>27,202,876</b>	<b>110,550,405</b>	<b>-</b>	<b>(595,045)</b>	<b>723,726,363</b>	<b>2,931,091,769</b>
Balance at 1 January 2021	230,000,000	920,000,000	285,224,840	1,163,897,093	3,151,952	12,773,175	461,332	1,778,127	-	251,817	518,838,124	2,098,700,212
Net profit for the period	-	-	35,964,055	145,978,100	-	-	-	-	-	-	35,964,055	145,978,100
Transfer to regulatory reserve	-	-	(662,073)	(2,687,354)	-	-	662,073	2,687,354	-	-	-	-
Transfer to reserve fund	-	-	(14,655)	(59,485)	14,655	59,485	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	(503,498)	-	(503,498)
<b>Balance at 31 March 2021</b>	<b>230,000,000</b>	<b>920,000,000</b>	<b>320,512,167</b>	<b>1,307,128,354</b>	<b>3,166,607</b>	<b>12,832,660</b>	<b>1,123,405</b>	<b>4,465,481</b>	<b>-</b>	<b>(251,681)</b>	<b>554,802,179</b>	<b>2,244,174,814</b>

The accompanying notes form an integral part of these condensed interim financial statements.

# Prasac Microfinance Institution Plc.

## Condensed interim statement of cash flows for the three-month period ended 31 March 2022

	Notes	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Net cash used in operating activities</b>	31	<u>(114,657,601)</u>	<u>(465,853,833)</u>	<u>(74,503,061)</u>	<u>(302,407,923)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property and equipment		(502,032)	(2,039,756)	(409,461)	(1,662,002)
Purchase of intangible assets		-	-	(43,735)	(177,520)
Investment in negotiable certificates of deposit		(523,421)	(2,126,660)	-	-
Proceeds from disposals of property and equipment		899	3,653	62,059	251,897
<b>Net cash used in investing activities</b>		<u>(1,024,554)</u>	<u>(4,162,763)</u>	<u>(391,137)</u>	<u>(1,587,625)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		151,866,049	617,031,757	60,244,129	244,530,920
Repayments of borrowings		(79,126,963)	(321,492,851)	(47,940,373)	(194,589,974)
Repayments of subordinated debts		(685,900)	(2,786,812)	(2,666,667)	(10,824,001)
Payments of lease liabilities		(1,006,112)	(4,087,833)	(962,485)	(3,906,727)
<b>Net cash generated from financing activities</b>		<u>71,047,074</u>	<u>288,664,261</u>	<u>8,674,604</u>	<u>35,210,218</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(44,635,081)</u>	<u>(181,352,335)</u>	<u>(66,219,594)</u>	<u>(268,785,330)</u>
Cash and cash equivalents at beginning of the period		364,927,185	1,486,713,352	417,065,787	1,687,031,108
Currency translation differences		-	(8,177,997)	-	927,071
<b>Cash and cash equivalents at the end of the period</b>	6	<u>320,292,104</u>	<u>1,297,183,020</u>	<u>350,846,193</u>	<u>1,419,172,849</u>

The accompanying notes form an integral part of these condensed interim financial statements.

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements for the three-month period ended 31 March 2022

These notes form an integral part and should be read conjunction with the accompanying condensed interim financial statements.

### 1. Background information

Prasac Microfinance Institution Plc. (“the Company”) is a licensed micro-finance institution (“MFI”) incorporated and registered in the Kingdom of Cambodia.

The Company was incorporated in Cambodia and registered with the Ministry of Commerce (“MoC”) as a public limited company under registration number 00001157 dated 19 September 2011 with the latest renewal on 28 April 2016.

The National Bank of Cambodia (“NBC”) granted a microfinance license to the Company effective 14 December 2007. In addition, the Company received the license from the NBC to conduct a deposit-taking business on 27 August 2010 and permission to conduct automated teller machine and point-of-sale services on 1 December 2011.

The principal activity of the Company is to provide financial services to rural communities and micro-enterprises of Cambodia through its head office in Phnom Penh and various branches in Phnom Penh and provinces in the Kingdom of Cambodia.

The registered office of the Company is at Building 212, Street 271, Sangkat Tuol Tumpung 2, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia.

As at 31 March 2022, the Company had 9,383 employees (31 December 2021: 9,330 employees).

### 2. Basis of preparation

#### (a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with Cambodian International Accounting Standard (“CIAS”) 34, “*Interim Financial Reporting*”. They do not include all the information required for a complete set of CIFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s interim financial position and financial performance since the last annual financial statements as at and for the year ended 31 December 2021.

These condensed interim financial statements were authorised for issue by the Company’s Board of Directors on 12 May 2022.

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 2. Basis of preparation (continued)

#### (b) Functional currency

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts and maintains its accounting records primarily in United States Dollars (“USD”), management have determined the USD to be the Company’s functional currency as it reflects the economic substance of the underlying events and circumstances of the Company.

The condensed interim financial statements are presented in USD, which is the Company’s functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

#### (c) Use of estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Company’s interim results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are outlined below:

##### (i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the condensed interim financial statements is included in the following notes.

- Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.
- Significant increase in credit risk: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

##### (ii) Assumptions and estimation uncertainties

- Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Determination of the fair value of financial instruments with significant unobservable inputs.
- Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Impairment of financial instruments: key assumptions used in estimating recoverable cash flows.



# **Prasac Microfinance Institution Plc.**

## **Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022**

### **2. Basis of preparation (continued)**

#### **(c) Use of estimates and judgements (continued)**

##### **(ii) Assumptions and estimation uncertainties (continued)**

###### **Coronavirus and impact on ECL**

The ECL was estimated based on a range of forecast economic conditions as at reporting date. The Novel Coronavirus (“Covid-19”) outbreak has spread across the globe (including mainland China, Cambodia and beyond), causing disruption to business and economic activity. The impact on GDP and other key indicators will be considered when determining the severity and likelihood of downside economic scenarios that are used to estimate ECL. Management estimates have been determined based on possible forward-looking scenarios, considering the facts, circumstances, and forecast of the future economic conditions and supportable information that is available as at the reporting date.

The calculation of the ECL in this current environment is subject to significant uncertainty. Management provides its best estimate on the possible outcomes of Covid-19 on the Company; however, this estimate may move materially as events unfold. Consequently, this number should not be seen as firm guidance or a forecast as to the final financial impacts expected. In the event the impacts are more severe or prolonged than anticipated in the scenarios, this will have a corresponding impact on the ECL, the financial position and performance of the Company.

The number of restructured loans has increased due to the impact from Covid-19 pandemic. On 28 December 2021, the NBC issued a new Circular, No. B7-021-2314 CL on Classification and Provisioning Requirement on Restructure Loans, which aims at phasing out the forbearance period for the existing restructured loans and phasing the classification and provisioning arrangements complying with the current regulation, Prakas No.B7-017-344 dated 01 December 2017 on Credit Risk Grading and Impairment Provisioning. In this regard, all restructured loans by 31 December 2021 shall be classified and provisioned based on the requirements under this circular. For loans that were still in the assessment period, they shall be kept at the same classification as before the restructured terms of contract.

The Company has reviewed this new Circular and in the view that the Company’s existing assessment on credit risk is aligned with the requirement mentioned in the above circular in preparing these condensed interim financial statements.

### **3. Significant accounting policies**

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended 31 December 2021.

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 4. Translation of United States Dollars into Khmer Riel

The condensed interim financial statements are expressed in United States Dollars (“USD”) which is the Company’s functional currency. The translations of USD amounts into Khmer Riel (“KHR”) meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIAS21 – *the Effects of changes in Foreign Exchange Rate*.

Assets and liabilities are translated at the closing rate as at the reporting date and share capital and other equity account are translated at the historical rate. The statements of profit or loss and other comprehensive income and cash flows are translated into KHR at the average rate for the year, which has been deemed to approximate the exchange rate on the date of transactions as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as “Currency Translation Differences” in other comprehensive income.

The Company uses the following exchange rates:

			<b>Closing rate</b>	<b>Average rate three-month</b>
31 March 2022	USD1	=	KHR 4,050	KHR 4,063
31 March 2021	USD1	=	KHR 4,045	KHR 4,059
31 December 2021	USD1	=	KHR 4,074	N/A

These convenience translations should not be construed as representations that the USD amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

### 5. Seasonality

The principal businesses of the Company are to provide lending and other financial services to the citizenry and small and medium size enterprises, and to engage in all other activities that support these objectives. There is no significant seasonality factor associated with these business activities.

### 6. Cash on hand

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Head office	37,545,859	152,060,729	37,795,735	153,979,824
Branches	135,747,909	549,779,031	184,569,664	751,936,812
	<u>173,293,768</u>	<u>701,839,760</u>	<u>222,365,399</u>	<u>905,916,636</u>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 6. Cash on hand (continued)

For purpose of preparing the condensed interim statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2022		31 March 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Cash on hand	173,293,768	701,839,760	189,528,409	766,642,414
<i>Balances with the NBC</i>				
Current accounts	103,706,447	420,011,110	78,456,720	317,357,432
Term deposits (original maturity up to three months)	40,000,000	162,000,000	80,374,166	325,113,501
<i>Balances with other banks</i>				
Current accounts	3,162,762	12,809,186	2,423,380	9,802,572
Savings accounts	129,127	522,964	63,518	256,930
	<u>320,292,104</u>	<u>1,297,183,020</u>	<u>350,846,193</u>	<u>1,419,172,849</u>

#### 7. Balances with the National Bank of Cambodia

	Note	31 March 2022		31 December 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Current accounts	(a)	103,706,447	420,011,110	139,856,737	569,776,347
Term deposits (original maturity up to three months)	(a)	40,000,000	162,000,000	373,638	1,522,201
Term deposits (original maturity of more than three months)	(a)	671,605	2,720,000	148,184	603,702
Capital guarantee	(b)	30,000,000	121,500,000	30,000,000	122,220,000
Reserve requirement	(c)	208,673,935	845,129,437	198,040,807	806,818,247
		<u>383,051,987</u>	<u>1,551,360,547</u>	<u>368,419,366</u>	<u>1,500,940,497</u>

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 7. Balances with the National Bank of Cambodia (continued)

#### (a) Current accounts and term deposits

Current accounts earn no interest.

Term deposits with original maturity up to three months earn annual interest rates ranging from 0.31% to 1.63% (31 December 2021: from 0.04% to 1.63%) and more than three months at annual interest rates ranging from 0.68% to 1.98% (31 December 2021: from 0.13% to 1.91%) during the period.

#### (b) Capital guarantee

Under Prakas No. B7-07-163 dated 13 December 2007 on Licensing of Deposit-Taking Microfinance Institutions, the Company is required to maintain a capital guarantee deposit equivalent to 10% of registered capital with the NBC. On 27 April 2022, the Company increased the capital guarantee to USD40 million, following the increase in share capital, which was approved by the NBC on 25 April 2022. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia. The capital guarantee deposit earns annual interest at 0.04% (31 December 2021: 0.04%) during the period.

#### (c) Reserve requirement

This represents the minimum reserve requirement which is calculated at 8.00% of the total deposits from customers as required by Prakas No. B7-07-163. The reserve requirement fluctuates depending on the level of deposits from customers and does not earn interest.

On 6 April 2022, the Company transferred an additional sum of USD5,234,000 to their reserve requirement account with NBC to maintain the minimum reserve requirement to comply with the above Prakas.

### 8. Balances with other banks

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Current accounts	3,162,762	12,809,186	2,240,993	9,129,805
Savings accounts	129,127	522,964	90,418	368,363
Gross balances with other banks	3,291,889	13,332,150	2,331,411	9,498,168
Allowance for impairment loss	(32,920)	(133,326)	(23,314)	(94,981)
	<u>3,258,969</u>	<u>13,198,824</u>	<u>2,308,097</u>	<u>9,403,187</u>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 8. Balances with other banks (continued)

Current accounts earn annual interest rate up to 0.75% (31 December 2021: 0.00% to 0.75%) and savings accounts earn annual interest rates ranging from 0.00% to 0.20% (31 December 2021: 0.00% to 0.20%) during the period.

#### 9. Loans to customers

Loans to customers are categorised as follows:

	31 March 2022				
	Stage 1	Stage 2	Stage 3		Total
	USD	USD	USD	USD	KHR'000 equivalent (Note 4)
Individual loans	3,565,430,603	323,910,693	48,698,700	3,938,039,996	15,949,061,983
Small and medium enterprises	55,216,656	8,096,439	1,140,221	64,453,316	261,035,930
Staff loans	6,924,909	3,219	18,655	6,946,783	28,134,471
Group loans	103,858	14,662	21,593	140,113	567,458
	<b>3,627,676,026</b>	<b>332,025,013</b>	<b>49,879,169</b>	<b>4,009,580,208</b>	<b>16,238,799,842</b>
Unamortised loan processing fees	(34,077,940)	(2,851,739)	(327,904)	(37,257,583)	(150,893,211)
	<b>3,593,598,086</b>	<b>329,173,274</b>	<b>49,551,265</b>	<b>3,972,322,625</b>	<b>16,087,906,631</b>
Accrued interest receivable	26,673,188	2,880,909	2,435,224	31,989,321	129,556,750
	<b>3,620,271,274</b>	<b>332,054,183</b>	<b>51,986,489</b>	<b>4,004,311,946</b>	<b>16,217,463,381</b>
Allowance for impairment losses	(9,365,320)	(17,301,063)	(29,108,085)	(55,774,468)	(225,886,595)
	<b>3,610,905,954</b>	<b>314,753,120</b>	<b>22,878,404</b>	<b>3,948,537,478</b>	<b>15,991,576,786</b>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 9. Loans to customers (continued)

Loans to customers are categorised as follows: (continued)

	31 December 2021				Total KHR'000 equivalent (Note 4)
	Stage 1	Stage 2	Stage 3		
	USD	USD	USD	USD	
Individual loans	3,265,091,152	368,902,868	49,638,494	3,683,632,514	15,007,118,862
Small and medium enterprises	52,000,845	8,839,399	1,060,910	61,901,154	252,185,301
Staff loans	7,278,823	3,420	18,655	7,300,898	29,743,858
Group loans	135,996	18,863	22,067	176,926	720,797
	<b>3,324,506,816</b>	<b>377,764,550</b>	<b>50,740,126</b>	<b>3,753,011,492</b>	<b>15,289,768,818</b>
Unamortised loan processing fees	(31,195,926)	(3,300,001)	(344,684)	(34,840,611)	(141,940,649)
	<b>3,293,310,890</b>	<b>374,464,549</b>	<b>50,395,442</b>	<b>3,718,170,881</b>	<b>15,147,828,169</b>
Accrued interest receivable	24,831,162	3,238,478	2,117,904	30,187,544	122,984,054
	<b>3,318,142,052</b>	<b>377,703,027</b>	<b>52,513,346</b>	<b>3,748,358,425</b>	<b>15,270,812,223</b>
Allowance for impairment losses	(8,693,888)	(18,871,562)	(29,224,982)	(56,790,432)	(231,364,220)
	<b>3,309,448,164</b>	<b>358,831,465</b>	<b>23,288,364</b>	<b>3,691,567,993</b>	<b>15,039,448,003</b>

During the period, the Company recognised the allowance for impairment losses on loans to customers, balances with other banks and other assets as follows:

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Loans to customers	(1,015,964)	(4,127,862)	4,267,256	17,320,794
Balances with other banks	9,606	39,029	(15,282)	(62,029)
Other assets	407	1,654	344	1,394
	<b>(1,005,951)</b>	<b>(4,087,179)</b>	<b>4,252,318</b>	<b>17,260,159</b>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 9. Loans to customers (continued)

Movements of allowance for impairment losses on loan to customers during the period were as follows:

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Balance at beginning of the period	56,790,432	231,364,220	49,613,493	200,686,579
Allowance for impairment losses during the period	(1,015,964)	(4,127,862)	4,267,256	17,320,794
Currency translation differences	-	(1,349,763)	-	(59,744)
Balance at the end of the period	<u>55,774,468</u>	<u>225,886,595</u>	<u>53,880,749</u>	<u>217,947,629</u>

Further analyses of loans to customers are set out below:

(a) By security

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<i>Secured</i>				
Real estate (hard title)	1,780,012,117	7,209,049,074	1,649,002,901	6,718,037,818
Chattel	138,003	558,912	189,467	771,887
Deposit hold-out	2,037,685	8,252,624	2,530,818	10,310,554
Others	635,505	2,573,795	640,271	2,608,465
<i>Unsecured (*)</i>				
Real estate (soft title)	2,220,140,776	8,991,570,143	2,094,535,205	8,533,136,427
Chattel	391,294	1,584,741	363,670	1,481,591
Others	956,566	3,874,092	1,096,093	4,465,481
	<u>4,004,311,946</u>	<u>16,217,463,381</u>	<u>3,748,358,425</u>	<u>15,270,812,223</u>

(\*) These balances refer to the loans having collaterals with soft title deed and no collaterals which the management believes that they have high risk and treated them as unsecured loans.

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 9. Loans to customers (continued)

Further analyses of loans to customers are set out below: (continued)

(b) By residency, relationship, currency and industry sector

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<i>Residency</i>				
Residents	<u>4,004,311,946</u>	<u>16,217,463,381</u>	<u>3,748,358,425</u>	<u>15,270,812,223</u>
<i>Relationship</i>				
External customers	3,997,364,746	16,189,327,221	3,741,058,685	15,241,073,082
Staff loans	<u>6,947,200</u>	<u>28,136,160</u>	<u>7,299,740</u>	<u>29,739,141</u>
	<u>4,004,311,946</u>	<u>16,217,463,381</u>	<u>3,748,358,425</u>	<u>15,270,812,223</u>
<i>Currency</i>				
USD	3,503,321,552	14,188,452,285	3,286,440,759	13,388,959,652
KHR	493,819,761	1,999,970,032	452,563,732	1,843,744,644
THB	<u>7,170,633</u>	<u>29,041,064</u>	<u>9,353,934</u>	<u>38,107,927</u>
	<u>4,004,311,946</u>	<u>16,217,463,381</u>	<u>3,748,358,425</u>	<u>15,270,812,223</u>
<i>Industry sector</i>				
Trade and commerce	1,073,757,525	4,348,717,976	1,006,083,731	4,098,785,121
Service	684,767,411	2,773,308,015	650,895,034	2,651,746,369
Real-estate	591,702,356	2,396,394,541	536,199,895	2,184,478,372
Agriculture	467,745,604	1,894,369,696	445,927,277	1,816,707,726
Home improvement	501,458,577	2,030,907,237	453,670,525	1,848,253,719
Auto loan	313,626,098	1,270,185,697	299,573,327	1,220,461,734
Transportation	257,992,567	1,044,869,896	249,173,560	1,015,133,083
Manufacturing	46,647,212	188,921,209	45,502,628	185,377,706
Construction	42,763,711	173,193,030	39,316,458	160,175,250
Personal	<u>23,850,885</u>	<u>96,596,084</u>	<u>22,015,990</u>	<u>89,693,143</u>
	<u>4,004,311,946</u>	<u>16,217,463,381</u>	<u>3,748,358,425</u>	<u>15,270,812,223</u>



## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 10. Other assets

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Prepayments	1,433,860	5,807,133	1,188,294	4,841,110
Deposits	632,011	2,559,645	611,637	2,491,809
Long-term investment	28,167	114,076	28,167	114,752
Others	2,219	8,987	104	424
	<u>2,096,257</u>	<u>8,489,841</u>	<u>1,828,202</u>	<u>7,448,095</u>
Allowance for impairment losses	<u>(12,640)</u>	<u>(51,192)</u>	<u>(12,233)</u>	<u>(49,837)</u>
	<u>2,083,617</u>	<u>8,438,649</u>	<u>1,815,969</u>	<u>7,398,258</u>

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 11. Property and equipment

	For the three-month period ended 31 March 2022								
	Office furniture USD	Vehicles USD	Motorcycles USD	Computer and peripherals USD	Leasehold improvements USD	Communication equipment USD	Work in progress USD	Total USD	KHR'000 equivalent (Note 4)
<b>Cost</b>									
Balance at beginning of the period	5,517,131	2,851,723	360,678	9,797,701	2,419,207	344,072	288,696	21,579,208	87,913,693
Additions	39,290	56,000	-	149,850	712	-	256,180	502,032	2,039,756
Disposals/write-offs	(103,479)	-	-	(202,524)	(60,330)	-	-	(366,333)	(1,488,411)
Transfers	-	-	-	313,940	-	-	(313,940)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	(519,665)
Balance at the end of the period	<u>5,452,942</u>	<u>2,907,723</u>	<u>360,678</u>	<u>10,058,967</u>	<u>2,359,589</u>	<u>344,072</u>	<u>230,936</u>	<u>21,714,907</u>	<u>87,945,373</u>
<b>Less: Accumulated depreciation</b>									
Balance at beginning of the period	4,582,179	2,313,720	353,407	7,235,877	1,952,147	280,360	-	16,717,690	68,107,868
Depreciation for the period	92,053	61,546	884	318,776	37,500	7,686	-	518,445	2,106,442
Disposals/write-offs	(102,952)	-	-	(202,330)	(60,330)	-	-	(365,612)	(1,485,482)
Currency translation differences	-	-	-	-	-	-	-	-	(403,211)
Balance at the end of the period	<u>4,571,280</u>	<u>2,375,266</u>	<u>354,291</u>	<u>7,352,323</u>	<u>1,929,317</u>	<u>288,046</u>	<u>-</u>	<u>16,870,523</u>	<u>68,325,617</u>
<b>Carrying amounts</b>									
Balance at beginning of the period	<u>934,952</u>	<u>538,003</u>	<u>7,271</u>	<u>2,561,824</u>	<u>467,060</u>	<u>63,712</u>	<u>288,696</u>	<u>4,861,518</u>	<u>19,805,825</u>
Balance at the end of the period	<u>881,662</u>	<u>532,457</u>	<u>6,387</u>	<u>2,706,644</u>	<u>430,272</u>	<u>56,026</u>	<u>230,936</u>	<u>4,844,384</u>	<u>19,619,756</u>

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 11. Property and equipment (continued)

	For the three-month period ended 31 March 2021								
	Office furniture USD	Vehicles USD	Motorcycles USD	Computer and peripherals USD	Leasehold improvements USD	Communication equipment USD	Work in progress USD	Total USD	KHR'000 equivalent (Note 4)
<b>Cost</b>									
Balance at beginning of the period	5,355,637	3,037,394	360,678	9,030,420	2,401,455	326,356	295,714	20,807,654	84,166,960
Additions	58,068	97,500	-	100,272	3,090	1,505	149,026	409,461	1,662,002
Disposals/write-offs	(36,453)	(141,671)	-	(19,464)	(1,970)	-	-	(199,558)	(810,005)
Transfers	8,958	-	-	393,899	-	-	(402,857)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	(2,939)
Balance at the end of the period	<u>5,386,210</u>	<u>2,993,223</u>	<u>360,678</u>	<u>9,505,127</u>	<u>2,402,575</u>	<u>327,861</u>	<u>41,883</u>	<u>21,017,557</u>	<u>85,016,018</u>
<b>Less: Accumulated depreciation</b>									
Balance at beginning of the period	4,222,332	2,315,084	349,819	6,215,744	1,788,910	252,962	-	15,144,851	61,260,922
Depreciation for the period	108,671	64,650	884	279,368	42,855	6,656	-	503,084	2,042,018
Disposals/write-offs	(34,909)	(141,670)	-	(18,730)	(1,970)	-	-	(197,279)	(800,755)
Currency translation differences	-	-	-	-	-	-	-	-	(4,282)
Balance at the end of the period	<u>4,296,094</u>	<u>2,238,064</u>	<u>350,703</u>	<u>6,476,382</u>	<u>1,829,795</u>	<u>259,618</u>	<u>-</u>	<u>15,450,656</u>	<u>62,497,903</u>
<b>Carrying amounts</b>									
Balance at the end of the period	<u>1,090,116</u>	<u>755,159</u>	<u>9,975</u>	<u>3,028,745</u>	<u>572,780</u>	<u>68,243</u>	<u>41,883</u>	<u>5,566,901</u>	<u>22,518,115</u>

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 12. Right-of-use assets

The Company leases office space, including its head office, branches and ATM spaces. Information about leases for which the Company is a lessee is presented below.

	For the three-month period ended 31 March 2022			
	Office space USD	ATM space USD	Total USD	KHR'000 equivalent (Note 4)
<b>Cost</b>				
Balance at beginning of the period	30,328,390	811,909	31,140,299	126,865,578
Additions	1,015,502	12,802	1,028,304	4,177,999
Currency translation differences	-	-	-	(760,735)
Balance at the end of the period	<u>31,343,892</u>	<u>824,711</u>	<u>32,168,603</u>	<u>130,282,842</u>
<b>Less: Accumulated depreciation</b>				
Balance at beginning of the period	14,414,971	627,685	15,042,656	61,283,780
Depreciation for the period	1,001,470	40,903	1,042,373	4,235,162
Currency translation differences	-	-	-	(374,575)
Balance at the end of the period	<u>15,416,441</u>	<u>668,588</u>	<u>16,085,029</u>	<u>65,144,367</u>
<b>Carrying amounts</b>				
Balance at beginning of the period	<u>15,913,419</u>	<u>184,224</u>	<u>16,097,643</u>	<u>65,581,798</u>
Balance at the end of the period	<u>15,927,451</u>	<u>156,123</u>	<u>16,083,574</u>	<u>65,138,475</u>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 12. Right-of-use assets (continued)

	For the three-month period ended 31 March 2021			
	Office space USD	ATM space USD	Total USD	KHR'000 equivalent (Note 4)
<b>Cost</b>				
Balance at beginning of the period	25,638,528	717,053	26,355,581	106,608,325
Additions	335,370	12,161	347,531	1,410,628
Currency translation differences	-	-	-	(4,865)
Balance at the end of the period	<u>25,973,898</u>	<u>729,214</u>	<u>26,703,112</u>	<u>108,014,088</u>
<b>Less: Accumulated depreciation</b>				
Balance at beginning of the period	10,579,042	454,360	11,033,402	44,630,111
Depreciation for the period	992,088	44,025	1,036,113	4,205,583
Currency translation differences	-	-	-	(14,506)
Balance at the end of the period	<u>11,571,130</u>	<u>498,385</u>	<u>12,069,515</u>	<u>48,821,188</u>
<b>Carrying amounts</b>				
Balance at the end of the period	<u>14,402,768</u>	<u>230,829</u>	<u>14,633,597</u>	<u>59,192,900</u>

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 13. Intangible assets

	For the three-month period ended 31 March 2022			
	Computer software USD	Core banking system license USD	Total USD	KHR'000 equivalent (Note 4)
<b>Cost</b>				
Balance at beginning of the period	1,264,054	2,891,587	4,155,641	16,930,082
Currency translation differences	-	-	-	(99,736)
Balance at the end of the period	<u>1,264,054</u>	<u>2,891,587</u>	<u>4,155,641</u>	<u>16,830,346</u>
<b>Less: Accumulated amortisation</b>				
Balance at beginning of the period	925,837	1,875,275	2,801,112	11,411,731
Amortisation for the period	26,765	46,443	73,208	297,444
Currency translation differences	-	-	-	(68,179)
Balance at the end of the period	<u>952,602</u>	<u>1,921,718</u>	<u>2,874,320</u>	<u>11,640,996</u>
<b>Carrying amounts</b>				
Balance at beginning of the period	<u>338,217</u>	<u>1,016,312</u>	<u>1,354,529</u>	<u>5,518,351</u>
Balance at the end of the period	<u>311,452</u>	<u>969,869</u>	<u>1,281,321</u>	<u>5,189,350</u>

	For the three-month period ended 31 March 2021			
	Computer software USD	Core banking system license USD	Total USD	KHR'000 equivalent (Note 4)
<b>Cost</b>				
Balance at beginning of the period	1,220,319	2,891,587	4,111,906	16,632,660
Additions	43,735	-	43,735	177,520
Currency translation differences	-	-	-	119,901
Balance at the end of the period	<u>1,264,054</u>	<u>2,891,587</u>	<u>4,155,641</u>	<u>16,930,081</u>
<b>Less: Accumulated amortisation</b>				
Balance at beginning of the period	817,815	1,686,923	2,504,738	10,131,666
Amortisation for the period	25,860	46,443	72,303	293,478
Currency translation differences	-	-	-	(1,013)
Balance at the end of the period	<u>843,675</u>	<u>1,733,366</u>	<u>2,577,041</u>	<u>10,424,131</u>
<b>Carrying amounts</b>				
Balance at the end of the period	<u>420,379</u>	<u>1,158,221</u>	<u>1,578,600</u>	<u>6,385,437</u>

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 14. Deposits from banks and other financial institutions

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Term deposits	74,423,749	301,416,183	77,619,435	316,221,578
Savings deposits	260,835	1,056,382	4,262,143	17,363,971
	<u>74,684,584</u>	<u>302,472,565</u>	<u>81,881,578</u>	<u>333,585,549</u>

Deposits from banks and other financial institutions are further analysed as follows:

#### (a) By relationship

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Non-related parties	55,415,260	224,431,805	62,727,192	255,550,580
Related parties	19,269,324	78,040,760	19,154,386	78,034,969
	<u>74,684,584</u>	<u>302,472,565</u>	<u>81,881,578</u>	<u>333,585,549</u>

#### (b) By range of annual interest rates

	31 March 2022	31 December 2021
Term deposits		
USD	2.00% - 5.25%	2.00% - 5.25%
KHR	N/A	N/A
Savings deposits		
USD	0.00% - 1.50%	0.00%
KHR	0.00% - 1.50%	0.00%

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 15. Deposits from customers

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Term deposits	2,524,370,402	10,223,700,128	2,397,228,295	9,766,308,074
Savings deposits	130,712,036	529,383,746	136,102,560	554,481,829
	<u>2,655,082,438</u>	<u>10,753,083,874</u>	<u>2,533,330,855</u>	<u>10,320,789,903</u>

Deposits from customers are further analysed as follows:

#### (a) By relationship

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Non-related parties	2,640,499,711	10,694,023,832	2,481,756,245	10,110,674,942
Related parties	14,582,727	59,060,042	51,574,610	210,114,961
	<u>2,655,082,438</u>	<u>10,753,083,874</u>	<u>2,533,330,855</u>	<u>10,320,789,903</u>

#### (b) By range of annual interest rates

	31 March 2022	31 December 2021
Term deposits		
USD	2.00% - 8.25%	0.75% - 8.25%
KHR	2.00% - 10.15%	2.00% - 10.15%
THB	0.10% - 8.00%	0.10% - 8.00%
Savings deposits		
USD	0.00% - 3.00%	0.00% - 3.00%
KHR	0.00% - 3.00%	0.00% - 3.00%
THB	0.00% - 0.10%	0.00% - 0.10%



# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 16. Borrowings

The Company has entered into borrowing agreements with various lenders, including both related and non-related parties. Borrowings are unsecured and the repayments of principal and interest are made either on quarterly, semi-annual or annual basis based on the repayment schedule for each of the borrowing agreements.

Borrowings are further analysed as follows:

#### (a) By relationship

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Non-related parties	738,450,187	2,990,723,258	715,840,327	2,916,333,492
Related parties	164,355,548	665,639,969	113,981,537	464,360,782
	<u>902,805,735</u>	<u>3,656,363,227</u>	<u>829,821,864</u>	<u>3,380,694,274</u>

#### (b) By range of annual interest rates

	31 March 2022	31 December 2021
USD	1.14%-6.98%	2.00% - 6.98%
KHR	2.00%-7.50%	2.00% - 7.50%
THB	8.37%-8.72%	8.37% - 8.84%

### 17. Bonds payable

In April 2020, the Company issued KHR127.2 billion (equivalent to USD31.18 million) fixed rate guaranteed bonds due on 23 April 2023. The bonds are guaranteed by the Credit Guarantee and Investment Facility, a trust fund of Asian Development Bank (“ADB”). The bonds are listed on the Cambodia Securities Exchange (“CSX”) and were priced at KHR100,000 per bond with a coupon rate of 7.50% per annum, and are payable on a semi-annual basis commencing on 23 October 2020. The Company incurred debt’s issuance costs amounting to KHR6.21 billion (equivalent to USD1.52 million).

As at 31 March 2022, the carrying value of the bonds payable is USD32,239,835 (equivalent to KHR130.57 billion) (31 December 2021: USD31,342,099 equivalent to KHR127.69 billion). During the three-month period ended 31 March 2022, the Company incurred interest expense on the issued bonds amounting to USD671,338 (equivalent to KHR2.73 billion) (Three-month period ended 31 March 2021: USD643,995 equivalent to KHR2.61 billion) (Note 25).

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 18. Subordinated debts

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Subordinated debts	<u>106,144,131</u>	<u>429,883,731</u>	<u>105,191,790</u>	<u>428,551,352</u>

These are subordinated debts from foreign lenders, non-related parties, amounting to USD54,805,704 (equivalent to KHR221.96 billion) (31 December 2021: USD54,999,653 equivalent to KHR224.1 billion) and shareholder amounting to USD51,338,427 (equivalent to KHR207.92 billion) (31 December 2021: USD50,192,137 equivalent to KHR204.5 billion), which are repayable based on the agreed schedules stated in each loan agreements. The subordinated debt from shareholder was approved by the NBC such that it can be included as Tier 2 Capital for purpose of net worth calculation. The annual interest rates ranged from 6.98% to 10.47% (31 December 2021: 6.98% to 10.47%) during the period.

#### 19. Lease liabilities

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<b>Maturity analysis – contractual undiscounted cash flows</b>				
Less than one year	4,847,378	19,631,881	4,494,357	18,310,009
One to five years	12,632,744	51,162,613	11,814,043	48,130,411
More than five years	<u>3,413,726</u>	<u>13,825,590</u>	<u>2,713,396</u>	<u>11,054,377</u>
<b>Total undiscounted lease liabilities</b>	<u>20,893,848</u>	<u>84,620,084</u>	<u>19,021,796</u>	<u>77,494,797</u>
<b>Present value of lease liabilities</b>				
Current	3,435,559	13,914,014	3,407,054	13,880,338
Non-current	<u>12,178,071</u>	<u>49,321,188</u>	<u>12,184,384</u>	<u>49,639,180</u>
	<u>15,613,630</u>	<u>63,235,202</u>	<u>15,591,438</u>	<u>63,519,518</u>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 19. Lease liabilities (continued)

##### Amounts recognised in profit or loss

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Expenses relating to short-term leases and lower-value assets	222,290	903,164	203,765	827,082
Interest on lease liabilities	288,862	1,173,646	273,795	1,111,334
	<u>511,152</u>	<u>2,076,810</u>	<u>477,560</u>	<u>1,938,416</u>

##### Amounts recognised in condensed interim statement of cash flows

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Total cash outflows for leases:				
Principal portion	(1,006,112)	(4,087,833)	(962,485)	(3,906,727)
Interest portion	(288,862)	(1,173,646)	(273,795)	(1,111,334)
	<u>(1,294,974)</u>	<u>(5,261,479)</u>	<u>(1,236,280)</u>	<u>(5,018,061)</u>

#### 20. Income tax

The Company's tax returns are subject to examination by the General Department of Taxation ("GDT"). Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the condensed interim financial statements could change at a later date upon final determination by the GDT.

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 20. Income tax (continued)

#### (a) Income tax expense

##### *Applicable tax rates*

In accordance with Cambodian tax law, the Company has the obligation to pay tax on income (“TOI”) at the rate of 20% of taxable income or minimum tax at 1% of turnover inclusive of all taxes except value-added tax, whichever is higher.

Based on ANUKRET on Tax Incentive in CSX, the Company is entitled to reduce half amount of its tax on income within the duration of tax incentive period. In order to get the incentives, the Company needs to submit the request to the General Department of Taxation (“GDT”) through the Securities and Exchange Regulator of Cambodia (“SERC”) (formerly known as Securities and Exchange Commission of Cambodia (“SECC”) until 8 April 2021). On 4 February 2021, the Company received the letter from SERC informing that the request was submitted to GDT. The Company has submitted a clarification letter to GDT regarding the approval on tax incentive. On 11 March 2021, the Company received the approval from the GDT on the tax incentives for the fiscal year 2020 and 2021 following the Prakas No. 183 dated 25 January 2020 on the implementation guidance on the incentive on tax on profit for the IPO enterprise.

On 17 December 2021, the Company received the letter from SERC informing the Company to submit the clarification letter to GDT on the tax incentive for fiscal year 2021. On 30 December 2021 the Company has submitted a clarification letter to GDT regarding the tax incentive for the fiscal year 2021. On 3 February 2022, the Company received the confirmation letter from the GDT on the tax incentives for the fiscal 2021 and fiscal 2022 following the Prakas No. 183 dated 25 January 2020 on the implementation guidance on the incentive on tax on profit for the IPO enterprise.

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR’000 Equivalent (Note 4)	USD	KHR’000 equivalent (Note 4)
Current tax at applicable tax rate	12,365,083	50,239,332	9,813,125	39,831,474
Under provision from prior period	1,156,005	4,696,849	-	-
Tax incentive on bond listing	(256,513)	(1,042,212)	(206,075)	(836,458)
Current tax	13,264,575	53,893,969	9,607,050	38,995,016
Deferred tax	(1,070,423)	(4,349,129)	(823,504)	(3,342,602)
	<u>12,194,152</u>	<u>49,544,840</u>	<u>8,783,546</u>	<u>35,652,414</u>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 20. Income tax (continued)

##### (a) Income tax expense (continued)

The reconciliation of income tax expense shown in the condensed interim statement of profit or loss and other comprehensive income was as follows:

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Profit before income tax	61,581,427	250,205,337	44,747,601	181,630,514
Income tax expense at applicable tax rate of 20%	12,316,285	50,041,066	8,949,520	36,326,102
Non-deductible expenses	134,380	545,986	40,101	162,770
Tax incentive on bond listing	(256,513)	(1,042,212)	(206,075)	(836,458)
	<u>12,194,152</u>	<u>49,544,840</u>	<u>8,783,546</u>	<u>35,652,414</u>

##### (b) Income tax payable

Movements of income tax payable during the period were as follows:

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Balance at beginning of the period	34,153,679	139,142,088	24,076,695	97,390,231
Current income tax at applicable tax rate	12,365,083	50,239,332	9,813,125	39,831,474
Under provision from prior period	1,156,005	4,696,849	-	-
Tax incentive on bond listing	(256,513)	(1,042,212)	(206,075)	(836,458)
Income tax paid	(36,339,666)	(147,648,063)	(24,914,691)	(101,128,731)
Currency translation differences	-	(519,713)	-	214,307
Balance at the end of the period	<u>11,078,588</u>	<u>44,868,281</u>	<u>8,769,054</u>	<u>35,470,823</u>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 20. Income tax (continued)

##### (c) Deferred tax assets, net

Details of deferred tax assets/(liabilities) were as follows:

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Unamortised loan fees	7,451,517	30,178,644	6,968,122	28,388,129
Allowance for impairment losses	2,524,004	10,222,216	3,510,062	14,299,992
Unused annual leave	589,614	2,387,937	440,040	1,792,723
Provision for employee benefits	275,152	1,114,366	47,581	193,845
Accrued interest receivable	2,982	12,077	5,696	23,206
Right-of-use assets and lease liabilities	6,229	25,227	122,870	500,572
Unamortised borrowing fees	397,415	1,609,531	282,493	1,150,876
Property, equipment and intangible assets	(221,853)	(898,505)	(242,527)	(988,055)
Management incentive	1,156,005	4,681,820	-	-
Foreign exchange differences	616,993	2,498,822	593,298	2,417,097
Deferred tax assets, net	<u>12,798,058</u>	<u>51,832,135</u>	<u>11,727,635</u>	<u>47,778,385</u>

#### 21. Provision for employee benefits

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Balance at beginning of period	237,906	969,229	435,375	1,761,092
Recognised in profit or loss	1,138,267	4,624,779	984,435	3,995,822
Payments during the period	(411)	(1,670)	(1,611)	(6,539)
Currency translation differences	-	(20,502)	-	(13,760)
Balance at the end of the period	<u>1,375,762</u>	<u>5,571,836</u>	<u>1,418,199</u>	<u>5,736,615</u>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 22. Other liabilities

	31 March 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Accrued bonus and incentive	13,318,685	53,940,674	6,329,705	25,787,218
Accrued expenses	3,549,771	14,376,573	2,832,493	11,539,576
Withholding tax payable	1,535,574	6,219,075	1,360,438	5,542,424
Account payables	3,877,740	15,704,847	1,913,161	7,794,218
Tax on salary	192,505	779,645	2,186,046	8,905,951
Others	7,815	31,651	6,009	24,484
	<u>22,482,090</u>	<u>91,052,465</u>	<u>14,627,852</u>	<u>59,593,871</u>

#### 23. Equity and reserves

##### (a) Share capital

All 300,000,000 ordinary shares are registered, issued, and paid-up with a par value of KHR4,000 per share.

On 11 March 2022, the Company requested to the National Bank of Cambodia (“NBC”) to increase its share capital from USD300,000,000 to USD400,000,000 by way of capitalising the retained earnings. This request was approved by the NBC on 25 April 2022. The Memorandum and Articles of Association of the Company had been updated to reflect this change and was endorsed by the MoC on 28 April 2022.

The details of shareholders and shareholding structure are as follows:

	31 March 2022		
	USD	KHR'000 equivalent (Note 4)	%
KB	299,999,999	1,199,999,996	99.99999967%
KBC	<u>1</u>	<u>4</u>	<u>0.00000033%</u>
	<u>300,000,000</u>	<u>1,200,000,000</u>	<u>100%</u>

Abbreviation:

KB: Kookmin Bank Co.Ltd.

KBC: Kookmin Bank Cambodia Plc

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 23. Equity and reserves (continued)

##### (b) Regulatory reserve

The movements in regulatory reserve during the period were as follows:

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Balance at beginning of the period	24,738,149	100,536,219	461,332	1,778,127
Transfer from retained earnings	2,464,727	10,014,186	662,073	2,687,354
Balance at the end of the period	<u>27,202,876</u>	<u>110,550,405</u>	<u>1,123,405</u>	<u>4,465,481</u>

#### 24. Interest income

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Individual loans	140,712,557	571,715,119	118,724,982	481,904,703
Group loans	5,936	24,118	13,922	56,509
Balances with other banks	19,466	79,090	54,903	222,851
Balances with the NBC	8,834	35,893	24,534	99,584
	<u>140,746,793</u>	<u>571,854,220</u>	<u>118,818,341</u>	<u>482,283,647</u>



## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 25. Interest expense

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Deposits from customers	40,057,269	162,752,685	33,908,435	137,634,339
Borrowings	12,606,225	51,219,092	12,216,107	49,585,180
Subordinated debts	2,674,315	10,865,742	2,639,758	10,714,777
Bonds payables	671,338	2,727,646	643,995	2,613,976
Deposits from banks and other financial institutions	673,826	2,737,755	535,731	2,174,530
Lease liabilities	288,862	1,173,646	273,795	1,111,334
	<u>56,971,835</u>	<u>231,476,566</u>	<u>50,217,821</u>	<u>203,834,136</u>

#### 26. Net fees and commission income

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Instalment fee income	2,374,527	9,647,703	1,971,949	8,004,141
Local remittance services income	172,875	702,391	201,901	819,517
<b>Fees and commission income</b>	<u>2,547,402</u>	<u>10,350,094</u>	<u>2,173,850</u>	<u>8,823,658</u>
Bank charges on borrowings	(22,112)	(89,841)	(20,580)	(83,535)
Others	(1,000)	(4,063)	(495)	(2,009)
<b>Fees and commission expense</b>	<u>(23,112)</u>	<u>(93,904)</u>	<u>(21,075)</u>	<u>(85,544)</u>
<b>Net fees and commission income</b>	<u>2,524,290</u>	<u>10,256,190</u>	<u>2,152,775</u>	<u>8,738,114</u>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 27. Other income

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Penalty from late repayment of loan	1,357,010	5,513,532	1,700,408	6,901,956
Recovery of loan written-off	1,201,718	4,882,580	854,390	3,467,969
Others	261,564	1,062,734	322,897	1,310,640
	<u>2,820,292</u>	<u>11,458,846</u>	<u>2,877,695</u>	<u>11,680,565</u>

#### 28. Personnel expenses

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Salaries, bonuses and incentives	21,397,897	86,939,655	18,226,941	73,983,154
Employee benefits	1,138,267	4,624,779	984,435	3,995,822
Employee social welfare fund expenses	290,084	1,178,611	268,096	1,088,202
Medical expenses	6,578	26,726	2,844	11,544
Other employee benefits	888,657	3,610,614	902,716	3,664,123
	<u>23,721,483</u>	<u>96,380,385</u>	<u>20,385,032</u>	<u>82,742,845</u>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 29. General and administrative expenses

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Fuel costs	977,904	3,973,224	926,018	3,758,707
Printing and stationery	305,458	1,241,076	343,775	1,395,383
Repair and maintenance	348,979	1,417,902	266,015	1,079,755
Transportation	291,175	1,183,044	268,756	1,090,881
Utilities	292,892	1,190,020	281,263	1,141,647
License fees	129,776	527,280	162,216	658,435
Communications	224,034	910,250	199,197	808,541
Rental	222,290	903,164	203,765	827,084
Professional fees	168,548	684,811	161,085	653,844
Stamp tax	2,183	8,870	56,571	229,622
Marketing and promotions	178,848	726,659	117,747	477,935
Other tax expenses	196,549	798,579	195,991	795,527
Office supplies	173,113	703,358	203,716	826,883
Bank charges	30,166	122,564	112,996	458,651
Donation	1,843	7,488	7,531	30,568
Training	215	874	7,056	28,640
Traveling	15,785	64,134	32,357	131,337
Other expenses	143,985	585,011	95,292	386,788
	<u>3,703,743</u>	<u>15,048,308</u>	<u>3,641,347</u>	<u>14,780,228</u>

#### 30. Depreciation and amortization

	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
	USD	KHR'000 Equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Property and equipment	518,445	2,106,442	503,084	2,042,018
Intangible assets	73,208	297,444	72,303	293,478
Right-of-use assets	<u>1,042,373</u>	<u>4,235,162</u>	<u>1,036,113</u>	<u>4,205,583</u>
	<u>1,634,026</u>	<u>6,639,048</u>	<u>1,611,500</u>	<u>6,541,079</u>

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 31. Net cash used in operating activities

	Note	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Net profit for the period		49,387,275	200,660,497	35,964,055	145,978,100
<i>Adjustments for:</i>					
Depreciation and amortisation	30	1,634,026	6,639,048	1,611,500	6,541,079
Gain on disposal of property and equipment		(178)	(724)	(59,780)	(242,647)
Net interest income		(83,774,958)	(340,377,654)	(68,600,520)	(278,449,511)
Allowance for impairment losses	9	(1,005,951)	(4,087,179)	4,252,318	17,260,159
Income tax expense	20(a)	12,194,152	49,544,840	8,783,546	35,652,414
Provision for employee benefits	21	1,138,267	4,624,779	984,435	3,995,822
Unrealised exchange gains		(380,696)	(1,546,768)	-	-
		(20,808,063)	(84,543,161)	(17,064,446)	(69,264,584)
<i>Changes in:</i>					
Balances with the NBC		(10,633,128)	(43,202,399)	(8,471,000)	(34,383,789)
Loans to customers		(252,566,460)	(1,026,177,527)	(189,348,538)	(768,565,716)
Other assets		(268,055)	(1,089,107)	(383,179)	(1,555,324)
Deposits from banks and other financial institutions		(6,701,308)	(27,227,414)	19,509,193	79,187,814
Deposits from customers		118,887,192	483,038,661	73,606,874	298,770,302
Other liabilities		7,854,238	31,911,769	4,546,748	18,455,250
Cash used in operations		(164,235,584)	(667,289,178)	(117,604,348)	(477,356,047)
Interest received		138,945,016	564,533,600	116,674,763	473,582,863
Interest paid		(53,026,956)	(215,448,522)	(48,657,174)	(197,499,469)
Income tax paid	20(b)	(36,339,666)	(147,648,063)	(24,914,691)	(101,128,731)
Employee benefits paid	21	(411)	(1,670)	(1,611)	(6,539)
<b>Net cash used in operating activities</b>		<b>(114,657,601)</b>	<b>(465,853,833)</b>	<b>(74,503,061)</b>	<b>(302,407,923)</b>

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 32. Related party transactions and balances

##### (a) Significant transactions with related parties

<i>Transactions</i>	<i>Related parties</i>	For the three-month period ended 31 March 2022		For the three-month period ended 31 March 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Fees and related expenses	Board of Directors	63,415	257,655	63,379	257,255
Interest expense	Board of Directors	129	524	845	3,430
	Shareholders	1,103,313	4,482,761	1,143,072	4,639,729
	Key management personnel	287,462	1,167,956	506,795	2,057,081
	Other related parties	268,344	1,090,282	-	-
Fees and commissions on loans	Shareholders	205,642	835,524	215,957	876,569
Salaries and employee benefits	Key management personnel	882,090	3,583,930	930,101	3,775,281
Interest income	Key management personnel	287,462	1,167,956	506,795	2,057,081
Employee benefits expense	Key management personnel	32,562	132,299	40,976	166,322
Management Incentive	Key management personnel	820,739	3,334,664	-	-

##### (b) Balances with related parties

<i>Accounts</i>	<i>Related parties</i>	31 March 2022		31 December 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Deposit	Directors and key management personnel	14,582,727	59,060,042	51,574,610	210,114,961
	KB Daehan Specialized Bank Plc	980	3,969	4,001,000	16,300,074
	KB Bank Myanmar Co., Ltd	19,268,344	78,036,791	15,153,386	61,734,895
		<u>33,852,051</u>	<u>137,100,802</u>	<u>70,728,996</u>	<u>288,149,930</u>
Loan	Directors and key management personnel	1,071,862	4,341,039	1,006,948	4,102,306

## Prasac Microfinance Institution Plc.

### Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

#### 32. Related party transactions and balances (continued)

##### (b) Balances with related parties (continued)

		31 March 2022		31 December 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<i>Accounts</i>	<i>Related parties</i>				
Borrowings	KB	161,384,101	653,605,609	111,027,553	452,326,251
	KB Daehan Specialized Bank Plc	2,971,447	12,034,360	2,953,984	12,034,531
		<u>164,355,548</u>	<u>665,639,969</u>	<u>113,981,537</u>	<u>464,360,782</u>
Subordinated debt	KB	<u>51,338,427</u>	<u>207,920,629</u>	<u>50,192,137</u>	<u>204,482,766</u>
Accrued management incentive	Directors and key management personnel	<u>6,600,766</u>	<u>26,733,104</u>	<u>5,780,027</u>	<u>23,513,150</u>

#### 33. Fair values of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The information presented herein represents the estimates of fair values as at the financial position date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of CIFRS 7, *Financial Instruments Disclosures* which requires the fair value information to be disclosed. The fair values of the Company's financial instruments such as cash and short-term funds, balances with the NBC, balances with other banks, deposits from customers, deposit from banks and other financial institution, other assets, other liabilities and short-term borrowings are not materially sensitive to shifts in market profit rate because of the limited term to maturity of these instruments. As such, the carrying values of these financial assets and liabilities at the reporting date approximate their fair values.

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 33. Fair values of financial assets and liabilities (continued)

*The methods and assumptions used by the Company in estimating the fair value of the financial instruments are:*

- *Cash on hand, balances with the NBC and with other banks*

The carrying amounts approximate the fair values due to the short-term nature of these accounts.

- *Loans to customers*

The fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads.

Input into the models may include data from third party and information obtained from other market participants, which includes observed primary and secondary transactions. Its carrying value approximates to fair value at the reporting date.

- *Deposits from banks and other financial institutions, and deposits from customers*

The fair value of deposits from banks and other financial institutions and deposits from customers with maturities of less than one year approximates their carrying amount due to the relatively short maturity of these instruments. The fair value of deposits and placements of other banks and financial institutions and deposits from customers with remaining maturities of more than one year are expected to approximate their carrying amount because the Company 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 current accounts and savings deposits, is the amount payable at the reporting date.

- *Borrowings and subordinated debts*

The fair value of borrowings and subordinated debts are estimated by discounting the expected future cash flows using the applicable prevailing market interest rates for borrowings with similar risk profiles.

However, only the contractual interest rates which are confirmed and provided by all lenders are available at the reporting date instead of the applicable prevailing market interest rates. The Company believed that the contractual interest rates were not significantly different to the prevailing market interest rates on the ground that there was no change to interest rates following the lenders' consideration on the Company's credit risk profile as at reporting date. On this basis, the fair value of borrowings and subordinated debts approximates their carrying values at the reporting date.

# Prasac Microfinance Institution Plc.

## Notes to the condensed interim financial statements (continued) for the three-month period ended 31 March 2022

### 33. Fair values of financial assets and liabilities (continued)

*The methods and assumptions used by the Company in estimating the fair value of the financial instruments are: (continued)*

- *Other assets and liabilities*

Due to their short duration, the carrying amounts of other liabilities in the statement of financial position are considered to be reasonable approximation of their fair values.

#### **Fair value hierarchy**

CIFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Company's market assumptions. The fair value hierarchy is as follows:

- Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

### 34. Tax contingency

On 6 August 2021, the Company received a tax notification letter from the General Department of Taxation ("GDT") for a comprehensive tax audit for the period from 1 January 2019 to 31 December 2019. As at the date of this report, the GDT has yet issued any result to the Company.

Taxes are calculated on the basis of current interpretation of the tax regulations enacted at reporting date. The management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.