

PRASAC MICROFINANCE INSTITUTION PLC.

**Condensed Interim Financial Statements
for the three-month and nine-month
periods ended 30 September 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. JUN Kwi Sang Mr. CHUNG Hui Tae Mr. OUM Sam Oeun Dr. CHOI Dong Hyun Mr. LEE Kyung Cheon Mr. PAK Jaehong Mr. CHAN Sophal Mr. JANG Ji Kyu	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 Hyeun Jong Mr. CHOI KiHyun Mr. YI JuHwan Mr. WON Soo Yeon Mr. PHOK Vandy Mr. KONG Sean Mr. RY Vanna Mr. PEN Sovannsoksitha 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 Digital Officer (appointed on 1 November 2022) EVP & Chief Risk Officer (appointed on 14 January 2022) EVP & Chief Finance Officer (appointed on 14 January 2022) EVP & Chief IT Officer (appointed on 1 November 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 Finance 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 and nine-month periods ended 30 September 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 and nine-month periods ended 30 September 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 periods 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 periods 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 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 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 periods 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 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 periods in which this report is made.

The Board of Directors

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

<i>Name</i>	<i>Position</i>
Mr. JUN Kwi Sang	Chairman
Mr. CHUNG Hui Tae	Director (appointed on 23 February 2022)
Mr. OUM Sam Oeun	Director (appointed on 23 February 2022)
Dr. CHOI Dong Hyun	Director
Mr. LEE Kyung Cheon	Independent Director
Mr. PAK Jaehong	Independent Director
Mr. CHAN Sophal	Independent Director
Mr. JANG Ji Kyu	Director (resigned on 18 January 2022)

Executive management

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

<i>Name</i>	<i>Position</i>
Mr. OUM Sam Oeun	President & Chief Executive Officer
Mr. KIM Hyeun Jong	EVP & Deputy Chief Executive Officer (appointed on 16 February 2022)
Mr. CHOI KiHyun	EVP & Chief Digital Officer (appointed on 1 November 2022)
Mr. YI JuHwan	EVP & Chief Risk Officer (appointed on 14 January 2022)
Mr. WON Soo Yeon	EVP & Chief Finance Officer (appointed on 14 January 2022)
Mr. PHOK Vandy	EVP & Chief IT Officer (appointed on 1 November 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)

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Executive management (continued)

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

Mr. OUM Sophan	EVP & Chief Finance 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 30 September 2022, and for the three-month and nine-month periods then ended, as set out on pages 8 to 56, 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;

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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. JUN Kwi Sang
Chairman

Phnom Penh, Kingdom of Cambodia

11 November 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 30 September 2022 condensed interim financial statements of PRASAC Microfinance Institution Plc. ("the Company"), as set out on pages 8 to 56 (hereafter referred to as "the condensed interim financial statements") which comprise:

- the condensed interim statement of financial position as at 30 September 2022;
- the condensed interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed interim statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 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

11 November 2022

PRASAC Microfinance Institution Plc.

Condensed interim statement of financial position as at 30 September 2022

	Notes	30 September 2022		31 December 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
ASSETS					
Cash on hand	6	168,556,867	694,285,735	222,365,399	905,916,636
Balances with the National Bank of Cambodia	7	344,980,143	1,420,973,209	368,419,366	1,500,940,497
Balances with other banks	8	3,035,302	12,502,409	2,308,097	9,403,187
Loans to customers	9	4,172,320,125	17,185,786,595	3,691,567,993	15,039,448,003
Other assets	10	3,355,706	13,822,153	1,815,969	7,398,258
Property and equipment	11	5,113,854	21,063,965	4,861,518	19,805,825
Right-of-use assets	12	20,366,751	83,890,647	16,097,643	65,581,798
Intangible assets	13	1,132,791	4,665,966	1,354,529	5,518,351
Deferred tax assets, net	20(c)	16,128,382	66,432,805	11,727,635	47,778,385
TOTAL ASSETS		4,734,989,921	19,503,423,484	4,320,518,149	17,601,790,940
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions	14	47,313,281	194,883,404	81,881,578	333,585,549
Deposits from customers	15	2,741,248,313	11,291,201,801	2,533,330,855	10,320,789,903
Borrowings	16	927,283,120	3,819,479,171	829,821,864	3,380,694,274
Bonds payable	17	31,779,847	130,901,190	31,342,099	127,687,711
Subordinated debts	18	93,454,667	384,939,773	105,191,790	428,551,352
Lease liabilities	19	21,045,377	86,685,908	15,591,438	63,519,518
Income tax payable	20(b)	32,220,966	132,718,159	34,153,679	139,142,088
Provision for employee benefits	21	2,690,398	11,081,749	237,906	969,229
Other liabilities	22	29,518,336	121,586,027	14,627,852	59,593,871
Total liabilities		3,926,554,305	16,173,477,182	3,646,179,061	14,854,533,495
SHAREHOLDERS' EQUITY					
Share capital	23(a)	400,000,000	1,600,000,000	300,000,000	1,200,000,000
Retained earnings		385,030,945	1,582,231,942	349,600,939	1,430,490,098
Regulatory reserve	23(b)	23,404,671	95,103,630	24,738,149	100,536,219
Currency translation reserves		-	52,610,730	-	16,231,128
Total shareholders' equity		808,435,616	3,329,946,302	674,339,088	2,747,257,445
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,734,989,921	19,503,423,484	4,320,518,149	17,601,790,940

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 nine-month period ended 30 September 2022

	Notes	For the nine-month period ended 30 September 2022		For the nine-month period ended 30 September 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Interest income	24	439,014,304	1,788,544,274	373,371,559	1,518,128,759
Interest expense	25	(180,539,731)	(735,518,864)	(154,428,206)	(627,905,086)
Net interest income		258,474,573	1,053,025,410	218,943,353	890,223,673
Fees and commission income	26	7,392,646	30,117,640	6,943,087	28,230,592
Fees and commission expense	26	(1,091,882)	(4,448,327)	(97,656)	(397,069)
Net fees and commission income	26	6,300,764	25,669,313	6,845,431	27,833,523
Other income	27	8,191,346	33,371,544	7,662,360	31,155,156
Grant income		538,676	2,194,566	1,175,639	4,780,148
Net foreign exchange losses		(3,322,927)	(13,537,605)	(1,132,780)	(4,605,883)
Total other income		5,407,095	22,028,505	7,705,219	31,329,421
Total interest, fees, commission and other income		270,182,432	1,100,723,228	233,494,003	949,386,617
Personnel expenses	28	(71,623,832)	(291,795,492)	(56,362,415)	(229,169,579)
Allowance for impairment losses	9	(13,150,517)	(53,575,206)	(18,495,950)	(75,204,533)
General and administrative expenses	29	(13,148,616)	(53,567,462)	(10,170,952)	(41,355,091)
Depreciation and amortisation	30	(5,122,316)	(20,868,315)	(4,922,036)	(20,012,998)
Profit before income tax		167,137,151	680,916,753	143,542,650	583,644,416
Income tax expense	20(a)	(33,040,623)	(134,607,498)	(28,189,436)	(114,618,247)
Net profit for the period		134,096,528	546,309,255	115,353,214	469,026,169
<i>Other comprehensive income:</i>					
Currency translation differences		-	36,379,602	-	19,140,087
Total comprehensive income for the period		134,096,528	582,688,857	115,353,214	488,166,256

PRASAC Microfinance Institution Plc.

Condensed interim statement of profit or loss and other comprehensive income (continued) for the three-month period ended 30 September 2022

	Notes	For the three-month period ended 30 September 2022		For the three-month period ended 30 September 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Interest income	24	151,281,378	620,404,931	131,252,821	534,986,498
Interest expense	25	(63,189,868)	(259,141,649)	(52,869,081)	(215,494,374)
Net interest income		88,091,510	361,263,282	78,383,740	319,492,124
Fees and commission income	26	2,542,595	10,427,182	2,608,668	10,632,931
Fees and commission expense	26	(446,442)	(1,830,859)	(19,768)	(80,574)
Net fees and commission income	26	2,096,153	8,596,323	2,588,900	10,552,357
Other income	27	2,485,560	10,193,282	2,507,346	10,219,942
Grant income		251,453	1,031,209	419,935	1,711,655
Net foreign exchange losses		(2,548,817)	(10,452,699)	(540,002)	(2,201,048)
Total other income		188,196	771,792	2,387,279	9,730,549
Total interest, fees, commission and other income		90,375,859	370,631,397	83,359,919	339,775,030
Personnel expenses	28	(23,489,468)	(96,330,308)	(18,513,832)	(75,462,379)
Allowance for impairment losses	9	(16,057,478)	(65,851,717)	(1,695,052)	(6,909,032)
General and administrative expenses	29	(5,186,820)	(21,271,149)	(3,201,930)	(13,051,068)
Depreciation and amortisation	30	(1,714,275)	(7,030,242)	(1,666,704)	(6,793,486)
Profit before income tax		43,927,818	180,147,981	58,282,401	237,559,065
Income tax expense	20(a)	(8,661,784)	(35,521,976)	(11,404,754)	(46,485,777)
Net profit for the period		35,266,034	144,626,005	46,877,647	191,073,288
<i>Other comprehensive income:</i>					
Currency translation differences		-	19,855,801	-	2,616,286
Total comprehensive income for the period		35,266,034	164,481,806	46,877,647	193,689,574

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 nine-month period ended 30 September 2022

	Share capital		Retained earnings		Reserve fund		Regulatory reserve		Currency translation reserves		Total	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (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
Capitalisation of retained earnings	100,000,000	400,000,000	(100,000,000)	(400,000,000)	-	-	-	-	-	-	-	-
Net profit for the period	-	-	134,096,528	546,309,255	-	-	-	-	-	-	134,096,528	546,309,255
Transfer from regulatory reserve	-	-	1,333,478	5,432,589	-	-	(1,333,478)	(5,432,589)	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	36,379,602	-	36,379,602
Balance at 30 September 2022	400,000,000	1,600,000,000	385,030,945	1,582,231,942	-	-	23,404,671	95,103,630	-	52,610,730	808,435,616	3,329,946,302
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
Capitalisation of retained earnings	70,000,000	280,000,000	(70,000,000)	(280,000,000)	-	-	-	-	-	-	-	-
Net profit for the period	-	-	115,353,214	469,026,169	-	-	-	-	-	-	115,353,214	469,026,169
Transfer to regulatory reserve	-	-	(3,567,539)	(14,505,614)	-	-	3,567,539	14,505,614	-	-	-	-
Transfer to reserve fund	-	-	(43,965)	(178,762)	43,965	178,762	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	19,140,087	-	19,140,087
Balance at 30 September 2021	300,000,000	1,200,000,000	326,966,550	1,338,238,886	3,195,917	12,951,937	4,028,871	16,283,741	-	19,391,904	634,191,338	2,586,866,468

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 nine-month period ended 30 September 2022

	Notes	For the nine-month period ended 30 September 2022		For the nine-month period ended 30 September 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash used in operating activities	31	<u>(181,986,705)</u>	<u>(741,413,836)</u>	<u>(107,034,674)</u>	<u>(435,202,983)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment		(1,827,845)	(7,446,641)	(995,174)	(4,046,377)
Purchase of intangible assets		-	-	(43,735)	(177,827)
Investment in negotiable certificates of deposit		(520,918)	(2,122,220)	(147,430)	(599,450)
Proceeds from investments in negotiable certificates of deposit		521,990	2,126,587	148,377	603,301
Proceeds from disposals of property and equipment		110,631	450,711	63,822	259,500
Placement of capital guarantee		<u>(10,000,000)</u>	<u>(40,740,000)</u>	<u>(7,000,000)</u>	<u>(28,462,000)</u>
Net cash used in investing activities		<u>(11,716,142)</u>	<u>(47,731,563)</u>	<u>(7,974,140)</u>	<u>(32,422,853)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		315,981,936	1,287,310,407	203,062,396	825,651,702
Repayments of borrowings		(215,961,329)	(879,826,454)	(222,932,103)	(906,441,931)
Proceed from subordinated debts		-	-	17,883,024	72,712,376
Repayments of subordinated debts		(13,119,295)	(53,448,008)	(10,302,895)	(41,891,571)
Payments of lease liabilities		<u>(2,438,184)</u>	<u>(9,933,162)</u>	<u>(3,015,025)</u>	<u>(12,259,092)</u>
Net cash generated from/(used in) financing activities		<u>84,463,128</u>	<u>344,102,783</u>	<u>(15,304,603)</u>	<u>(62,228,516)</u>
Net decrease in cash and cash equivalents		<u>(109,239,719)</u>	<u>(445,042,616)</u>	<u>(130,313,417)</u>	<u>(529,854,352)</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		-	11,505,937	-	12,486,161
Cash and cash equivalents at the end of the period	6	<u>255,687,466</u>	<u>1,053,176,673</u>	<u>286,752,370</u>	<u>1,169,662,917</u>
Significant non-cash transaction from financing activities					
Conversion of retained earnings to share capital		<u>100,000,000</u>	<u>400,000,000</u>	<u>70,000,000</u>	<u>280,000,000</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 and nine-month periods ended 30 September 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 30 September 2022, the Company had 9,378 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 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 11 November 2022.

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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 has 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 key assumptions used in estimating recoverable cash flows and 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.

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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 in which the calculation of the ECL in this current environment is subject to significant uncertainty. 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.

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.

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 IAS21 – *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 reporting period, 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.

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

4. Translation of United States Dollars into Khmer Riel (continued)

The Company uses the following exchange rates:

			Closing rate	Average rate nine-month	Average rate three-month
30 September 2022	USD1	=	KHR4,119	KHR4,074	KHR4,101
30 September 2021	USD1	=	KHR4,079	KHR4,066	KHR4,076
31 December 2021	USD1	=	KHR4,074	N/A	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

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Head office	37,828,738	155,816,572	37,795,735	153,979,824
Branches	130,728,129	538,469,163	184,569,664	751,936,812
	<u>168,556,867</u>	<u>694,285,735</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 and nine-month periods ended 30 September 2022

6. Cash on hand (continued)

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

	30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Cash on hand	168,556,867	694,285,735	190,898,835	778,676,348
<i>Balances with the NBC</i>				
Current accounts	58,691,804	241,751,541	59,847,853	244,119,392
Term deposits (original maturity up to three months)	25,372,833	104,510,699	30,376,572	123,906,037
<i>Balances with other banks</i>				
Current accounts	2,891,030	11,908,153	4,578,862	18,677,178
Savings accounts	174,932	720,545	1,050,248	4,283,962
	<u>255,687,466</u>	<u>1,053,176,673</u>	<u>286,752,370</u>	<u>1,169,662,917</u>

7. Balances with the National Bank of Cambodia

	Note	30 September 2022		31 December 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Current accounts	(a)	58,691,804	241,751,541	139,856,737	569,776,347
Term deposits (original maturity up to three months)	(a)	25,372,833	104,510,699	373,638	1,522,201
Term deposits (original maturity of more than three months)	(a)	147,111	605,950	148,184	603,702
Capital guarantee	(b)	40,000,000	164,760,000	30,000,000	122,220,000
Reserve requirement	(c)	220,768,395	909,345,019	198,040,807	806,818,247
		<u>344,980,143</u>	<u>1,420,973,209</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 and nine-month periods ended 30 September 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 1.55% to 2.62% (31 December 2021: from 0.04% to 1.63%) and more than three months at annual interest rates ranging from 0.83% to 1.87% (31 December 2021: from 0.13% to 1.91%) during the periods.

(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 rate at 0.65% (31 December 2021: 0.04%) during the periods.

(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.

As of the reporting date, the Company has maintained sufficient minimum reserve requirement balance with NBC as per compliance with the above Prakas.

8. Balances with other banks

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Current accounts	2,891,030	11,908,153	2,240,993	9,129,805
Savings accounts	174,932	720,545	90,418	368,363
Gross balances with other banks	3,065,962	12,628,698	2,331,411	9,498,168
Allowance for impairment loss	(30,660)	(126,289)	(23,314)	(94,981)
	<u>3,035,302</u>	<u>12,502,409</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 and nine-month periods ended 30 September 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 0.50% (31 December 2021: 0.00% to 0.20%) during the periods.

9. Loans to customers

Loans to customers are categorised as follows:

	30 September 2022				
	Stage 1	Stage 2	Stage 3	Total	
	USD	USD	USD	USD	KHR'000 equivalent (Note 4)
Individual loans	3,868,525,046	249,554,574	56,336,349	4,174,415,969	17,194,419,376
Small and medium enterprises	59,771,245	6,129,053	1,523,932	67,424,230	277,720,403
Staff loans	6,130,639	-	21,873	6,152,512	25,342,197
Group loans	106,513	5,373	22,393	134,279	553,095
	3,934,533,443	255,689,000	57,904,547	4,248,126,990	17,498,035,071
Unamortised loan processing fees	(36,721,325)	(2,146,384)	(374,067)	(39,241,776)	(161,636,875)
	3,897,812,118	253,542,616	57,530,480	4,208,885,214	17,336,398,196
Accrued interest receivable	27,702,273	2,423,894	3,238,304	33,364,471	137,428,257
	3,925,514,391	255,966,510	60,768,784	4,242,249,685	17,473,826,453
Allowance for impairment losses	(12,425,305)	(13,130,786)	(44,373,469)	(69,929,560)	(288,039,858)
	3,913,089,086	242,835,724	16,395,315	4,172,320,125	17,185,786,595

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

9. Loans to customers (continued)

Loans to customers are categorised as follows: (continued)

	31 December 2021				
	Stage 1	Stage 2	Stage 3	Total	
	USD	USD	USD	USD	KHR'000 equivalent (Note 4)
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
	3,324,506,816	377,764,550	50,740,126	3,753,011,492	15,289,768,818
Unamortised loan processing fees	(31,195,926)	(3,300,001)	(344,684)	(34,840,611)	(141,940,649)
	3,293,310,890	374,464,549	50,395,442	3,718,170,881	15,147,828,169
Accrued interest receivable	24,831,162	3,238,478	2,117,904	30,187,544	122,984,054
	3,318,142,052	377,703,027	52,513,346	3,748,358,425	15,270,812,223
Allowance for impairment losses	(8,693,888)	(18,871,562)	(29,224,982)	(56,790,432)	(231,364,220)
	3,309,448,164	358,831,465	23,288,364	3,691,567,993	15,039,448,003

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

9. Loans to customers (continued)

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

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Loans to customers	13,139,128	53,528,807	18,478,829	75,134,919	16,108,379	66,060,462	1,662,105	6,774,740
Balances with other banks	7,346	29,928	16,140	65,625	(52,646)	(215,901)	33,071	134,797
Other assets	4,043	16,471	981	3,989	1,745	7,156	(124)	(505)
	<u>13,150,517</u>	<u>53,575,206</u>	<u>18,495,950</u>	<u>75,204,533</u>	<u>16,057,478</u>	<u>65,851,717</u>	<u>1,695,052</u>	<u>6,909,032</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

9. Loans to customers (continued)

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

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Balance at the beginning of the period	56,790,432	231,364,220	49,613,493	200,686,579	53,821,181	219,052,205	66,430,217	270,703,134
Allowance for impairment losses during the period	13,139,128	53,528,807	18,478,829	75,134,919	16,108,379	66,060,462	1,662,105	6,774,740
Currency translation differences	-	3,146,831	-	1,927,083	-	2,927,191	-	270,707
Balance at the end of the period	<u>69,929,560</u>	<u>288,039,858</u>	<u>68,092,322</u>	<u>277,748,581</u>	<u>69,929,560</u>	<u>288,039,858</u>	<u>68,092,322</u>	<u>277,748,581</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

9. Loans to customers (continued)

Further analyses of loans to customers are set out below:

(a) By security

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<i>Secured</i>				
Real estate (hard title)	1,919,316,756	7,905,665,718	1,649,002,901	6,718,037,818
Chattel	124,964	514,727	189,467	771,887
Deposit hold-out	1,799,212	7,410,954	2,530,818	10,310,554
Others	569,112	2,344,172	640,271	2,608,465
<i>Unsecured (*)</i>				
Real estate (soft title)	2,319,326,303	9,553,305,042	2,094,535,205	8,533,136,427
Chattel	473,610	1,950,800	363,670	1,481,591
Others	639,728	2,635,040	1,096,093	4,465,481
	<u>4,242,249,685</u>	<u>17,473,826,453</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.

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

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<i>Residency</i>				
Residents	<u>4,242,249,685</u>	<u>17,473,826,453</u>	<u>3,748,358,425</u>	<u>15,270,812,223</u>
<i>Relationship</i>				
External customers	4,236,095,871	17,448,478,893	3,741,058,685	15,241,073,082
Staff loans	<u>6,153,814</u>	<u>25,347,560</u>	<u>7,299,740</u>	<u>29,739,141</u>
	<u>4,242,249,685</u>	<u>17,473,826,453</u>	<u>3,748,358,425</u>	<u>15,270,812,223</u>
<i>Currency</i>				
USD	3,706,334,978	15,266,393,775	3,286,440,759	13,388,959,652
KHR	531,660,525	2,189,909,702	452,563,732	1,843,744,644
THB	<u>4,254,182</u>	<u>17,522,976</u>	<u>9,353,934</u>	<u>38,107,927</u>
	<u>4,242,249,685</u>	<u>17,473,826,453</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 and nine-month periods ended 30 September 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 (continued)

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<i>Industry sector</i>				
Trade and commerce	1,140,175,893	4,696,384,503	1,006,083,731	4,098,785,121
Service	708,404,775	2,917,919,268	650,895,034	2,651,746,369
Real-estate	641,476,643	2,642,242,293	536,199,895	2,184,478,372
Home improvement	553,829,669	2,281,224,407	453,670,525	1,848,253,719
Agriculture	499,040,349	2,055,547,198	445,927,277	1,816,707,726
Automobiles	323,883,929	1,334,077,904	299,573,327	1,220,461,734
Transportation	255,632,365	1,052,949,711	249,173,560	1,015,133,083
Manufacturing	47,520,529	195,737,059	45,502,628	185,377,706
Construction	46,673,849	192,249,584	39,316,458	160,175,250
Personal	25,611,684	105,494,526	22,015,990	89,693,143
	<u>4,242,249,685</u>	<u>17,473,826,453</u>	<u>3,748,358,425</u>	<u>15,270,812,223</u>

10. Other assets

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Prepayments	2,528,241	10,413,825	1,188,294	4,841,110
Deposits	813,790	3,352,001	611,637	2,491,809
Long-term investment	28,167	116,020	28,167	114,752
Others	1,784	7,348	104	424
	<u>3,371,982</u>	<u>13,889,194</u>	<u>1,828,202</u>	<u>7,448,095</u>
Allowance for impairment losses	<u>(16,276)</u>	<u>(67,041)</u>	<u>(12,233)</u>	<u>(49,837)</u>
	<u>3,355,706</u>	<u>13,822,153</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 and nine-month periods ended 30 September 2022

11. Property and equipment

For the nine-month period ended 30 September 2022

	Office furniture USD	Vehicles USD	Motorcycles USD	Computer and peripherals USD	Leasehold improvements USD	Communicati on equipment USD	Work in progress USD	Total USD	KHR'000 equivalent (Note 4)
Cost									
Balance at the 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	521,636	308,500	-	322,850	11,416	2,058	661,385	1,827,845	7,446,641
Disposals/write-offs	(131,500)	(240,500)	-	(528,962)	(67,382)	(924)	-	(969,268)	(3,948,797)
Transfers	8,710	-	-	444,209	10,374	-	(463,293)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	1,009,700
Balance at the end of the period	<u>5,915,977</u>	<u>2,919,723</u>	<u>360,678</u>	<u>10,035,798</u>	<u>2,373,615</u>	<u>345,206</u>	<u>486,788</u>	<u>22,437,785</u>	<u>92,421,237</u>
Less: Accumulated depreciation									
Balance at the beginning of the period	4,582,179	2,313,720	353,407	7,235,877	1,952,147	280,360	-	16,717,690	68,107,869
Depreciation for the period	270,071	195,697	2,683	962,734	109,971	23,426	-	1,564,582	6,374,107
Disposals/write-offs	(130,618)	(240,500)	-	(518,917)	(67,382)	(924)	-	(958,341)	(3,904,280)
Currency translation differences	-	-	-	-	-	-	-	-	779,576
Balance at the end of the period	<u>4,721,632</u>	<u>2,268,917</u>	<u>356,090</u>	<u>7,679,694</u>	<u>1,994,736</u>	<u>302,862</u>	<u>-</u>	<u>17,323,931</u>	<u>71,357,272</u>
Carrying amounts									
Balance at the 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>1,194,345</u>	<u>650,806</u>	<u>4,588</u>	<u>2,356,104</u>	<u>378,879</u>	<u>42,344</u>	<u>486,788</u>	<u>5,113,854</u>	<u>21,063,965</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

11. Property and equipment (continued)

	For the nine-month period ended 30 September 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)
Cost									
Balance at the 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	84,166,961
Additions	156,071	97,500	-	305,935	5,674	1,505	428,489	995,174	4,046,377
Disposals/write-offs	(54,023)	(141,670)	-	(165,607)	(6,262)	-	-	(367,562)	(1,494,507)
Transfers	27,085	-	-	475,347	18,341	-	(520,773)	-	-
Currency translation differences	-	-	-	-	-	-	-	-	715,619
Balance at the end of the period	<u>5,484,770</u>	<u>2,993,224</u>	<u>360,678</u>	<u>9,646,095</u>	<u>2,419,208</u>	<u>327,861</u>	<u>203,430</u>	<u>21,435,266</u>	<u>87,434,450</u>
Less: Accumulated depreciation									
Balance at the 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	314,789	203,710	2,683	874,812	128,386	20,252	-	1,544,632	6,280,474
Disposals/write-offs	(52,108)	(141,670)	-	(164,754)	(6,262)	-	-	(364,794)	(1,483,252)
Currency translation differences	-	-	-	-	-	-	-	-	530,262
Balance at the end of the period	<u>4,485,013</u>	<u>2,377,124</u>	<u>352,502</u>	<u>6,925,802</u>	<u>1,911,034</u>	<u>273,214</u>	<u>-</u>	<u>16,324,689</u>	<u>66,588,406</u>
Carrying amounts									
Balance at the end of the period	<u>999,757</u>	<u>616,100</u>	<u>8,176</u>	<u>2,720,293</u>	<u>508,174</u>	<u>54,647</u>	<u>203,430</u>	<u>5,110,577</u>	<u>20,846,044</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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 nine-month period ended 30 September 2022			
	Office space USD	ATM space USD	Total USD	KHR'000 equivalent (Note 4)
Cost				
Balance at the beginning of the period	30,328,390	811,909	31,140,299	126,865,578
Additions	7,501,981	103,123	7,605,104	30,983,194
Currency translation differences	-	-	-	1,743,543
Balance at the end of the period	<u>37,830,371</u>	<u>915,032</u>	<u>38,745,403</u>	<u>159,592,315</u>
Less: Accumulated depreciation				
Balance at the beginning of the period	14,414,971	627,685	15,042,656	61,283,780
Depreciation for the period	3,206,215	129,781	3,335,996	13,590,848
Currency translation differences	-	-	-	827,040
Balance at the end of the period	<u>17,621,186</u>	<u>757,466</u>	<u>18,378,652</u>	<u>75,701,668</u>
Carrying amounts				
Balance at the 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>20,209,185</u>	<u>157,566</u>	<u>20,366,751</u>	<u>83,890,647</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

12. Right-of-use assets (continued)

	For the nine-month period ended 30 September 2021			
	Office space USD	ATM space USD	Total USD	KHR'000 equivalent (Note 4)
Cost				
Balance at the beginning of the period	25,638,528	717,053	26,355,581	106,608,325
Additions	1,686,468	94,856	1,781,324	7,242,863
Currency translation differences	-	-	-	919,247
Balance at the end of the period	<u>27,324,996</u>	<u>811,909</u>	<u>28,136,905</u>	<u>114,770,435</u>
Less: Accumulated depreciation				
Balance at the beginning of the period	10,579,042	454,360	11,033,402	44,630,111
Depreciation for the period	3,025,443	130,508	3,155,951	12,832,097
Currency translation differences	-	-	-	416,162
Balance at the end of the period	<u>13,604,485</u>	<u>584,868</u>	<u>14,189,353</u>	<u>57,878,370</u>
Carrying amounts				
Balance at the end of the period	<u>13,720,511</u>	<u>227,041</u>	<u>13,947,552</u>	<u>56,892,065</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

13. Intangible assets

	For the nine-month period ended 30 September 2022			
	Computer software USD	Core banking system license USD	Total USD	KHR'000 equivalent (Note 4)
Cost				
Balance at the beginning of the period	1,264,054	2,891,587	4,155,641	16,930,082
Currency translation differences	-	-	-	187,003
Balance at the end of the period	<u>1,264,054</u>	<u>2,891,587</u>	<u>4,155,641</u>	<u>17,117,085</u>
Less: Accumulated amortisation				
Balance at the beginning of the period	925,837	1,875,275	2,801,112	11,411,731
Amortisation for the period	80,861	140,877	221,738	903,360
Currency translation differences	-	-	-	136,028
Balance at the end of the period	<u>1,006,698</u>	<u>2,016,152</u>	<u>3,022,850</u>	<u>12,451,119</u>
Carrying amounts				
Balance at the 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>257,356</u>	<u>875,435</u>	<u>1,132,791</u>	<u>4,665,966</u>

	For the nine-month period ended 30 September 2021			
	Computer software USD	Core banking system license USD	Total USD	KHR'000 equivalent (Note 4)
Cost				
Balance at the beginning of the period	1,220,319	2,891,587	4,111,906	16,632,661
Additions	43,735	-	43,735	177,827
Currency translation differences	-	-	-	140,372
Balance at the end of the period	<u>1,264,054</u>	<u>2,891,587</u>	<u>4,155,641</u>	<u>16,950,860</u>
Less: Accumulated amortisation				
Balance at the beginning of the period	817,815	1,686,923	2,504,738	10,131,666
Amortisation for the period	80,576	140,877	221,453	900,427
Currency translation differences	-	-	-	88,040
Balance at the end of the period	<u>898,391</u>	<u>1,827,800</u>	<u>2,726,191</u>	<u>11,120,133</u>
Carrying amounts				
Balance at the end of the period	<u>365,663</u>	<u>1,063,787</u>	<u>1,429,450</u>	<u>5,830,727</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

14. Deposits from banks and other financial institutions

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Term deposits	47,127,328	194,117,464	77,619,435	316,221,578
Savings deposits	185,953	765,940	4,262,143	17,363,971
	<u>47,313,281</u>	<u>194,883,404</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

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Non-related parties	24,723,634	101,836,648	62,727,192	255,550,580
Related parties	22,589,647	93,046,756	19,154,386	78,034,969
	<u>47,313,281</u>	<u>194,883,404</u>	<u>81,881,578</u>	<u>333,585,549</u>

(b) By range of annual interest rates

	30 September 2022	31 December 2021
Term deposits		
USD	3.50% - 4.75%	2.00% - 5.25%
KHR	N/A	N/A
Savings deposits		
USD	0.00%	0.00%
KHR	0.00%	0.00%

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

15. Deposits from customers

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Term deposits	2,612,138,832	10,759,399,849	2,397,228,295	9,766,308,074
Savings deposits	129,109,481	531,801,952	136,102,560	554,481,829
	<u>2,741,248,313</u>	<u>11,291,201,801</u>	<u>2,533,330,855</u>	<u>10,320,789,903</u>

Deposits from customers are further analysed as follows:

(a) By relationship

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Non-related parties	2,730,723,879	11,247,851,657	2,481,756,245	10,110,674,942
Related parties	10,524,434	43,350,144	51,574,610	210,114,961
	<u>2,741,248,313</u>	<u>11,291,201,801</u>	<u>2,533,330,855</u>	<u>10,320,789,903</u>

(b) By range of annual interest rates

	30 September 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% - 7.25%	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 and nine-month periods ended 30 September 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

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Non-related parties	724,035,260	2,982,301,236	715,840,327	2,916,333,492
Related parties	203,247,860	837,177,935	113,981,537	464,360,782
	<u>927,283,120</u>	<u>3,819,479,171</u>	<u>829,821,864</u>	<u>3,380,694,274</u>

(b) By range of annual interest rates

	30 September 2022	31 December 2021
USD	2.00% - 8.65%	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 debts issuance costs amounting to KHR6.21 billion (equivalent to USD1.52 million).

As at 30 September 2022, the carrying value of the bonds payable is USD31,779,847 (equivalent to KHR130.90 billion) (31 December 2021: USD31,342,099 equivalent to KHR127.69 billion). During the nine-month period ended 30 September 2022, the Company incurred interest expense on the issued bonds amounting to USD1,936,649 (equivalent to KHR7.89 billion) (30 September 2021: USD1,953,612 equivalent to KHR7.94 billion) (Note 25).

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

18. Subordinated debts

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Subordinated debts	93,454,667	384,939,773	105,191,790	428,551,352

These are subordinated debts from foreign lenders, non-related parties, amounting to USD42,013,489 (equivalent to KHR173.05 billion) (31 December 2021: USD54,999,653 equivalent to KHR224.1 billion) and shareholder amounting to USD 51,441,178 (equivalent to KHR211.9 billion) (31 December 2021: USD50,192,137 equivalent to KHR204.5 billion), which are repayable based on the agreed schedules stated in each loan agreement. 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

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Maturity analysis – contractual undiscounted cash flows				
Less than one year	5,347,168	22,024,986	4,494,357	18,310,009
One to five years	14,661,918	60,392,439	11,814,043	48,130,411
More than five years	5,110,637	21,050,712	2,713,396	11,054,377
Total undiscounted lease liabilities	25,119,723	103,468,137	19,021,796	77,494,797
Present value of lease liabilities				
Current	4,130,596	17,013,924	3,407,054	13,880,338
Non-current	16,914,781	69,671,984	12,184,384	49,639,180
	21,045,377	86,685,908	15,591,438	63,519,518

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

19. Lease liabilities (continued)

Amounts recognised in profit or loss

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Expenses relating to short-term leases and lower-value assets	587,441	2,393,235	588,977	2,394,780	124,631	511,112	188,826	769,655
Interest on lease liabilities	1,613,285	6,572,523	797,950	3,244,465	381,390	1,564,080	258,911	1,055,321
	<u>2,200,726</u>	<u>8,965,758</u>	<u>1,386,927</u>	<u>5,639,245</u>	<u>506,021</u>	<u>2,075,192</u>	<u>447,737</u>	<u>1,824,976</u>

Amounts recognised in condensed interim statement of cash flows

	For the nine-month period ended			
	30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Total cash outflows for leases:				
Principal portion	(2,438,184)	(9,933,162)	(3,015,025)	(12,259,092)
Interest portion	(1,040,521)	(4,239,083)	(797,950)	(3,244,465)
	<u>(3,478,705)</u>	<u>(14,172,245)</u>	<u>(3,812,975)</u>	<u>(15,503,557)</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

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.

(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 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.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

20. Income tax (continued)

(a) Income tax expense (continued)

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Current tax at applicable tax rate	36,928,744	150,447,703	30,319,113	123,277,514	12,205,303	50,053,948	11,242,563	45,824,686
Under provision from prior period	1,156,005	4,709,564	-	-	-	-	-	-
Tax incentive on bond listing	(643,379)	(2,621,126)	(579,095)	(2,354,600)	(186,006)	(762,811)	(189,933)	(774,167)
Current tax	37,441,370	152,536,141	29,740,018	120,922,914	12,019,297	49,291,137	11,052,630	45,050,519
Deferred tax	(4,400,747)	(17,928,643)	(1,550,582)	(6,304,667)	(3,357,513)	(13,769,161)	352,124	1,435,258
	<u>33,040,623</u>	<u>134,607,498</u>	<u>28,189,436</u>	<u>114,618,247</u>	<u>8,661,784</u>	<u>35,521,976</u>	<u>11,404,754</u>	<u>46,485,777</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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 nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Profit before income tax	167,137,151	680,916,753	143,542,650	583,644,416	43,927,818	180,147,981	58,282,401	237,559,065
Income tax expense at applicable tax rate of 20%	33,427,430	136,183,349	28,708,530	116,728,883	8,785,564	36,029,598	11,656,480	47,511,812
Non-deductible expenses	256,572	1,045,275	60,001	243,964	62,226	255,189	(61,793)	(251,868)
Tax incentive on bond listing	(643,379)	(2,621,126)	(579,095)	(2,354,600)	(186,006)	(762,811)	(189,933)	(774,167)
	<u>33,040,623</u>	<u>134,607,498</u>	<u>28,189,436</u>	<u>114,618,247</u>	<u>8,661,784</u>	<u>35,521,976</u>	<u>11,404,754</u>	<u>46,485,777</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

20. Income tax (continued)

(b) Income tax payable

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

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Balance at the beginning of the period	34,153,679	139,142,088	24,076,695	97,390,231	21,722,136	88,409,098	16,591,294	67,609,523
Current income tax at applicable tax rate	36,928,744	150,447,703	30,319,113	123,277,514	12,205,304	50,053,948	11,242,563	45,824,686
Under provision from prior period	1,156,005	4,709,564	-	-	-	-	-	-
Tax incentive on bond listing	(643,379)	(2,621,126)	(579,095)	(2,354,600)	(186,006)	(762,811)	(189,933)	(774,167)
Income tax paid	(39,374,083)	(160,410,014)	(27,493,746)	(111,789,571)	(1,520,468)	(6,235,439)	(1,320,957)	(5,384,221)
Currency translation differences	-	1,449,944	-	847,808	-	1,253,363	-	95,561
Balance at the end of the period	<u>32,220,966</u>	<u>132,718,159</u>	<u>26,322,967</u>	<u>107,371,382</u>	<u>32,220,966</u>	<u>132,718,159</u>	<u>26,322,967</u>	<u>107,371,382</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

20. Income tax (continued)

(c) Deferred tax assets, net

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

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Unamortised loan fees	7,848,355	32,327,374	6,968,122	28,388,129
Allowance for impairment losses	4,155,791	17,117,703	3,510,062	14,299,992
Unused annual leave	674,290	2,777,401	440,040	1,792,723
Provision for employee benefits	538,080	2,216,352	47,581	193,845
Accrued interest receivable	11,026	45,416	5,696	23,206
Right-of-use assets and lease liabilities	205,939	848,263	122,870	500,572
Unamortised borrowing fees	349,079	1,437,856	282,493	1,150,876
Property, equipment and intangible assets	(227,168)	(935,705)	(242,527)	(988,055)
Management incentive	1,156,005	4,761,585	-	-
Foreign exchange differences	1,416,985	5,836,560	593,298	2,417,097
Deferred tax assets, net	<u>16,128,382</u>	<u>66,432,805</u>	<u>11,727,635</u>	<u>47,778,385</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

21. Provision for employee benefits

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Balance as at the beginning of period	237,906	969,229	435,375	1,761,092	1,487,502	6,054,133	582,940	2,375,481
Recognised in profit or loss	3,899,343	15,885,923	2,808,896	11,420,971	1,203,528	4,935,668	920,641	3,752,533
Payments during the period	(1,446,851)	(5,894,471)	(1,741,309)	(7,080,162)	(632)	(2,592)	(619)	(2,523)
Currency translation differences	-	121,068	-	28,681	-	94,540	-	5,091
Balance at the end of the period	<u>2,690,398</u>	<u>11,081,749</u>	<u>1,502,962</u>	<u>6,130,582</u>	<u>2,690,398</u>	<u>11,081,749</u>	<u>1,502,962</u>	<u>6,130,582</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

22. Other liabilities

	30 September 2022		31 December 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Accrued bonus and incentive	22,053,952	90,840,228	6,329,705	25,787,218
Accrued expenses	4,112,736	16,940,360	2,832,493	11,539,576
Withholding tax payable	1,639,298	6,752,268	1,360,438	5,542,424
Account payables	1,196,343	4,927,737	1,913,161	7,794,218
Tax on salary	505,932	2,083,934	2,186,046	8,905,951
Others	10,075	41,500	6,009	24,484
	<u>29,518,336</u>	<u>121,586,027</u>	<u>14,627,852</u>	<u>59,593,871</u>

23. Equity and reserves

(a) 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.

All 400,000,000 ordinary shares are registered, issued, and paid-up with a par value of KHR4,000 per share.

The details of shareholders and shareholding structure are as follows:

	30 September 2022		
	USD	KHR'000 equivalent (Note 4)	%
KB	399,999,999	1,599,999,996	99.99999975%
KBC	<u>1</u>	<u>4</u>	<u>0.00000025%</u>
	<u>400,000,000</u>	<u>1,600,000,000</u>	<u>100%</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

23. Equity and reserves (continued)

(a) Share capital (continued)

The details of shareholders and shareholding structure are as follows: (continued)

	31 December 2021		
	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 and nine-month periods ended 30 September 2022

23. Equity and reserves (continued)

(b) Regulatory reserve

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

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Balance at the beginning of the period	24,738,149	100,536,219	461,332	1,778,127	34,037,047	138,289,745	-	-
Transfer (to)/from retained earnings	(1,333,478)	(5,432,589)	3,567,539	14,505,614	(10,632,376)	(43,186,115)	4,028,871	16,283,741
Balance at the end of the period	<u>23,404,671</u>	<u>95,103,630</u>	<u>4,028,871</u>	<u>16,283,741</u>	<u>23,404,671</u>	<u>95,103,630</u>	<u>4,028,871</u>	<u>16,283,741</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

24. Interest income

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Individual loans	438,736,016	1,787,410,529	373,171,284	1,517,314,441	151,132,823	619,795,707	131,209,554	534,810,141
Group loans	16,060	65,428	33,375	135,703	4,921	20,181	8,948	36,472
Balances with other banks	73,894	301,044	129,729	527,478	19,970	81,897	28,548	116,362
Balances with NBC	188,334	767,273	37,171	151,137	123,664	507,146	5,771	23,523
	<u>439,014,304</u>	<u>1,788,544,274</u>	<u>373,371,559</u>	<u>1,518,128,759</u>	<u>151,281,378</u>	<u>620,404,931</u>	<u>131,252,821</u>	<u>534,986,498</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

25. Interest expense

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Deposits from customers	126,974,404	517,293,722	105,593,887	429,344,745	44,139,072	181,014,335	36,833,112	150,131,764
Borrowings	41,071,696	167,326,090	35,968,203	146,246,713	15,427,613	63,268,641	11,583,416	47,214,004
Subordinated debts	7,342,085	29,911,654	8,422,144	34,244,438	2,278,833	9,345,494	2,909,385	11,858,653
Bonds payable	1,936,649	7,889,908	1,953,612	7,943,386	633,841	2,599,382	665,629	2,713,104
Deposits from banks and other financial institutions	1,601,612	6,524,967	1,692,410	6,881,339	329,119	1,349,717	618,628	2,521,528
Lease liabilities	1,613,285	6,572,523	797,950	3,244,465	381,390	1,564,080	258,911	1,055,321
	<u>180,539,731</u>	<u>735,518,864</u>	<u>154,428,206</u>	<u>627,905,086</u>	<u>63,189,868</u>	<u>259,141,649</u>	<u>52,869,081</u>	<u>215,494,374</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

26. Net fees and commission income

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Instalment fee income	6,881,384	28,034,758	6,396,633	26,008,710	2,373,678	9,734,453	2,440,426	9,947,176
Local remittance services income	511,262	2,082,882	546,454	2,221,882	168,917	692,729	168,242	685,755
Fees and commission income	7,392,646	30,117,640	6,943,087	28,230,592	2,542,595	10,427,182	2,608,668	10,632,931
Borrowing fee	(1,008,460)	(4,108,466)	-	-	(426,455)	(1,748,892)	-	-
Bank charges on borrowings	(79,753)	(324,914)	(96,831)	(393,715)	(17,318)	(71,021)	(19,438)	(79,229)
Others	(3,669)	(14,947)	(825)	(3,354)	(2,669)	(10,946)	(330)	(1,345)
Fees and commission expense	(1,091,882)	(4,448,327)	(97,656)	(397,069)	(446,442)	(1,830,859)	(19,768)	(80,574)
Net fees and commission income	6,300,764	25,669,313	6,845,431	27,833,523	2,096,153	8,596,323	2,588,900	10,552,357

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

27. Other income

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Penalty from late repayment of loan	3,754,860	15,297,300	4,514,845	18,357,360	1,179,240	4,836,063	1,430,953	5,832,564
Recovery of loan written-off	3,613,694	14,722,189	2,313,890	9,408,277	1,028,070	4,216,115	824,846	3,362,072
Others	822,792	3,352,055	833,625	3,389,519	278,250	1,141,104	251,547	1,025,306
	<u>8,191,346</u>	<u>33,371,544</u>	<u>7,662,360</u>	<u>31,155,156</u>	<u>2,485,560</u>	<u>10,193,282</u>	<u>2,507,346</u>	<u>10,219,942</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

28. Personnel expenses

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Salaries, bonuses and incentives	65,315,145	266,093,900	51,317,880	208,658,500	21,767,463	89,268,366	17,176,794	70,012,612
Employee benefits	3,899,343	15,885,923	2,808,896	11,420,971	1,203,528	4,935,668	920,641	3,752,533
Employee social welfare fund expenses	891,129	3,630,460	840,421	3,417,152	304,321	1,248,020	291,022	1,186,206
Staff uniform	13,725	55,916	-	-	13,725	56,286	-	-
Medical expenses	59,246	241,368	34,922	141,993	42,867	175,798	11,779	48,011
Other employee benefits	1,445,244	5,887,925	1,360,296	5,530,963	157,564	646,170	113,596	463,017
	<u>71,623,832</u>	<u>291,795,492</u>	<u>56,362,415</u>	<u>229,169,579</u>	<u>23,489,468</u>	<u>96,330,308</u>	<u>18,513,832</u>	<u>75,462,379</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

29. General and administrative expenses

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Fuel costs	3,130,178	12,752,345	2,756,450	11,207,726	1,098,908	4,506,622	923,640	3,764,757
Professional fees	1,991,647	8,113,970	490,475	1,994,271	1,348,704	5,531,035	199,640	813,733
Maintenance	1,259,532	5,131,333	822,180	3,342,984	452,914	1,857,400	303,428	1,236,773
Printing and stationery	926,761	3,775,624	1,027,203	4,176,607	279,723	1,147,144	325,071	1,324,989
Transportation	918,453	3,741,778	815,531	3,315,949	315,065	1,292,082	273,890	1,116,376
Utilities	907,115	3,695,587	891,836	3,626,205	307,336	1,260,385	291,084	1,186,458
Communications	681,522	2,776,521	630,431	2,563,332	232,547	953,675	224,295	914,226
Rental expenses	587,441	2,393,235	588,977	2,394,780	124,631	511,112	188,826	769,655
Marketing and promotions	461,866	1,881,642	272,321	1,107,257	176,429	723,535	121,781	496,379
License fees	379,272	1,545,154	461,034	1,874,564	124,147	509,127	148,933	607,051
Other tax expenses	335,560	1,367,071	84,891	345,167	183,075	750,791	21,535	87,776
Entertainment expense	245,598	1,000,566	37,925	154,203	51,402	210,800	3,383	13,789
Office supplies	239,247	974,692	242,557	986,237	90,825	372,473	48,560	197,931
Stamp Tax	236,242	962,450	264,414	1,075,107	20,902	85,719	13,349	54,411
Donation	160,234	652,793	178,901	727,411	59,329	243,308	5,284	21,538
Training	117,731	479,636	38,208	155,354	66,842	274,119	1,933	7,879
Travelling	103,748	422,669	41,608	169,178	43,759	179,456	5,135	20,930
Bank charges	71,360	290,721	203,946	829,244	32,946	135,112	54,054	220,324
Other expenses	395,109	1,609,675	322,064	1,309,515	177,336	727,254	48,109	196,093
	<u>13,148,616</u>	<u>53,567,462</u>	<u>10,170,952</u>	<u>41,355,091</u>	<u>5,186,820</u>	<u>21,271,149</u>	<u>3,201,930</u>	<u>13,051,068</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

30. Depreciation and amortization

	For the nine-month period ended				For the three-month period ended			
	30 September 2022		30 September 2021		30 September 2022		30 September 2021	
	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Property and equipment	1,564,582	6,374,107	1,544,632	6,280,474	530,652	2,176,204	520,508	2,121,591
Intangible assets	221,738	903,360	221,453	900,427	74,671	306,226	74,979	305,615
Right-of-use assets	3,335,996	13,590,848	3,155,951	12,832,097	1,108,952	4,547,812	1,071,217	4,366,280
	<u>5,122,316</u>	<u>20,868,315</u>	<u>4,922,036</u>	<u>20,012,998</u>	<u>1,714,275</u>	<u>7,030,242</u>	<u>1,666,704</u>	<u>6,793,486</u>

PRASAC Microfinance Institution Plc.

Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

31. Net cash used in operating activities

	Note	For the nine-month period ended 30 September 2022		For the nine-month period ended 30 September 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
Net profit for the period		<u>134,096,528</u>	<u>546,309,255</u>	<u>115,353,214</u>	<u>469,026,169</u>
<i>Adjustments for:</i>					
Depreciation and amortisation	30	5,122,316	20,868,315	4,922,036	20,012,998
Gain on disposal of property and equipment		(99,704)	(406,194)	(61,054)	(248,245)
Net interest income		(258,474,573)	(1,053,025,410)	(218,943,353)	(890,223,673)
Allowance for impairment losses	9	13,150,517	53,575,206	18,495,950	75,204,533
Income tax expense	20(a)	33,040,623	134,607,498	28,189,436	114,618,247
Provision for employee benefits	21	3,899,343	15,885,923	2,808,896	11,420,971
Unrealised exchange losses		<u>3,479,468</u>	<u>14,175,353</u>	<u>1,350,440</u>	<u>5,490,888</u>
		(65,785,482)	(268,010,054)	(47,884,435)	(194,698,112)
<i>Changes in:</i>					
Balances with the NBC		(22,727,588)	(92,592,194)	(26,569,730)	(108,032,522)
Loans to customers		(497,857,867)	(2,028,272,950)	(567,836,423)	(2,308,822,896)
Other assets		(1,256,762)	(5,120,048)	(1,058,548)	(4,304,056)
Deposits from banks and other financial institutions		(33,615,265)	(136,948,590)	38,920,179	158,249,448
Deposits from customers		197,045,471	802,763,249	299,973,011	1,219,690,263
Other liabilities		<u>14,890,484</u>	<u>60,663,832</u>	<u>6,644,498</u>	<u>27,016,529</u>
Cash used in operations		(409,307,009)	(1,667,516,755)	(297,811,448)	(1,210,901,346)
Interest received		435,837,376	1,775,601,470	367,489,304	1,494,211,510
Interest paid		(167,696,138)	(683,194,066)	(147,477,475)	(599,643,414)
Income tax paid	20(b)	(39,374,083)	(160,410,014)	(27,493,746)	(111,789,571)
Employee benefits paid	21	(1,446,851)	(5,894,471)	(1,741,309)	(7,080,162)
Net cash used in operating activities		<u>(181,986,705)</u>	<u>(741,413,836)</u>	<u>(107,034,674)</u>	<u>(435,202,983)</u>

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

32. Related party transactions and balances

(a) Significant transactions with related parties

		For the nine-month period ended				For the three-month period ended			
		30 September 2022		30 September 2021		30 September 2022		30 September 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<i>Transactions</i>	<i>Related parties</i>								
Fees and related expenses	Board of Directors	205,858	838,664	168,379	684,629	71,229	292,108	52,500	213,990
Interest expense	Board of Directors	746	3,039	1,945	7,908	415	1,702	582	2,372
	Shareholders	1,260,813	5,136,552	518,405	2,107,835	695,588	2,852,608	309,539	1,261,681
	Key management personnel	642,397	2,617,125	1,465,896	5,960,333	172,980	709,391	465,783	1,898,532
	Other related parties	7,982,883	32,522,265	6,716,883	27,310,846	4,539,648	18,617,096	4,390,261	17,894,704
Fees and commissions on loans	Shareholders	1,180,566	4,809,626	655,070	2,663,515	766,997	3,145,455	251,618	1,025,595
Salaries and employee benefits	Key management personnel	2,962,801	12,070,453	3,776,329	15,354,554	1,012,233	4,151,169	1,105,307	4,505,232
Interest income	Key management personnel	50,142	204,279	58,155	236,458	12,285	50,380	17,712	72,194.0
Employee benefits expense	Key management personnel	111,724	455,164	179,828	731,181	39,801	163,224	53,789	219,244
Management incentive	Key management personnel	2,462,207	10,097,511	-	-	820,734	3,365,830	-	-

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

32. Related party transactions and balances (continued)

(b) Balances with related parties

		30 September 2022		31 December 2021	
		USD	KHR'000 equivalent (Note 4)	USD	KHR'000 equivalent (Note 4)
<i>Accounts</i>	<i>Related parties</i>				
Deposits	Directors and key management personnel	10,524,434	43,350,144	51,574,610	210,114,961
	KB Daehan Specialized Bank Plc.	970	3,995	4,001,000	16,300,074
	KB Bank Myanmar Co., Ltd.	22,588,677	93,042,761	15,153,386	61,734,895
		<u>33,114,081</u>	<u>136,396,900</u>	<u>70,728,996</u>	<u>288,149,930</u>
Loans	Directors and key management personnel	<u>549,173</u>	<u>2,262,044</u>	<u>1,006,948</u>	<u>4,102,306</u>
Borrowings	KB	70,189,018	289,108,565	-	-
	KBC	7,929,074	32,659,856	7,974,847	32,489,527
	KB Daehan Specialized Bank Plc.	2,921,087	12,031,957	2,953,984	12,034,531
	Other KB related parties	122,208,681	503,377,557	103,052,706	419,836,724
		<u>203,247,860</u>	<u>837,177,935</u>	<u>113,981,537</u>	<u>464,360,782</u>
Subordinated debts	KB	<u>51,441,178</u>	<u>211,886,212</u>	<u>50,192,137</u>	<u>204,482,766</u>
Accrued management incentive	Directors and key management personnel	<u>8,242,234</u>	<u>33,949,762</u>	<u>5,780,027</u>	<u>23,547,830</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 reporting 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.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

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

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.

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.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 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)

- *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.

- *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.

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Notes to the condensed interim financial statements (continued) for the three-month and nine-month periods ended 30 September 2022

34. Tax contingency

On 26 April 2022, 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 2020 to 31 December 2021. 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.