



ANNUAL REPORT 2020



DEPOSITS

High Interest Rate, Safety, Convenience



Deposits



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Chairman's Message



As part of the global response to the COVID-19 pandemic, we face big challenges with the global economy slowdown, country lock-down, travel restrictions, social/physical distancing and use of masks to prevent contamination around the world. All countries have started to re-open their economy, reduce some travel restrictions, noting that we may experience a second and/or third wave of the virus because of the vaccines are ready to produce and distribute. Some countries are starting vaccination programs while some are waiting for arrival of vaccines; the timeframe of waiting and vaccinating all people around the world will be at least 6-12 months.

Over the past two decades, Cambodia has undergone a significant transition, reaching lower middle-income status in 2015 and aspiring to attain upper middle-income status by 2030. Driven by garment exports and tourism, Cambodia's economy has sustained an average growth rate of 8% between 1998 and 2018, making it one of the fastest-growing economies in the world. Despite easing slightly, growth remained strong, reaching 7.1% in 2019, after the better-than-expected growth rate of 7.5% in 2018.

The global shock triggered by the COVID-19 pandemic has significantly impacted Cambodia's economy in 2020 at a time when Cambodia also faces the partial suspension of preferential access to the EU market under the "Everything but Arms" initiative. The outbreak caused a sharp deceleration in most of Cambodia's main engines of growth: tourism, manufacturing exports, and construction that together account for more than 70% of the country's growth and almost 40% of paid employment. The economy in 2020 is projected to register negative growth of -2%, the sharpest decline in Cambodia's recent history. The COVID-19 outbreak and slow recovery in global economic activity, alongside prolonged financial market turmoil, pose risks to Cambodia's growth outlook.

PRASAC successfully continues as market leader amid the COVID-19 pandemic. Our progress on growing loans, deposits, and client base together with the strength of our statement of financial position mean PRASAC is well placed to deliver for our stakeholders.

The Royal Government of Cambodia (RGC) has made great efforts to support the society, economy and particularly the financial sector which is considered the backbone of the national economy. Further to this, in March 2020 and November 2020 the National Bank of Cambodia (NBC) issued an on-going directive providing grace periods and loan repayment restructuring to businesses affected by COVID-19.

By the end of 2020, the financial industry's total assets were \$59.4 billion, representing growth of around 15.7% compared with 2019, total loans portfolios were \$37.3 billion (around 14.8% growth compared with 2019) while the total deposit balance were \$33.8 billion (around 15.4% growth compared with 2019).

Despite this time of uncertainty, PRASAC continued to grow in all key areas, including total assets, deposits, loans, and profit as well as financial technology. We managed to smoothly carry out the ownership transfer transition and successfully list PRASAC Corporate Bond on the Cambodia Securities Exchange (CSX). The first bond issuance of PRASAC marks the single largest funds raising in the history of Cambodia's Stock Exchange market. PRASAC was able to raise additional funds of 127.20 billion riel (USD 31.18 million) through the corporate bond issuance for the public offering on the Cambodia Securities Exchange (CSX).

Although we are facing big challenges, we have delivered strong operations and financial performance consistent with long-term shareholder interest. Lessons from the challenges of the past several years have allowed PRASAC to become a

strong and stable institution with more than 25 years of sustainable growth. As at the end of 2020, total assets were USD 3.61 billion, growth of 16.71% compared to same quarter of 2019. The deposit balance increased to USD 2.06 billion, and the gross loan portfolio amounted to USD 3.03 billion. The shareholder's equity also grew and reached USD 518.83 million in the reported period.

Although 2020 has been an unprecedented challenging year, the Board of Directors and shareholders have confidence that PRASAC's leadership, strategy and people will enable PRASAC to continue its high level of performance for all stakeholders. In the next two years, PRASAC does not yet have any plans to raise additional funds or IPO from the CSX.

On behalf of the Board of Directors, I wish to thank PRASAC's management and staff for their hard work, dynamism, and strong dedication to grow the business along with customer's growth in harmony. I also wish to thank the Board of Directors, shareholders, customers, the Royal Government of Cambodia and especially the National Bank of Cambodia, Securities and Exchange Regulator of Cambodia (SERC — formerly SECC) and Cambodia Securities Exchange for their continuous support and advice.



Kwi Sang JUN
Chairman



President & CEO's Message

The COVID-19 pandemic has quickly impacted all our lives, from the way we work and travel to how we interact with one another on a daily basis. The global health crisis that we are now living in is a time of uncertainty and volatility.

Like many companies, we suspended our staff travel and postponed large events and meetings. At Head Office, we moved some staff to other branch offices around Phnom Penh to increase social distancing and strictly implemented COVID-19 prevention guidelines issued by the Ministry of Health.

For the safety of our staff and customers, we strongly encourage clients and staff to do banking services through ATM, mobile banking, and internet banking. If a client needs to visit us in person, we assured that everyone follows the COVID-19 prevention guidance of the Ministry of Health to keep everyone safe. All branches are operating as normal, but we need our visitors, clients, and staff to follow social distancing and office entrance protocols (hand washing, temperature checks, mask wearing and scanning of QR Code of the Ministry of Health).

2020 was extremely challenging for many of our customers, the economy, and the Cambodian community at large – initially due to the coronavirus pandemic and more recently due to flash flooding. We have been determined to provide financial relief to households, keep working capital and credit flowing for businesses, deliver performance for our shareholders, and facilitate economic activity and financial stability more broadly.

Our people and PRASAC's leadership team have done an extraordinary job and responded quickly and effectively to COVID-19 pandemic – by meeting customer needs and supporting the delivery of the Government's stimulus initiatives. This has included helping small and medium sized businesses

We join hands with government and our customers to fight against the COVID-19 pandemic while continuing to deliver great financial performance.

with loan restructuring and in accessing the funds of the Government's SME Co-Financing Scheme.

Our 2020 results demonstrate that our strategies continue to deliver success in the hardest situation of the novel coronavirus SAR-CoV2 pandemic. Here are some notes on key operational highlights:

- Total assets at year-end were USD 3.61 billion, growing 16.71% percent compared with the end of 2019.
- Total gross loan portfolios were USD 3.03 billion, increased by 21.17% with the total of 442 thousand clients.
- PRASAC's Non-Performing Loan (NPL) was at 0.99%.
- The deposits outstanding balance reached USD 2.06 billion with the total of 627 thousand depositors.
- After-tax net profit increased by 5.14% to USD 108.82 million from USD 103.50 million in 2019.
- Return on Equity (RoE) was 23.43% and Return on Assets (RoA) was 3.24%.
- Office network covering 25 provinces and cities through 182 outlets, 141 ATMs, operating in more than 14,022 villages, equal to 86% of total villages, with a total of 9,042 staff.

Over the last five years, PRASAC has doubled its business size, client base and number of employees. We have delivered strong operational and financial performance consistent with long term shareholder interest. We are committed to representing the best interests of shareholders through a strong focus on good corporate governance and sustainable growth.

We have learned a lot from the challenges of the past several years and these lessons have helped PRASAC successfully navigate a stormy 2020, demonstrating our ability to adapt with speed in response to the global pandemic and becoming a resilient, strong and stable institution for more than 25 years of sustainable growth.

PRASAC still continues to invest in its business, IT infrastructure, people, and branding to deliver customer-centric experiences and help those clients we serve to have confidence in their financial future. We also maintain a strong risk management culture and focus on operational excellence while fostering our unique and inclusive culture to bring out the best in our clients and stakeholders.

For all businesses and people, 2020 was a very tough year. However, we are confident that our strategy, hard work and commitment to people will secure meaningful progress over the coming years.

On behalf of PRASAC Management, I would like to thank the management team and staff for their efforts and commitment, the Board of Directors for their support and advice, and the Royal Government of Cambodia, regulatory bodies, the National Bank of Cambodia, and local authorities, who always support us.



Sim Senacheert
President and CEO

» KEY FINANCIAL PERFORMANCE INDICATORS

INDICATORS	2016	2017	2018	2019	2020
Profitability and Efficiency					
Operating Expense Ratio	4.55%	3.73%	3.12%	2.88%	2.69%
Average Disbursed Loan Size (USD)	3,673	5,050	5,407	6,382	7,086
Number of Loans per Credit Officer	101	96	98	86	97
Number of Loans per Staff Member	56	55	57	53	57
Profitability					
Return on Assets (RoA)	4.70%	3.83%	3.81%	3.78%	3.24%
Return on Equity (RoE)	36.87%	28.78%	29.35%	28.86%	23.43%
Operational Network					
Province/Capital	25	25	25	25	25
District	197	197	197	197	202
Commune	1,611	1,627	1,633	1,638	1,636
Village	13,640	13,851	13,966	14,053	14,022

More Convenient with Nationwide Branch and ATM Network



Many Options to Deposit into Bakong Wallet Account at PRASAC



You can easily deposit into Bakong wallet account via:



- 1 PRASAC office branches nationwide
- 2 PRASAC Mobile Banking
- 3 PRASAC Internet Banking
- 4 Money transfer agent of Bakong's participating financial institutions
- 5 Office branches of Bakong's participating financial institutions
- 6 Mobile banking app of Bakong's participating financial institutions

With Bakong app on your smart phone, you can repay PRASAC loan, make interbank fund transfer and scan QR code and pay for products and services.

Bakong's members:



Note: Bakong system is initiated and powered by the National Bank of Cambodia (NBC).

Grow Your Business with PRASAC Loan



Affordable Interest Rate



Convenient and Fast Manner



Longer Loan Term



Flexible Repayment Mode



» SOCIAL PERFORMANCE DASHBOARD

INDICATORS	2016	2017	2018	2019	2020
Governance					
Number of Board Members	7	7	7	7	9
Loan Product					
Total Loan Portfolio (USD)	1,030,880,501	1,548,859,337	1,962,009,568	2,501,296,268	3,030,820,729
Group Loan Portfolio (USD)	1,589,263	565,889	284,317	644,485	375,579
Educational Loan Portfolio (USD)	170,433	416,317	494,055	684,517	582,728
Home Improvement Portfolio (USD)	123,188,399	217,004,754	279,418,003	259,171,727	347,322,671
MSME Loan Portfolio (USD)	1,030,383,963	1,547,856,479	1,960,924,239	2,500,063,127	3,029,711,786
Deposit Product					
Deposit Balance (USD)	619,048,981	915,112,845	1,291,279,185	1,788,532,926	2,061,364,318
Client Outreach					
Total Number of Borrowers	347,034	390,460	395,166	417,044	442,833
Number of Borrowers in Rural Area	311,242	348,368	353,799	374,218	397,547
Number of Borrowers as Women	282,805	315,739	317,175	332,372	348,435
Number of Individual Borrowers	341,327	388,455	394,212	415,793	441,836
Number of Borrowers as MSME	346,888	389,866	394,778	409,021	442,714
Number of New Borrowers	93,814	103,333	81,607	88,481	92,460
Portfolio Outreach by Lending Methodology					
Percentage of Group Lending	1.64%	0.51%	0.24%	0.30%	0.23%
Percentage of Individual Lending	98.36%	99.49%	99.76%	99.70%	99.77%
Percentage of MSMEs Lending	99.95%	99.85%	99.90%	98.08%	99.97%
Human Resources Management					
Total Staff	6,162	7,058	7,600	9,091	9,042
Number of Women Staff	1,333	1,467	1,606	1,674	1,842
Number of Management	275	264	274	291	315
Number of Management as Women	12	14	18	16	22
Number of Credit Officers	3,425	4,073	4,409	5,668	5,333
Number of Staff Trained	16,596	7,073	7,442	58,151	9,992
Benefits	Medical Program, Health and Accident Insurance, Maternity Benefit, NSSF, etc.				
Social Responsibility to Clients					
Customer Centric	Comply with Universal Standard for Social Performance Management & Client Protection Principles				
Social Responsibility to Environment and Communities					
Environmental Policy	Comply with Environmental and Social Protection Policy				
Library Project (Building)	21	25	30	40	41
Number of Library Users as Students	38,653	56,562	78,266	109,151	141,005
Client Satisfaction and Loyalty					
Client Retention Rate	79.74%	87.25%	83.71%	86.23%	86.91%
Network					
Number of Branch Offices	181	176	177	180	182
Number of ATMs	115	126	126	135	141

» VISION & MISSION

Vision

To improve the living standard of rural people contributing to sustainable economic development by being a financially viable microfinance institution.

Mission

To provide sustainable access to financial services for rural communities and micro-enterprises.



» CORPORATE PROFILE

PRASAC has a microfinance deposit taking license from the National Bank of Cambodia (NBC), and has operated for more than 25 years in the microfinance and banking industry in Cambodia. PRASAC is currently the largest microfinance institution in terms of assets, loan portfolio, loan quality, net profit, customers, deposits and ranks among the top five commercial banks in Cambodia.

PRASAC is dedicated to offering full-fledged financial services namely loans, deposits, PPWSA bill payment, EDC bill payment, PPSWMA bill payment, tuition fee payment, phone top-up of all telecom companies, interbank fund transfer between member banks and FI of Bakong and Retail Pay system, interbranch fund transfer, cash-by-code, foreign exchange, Cambodian Shared Switch (CSS) or cash withdrawal via ATM of member banks and FI of CSS, fast payment, payroll, automated teller machine (ATM), cash deposit machine (CDM), mobile banking, internet banking, POS, bank confirmation, standing instruction and other services to target clients.

As a market leader with total assets of USD 3.61 billion as of 31st December 2020, PRASAC operates the second largest branch network, with 182 branches in Cambodia. PRASAC has strong financial operations, customer care, and a modern, transparent and dynamic core banking system for serving the needs of customers and the public.

PRASAC enjoys strong support from clients, local authorities, regulators, the National Bank of Cambodia (NBC), and has received many awards and certifications from national and international institutions such as the MFTransparency Seal of Transparency, Client Protection Certification from Smart Campaign, Planet Rating, MicroFinanza Rating, General Department of Taxation, National Bank of Cambodia, Credit Bureau Cambodia (CBC) and others.

Financial Solutions for Your Growth

- ▶ Credits
- ▶ Deposits
- ▶ EDC Bill Payment
- ▶ PPWSA Bill Payment
- ▶ PPSWMA Bill Payment
- ▶ Tuition Fee Bill Payment
- ▶ Cash-by-Code
- ▶ Fund Transfer
- ▶ Foreign Exchange
- ▶ Phone Top-up
- ▶ CSS
- ▶ Fast Payment
- ▶ CDM
- ▶ ATM
- ▶ Payroll
- ▶ PRASAC Mobile Banking
- ▶ PRASAC Internet Banking
- ▶ POS
- ▶ Bakong Payment Service
- ▶ Bank Confirmation
- ▶ Real Time Fund Transfer
- ▶ Standing Instruction
- ▶ Others



» KEY MILESTONES

- Began as a development project, funded by the European Union (EU), aiming towards rehabilitating and supporting the agricultural sector in six provinces around Phnom Penh, namely Kampong Cham, Kampong Chhnang, Kampong Speu, Takeo, Prey Veng, and Svay Rieng.

1995

- Transformation of the project started through the creation of PRASAC Credit Association as a credit operator registered with the National Bank of Cambodia.

2002

- PRASAC project steering committee decided to transform its credit component into a licensed MFI. A trust fund, called the Cambodia Rural Development Foundation (CRDF), and PRASAC Staff Company (PSCo) were established to facilitate the transformation.

2003

- With two initial shareholders, PRASAC MFI Ltd., was established and registered with the Ministry of Commerce (MoC) as a private limited liability company. PRASAC received a license from the National Bank of Cambodia to provide financial services to rural communities and micro-enterprises.

2004

- PRASAC completed its transformation by replacing CRDF with five new shareholders namely Belgian Investment Company for Developing Countries (BIO), Dragon Capital Group (DCG), Netherlands Development Finance Company (FMO), Lanka Orix Leasing Company (LOLC), and Oikocredit. PRASAC thereby had six shareholders including PRASAC Staff Company (PSCo).
- PRASAC received a permanent license from the National Bank of Cambodia.

2007

- Ministry of Commerce and National Bank of Cambodia certified the amended memorandum and articles of association following shareholder changes.
- PRASAC has the registered capital of KHR 15.4 billion (equivalent to USD 3.75 million).

2008

- PRASAC adopted Oracle Flexcube Universal Banking as its core banking system to ease banking transactions, build a competitive advantage, help better serve the customers across Cambodia, and effectively manage its information systems.
- PRASAC earned a grade of “BBB+” from Micro-Finanza Rating.

2009

- PRASAC obtained a microfinance deposit taking institution (MDI) license from the National Bank of Cambodia.

2010

- PRASAC earned a grade of “A-” with a “Stable Outlook” from Planet Rating.

2011

- PRASAC increased its registered capital from KHR 15.4 billion to KHR 80 billion (equivalent to USD 20 million) after Oikocredit divested.
- The shares of Oikocredit were distributed among the existing five shareholders such as the Belgian Investment Company for Developing Countries (BIO), the Dragon Capital Group (DCG), the Netherlands Development Finance Company (FMO), the Lanka ORIX Leasing Company (LOLC), and PRASAC Staff Company (PSCo).
- PRASAC became the Kingdom’s first micro-finance institution with serving ATMs, foreign exchange, fund transfer and payroll services.
- PRASAC also opened a new eco-friendly head office to provide a better services to clients.

2012

- PRASAC was awarded the Seal of Transparency from MFTransparency.
- PRASAC received the Outstanding Innovative Microfinance Product Award from International Data Group (IDG).

2013

- PRASAC increased its registered capital to KHR 188 billion (equivalent to USD 47 million).
- PRASAC launched new financial service, namely mobile banking and internet banking, to serve other segments of the market.

2014

- PRASAC increased its paid-up capital to KHR 288 billion (equivalent to USD 72 million).
- PRASAC's total assets increased to more than USD 1 billion.
- PRASAC was awarded three MFI awards from International Data Group (IDG) namely Outstanding Retail Banking, Financial Performance, and Security Initiative.
- PRASAC partners with Electricité Du Cambodge (EDC) to offer electricity bill payments service to the market.
- PRASAC earned "A & Stable" on Financial Performance and "4" on Social Performance from Planet Rating.
- PRASAC gained Client Protection Certification from Smart Campaign.

2015

- PRASAC increased its registered share capital up to KHR 440 billion (equivalent to USD 110 million) for the five shareholders namely the Belgian Investment Company for Developing Countries (BIO), the Dragon Capital Group (DCG), the Netherlands Development Finance Company (FMO), and the Lanka ORIX Leasing Company (LOLC), and PRASAC Staff Company (PSCo).
- PRASAC partners with Phnom Penh Water Supply Authority (PPWSA) to provide the water bill payment service to clients.
- PRASAC launched POS to provide a better service to target clients.
- PRASAC achieved USD 1 billion loans outstanding.

2016

2017

- The registered share capital of KHR 440 billion (equivalent to USD 110 million) of the five existing shareholders above is distributed among three shareholders such as Bank of East Asia (BEA), Lanka ORIX Leasing Company (LOLC), and PRASAC Staff Company (PSCo).

2018

- PRASAC reached more than USD 1 billion deposit balance.
- PRASAC earned "A & Stable" on Financial Performance from MicroFinanza Rating.

2019

- Early in the year, PRASAC increased its registered share capital to KHR 672 billion (equivalent to USD 168 million).
- In August, PRASAC increased its registered share capital from KHR 672 billion to KHR 920 billion (equivalent to USD 230 million); it is distributed among three shareholders including Bank of East Asia (BEA), Lanka ORIX Leasing Company (LOLC), and PRASAC Staff Company (PSCo).
- Cash Deposit Machines (CDM) are available for clients to top-up their account balance anytime 24/7.

2020

- The registered share capital of PRASAC KHR 920 billion (equivalent to USD 230 million) of three shareholders is distributed among four shareholders such as KB Kookmin Bank, Bank of East Asia (BEA), Lanka ORIX Leasing Company (LOLC), and PRASAC Staff Company (PSCo).
- PRASAC changed its legal identity and brand name from PRASAC Microfinance Institution Limited "PRASAC MFI LTD" to PRASAC Microfinance Institution Plc. "PRASAC MFI PLC" which was approved by the National Bank of Cambodia (NBC) and Ministry of Commerce (MoC).
- PRASAC obtained securities listing certificate from Cambodia Securities Exchange (CSX).
- PRASAC offers bill payment services in other operational areas of Electricite Du Cambodge (EDC) and Phnom Penh Water Supply Authority (PPWSA).
- PRASAC achieved USD 2 billion deposit balance and USD 3 billion loans portfolio.

» PRASAC's LENDERS

 <p>ADB ASIAN DEVELOPMENT BANK</p>	 <p>Cathay United Bank CATHAY UNITED BANK</p>	 <p>Cathay United Bank HUA NAN COMMERCIAL BANK, LTD., OFFSHORE BANKING BRANCH</p>	 <p>BRED BANQUE POPULAIRE BRED BANQUE POPULAIRE</p>	 <p>HongLeong Bank HONG LEONG BANK (CAMBODIA) PLC</p>
 <p>ABA BANK ADVANCED BANK OF ASIA LIMITED</p>	 <p>Cathay United Bank AFRASIA BANK LIMITED</p>	 <p>Cathay United Bank SINOPAC CAPITAL INTERNATIONAL (HK) LIMITED</p>	 <p>ធនាគារកម្ពុជាជាតិ CAMBODIAN COMMERCIAL BANK CAMBODIAN COMMERCIAL BANK LIMITED</p>	 <p>HongLeong Bank Berhad HONG LEONG BANK BERHAD</p>
 <p>BIB FAIR BANKING KCD MIKROFINANZFONDS (FIS) I - GLOBAL</p>	 <p>Cathay United Bank BANK SINOPAC, OFFSHORE BANKING BRANCH</p>	 <p>Cathay United Bank TAIWAN BUSINESS BANK, OFFSHORE BANKING BRANCH</p>	 <p>CHIP MONG BANK CHIP MONG COMMERCIAL BANK PLC</p>	 <p>ICBC INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED PHNOM PENH BRANCH</p>
 <p>BIB FAIR BANKING KCD-MIKROFINANZFONDS – III</p>	 <p>Cathay United Bank CHAILEASE INTERNATIONAL FINANCIAL SERVICES CO., LTD.</p>	 <p>Cathay United Bank THE BANK OF EAST ASIA, LIMITED, LABUAN BRANCH</p>	 <p>CIMB BANK CIMB BANK PLC</p>	 <p>ICO INSTITUTO DE CREDITO OFICIAL OF THE KINGDOM OF SPAIN (ICO)</p>
 <p>BlueOrchard Impact Investment Managers BLUEORCHARD MICROFINANCE FUND</p>	 <p>Cathay United Bank CHANG HWA COMMERCIAL BANK, LTD., OFFSHORE BANKING BRANCH</p>	 <p>Cathay United Bank THE BANK OF EAST ASIA, LIMITED, MACAU BRANCH</p>	 <p>KFW DEG DEG - DEUTSCH EINVESTITIONS-UND ENTWICKLUNGSGESELLSCHAFT MBH</p>	 <p>J Trust Royal Bank JTRUST ROYAL BANK</p>
 <p>BlueOrchard Impact Investment Managers JAPAN ASEAN WOMEN EMPOWERMENT FUND SA, SICAV-SIF</p>	 <p>Cathay United Bank FAR EASTERN INTERNATIONAL BANK, LTD.</p>	 <p>ធនាគារ កាតថៃ យូណៃតិច Cathay United Bank កាតថៃ យូណៃតិច CATHAY UNITED BANK (CAMBODIA) CORPORATION LIMITED</p>	 <p>KFW DEG SWEDFUND INTERNATIONAL AB</p>	 <p>KB ធនាគារកម្ពុជា Kookmin Bank Cambodia KOOKMIN BANK CAMBODIA PLC</p>
 <p>BlueOrchard Impact Investment Managers MICROFINANCE ENHANCEMENT FACILITY SA, SICAF-SIF</p>	 <p>Cathay United Bank FIRST COMMERCIAL BANK, OFFSHORE BANKING BRANCH</p>	 <p>中國銀行 BANK OF CHINA BANK OF CHINA (HONG KONG) LIMITED PHNOM PENH BRANCH</p>	 <p>KFW DEG THE BANK OF EAST ASIA LIMITED</p>	 <p>KB Kookmin Bank KOOKMIN BANK HONG KONG BRANCH</p>
 <p>BlueOrchard Impact Investment Managers MICROFINANCE INITIATIVE FOR ASIA (MIFA) DEBT FUND SA, SICAV-SIF</p>	 <p>Cathay United Bank HATTON NATIONAL BANK PLC</p>	 <p>BRED BANK BRED BANK (CAMBODIA) PLC</p>	 <p>FTB Foreign Trade Bank of Cambodia FOREIGN TRADE BANK OF CAMBODIA</p>	 <p>Krungthai Krungthai KRUNG THAI BANK PUBLIC COMPANY LIMITED, PHNOM PENH BRANCH</p>

responsAbility
Investments for Prosperity

GLOBAL CLIMATE PARTNERSHIP FUND S.A., SICAV-SIF

Norfund
NORFUND, THE NORWEGIAN INVESTMENT FUND FOR DEVELOPING COUNTRIES

台新銀行
Taishin Bank

TAISHIN INTERNATIONAL BANK CO., LTD, SINGAPORE BRANCH

TAIWAN COOPERATIVE BANK
PHNOM PENH BRANCH

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD
PHNOM PENH BRANCH

responsAbility
Investments for Prosperity

RESPONSABILITY FINANCIAL INCLUSION INVESTMENTS 2019

OIKO CREDIT
OIKOCREDIT ECUMENICAL DEVELOPMENT COOPERATIVE SOCIETY U.A.

台新銀行
Taishin Bank

KGI BANK CO., LTD.

TAIWAN COOPERATIVE BANK
BANK OF TAIWAN, OFFSHORE BANKING BRANCH

VATTANAC BANK LIMITED

responsAbility
Investments for Prosperity

RESPONSABILITY SICAV (LUX) FINANCIAL INCLUSION FUND

PRUDENTIAL
PRUDENTIAL (CAMBODIA) LIFE ASSURANCE PLC

台新銀行
Taishin Bank

UNION BANK OF TAIWAN CO., LTD.

TAIWAN COOPERATIVE BANK
OFFSHORE BANKING BRANCH

THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT (OFID)

responsAbility
Investments for Prosperity

RESPONSABILITY SICAV (LUX) MICRO AND SME FINANCE LEADERS

RHB Indochina Bank
RHB INDOCHINA BANK LIMITED

台新銀行
Taishin Bank

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. SINGAPORE BRANCH

Triodos Bank
SUSTAINABILITY-FINANCE-REAL ECONOMIES SICAV-SIF

responsAbility
Investments for Prosperity

RESPONSABILITY SICAV (LUX) MIKR AND SME FINANCE DEBT FUND

台中銀行
TAICHUNG BANK

SUNNY BANK, LTD.

台新銀行
Taishin Bank

TAIWAN SHIN KONG COMMERCIAL BANK, HONG KONG BRANCH

Triodos Bank
TRIODOS CUSTODY B.V-TRIODOS FAIR SHARE FUND

responsAbility
Investments for Prosperity

RESPONSABILITY SICAV (LUX) MIKRO-UND KMU-FINANZ-FONDS

台中銀行
TAICHUNG BANK

TAICHUNG COMMERCIAL BANK CO., LTD., OFFSHORE BANKING BRANCH

台新銀行
Taishin Bank

LAND BANK OF TAIWAN, SINGAPORE BRANCH

Triodos Bank
TRIODOS SICAV II- TRIODOS MICROFINANCE FUND

MICROVEST
PURPOSEFUL INVESTING

MICROVEST+PLUS, LP

台中銀行
TAICHUNG BANK

BANK OF KAOHSIUNG, OFFSHORE BANKING BRANCH

台新銀行
Taishin Bank

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD., OFFSHORE BANKING BRANCH

Shinhan Bank
SHINHAN BANK (CAMBODIA) PLC

nmi
NORWEGIAN MICROFINANCE INITIATIVE

NORDIC MICROFINANCE INITIATIVE FUND III KS

台中銀行
TAICHUNG BANK

BANK OF PANHSIN, LTD.

UCB
UNION COMMERCIAL BANK PLC

SME BANK
SME BANK OF CAMBODIA

» SHAREHOLDERS

The registered share capital of PRASAC is KHR 920 billion (equivalent to USD 230 million) distributed among 4 shareholders including KB Kookmin Bank, Bank of East Asia (BEA), Lanka ORIX Leasing Company (LOLC), and PRASAC Staff Company (PSCo).



KB Kookmin Bank is a leading commercial bank in South Korea that has the largest number of branches in the industry and over 30 million customers equivalent to more than half of the nation's population. The bank also stands as the leader in digital finance service by operating mobile platforms including Liiv and KB Star Banking with more than 15 million customers. It plays a key role in creating synergy among affiliates within KB Financial Group. For more information, please visit www.kbstar.com / www.kbfg.com.

Incorporated in 1918, BEA is Hong Kong's largest independent local bank, with total consolidated assets of HK\$ 884.4 billion (USD 114.1 billion) as of 31st December 2020. Listed on The Stock Exchange of Hong Kong, BEA is a constituent stock of the Hang Seng Index.

BEA offers customers a comprehensive range of corporate banking, personal banking, wealth management, and investment services through an extensive network of nearly 220 outlets covering Hong Kong and the rest of Greater China, Southeast Asia, the United Kingdom, and the United States. For more information, please visit at www.hkbea.com.



The LOLC Group is one of the leading conglomerates in Sri Lanka with a diversified portfolio in multiple industries. LOLC Group's unprecedented growth accounts to its core business-financial services, which have a special focus on Micro and SME sectors. LOLC also has a strong microfinance presence in Cambodia, Myanmar and Pakistan. For more information, please visit www.lolc.com.

PRASAC Staff Company (PSCo) was established under the law and general provisions of the Kingdom of Cambodia and has the following objectives: to make equity investments in PRASAC MFI Plc. and to manage its investments in accordance with the highest ethical and professional standards, transparency and good governance. The company may engage in other capital and asset management, investment, and trading as well as financial or other activities and services which relate directly or indirectly to the above objectives or similar purposes, and are characteristic of the development of the company's operations.



» BOARD OF DIRECTORS



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1. **Mr. Jun Kwi Sang**, Chairman

2. **Mr. Kim Hwan Kook**, Independent Director

3. **Mr. Lee Hana**, Independent Director

4. **Mr. Bell Sak Pheakdey**, Independent Director

5. **Mr. Ishara C. Nanayakkara**, Director

6. **Mr. Minki Brian Hong**, Director

7. **Mr. Sim Senacheert**, Director

8. **Mr. Kim Hak Soo**, Director

9. **Mr. Jang Ji Kyu**, Director

1 MR. JUN KWI SANG, Chairman

Mr. Jun Kwi Sang is the Chairman of the Board of Directors of PRASAC Microfinance Institution Plc.

As a financial services industry veteran in banking and capital markets, Mr. Jun served and held various senior leadership positions during his 33 years of experience at KB Kookmin Bank prior to his retirement in early 2019.

After serving as Head of various key departments, including Sales Planning and Large Corporate Business, Mr. Jun served as a Division Head of Large Corporate Business Division and Regional Sales Group, and then was appointed as a Senior Executive Vice President & Head of the Corporate and Investment Banking Group and Shared Service Group (including Human Resources Division). He was also a Deputy President of KB Financial Group Inc. as well as a Deputy President of KB Securities in charge of the Corporate and Investment Banking Division.

As shown in his previous experiences and leadership roles at KB, Mr. Jun has a wide range of expertise in the corporate and investment banking with the practical experience and theoretical knowledge in banking, as well as the areas of procurement, general affairs and human resources.

He received a B.A. in Economics from Busan National University, an M.B.A. from Helsinki School of Economics.

2 MR. KIM HWAN KOOK, Independent Director

Mr. Kim Hwan Kook is the Representative Director of Busan-Gimhae Light Rail Transit. Prior to joining Busan-Gimhae Rail Transit, Mr. Kim was the head of Regional Sales Group and Investment Banking Division of Kookmin Bank and was responsible for all of the company's worldwide sales, including retail business, corporate business and investment banking. He also headed Kookmin Bank's Global Business Division and played a key role in fortifying the foundation for the investment in PRASAC Microfinance Institution.

3 MR. LEE HANA, Independent Director

Mr. Lee Hana is the Representative C.P.A of Andrew & Philip Accounting, which is a Korean-Cambodian accounting firm established in 2008. He is also the Chairman of Audit Committee of Kookmin Bank Cambodia and has a career as Representative C.P.A of Phnom Penh of Daehyun Accounting and the financial controller of Adecco Korea. Mr. Lee is an AICPA and an active member of KICPAA (The Kampuchea Institute of Certified Public Accountants and Auditors) under the Ministry of Economy and Finance in Cambodia.

4 MR. BELL SAK PHEAKDEY, Independent Director

Mr. Bell Sak Pheakdey is a Partner at Sithisak Law Office. He holds a Bachelor's Degree of Laws in Cambodia and a Master's Degree of Laws majoring in Comparative Business Law in France. Following many years working for both public and private agencies, he has a wealth of experiences advising on various transactions ranging from commercial, banking, real estate, investment, contract, government affairs and public relations to taxation matters. He has also been engaged by many development partners to assist certain ministries in drafting legislation and advising on regulatory reforms.

5 MR. ISHARA C. NANAYAKKARA, Director

Mr. Ishara C. Nanayakkara is the Deputy Chairman of Lanka Orix Leasing Company Ltd. (LOLC). He is the Managing Director of Ishara Traders, the pioneering importer of reconditioned motor vehicles in Sri Lanka. Having obtained a diploma in Business Accounting from Australia, he worked in Japan for two years with the largest exporter of reconditioned motor vehicles: Yamagin Corporation, Tokyo.

Ishara is a Director of Ishara Plantations (Pvt) Ltd., and Ishara Property Development (Pvt) Ltd. Mr. IC Nanayakkara also serves as a director on the boards of all LOLC subsidiaries.

6 MR. MINKI BRIAN HONG, Director

Mr. Minki Brian Hong is a partner at CVC Capital Partners focusing on investment in Southeast Asia. Brian has over 20 years of international experience in the financial services industry in the U.S. and Asia. Prior to joining CVC, he worked for JPMorgan's investment banking department in New York, Hong Kong and Korea offices. Prior to JP Morgan, he was with Dillon, Read & Co, an investment bank in the U.S.

Brian holds a BA Degree in Business Economics and Political Science from Brown University in the U.S.

7 MR. SIM SENACHEERT, Director

Mr. Sim Senacheert holds Master's and Bachelor's degree in Business Administration and obtained a Diploma in Accounting and Finance in 1994. Since 1995, he has attended several training courses related to microfinance operations and management. He is also accredited under the Microfinance Training of Trainers course certified by ADBI, TDLC of the WB, and UNCDF.

He previously worked in the banking sector, and started working with PRASAC in 1995 as Credit Officer and was promoted to various positions such as Accountant, Branch Manager, MB Trainer and Supervisor, and Finance Manager. From mid-2002, he held the positions of Branch Manager, Operations Manager and Deputy CEO with another MFI before joining PRASAC as General Manager in late 2003. He currently holds the position of President & Chief Executive Officer.

8 MR. KIM HAK SOO, Director

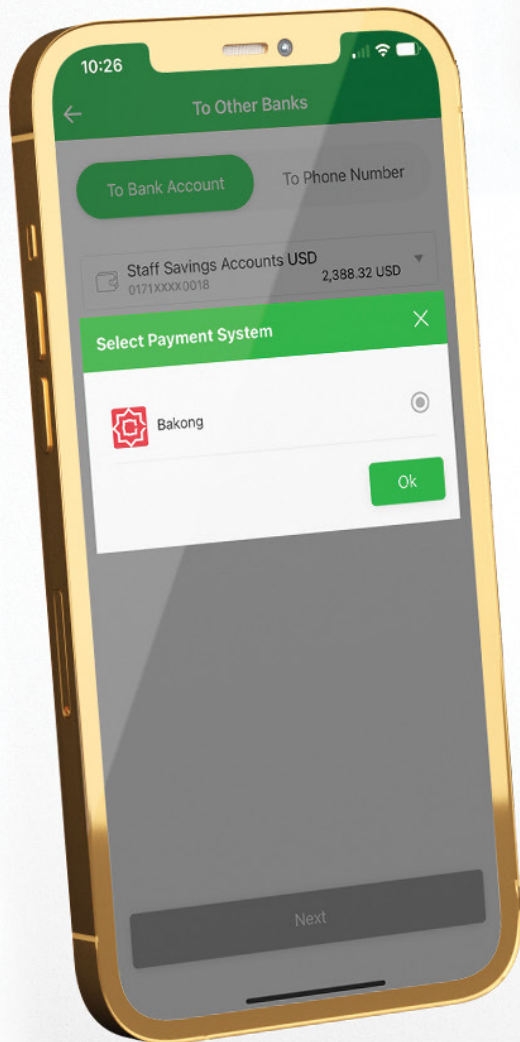
Mr. Kim Hak Soo has been with KB Kookmin Bank for 30 years. Mr. Kim served as a Managing Director & CEO of KB Microfinance Myanmar, a subsidiary of KB Kookmin Bank for 7 years. Prior to that, Mr. Kim served as a Head of Asset & Liability team in the finance planning department and also worked in various departments such as Treasury, Risk Management, Strategic Planning, Performance Measurement, Credit Card planning Department and Retail and Corporate Banking Branches, for over 23 years since joining KB in 1990. He received an M.B.A from Yonsei University Graduate school of Business and a B.A. in Business Administration from Kyungpook National University.

9 MR. JANG JI KYU, Director

Mr. Jang Ji Kyu is currently serving as a General Manager of Global Planning Department at KB Kookmin Bank in Seoul, Korea. Since he joined KB in 1999, Mr. Jang held various senior positions in the departments, such as Global Business and Treasury. Over 20 years of his experience at KB, Mr. Jang gained a collective and extensive experience in the corporate and investment banking, foreign currency funding as well as the global business. He graduated with a B.A in Economics from the State University of New York and has an M.B.A from the University of Wisconsin.

Interbank Fund Transfer

up to **KHR 200,000,000**
& **USD 50,000** per day



via  **បាភូប**
BAKONG



» COMMITTEE OF THE BOARD OF DIRECTORS

Audit Committee

The composition of the Audit Committee complies with a Prakas of the National Bank of Cambodia, which is stipulated as follows:

- Chaired by an independent board member.
- Includes at least one independent person with expertise in finance and accounting.
- Includes at least one independent person with expertise in legal issues and banking.

The audit committee is composed of five members from the board, and chaired by an independent board of director with expertise in finance:

1. Mr. Lee Hana, Chairman
2. Mr. Bell Sak Pheakdey, Member
3. Mr. Jang Ji Kyu, Member
4. Mr. Ishara C. Nanayakkara, Member
5. Mr. Minki Brian Hong, Member

The audit committee is responsible for:

- Ensuring compliance with legal and regulatory requirements and ensuring that the information provided to the public and to the National Bank of Cambodia is clear, accurate and reliable.
- Assessing the relevance of the accounting methods used to prepare the individual and consolidated accounts.
- Assessing the quality of internal control procedures especially whether the systems for measuring, monitoring and controlling risks are consistent, and recommending further action where appropriate.

In 2020, the Audit Committee held four meetings during February, May, September and December to review and discuss on matters relating to PRASAC. The summary of the activities undertaken by the Audit Committee during 2020 is as following:

- Reviewed quarterly result of credit audit and branch operational audit and head office audit.
- Reviewed audit report on special case investigation.
- Reviewed external audit report for the year ended 31 December 2019.
- Reviewed PRASAC Annual Report 2019.

- Reviewed challenges and achievements of internal audit department.
- Reviewed and approved audit plan and budget for 2021.

Risk Committee

The risk management committee is comprised of five members from the Board of Directors and presided over by an independent director. All members of the committee are experts in banking, risk management, economics, finance, operations, auditing and legal knowledge:

1. Mr. Kim Hwan Kook, Chairman
2. Mr. Ishara C. Nanayakkara, Member
3. Mr. Kim Hak Soo, Member
4. Mr. Lee Hana, Member
5. Mr. Minki Brian Hong, Member
6. Mr. Sim Senacheert, Observer

The risk management committee is responsible for the following tasks:

- Analyzing loan growth
- Analyzing Expected Credit Loss (ECL)
- Credit risk management
- Capital risk management
- Liquidity and funding risk management
- Operational risk management
- Compliance risk management
- Regulatory, political and policy risk management
- Managing key risk indicators and exposures
- Economic and competitive environment supervision
- Reviewing and approving policies

In 2020, the committee met 4 times, on a quarterly basis, in February, May, August and December to review and discuss the following topics:

- Qualitative and quantitative financial industry sector in Cambodia
- Impact of Covid-19 on financial sectors in Cambodia and how to mitigate
- Portfolio quality and trends
- Loan restructure

- Performance of risk officers at branch level
- Risk assessment and actions to mitigate risk
- AML/CFT compliance
- Liquidity and funding availability to support business
- Capital position and strategy
- Internal control system of the institution
- Economic risk
- Implementation of NBC's recommendation related to Risk Management Department
- Approved new risk policy as required by NBC.

Remuneration and Nomination Committee

The committee is composite of five members from the board of directors.

1. Mr. Bell Sak Pheakdey, Chairman
2. Mr. Kim Hak Soo, Member
3. Mr. Jang Ji Kyu, Member
4. Mr. Ishara C. Nanayakkara, Member
5. Mr. Minki Brian Hong, Member

In 2020, the committee conducted a meeting and advised management to implement the following activities:

- Improved internal policies and guidelines on human resources management including recruitment procedures and staff performance management.
- Implemented the new information technology tool for human resources management.
- Executed an extensive training program.
- Increased salary and offered pool bonuses for the company's staff.
- Reviewed the compliance of human resource management to law and rules of labor law.

**Easy Cash Withdrawal from PRASAC ATM
Around the Clock Nationwide**

Members of **CSS**

Scan-ATM Locators

» EXECUTIVE COMMITTEE



- 1. Mr. Sim Senacheert**, President & Chief Executive Officer
- 2. Mr. Oum Sam Oeun**, EVP & Chief Operations Officer
- 3. Mr. Oum Sophan**, EVP & Chief Financial Officer
- 4. Mr. Choub Veasna**, EVP & Chief Human Resources Officer

- 5. Mr. Neang Sokhim**, EVP & Chief Business Officer
- 6. Mr. Say Sony**, EVP & Chief Marketing Officer
- 7. Mr. Chea Hang**, EVP & Chief Corporate Strategy and Business Plan Officer

1 MR. SIM SENACHEERT, President & Chief Executive Officer

Mr. Sim Senacheert holds Master's and Bachelor's degree in Business Administration and obtained a Diploma in Accounting and Finance in 1994. Since 1995, he has attended several training courses related to microfinance operations and management. He is also accredited under the Microfinance Training of Trainers course certified by ADBI, TDLC of the WB, and UNCDF.

He previously worked in the banking sector, and started working with PRASAC in 1995 as a Credit Officer and was promoted to various positions such as Accountant, Branch Manager, MB Trainer and Supervisor, and Finance Manager. Since mid-2002, he has held the positions of Branch Manager, Operations Manager and Deputy CEO with another MFI before joining PRASAC as General Manager in late 2003. He currently holds the position of President & Chief Executive Officer.

2 MR. OUM SAM OEUN, EVP & Chief Operations Officer

Mr. Oum Sam Oeun holds a Master's degree in Business Administration specializing in banking and finance and obtained a Diploma in Accounting and Commerce in 1988 and also holds a Bachelor's degree in Business Management. Since 1995, he has attended several training courses related to microfinance operations and management. He is also an accredited under the Microfinance Training of Trainers course certified by ADBI, TDLC of the WB, and UNCDF.

He used to work as Chief Accounting officer in Takeo province commerce department. Since 1995, he has worked with the PRASAC credit program. He was promoted as Deputy General Manager of PRASAC MFI in early 2007. He currently holds the position of Executive Vice-President & Chief Operations Officer.

3 MR. OUM SOPHAN, EVP & Chief Financial Officer

Mr. Oum Sophan holds a Master's degree in Business Administration and holds Bachelor's degree in Economics, specializing in Banking and Finance. Before joining PRASAC's team, Sophan had many years of experience in the field of accounting management, banking and finance management and CFO positions in other MFIs, Commercial Banks, NBC as well as private companies.

He joined PRASAC as Deputy General Manager & Chief Financial Officer in 2007. He currently holds the position of Executive Vice-President & Chief Financial Officer.

4 MR. CHOUB VEASNA, EVP & Chief Human Resources Officer

Mr. Choub Veasna holds Master's degree in Business Administration specializing in banking and finance and holds Bachelor's degrees in economics, specializing in banking and finance. He has attended several local and overseas training sessions and workshops on microfinance skills and human resource management. He has more than 15 years of experience in the banking and microfinance sector. He joined PRASAC in 2002 as a credit officer; and he was gradually promoted to Sub-branch Manager, Branch Manager, Lending Unit Manager, VP and Manager of Product Development Department. He was promoted to be Executive Vice-President & Chief Human Resources Officer.

5 MR. NEANG SOKHIM, EVP & Chief Business Officer

Mr. Neang Sokhim is accredited under the Microfinance Training of Trainers course certified by ADBI, TDLC of the WB, and UNCDF. He holds a Master's degree in Business Administration and obtained a Bachelor's degree of Science in Agronomy in 1997. He has attended many courses related to microfinance operations and other topics.

He started working in the microfinance sector in 1998 as a Credit Officer and was then promoted to be a Junior Internal Auditor, Senior Internal Auditor, Deputy Operation Manager, Deputy Credit Manager, Credit Manager, and promoted to Senior Vice-President & Chief Business Officer in 2010. He currently holds the position of Executive Vice-President & Chief Business Officer.

6 MR. SAY SONY, EVP & Chief Marketing Officer

Mr. Say Sony is accredited under the Microfinance Training of Trainers course certified by ADBI, TDLC of the WB, and UNCDF. He holds a Master's degree in Business Administration and a Bachelor's degree in Marketing Management. He has attended numerous local and international training courses in Asia and Europe related to microfinance operations, product development, client management, and marketing management.

He has more than 15 years of experience in marketing management, product development and management in the social and private sectors.

He joined PRASAC MFI in early 2005 as Chief of Marketing, was promoted to Marketing Manager, and to Senior Vice-President & Chief Marketing Officer in 2010. He currently holds the position of Executive Vice-President & Chief Marketing Officer.

7 MR. CHEA HANG, EVP & Chief Corporate Strategy and Business Plan Officer

Mr. Chea Hang holds Master's degrees in Business Administration and Bachelor's degree in Accounting and Finance. He has many years of experiences in field of finance, accounting, procurements, human resource management, credit, banking services, organization methodology, legal, corporate governance, corporate strategy, business planning and project management.

He used to work for various positions such as Finance and Administration Manager, Senior Finance Procurement and Administration Adviser, Chairman of Board of Director of PRASAC MFI, Assistant of Project Administrator of PRASAC, Vice-President and Manager of Corporate Strategy and Business Plan Department. And he was promoted to Vice-President and Senior Manager of Corporate Strategy and Business Plan Department. He is also a BoD member of PRASAC Staff Company (PSCo) and Chairman of PRASAC Financial Trust. He is promoted as Executive Vice-President & Chief Corporate Strategy and Business Plan Officer.

» MANAGEMENT COMMITTEES

Asset and Liability Management Committee

The asset and liability management committee (ALCO) had 8 meetings in 2020. The committee achieved as the following:

- Endorsed borrowings of USD 540 million, of which USD 50 million is in subordinated debt, 100 million is in Credit Line and the rest (USD 390 million) are long-term senior debts.
- Advised the treasury and business team to look for more Khmer Riel liabilities to support Khmer Riel lending with a proportion of at least 10% of gross loan portfolio by the end of 2020.
- Approved Khmer Riel lending strategies to reach more than 10% of total loan book by end of 2020.
- Advised treasury team to minimize THB Open Currency Position.
- Endorsed business strategies to reduce and temporarily disable THB loan due to concerns on THB foreign exchange risk.
- Approved PRASAC's Liquidity Management Policy and activities plan to implementation for Covid-19.
- Endorsed partnership proposals with few well-known partners in cash collection and cash management services.
- Monitored and analyzed the interest rate moves and set strategies to minimize the future risk of changes of interest rate.
- Endorsed business strategies to maximize income from foreign exchange service.

Credit Committee

In 2020, PRASAC was highly committed to strengthen loan quality and provide faster service to clients. As the result, client's growth rate was approximately 6.18%, increased from 417,044 borrowers in 2019 to 442,833 borrowers in 2020 with portfolio growth of about 21.17%. The solid experience and competency of the credit committee in both branches and head office allows PRASAC to deeply analyze its client situation and maintain good loan quality.

The provision of small loans is still the main area for PRASAC's growth in terms of total loan portfolio, number of clients

and reduced exposure size. The average loan outstanding per client was USD 5,998 in 2019 and USD 6,844 in 2020. The non-performing loan (NPL) rate is 0.99% as of December 2020 which allows PRASAC to maintain its market leading position in terms of loan quality in the Cambodian banking and finance industry.

Product Development Committee

The committee successfully performed the following tasks to ensure high quality of services offered and achieve the goals of the 2020 business plan.

- Developed new products and services.
- Reviewed existing products features, terms and conditions, and modified the pricing list to be more competitive and comply with benchmarks.
- Followed up the implementation by each branch compared to each product's operational manual and procedures.
- Looked for good opportunities in financial markets to attract more customers and increase deposits.
- Ensured all products are profitable and low-cost.

Information Technology Steering Committee

The committee is responsible for the IT governance of PRASAC including developing all applications for supporting products, reviewing and evaluating the approved strategies and maintaining internal control systems to support the business growth, risk management practices and align with digitalization in the banking sector.

In 2020, the ITSC held many meetings to review and discuss matters relating to PRASAC Information Technology. Here are the key activities of the committee:

- Discussed and updated progress status of LOA project
- Discussed and updated status of some functions for doing restructure loan
- Discussed and updated status of agent collection partnership
- Discussed on MIB road map and options

- Discussed and approved on the upgraded proposal of internal firewall to cope with current growth and network expansion in future.

As the results, the committee achieved as below:

- Upgraded system capacity (server, storage and network) in response to business growth.
- Enlarged IT Infrastructure and equipment at branch level to support business operations.
- Continued developing LOA project follow project milestone.
- Provided & supported to use VAMI function to do loan restructure.
- Continue working with vendor and finance team to feasibility study and activate some accounting standard such as IFRS, EIR, Tax accrual for Savings/TD.
- Developed new products, improved existing products and implemented projects to fulfill operational requirements.

- Improvement of system process, workflow, enhancement/customization, and automation to support internal operations and daily transactions.
- Implement PRASAC Mobile Application for interbank fund transfer function through Bakong System and Retail Pay System.
- Prepare development Mobile Banking App to improve user interface design and more convenience to customer.
- Implement more bill payment partners on Prasac digital channel.
- Strengthened BCP, IT security and compliance, segregation of duty, performance tuning and capacity planning to support business growth such as switch-over, users/audit trial reviews, load balancing, system maintenance/archiving, and hardware sizing.



» FINANCIAL SERVICES

Credit Products

Group Loans

PRASAC provides group loans to low-income households in both rural and urban areas. The majority of clients' occupations are related to rice production, farming activities and other income-generating activities such as sales and service providers in the agriculture sector. The amount of the group loan is up to USD 1,000 per group member (or equivalent in Khmer Riel), with flexible repayment modes and a short-run period of up to 24 months. The annual interest rate is 16.80%.

Micro Loans

Micro loans are offered to micro-enterprises, usually family-owned and operated mainly by family members with less than 10 employees and normally located in market centers, nearby districts, or provincial centers. The clients' business activities include trade, agriculture, production, and other recognized income-generating activities. The amount of such a loan is up to USD 1,500 or equivalent in Khmer Riel. The annual interest rate is 16.80% with flexible repayment modes and a loan term up to 48 months.

SME Loans

SME loans refer to loans offered specifically for small and medium enterprises with business activities in the agribusiness, trade, manufacturing and service sector who employ 10 to 100 people and have total assets from USD 50,000 to USD 500,000. The business sites should be in provincial cities or the capital Phnom Penh. The loan size is up to USD 500,000 or equivalent in Khmer Riel. The annual interest rate is from 10.80% to 16.20% with flexible repayment modes and a loan term up to 120 months.

Personal Consumption Loan

PRASAC provides personal loans to clients to purchase personal consumption materials or for personal expenses, including furniture, equipment, wedding receptions or other materials. The loan size is up to USD 50,000, or equivalent in Khmer Riel, with flexible repayment modes and a loan term up to 108 months. The annual interest rate is from 12% to 16.80%.

Education Loan

PRASAC offers loans to students who need money to pay for school fees. The loan is designed with the goal of social development and has an interest rate of just 14% annually. The loan size is USD 2,500 with 12 months term and no collateral required.

Emergency Loan

PRASAC offers loans to clients who have suffered from natural disasters and fires to restore the client's business activities and immediately rebuild their houses. The annual interest rate is 16.80% with a loan size of USD 1,500 or equivalent in Khmer Riel, with flexible repayment modes and a loan term up to 12 months.

Home Improvement Loan

To improve clients' lifestyles, PRASAC has developed a type of loan for clients' existing home renovations. A client can borrow up to USD 50,000 or equivalent in Khmer Riel. The loan term is up to 108 months with flexible repayment modes and an annual interest rate from 12% to 16.80%.

Motor Loan

PRASAC has developed this loan for clients to purchase motorbikes. The client can borrow up to USD 2,500 or equivalent in Khmer Riel with flexible repayment modes and a term up to 60 months. The annual interest rate is from 16.20% to 16.80%.

Biogas Loan

In collaboration with the National Biogas Program (NBP) and considering the need to reduce poverty and protect the environment, PRASAC has developed biogas loans for people in rural areas who can collect animal waste and use it to produce biogas. The loan amount is up to USD 1,000 with a loan term up to 24 months, flexible repayment modes and an annual interest rate of 14.40%.

Latrine Loan

To contribute to environmental and social protection, PRASAC has developed latrine loans to target clients living in rural

areas for building sanitation facilities. The loan amount is up to USD 750 or equivalent in Khmer Riel with loan term up to 36 months, annual interest rate is 16.80% and flexible repayment mode based on client cash flow.

Staff Loan

PRASAC offers loans for staff to help fulfill their livelihood challenges in purchasing important consumption materials as well as to help with livelihood challenges during their daily life. The loan amount is up to 45% of gross salary with a loan term up to 120 months, an annual interest rate of 8% and EMI (Equal Monthly Installment) repayment mode.

Staff Motor Loan

PRASAC offers a motor loan for staff to borrow money to purchase a new motorcycle for supporting their daily activities for the institution. The loan amount is up to USD 2,000 with loan term up to 48 months, an annual interest rate of 8% and EMI (Equal Monthly Installment) repayment mode.

Invoice Discounting

PRASAC has developed an invoice discounting loan in the form of short-term borrowing. It is used to increase clients' working capital and cash flow. It allows clients to withdraw money against sale invoices before their customers pay. The maximum amount is available up to 70% of sales invoices with a maximum amount of USD 50,000. The loan term is up to 90 days with an annual interest rate from 12% to 16.80%.

Deposit Services

Savings Account

PRASAC makes significant efforts to mobilize deposits to broaden outreach and diversify its banking products. PRASAC deposit accounts cater to all segments of the population. The initial opening balance and minimum maintenance balance is only USD 5. The interest rate for savings accounts is 1.50% per annum for Khmer Riel (KHR) or U.S. Dollar (USD). Withdrawals, transfers, and payments are convenient, and depositors can make transactions at PRASAC offices during working hours or using ATMs and Mobile Banking and Internet Banking 24/7.

Unfixed Deposit Account

The unfixed deposit account is offered in response to the needs of those clients looking for higher interest rates on their saving balances. The initial opening balance and minimum maintenance balance is as low as USD 100. The interest rate for unfixed deposit accounts is 2.50% per annum for Khmer Riel (KHR) or U.S. Dollar (USD). Withdrawals, payments, or transfers are convenient; and depositors can make transactions at PRASAC offices during working hours or via ATMs and Mobile Banking and Internet Banking 24/7.

Savings Plan Account

The Savings Plan Account is a type of savings account established for individual customers who have regular income and a clear plan to save money on a regular monthly basis with a focus on specific needs. Customers will receive not only the basic interest rate, but also a higher annual bonus interest for a longer term if the client complies with the terms and conditions of the account. The basic interest rate per annum is 2% for Khmer Riel (KHR) and U.S. Dollar (USD). Additionally, the bonus interest rate per annum is ranged from 0.75% to 5.00% for the term of 2 months to 36 months. Minimum monthly deposit is KHR 40,000 or USD 10.

Kid Growth Savings Account

The Kid Growth Savings Account is a type of savings account created for parent(s) or legal guardian(s) who have regular income and clear plan to save money for study expenses or other purposes in the future for their kids aged under 16 years old. Clients will get a high interest rate per annum of 4.50% to 5.50% for Khmer Riel or U.S. Dollar. The initial deposit balance for account opening is KHR 400,000 or USD 100.

Flexi Growth Savings Account

The Flexi Growth Savings Account is a type of savings account created for public clients who want to deposit and perform daily financial transactions such as deposits, withdrawals, or transfers in line with their demands. With this new account type, customers will enjoy high and flexible interest rates according to the actual deposit balance in their account. The initial deposit balance and minimum ongoing balance in the account is USD 500. Clients will get a high interest rate per annum from 2.75% to 3.00% for Khmer Riel or U.S. Dollar.

Furthermore, clients can enjoy other additional services such as ATM cards, Mobile Banking and Internet Banking which are convenient for performing financial transactions 24/7.

Term Deposit Account

PRASAC offers an attractive interest rate for term deposit accounts. This is an optimum investment for clients, having high security and return. The interest rate is fixed for the whole term of the deposit. Interest is accumulated daily, and it can be paid monthly or at maturity. The minimum deposit balance required to open an account is USD 50. Renewal of term deposit accounts can be made automatically or via pre-notification. In addition, the clients can enjoy a high interest rate per annum up to 7.25% for Khmer Riel or U.S. Dollar with various choices of deposit terms from 1 month to 60 months.

Employee Savings Account

Employee Savings Account offers to corporate clients (legal entities) for managing the benefit for their employees. The account can be opened in Khmer Riel or U.S. Dollar with an interest rate of 6.50% per annum. All funds will be transferred from the Savings Account of the employer into Employee Savings Account of each employee according to the terms and conditions agreed by both employer and employees.

FI Business Account

FI business account is distinctive from individual and corporate savings accounts since they are available to bank

and financial institutions clients (Bank / FI). Banks and financial institutions can request to open 2 types of account: FI Business Account and FI Term Deposit Account in 2 currencies: Khmer Riels and U.S. Dollar. Minimum initial deposit is USD 500 or KHR 2,000,000 with an interest rate of 0% per annum for FI Business Account and from 2.00% to 5.50% per annum for FI Term Deposit Account. For a FI Term Deposit Account, clients can choose to open with a term ranging from 6 months to 60 months.

Other Banking Services

Bill Payments

The bill payment service is a convenient way for clients to make payment for bills such as PPWSA bill, EDC bill, schools, and other bills in a fast and secure manner at anywhere and anytime (24 hours/7 days a week). Clients can perform bill payments through ATMs, Mobile Banking, Internet Banking, and POS.

Domestic Transfer

Clients who have or do not have savings accounts with PRASAC can transfer funds to other recipients who have or do not have accounts with PRASAC. Interbank transfer is available for corresponding banks in Cambodia. Clients can transfer funds from branch, ATM, Mobile Banking and Internet Banking. With an increasing number of office networks in Cambodia, the domestic fund transfer provides for PRASAC's clients with a competitive advantage, high convenience, security and suitable service fee charge.



Cash-by-Code

PRASAC offers Cash-by-Code service to customers who wish to send money to their partners or relatives who have no account with PRASAC. Cash-by-Code can be operated via ATM, Mobile Banking and Internet Banking at anytime and anywhere. The receiver is able to access cash withdrawal through any ATM or POS quickly, safely and free of charge.

FAST Payment

FAST Payment is a service for transferring from account to account between banks/MFIs who joined as members of FAST Payment System, which is initiated by National Bank of Cambodia (NBC). The transactions of FAST Payment will be conducted in Khmer Riel with a maximum amount up to KHR 40,000,000 per transaction, with a reasonable service fee charge. With FAST Payment, the receiver will get the transferred funds immediately at the time of transaction completion.

Foreign Exchange

Foreign Exchange services were established to provide clients with currency conversion at competitive exchange rates. The foreign exchange service has been offered to the general public since PRASAC was granted a foreign exchange license in 2012 from the National Bank of Cambodia. The service is available in 2 currencies: Khmer Riel, U.S. Dollar.

Phone Top-Up

Phone Top-Up is a convenient service for clients to top up their mobile phone balance in a fast and secure manner anywhere at any time (24 hours/7days per week). Clients can perform a phone top-up through ATMs, Mobile Banking, Internet Banking and POS.

PRASAC Mobile Banking

With PRASAC Mobile Banking, customers can perform several transactions such as view account balance, bill payment, phone top-up, cash-by-code, fund transfer within PRASAC or inter-bank transfer and other services. Customers can access PRASAC Mobile Banking via smart phone, tablet and other devices in a secure environment at anywhere and anytime 24/7.

PRASAC Internet Banking

PRASAC offers its Internet Banking service to customers in a convenient, fast and secure manner. With this service, customers can view account balances and account statements, make bill payments, phone top-up, fund transfer within PRASAC, cash-by-code or interbank transfer, and other services via personal computer anywhere and anytime 24/7.

Automated Teller Machine (ATM)

PRASAC introduced its ATM network in 2012. This service provides convenience for our clients since they can perform transactions by themselves. PRASAC ATMs are available 24/7 in all provinces/capital. As of 2020, we have installed 141 ATMs in Cambodia. Clients can perform many transactions via PRASAC ATMs including withdrawal or deposit, balance inquiry, PIN change, bill payment, phone top-up, fund transfer within PRASAC, cash by code or interbank transfer via CSS, etc. There is no issuance fee. Cash withdrawal or transfer limits per day are up to USD 1,000 for a VIP Card, USD 2,000 for a VIP Plus Card and USD 2,500 for a VIP Plus Chip Card. Currently, upon request, the client will get the ATM Card immediately to perform any transaction.

POS Service

PRASAC has officially launched POS service in the middle of 2016 to serve all clients in performing convenient, fast, and secure financial transactions. With POS, clients can perform many transactions such as deposits, withdrawals, and fund transfers between accounts or fund transfers from accounts to non-accounts, receiving funds with Cash-by-Code, sales/purchases, balance inquiry, bill payment, phone top-up and ATM PIN change. Customers can access above services at any PRASAC's POS partners.

Payroll Service

The payroll service is designed to help corporate clients in managing salary payments to their employees. This allows employers to pay salary directly into employees' accounts with high security, confidentiality, efficiency, and convenience for both employers and employees.

Bank Confirmation

PRASAC offers a bank confirmation service to clients who maintain accounts with PRASAC. Clients can request this service at any online branch to confirm their account balance and transaction history. The bank confirmation issued to customers so they can build more trust with their business partners or third parties.

Banker Cheque

Banker Cheque is a payment tool which is used to make payments without carrying physical cash. PRASAC offers this service to customers who maintains accounts with PRASAC with a fee charge of only USD 10 per cheque.

Cambodian Shared Switch (CSS)

Cambodian Shared Switch is a service that allows PRASAC clients and customers of banks or financial institutions, who are members of the Cambodian Shared Switch system, to access interbank transactions via each member's ATM or POS easily and securely at anywhere and anytime (24/7).

Real Time Fund Transfer Service (RFT)

Real Time Fund Transfer is an interbank fund transfer service between banks or members of Retail Pay system, that allows the clients of the bank, or any members, to receive fund transfers instantly. Clients can perform two types of fund transfer transactions: Interbank Account Transfer or Account Transfer to phone number.

Bakong Payment Service

Bakong Payment Service is one of the payment services in new era that allows the clients to perform real-time electronic interbank transactions among members of bank and financial institution of Bakong. The clients can make transactions with 2 (two) currencies such as Khmer Riel and U.S. Dollar. With Bakong Payment Service, the clients can perform inter-bank fund transfer from Bakong Account to Bakong Account or Bank Account and to scan & pay for goods/service easily and securely at anywhere and anytime (24/7).

Standing Instruction Service

Standing Instruction Service is a fund transfer from account to account within PRASAC which allows the clients to pre-define the condition and effective date of the Standing Instruction in monthly or quarterly basis etc. Upon the effective date of the standing instruction, the transaction will be automatically made according to the pre-defined conditions which stated on the application form. The clients can request for Standing Instruction Service with 2 (two) currencies such as Khmer Riel and U.S. Dollar at every PRASAC's branches with suitable fee.

» OPERATIONAL PERFORMANCE HIGHLIGHTS

Loan Portfolio

DESCRIPTION (IN USD)	2016	2017	2018	2019	2020	CHANGE (AMOUNT)	CHANGE (%)
Total loans	1,030,880,501	1,548,859,337	1,962,009,568	2,501,296,268	3,030,820,729	529,524,462	21.17%
Group loans	1,589,263	565,889	284,317	644,485	375,579	(268,906)	(41.72%)
Individual loans	1,029,291,238	1,548,293,448	1,961,725,250	2,500,651,783	3,030,445,151	529,793,368	21.19%
Loans in KHR	55,328,534	102,125,520	143,121,382	305,815,585	365,489,903	59,674,319	19.51%
Loans in USD	940,667,053	1,393,944,448	1,750,593,003	2,145,286,060	2,641,103,840	495,817,780	23.11%
Loans in THB	34,884,914	52,789,370	68,295,184	50,194,623	24,226,987	(25,967,637)	(51.73%)

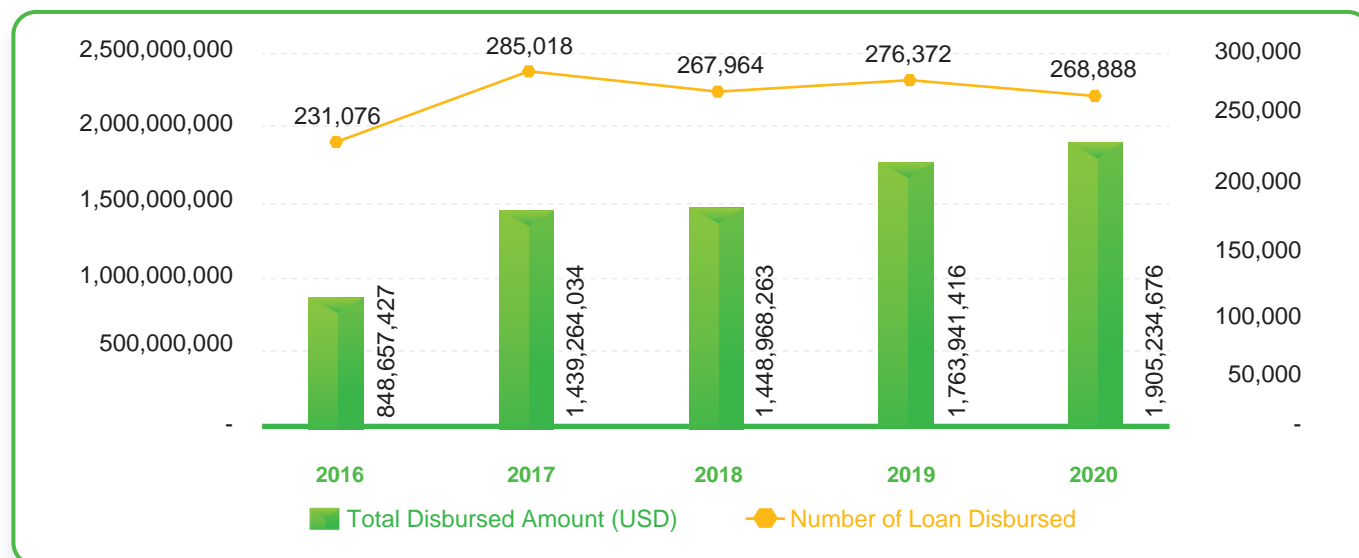
Loans can be disbursed in Khmer Riel, United States Dollar and Thai Baht. They are classified as group loans or individual loans. Individual loans represented 99.99% of the total portfolio. Group loans outstanding decreased by 41.72% during the year, while individual loans outstanding increased by 21.19% or USD 530 million. Outstanding loans in Khmer Riel increased by 19.51%, loans in United States Dollar increased by 23.11% and loans in Thai Baht decreased by 51.73%.

Borrowers

DESCRIPTION (Person)	2016	2017	2018	2019	2020	CHANGE (Person)	CHANGE (%)
Total borrowers	347,034	390,460	395,166	417,044	442,833	25,789	6.18%
Borrowers as group	5,707	2,005	955	1,251	997	(254)	(20.30%)
Borrowers as individual	341,327	388,455	394,212	415,793	441,836	26,043	6.26%
Female borrowers	282,805	315,739	317,175	332,372	348,435	16,063	4.83%
Male borrowers	64,229	74,721	77,991	84,672	94,398	9,726	11.49%

At the end of 2020, the number of active borrowers was 442,833, an increase of 6.18% over the previous year. Group loan borrowers decreased by 20.30% but individual loan borrowers increased by 6.26%. Female borrowers increased by 4.83% and male borrowers increased by 11.49%.

Loan Disbursement



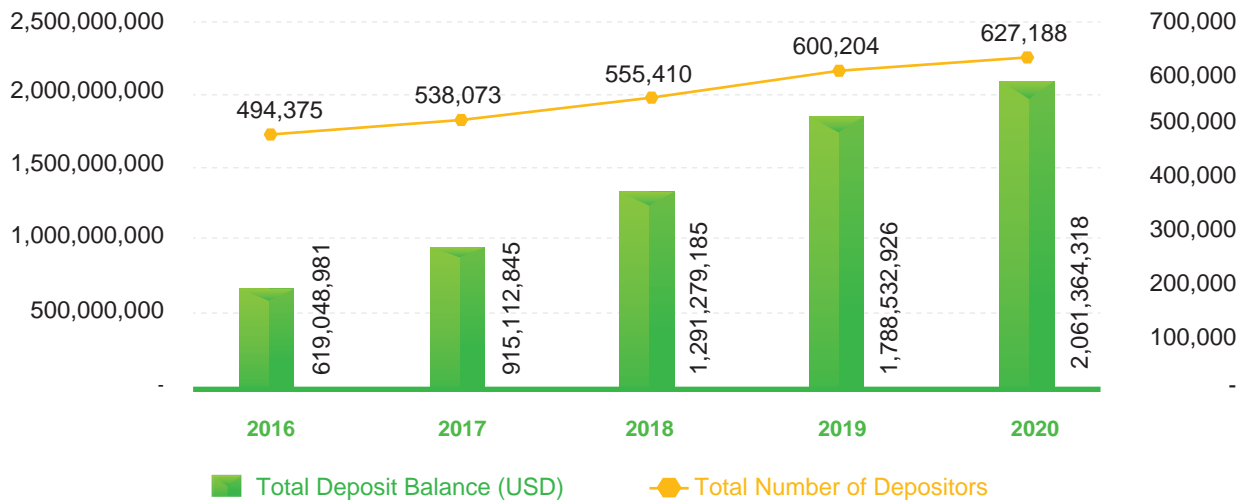
In 2020, PRASAC disbursed new loans totaling USD 1.90 billion an increase of 8.01% over the previous year. The number of new loans was 268,888, a decrease of 2.71%. The average disbursed loan size was USD 7,086.

Loan Portfolio Quality

DESCRIPTION (IN USD)	2016	2017	2018	2019	2020	CHANGE (AMOUNT)	CHANGE (%)
PAR Amount (30 days)	11,910,436	11,584,931	14,020,365	8,978,436	29,955,113	20,976,677	233.63%
Principal Past Due	4,005,960	3,594,323	2,960,872	1,995,803	4,842,737	2,846,934	142.65%
PAR Ratio (30 days)	1.16%	0.75%	0.71%	0.36%	0.99%	0.63%	175.00%
Repayment Ratio	98.94%	99.23%	99.50%	99.75%	99.49%	(0.26%)	(0.26%)

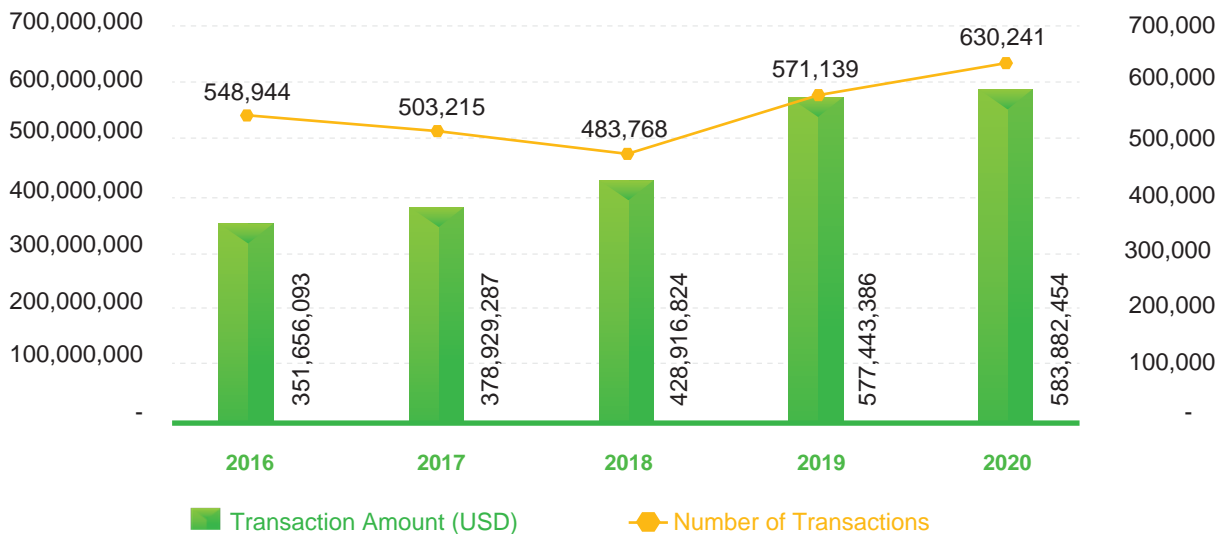
At the end of 2020, the Portfolio at Risk (PAR) ratio was 0.99% and the repayment ratio was 99.49%. The high quality of the loan portfolio was very good thanks to high quality monitoring from all levels of staff (especially credit officers), well-established credit policy and procedures, and clear loan recovery policy. In addition, the FLEXCUBE system can provide fast, accurate data and information to enable staff to monitor, evaluate and analyze loans.

Savings and Deposits



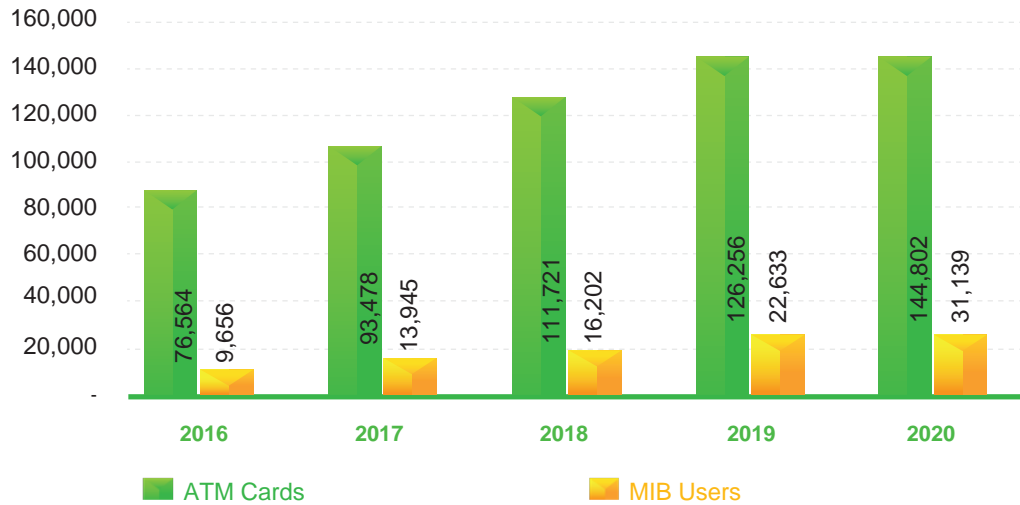
As of December 2020, the total number of depositors was 627,188, which was an increase of 4.50% over the previous year. The deposit balance was USD 2.06 billion an increase of 15.25% over the previous year.

Local Money Transfer



Local fund transfer grew USD 6.43 million in 2020, an increase of 1.12% over the previous year.

ATM, Mobile Banking and Internet Banking



With advancing technology development and strong market demand, the use of ATM services has been increasing year-by-year. Total issued ATM cards for clients increased to 144,802 cards in 2020. At the same time, PRASAC reached a total of 31,139 Mobile and Internet Banking users.

Smart Housewife

Pays Water and Electricity Bills

via PRASAC Mobile Banking

FREE!

Scan - PRASAC
Mobile Banking App

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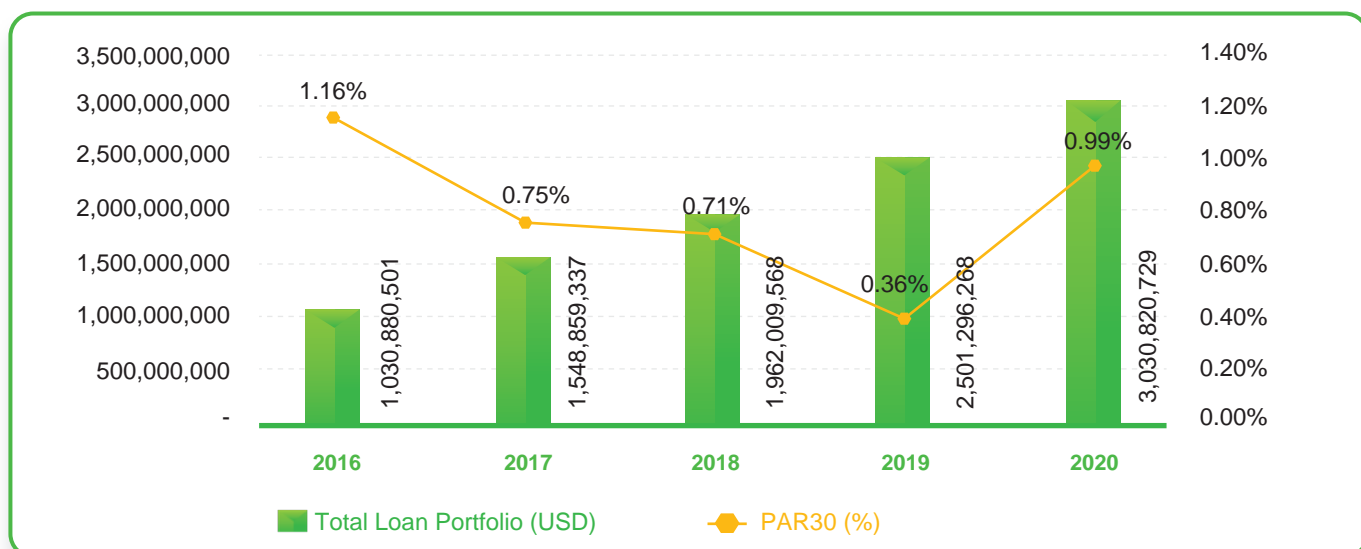
» FINANCIAL PERFORMANCE HIGHLIGHTS

Financial Performance Highlight (Amount in USD)	2016	2017	2018	2019	2020
Statement of Financial Position					
Assets					
Cash and Banks	205,768,785	192,573,065	402,739,339	591,617,799	602,908,514
Net Loan Portfolio	1,016,385,263	1,528,863,817	1,936,725,039	2,468,225,611	2,978,579,934
Other Assets	27,219,846	32,832,290	39,464,408	38,687,660	34,838,097
Total Assets	1,249,373,894	1,754,269,172	2,378,928,786	3,098,531,070	3,616,326,545
Liabilities					
Customers' Deposits	619,048,981	915,112,845	1,291,279,185	1,788,532,926	2,061,364,318
Subordinated Debts	51,382,930	64,716,264	69,453,307	75,910,811	112,450,970
Liabilities	407,852,374	545,840,466	710,955,443	824,078,196	923,673,133
Total Liabilities	1,078,284,285	1,525,669,575	2,071,687,935	2,688,521,933	3,097,488,421
Equity					
Registered Capital	110,000,000	110,000,000	110,000,000	230,000,000	230,000,000
Reserves	2,565,749	2,800,230	2,976,091	7,202,256	5,077,789
Retained Earnings	58,523,860	115,799,367	194,264,760	172,806,881	283,760,335
Total Equity	171,089,609	228,599,597	307,240,851	410,009,137	518,838,124
Total Liabilities and Equity	1,249,373,894	1,754,269,172	2,378,928,786	3,098,531,070	3,616,326,545
Statement of Comprehensive Income					
Interest, Fee & Other Incomes	196,827,558	236,689,395	298,508,131	386,195,503	446,208,632
Interest & Fee Expenses	(72,332,038)	(94,638,585)	(122,876,596)	(168,034,347)	(198,561,840)
Operation Expenses	(52,176,854)	(55,867,157)	(61,665,488)	(78,899,267)	(90,405,586)
Non-Operation Expenses	(4,584,664)	(14,235,451)	(14,915,073)	(9,814,551)	(21,899,432)
Income Tax Expenses	(13,748,791)	(14,438,214)	(20,409,720)	(25,942,020)	(26,512,787)
Profit After Tax	53,985,211	57,509,988	78,641,254	103,505,318	108,828,987
Key Financial Performance Indicators					
Return on Assets (RoA)	4.70%	3.83%	3.81%	3.78%	3.24%
Return on Equity (RoE)	36.87%	28.78%	29.35%	28.86%	23.43%
Yield on Portfolio	20.65%	18.20%	16.78%	15.93%	15.55%

Productivity and Efficiency

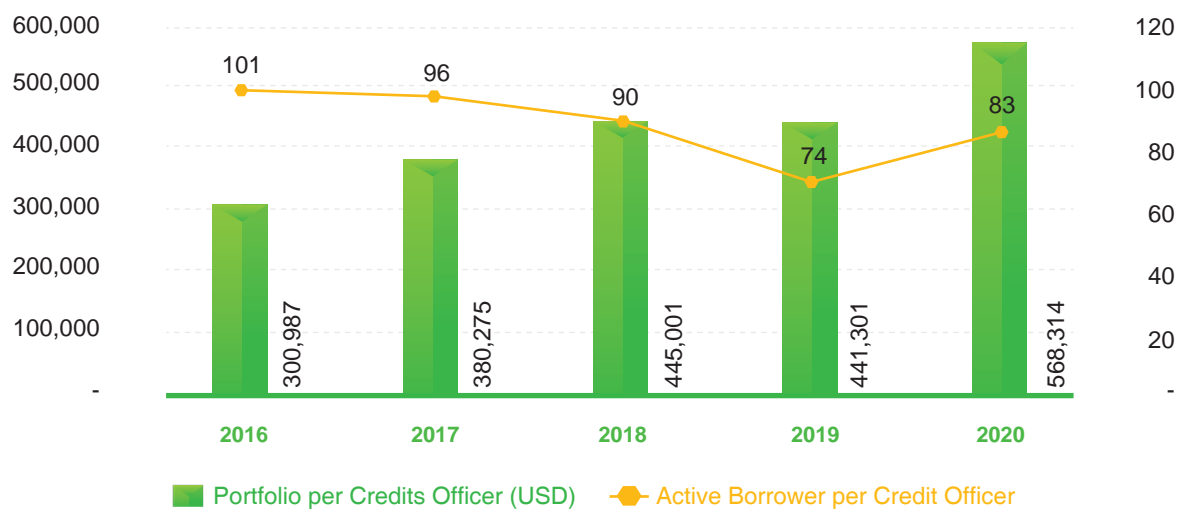
DESCRIPTION	2016	2017	2018	2019	2020
PRODUCTIVITIES AND EFFICIENCY					
Exchange rate	4,037	4,037	4,018	4,075	4,045
Gross Loan Portfolio (USD)	1,030,880,501	1,548,859,337	1,962,009,568	2,501,296,268	3,030,820,729
Loan Loss Reserves (USD)	(14,495,238)	(19,995,520)	(25,284,529)	(33,070,657)	(52,240,795)
Net Loan Portfolio (USD)	1,016,385,263	1,528,863,817	1,936,725,039	2,468,225,611	2,978,579,934
Number of Credit Officers	3,425	4,073	4,409	5,668	5,333
Portfolio per Credit Officers (USD)	300,987	380,275	445,001	441,301	568,314
Number of Active Borrowers	347,034	390,460	395,166	417,044	442,833
Active Borrowers per Credit Officer	101	96	90	74	83
Portfolio at Risk	1.16%	0.75%	0.71%	0.36%	0.99%

Gross Loan Portfolio and Portfolio Quality



As at 31 December 2020, gross loan portfolio increased from USD 2.50 billion in 2019 to USD 3.03 billion in 2020. Portfolio at risk (PAR 30 days) increased to 0.99% in 2020 due to Covid-19 pandemic. But it still continues to represent strong performance in term of loan portfolio and portfolio at risk.

Credit Officer Productivity

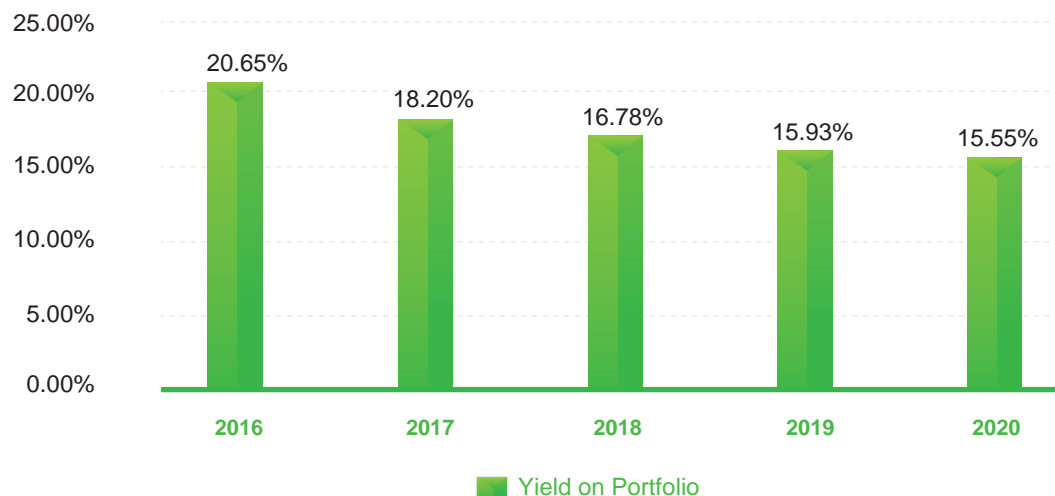


The portfolio per credit officer increased from USD 441,301 in 2019 to USD 568,314 in 2020; and total number of credit officer decreased to 5,333 in 2020 as well. But PRASAC still offers a high level of service to customers.

Profitability

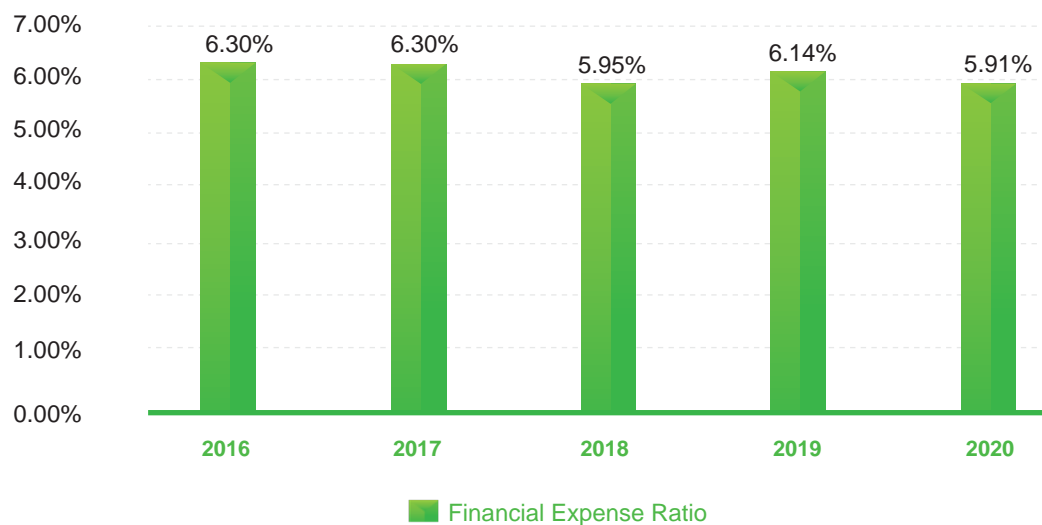
DESCRIPTION	2016	2017	2018	2019	2020
Yield on Portfolio	20.65%	18.20%	16.78%	15.93%	15.55%
Financial Expense Ratio	6.30%	6.30%	5.95%	6.14%	5.91%
Operating Expense Ratio	4.55%	3.73%	3.12%	2.88%	2.69%
Administrative Expense Ratio	1.42%	1.16%	0.81%	0.69%	0.67%
Return on Assets (RoA)	4.70%	3.83%	3.81%	3.78%	3.24%
Return on Equity (RoE)	36.87%	28.78%	29.35%	28.86%	23.43%

Yield on Portfolio



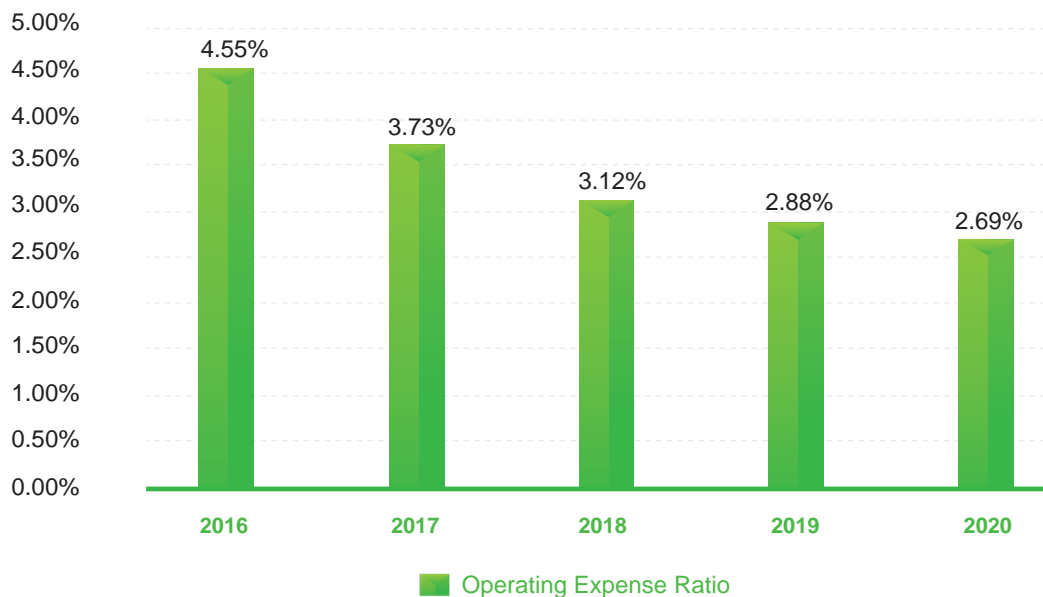
Yield on portfolio has decreased within these several years due to market competition and impact of Covid-19 in 2020. However, PRASAC maintained its portfolio yield of 15.55% in 2020.

Financial Expense Ratio



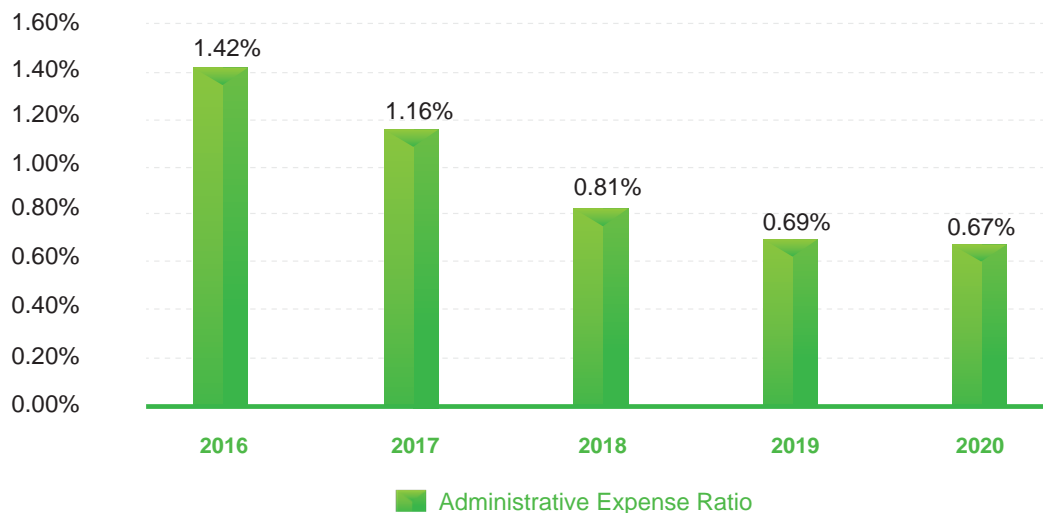
Financial expense ratio decreased from 6.14% in 2019 to 5.91% in 2020. This shows that all expenses were effectively managed and controlled.

Operating Expense Ratio



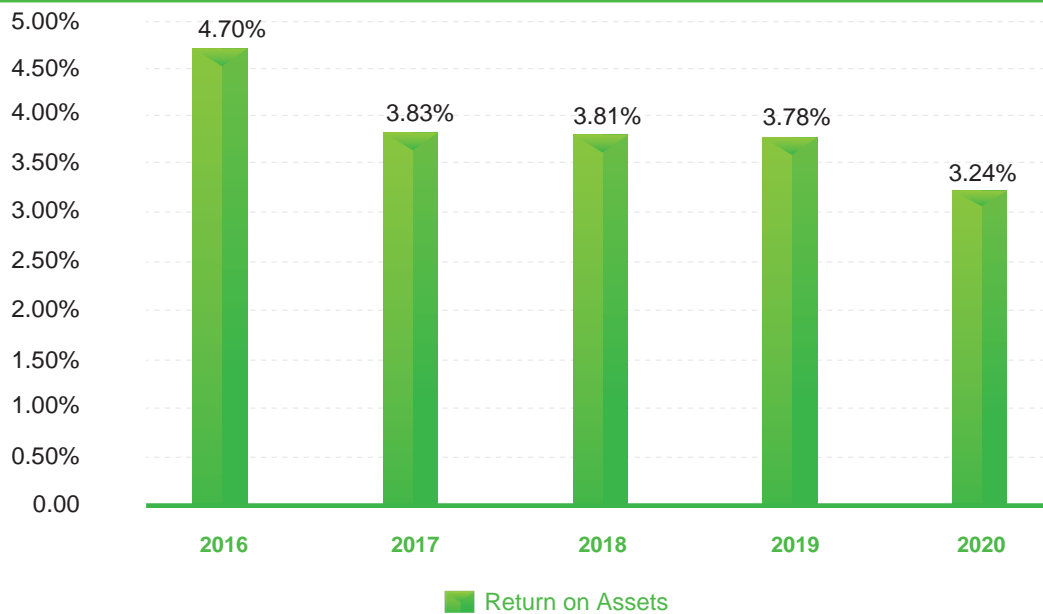
Operating expense ratio continued its downward trend in the last several years. PRASAC has remarkably achieved high efficiency in utilization of assets to support the growth of income earning assets.

Administrative Expense Ratio



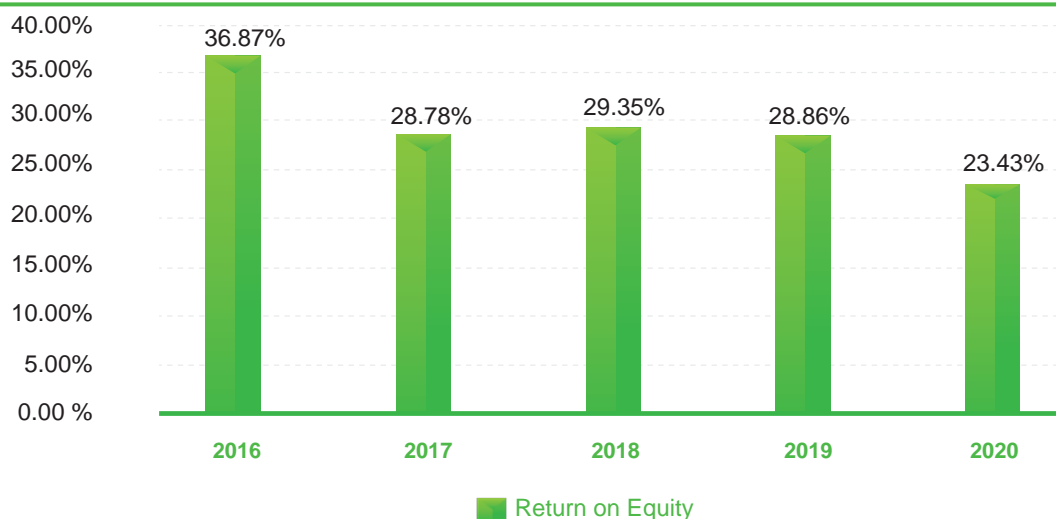
Administrative expense ratio decreased from 0.69% in 2019 to 0.67% in 2020. Even though it was just a slight decrease, it was still a positive indicator for PRASAC.

Return on Assets



Return on assets decreased from 3.78% in 2019 to 3.24% in 2020. It decreased because PRASAC's total assets increased from USD 3.09 billion in 2019 to USD 3.61 billion in 2020 and maintained its earning assets structure in order to meet NBC guideline as a MDI and creditors compliance.

Return on Equity



Return on equity decreased from 28.86% in 2019 to 23.43% in 2020 due to increase in average equity in 2020.

Job Opportunities for Your Growth



» CAPACITY BUILDING

Training and Staff Development

PRASAC is proud for having completed various achievement under the excellent leading of the management and very active contribution of all staff at all levels with dignified attitude and responsibility. Meanwhile Cambodia has been facing the outbreak of Covid-19, PRASAC still plays an important role on staff capacity building, knowledge development including technical skills, policies, instructions, customer service with the variety of training methodology in modern technology.

By the end of 2020, 1,929 new staff joined new staff training and orientation of 272 courses for developing their capacity with principal knowledge, having sufficient ability in both of skills and attitude to fulfill their role. In addition, Training and Staff Development Department also organized 520 refresher courses to review existing policies and new updated policies by focusing on position for 3,601 participants.

To develop technical knowledge, soft skill, and problem-solving skill for employees, we have provided special training courses based on respective positions and each responsibility. As a result, this year we organized 508 courses with the total of 4,212 participants.

To support daily practice, strengthen capacity and increase knowledge and skills for staff directly by management at own branch, we have established branch training courses with coordination and supporting from PRASAC Head Office. For this program we have achieved 1,083 courses for all PRASAC Branches with 11,459 participants.

PRASAC also developed online training class, run by Zoom and Lync, and managed by Google Classroom. As a result of online training, we have achieved 232 courses of the total 325 courses with 3,368 participants.

Beyond the training of internal technical skills, 239 participants were supported and encouraged to join with some external training in country. We also signed contract with some local institutions to provide all 30 required courses. There were also 11 participants joined overseas conferences and 5 online programs.

Internship and Volunteers

PRASAC has planned to contribute and support on human resources development for society by providing volunteer and internship program. Because of Covid-19 pandemic in 2020, PRASAC received only 18 volunteers to work and experience from employees as well as to assist staff in departments in head office. We allowed students to write their thesis statement/report and internship for only 10 groups of students.

» MARKETING ACTIVITIES

PRASAC's products and services have been developed based on the results of market surveys and feasibility studies to ensure high level of client satisfaction. PRASAC's business strategies always take into consideration the PEST analysis conducted to keep abreast of any changes in the political, economic, social, technological, and competition landscape to up-to-date the market trend and comply with the regulations.

To support business growth in all products and services, promotional and marketing campaigns have been implemented and communicated through mass media and digital channels to ensure that all related information and promotional messages effectively reach target market. Internal and external communications are well aligned through direct and indirect marketing at branch and head office level. Sales activation is conducted in tandem with the mass media to ensure an increase of sales volume. Corporate Social Responsibility and events along with PR have been conducted to establish the branding of PRASAC as top of mind of clients.

All management levels including head office, regional offices and branches often conduct visits to build good relationship with clients such as loan follow-up, improvement

of clients' businesses and provision of other financial solutions. All staff, especially front-line staff, are well trained with technical support in daily customer service and communications.

PRASAC has always enhanced its customer service standard, strategic complaint management and loyalty program to ensure a high quality of service for target clients. Customers are welcome to submit inquiries or requests through the most accessible and convenient channels including call center, suggestion box, social media and online complaint management system.

PRASAC has below principles in place:

- Value and respect every client
- Provide fast service, correctness, and on-time
- Reach out to target clients
- Offer diversified and tailor-made financial services
- Provide comprehensive banking experiences
- Simplify the policies, procedures and processes
- Solve the client's complaint within 24 hours
- Ensure transparency, accuracy and convenience

Interbank Fund Transfer

via Retail Pay

\$100,000 Per day

Scan - PRASAC Mobile Banking App

Available on the App Store | GET IT ON Google Play

» EVENT HIGHLIGHTS IN 2020

📅 January

- PRASAC kept providing the interest rate of Term Deposit Account as high as 8% per annum to mark its 25th anniversary and to celebrate New Year 2020.

📅 February

- PRASAC launched function of “Scan & Pay via QR Code” in PRASAC Mobile Banking in smart phone, allowing customers to scan and pay quickly and easily at many merchant stores without using cash and for free of charge.
- PRASAC officially inaugurated a brand-new library building funded by PRASAC and CVC at Samrong primary school, located in Chek village, Samrong commune, Chantrea district, Svay Rieng province, in the objective of enhancing education sector and instilling a reading culture.



📅 March

- PRASAC was recognized by the General Department of Taxation (GDT) with a Gold Award for Tax Compliance, showing its adherence to tax guidelines and regulations for the microfinance sector in Cambodia.
- PRASAC donated 100 million riel to the National Committee for Combating Covid-19 of the Royal Government of Cambodia in a bid to join to fight against the deadly disease.

📅 April

- PRASAC has received a final approval and registration from the Securities and Exchange Commission of Cambodia (SECC) on the Disclosure Document for Public Offering of PRASAC Bonds.
- PRASAC announces a new majority shareholder from South Korea, KB Kookmin Bank. It has successfully acquired 70% of PRASAC.
- PRASAC has participated in the “SME Co-Financing Scheme,” an initiative of the Royal Government of Cambodia, aimed at providing low-interest loans to bolster and develop the small and medium-sized enterprises in Cambodia.

📅 May

- The corporate bond of PRASAC has been listed on the Cambodia Securities Exchange under the CSX symbol “PRA23A” and it is the sixth corporate bond to be listed on the CSX and the second to be guaranteed by the Credit Guarantee and Investment Facility (CGIF), a trust fund of the Asian Development Bank.
- PRASAC donated 200 million Riel to Cambodian Red Cross (CRC) in the celebration of the 157th Anniversary of World Red Cross and Red Crescent Day on 8 May 2020, under the theme “I Love Peace and Cambodian Red Cross.”



📅 June

- PRASAC launched the instant ATM card issuance service with the aim of making the process more convenient, simpler and faster.

📅 July

- PRASAC MFI Plc. has opened another new branch at Prey Phdau which is located about 30 meters at the east of Prey Phdau Primary School, along National Road 4, Prey Phdau village, Trapeang Korng commune, Somraong Tong district, Kampong Speu province.
- PRASAC received a 7-year subordinated loan of USD 50 million and a 3-year committed credit facility in the amount of USD 100 million from KB Kookmin Bank which is a new shareholder of PRASAC.

📅 October

- PRASAC has expanded electricity bill payment service of EDC Prey Veng, Tboung Khmum, and Sihanouk Ville.
- PRASAC donated 200 million Riel to Samdech Techo Hun Sen, Prime Minister of Cambodia to rescue people affected by food.
- PRASAC offered new and modern Interbank Payment Service “**Bakong**”, aiming in promoting the financial inclusion in Cambodia.



- PRASAC has launched water bill payment service for Tbong Khmum province.

📅 November

- PRASAC has opened another new branch in Siem Reap province called “Krong Angkor Branch” which is located along National Road 6, Kruos village, Sangkat Svay Dangcum, Krong Siem Reap, Siem Reap province.
- PRASAC has recently achieved a new milestone of deposit outstanding balance at USD 2 billion with 800,000 deposit accounts.



📅 December

- PRASAC has expanded electricity bill payment service of EDC Battambang.
- PRASAC has launched a campaign named “Contribute to Purchase Vaccines for Cambodia” to mobilize funds to purchase COVID-19 vaccines to save Cambodian lives.
- PRASAC donated of 2,000,000,000 Riel (Two Billion Riel) to the Royal Government of Cambodia to purchase Covid-19 vaccines to vaccinate Cambodian people for free in the cause of protecting people’s lives and improving public health.

PRASAC Mobile Banking



» ENVIRONMENTAL AND SOCIAL PROTECTION

PRASAC stands at the top in the microfinance and banking industry in Cambodia with a strong commitment in contributing to sustainable economic development through achieving its triple bottom-line: financial result, social result and green growth. PRASAC has developed its strategic actions to comply with the Universal Standard for Social Performance Management (USSPM) and Smart Campaign's 7 Client Protection Principles (CPPs), business exclusion list, local laws, regulations, and international treaties.

PRASAC intends to promote growth for its institution, clients and the communities by clearly and carefully screening the target clients against the E&S exclusion list, while ensuring that it is in line with the applicable Cambodian environmental legislative requirements and international best practices. PRASAC has been educating its customers and the community in evaluating environmental and social impact, plus mitigation and management of those risks. Monitoring is regularly done to ensure effectiveness of the E&S policy and implementation.

Social Mission

PRASAC aims to provide sustainable access to financial services for rural communities and micro-enterprises.

Social Goals

Social Goal 1: Target clients

- Target rural community clients are the rural village households.
- Micro-enterprise clients include enterprises with a total number of employees less than 10 and/or total assets valued of less than USD 50,000.

Social Goal 2: Meeting clients' needs

To provide financial services such as credits and savings to meet our clients' needs plus other financial services that are permitted by regulation.

Social Goal 3: Create positive changes for the target clients

To improve the living standard of rural people and contribute to sustainable economic development.

Social Mission

- Increased access to financial services
- Poverty reduction
- Employment generation
- Development of start-up enterprises
- Growth of existing businesses

Key Indicators of E&S Protection

Below indicators have been used for measuring its practices:

- Compliance with laws and regulations
- Healthy workplace
- Electricity and water consumption
- Office materials
- Workplace communications
- Equal employment opportunity and no discrimination
- Employee's organization
- Fair retrenchment processes
- Grievance mechanisms
- No child labor
- No forced labour or trafficked labour
- Occupational health and safety standards
- Quality customer service
- Problem resolution for client complaints
- Participation in community protection through the appropriate product development, office network expansion and social contribution, especially library project
- Precise business partner selection
- Environmental and social exclusion list
- Checklist of indigenous people and land resettlement

Environmental Protection

PRASAC has developed and regularly updated the environmental and social protection policy to accelerate implementation of its staff. All steps in the loan process are built-in with the prohibition of giving credit to any clients who fall in the sectors of the exclusion list.

PRASAC offers green loan in order to help client to invest in energy efficient equipment and renewable energy development to reduce operating costs, reduce the impact on environment, as well as promote environmentally responsible lending activities of PRASAC.

PRASAC has also assigned one staff member to be in charge of the participation and the design of E&S training, coaching and monitoring and to measure the performance of environmental and social activities.

Social and Community Protection

Building a culture of “Growing Together” is a commitment and the slogan of PRASAC with fair treatment to all staff, clients, communities as well as indigenous people. PRASAC has also provided many trainings to staff to better serve its clients while PRASAC’s personnel policy is in place with full transparency for both internal and external stakeholders.

PRASAC has designed the specific loan products to tailor made to specific needs and client segments namely educational loan, home improvement loan, and latrine loan.

Indicators	2016	2017	2018	2019	2020
Energy					
Electricity and water in average per staff (USD)	151	140	128	125	137
Fuel in average per staff (USD)	309	351	352	362	422
Employment					
Number of staff	6,162	7,058	7,600	9,091	9,042
Number of women staff	1,333	1,467	1,606	1,674	1,842
Capacity Building					
Number of new recruits trained	1,708	2,506	2,190	2,766	1,929
Number of existing staff trained	12,504	4,567	5,175	55,385	8,063
Number of interns (Group)	32	24	20	24	10
Number of volunteers	64	54	57	71	18
Corporate Social Responsibility					
Number of libraries (Building)	21	25	30	40	41
Number library users as student	38,653	56,562	78,266	109,151	141,005
Loan Outreach					
Number of home improvement loans	44,030	65,312	81,504	82,129	93,152
Number of MSME financed	346,888	389,866	394,778	409,021	442,714

Environmental and Social Exclusion List

PRASAC has developed and put in action to avoid offering loans or services to any client who has business in the below list.

1. Production or activities involving harmful or exploitative forms of forced labor/child labor
2. Production or trade in any product or activity deemed illegal under Cambodian laws or regulations or international conventions and agreements
3. Production or trade in weapons and munitions
4. Production or trade in alcoholic beverages (excluding beer and wine)
5. Production or trade in tobacco
6. Transboundary trade in waste or waste products
7. Gambling, casinos and equivalent enterprises
8. Trade in wildlife or wildlife products regulated under CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)
9. Production or trade in radioactive materials
10. Production or trade in or use of unbounded asbestos fibers
11. Purchase of logging equipment for use in primary tropical moist forest
12. Commercial logging operations for use in primary tropical moist forest
13. Production or trade in wood or other forestry products from unmanaged forests
14. Production or trade in products containing PCBs
15. Production or trade in pharmaceuticals subject to international phase outs or bans
16. Production or trade in pesticides/herbicides subject to international phase outs or bans
17. Production or trade in ozone depleting substances subject to international phase out
18. Production, trade, storage, or transport of significant volumes of hazardous chemicals, polychlorinated biphenyls, or commercial scale usage of hazardous chemicals
19. Drift net fishing in the marine environment using nets in excess of 2.5 km in length

20. Production or activities that impinge on the lands owned or land acquisition or other property or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples
21. Businesses involved in the production, processing or distribution of illegal drugs
22. Pornography or the provision of products or services of a substantially similar nature

Corporate Social Responsibility

Library project

With the objective of contribution to building the reading culture and capacity of students in public school, PRASAC has so far built 41 library buildings for public schools and has fully installed reading books and library facilities with 3-year support. This project benefits to 141,005 library users as students from 98,613 households in 455 villages of 13 provinces in Cambodia.

Amid Covid-19 pandemic, schools were closed. In-classroom learning and teaching was replaced by distance learning via electronic means, mixed learning and self-study. In this difficult period, library has played a crucial role in facilitating student learning by providing an individual study space and books for borrowing to study at home.

In 2020, total number of books borrowed by visitors were 55,627: 52,839 books borrowed by students, 1,241 books borrowed by teachers, and 1,547 books borrowed by communities.

Calamity program

PRASAC has provided the emergency relief to clients who are affected by natural disasters, calamities and traffic accidents in total USD 35,205. This program can immediately support clients while they need assistance urgently.

Other social activities

PRASAC supports humanitarian activities of communities and stakeholders, especially challenges amid Covid-19 pandemic.

- Contributing to Royal Government of Cambodia (RGC) for purchasing the Covid-19 vaccine
- Contributing to RGC for flood relief
- Contributing to RGC for fighting Covid-19 campaign
- Funding to Cambodian Red Cross (CRC) under the framework of volunteering and humanitarian activity
- Sponsoring for promoting Khmer riel
- Funding for fighting Covid-19 through National Bank of Cambodia (NBC)
- Co-sponsoring Ministry of Education, Youth and Sport for National Reading Day
- Donating benches to Kampong Chhnang Provincial Hall
- Sponsoring the Association of Banks in Cambodia for cycling event
- Sponsoring fund to Kampong Speu high school for planting tree
- Sponsoring fund to Raksa Koma Foundations for Cambodia Hearing Day
- Sponsoring fund for 7 Makara football championship

Social Audit

The social audit has been conducted internally and regularly on an annual basis. The SPI tool and Smart's Client Protection tool are used to check its implementation towards its social mission, social goals, Universal Standards for Social Performance Management (USSPM), and the Client Protection Certification Standards of Smart Campaign.



PRASAC

Contributes to Promoting Reading
Culture through **Library Project**



» RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control is Fundamental to Success

Internal control is fundamental to successful day-to-day operations. It assists the institution in achieving its business objectives. Weak or ineffective internal control has caused losses in many financial institutions.

PRASAC has established a strong internal control system to safeguard assets, public deposits, facilitate customer service improvement, guard against intentional or unintentional errors, and to ensure staff adherence to policies and guidelines.

PRASAC's policies and procedures are embedded in the internal control system to prevent risks. Proper segregation of duty and dual control means that an employee cannot process the whole transaction. Every staff member takes responsibility to obey and apply the internal control policies. At the same time, they must communicate upwards about any problems of non-compliance or policy violations.

All employees have responsibility for managing PRASAC's risks. Executive Management, Department Managers, Regional Managers, Branch Managers and all staff implement internal controls and manage risks occurring during day-to-day operations.

The Board of Directors determines PRASAC's risk policies and monitors the effectiveness of PRASAC's risk management framework.

To build effective internal controls, PRASAC's Internal Audit Department was established in 2001 with clear roles and responsibilities for providing independent appraisals on the adequacy, efficiency and effectiveness of the internal control systems implemented by management. The department reports directly to the Board Audit Committee. The internal audit

department complies with National Bank of Cambodia's Prakas on "the internal control of bank and financial institutions" regarding organization of internal audits, objectives of the internal audit function, audit resources, methodologies, and procedures. In addition, the department conducts audits in accordance with the International Standards for the Professional Practice of Internal Auditing.

At the end of 2020, the department has 110 professional staff, 95 of whom are in regional/branch offices. The department may rotate work locations of regional audit staff anytime if the manager of internal audit department concerns about the effectiveness of audit work and/or a conflict of interest. Regional Auditors regularly review the quality of loan portfolios, quality of customer services, cash management, fund transfers, deposit and withdrawal transactions and the general expenses of the branch.

In 2020, we completed 1,929 assignments covering audits of all key operations and investigations into specific areas. Regional Auditors have conducted client home visits for 85,148 accounts, equal to 16.23% of total loan accounts, to assess the quality of outstanding loans, to confirm loan outstanding balance and to verify that loan disbursement complies with the prescribed policies, Client Protection Principles (CPP) and Universal Standards of Social Performance Management (USSPM).

The audit results and annual achievement of PRASAC in 2020 showed that loan delivery complied with the policies and that loan quality remained good. Branch staff performed their tasks well and had effective internal controls in place.

Go Cashless

Scan - Pay
Conveniently

via PRASAC Mobile Banking



» OPINION OF THE INDEPENDENT AUDITORS



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INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of PRASAC Microfinance Institution Plc.

Opinion

We have audited the financial statements of PRASAC Microfinance Institution Plc. (*formerly PRASAC Microfinance Institution Limited*) ("the Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Prakas on the Code of Ethics for Professional Accountants and Auditors issued by the Royal Government of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, is of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Allowance for Expected Credit Losses on Loans to Customers

The Company's application of the expected credit loss model in calculating the allowance for expected credit losses ("ECLs") on loans to customers resulted to the recognition of allowance for ECLs as at 31 December 2020 amounting to USD49.61 million (KHR 200.69 billion), and provision for ECLs during the year amounting to USD23.38 million (KHR 95.50 billion). We consider this is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Company's credit risk exposures; determining the method to estimate ECLs; taking into account extension of payment terms provided as a result of the coronavirus pandemic; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the expected life of the financial asset and expected recoveries from defaulted accounts; and incorporating forward-looking information in calculating ECLs.

Key Audit Matter (continued)

Allowance for Expected Credit Losses on Loans to Customers (continued)

The significant accounting policy, significant accounting judgement and disclosures related to the allowance for ECLs on loans to customers are included in Note 2.2.1 (vi), Note 2.3.2.1 and Note 6 to the financial statements, respectively.

We obtained an understanding and tested key controls over the origination and approval and credit monitoring of loans to customers. Specifically, we (a) assessed the Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts and credit risk management policies and practices in place, (c) tested loss given default by inspecting historical recoveries; (d) tested exposure at default considering outstanding commitments and repayment scheme; (e) checked the reasonableness of multiple probability-weighted scenarios as well as forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Company's lending portfolios and broader industry knowledge; and (f) tested the interest rate used in discounting the expected losses. Further, we checked the data used in the ECL models by reconciling data from source system reports to the database and from the database to the allowance for expected credit losses analysis/models and financial reporting systems. To the extent that the allowance for ECLs analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the allowance for ECLs analysis. We also assessed the assumptions used where there are missing or insufficient data. Additionally, we recalculated impairment provisions on a sample basis. We also reviewed the completeness of the disclosures made in the financial statements.

Other Information

The other information obtained at the date of the auditor's report comprises the Report of the Board of Directors as set out in pages 1 to 4. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Maria Cristina M. Calimbas
Partner

Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

» STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
ASSETS				
Cash on hand	160,578,086	649,538,358	150,702,355	614,112,097
Balances with the National Bank of Cambodia	438,355,399	1,773,147,589	439,823,205	1,792,279,560
Balances with other banks	3,975,029	16,078,992	1,092,239	4,450,874
Loans to customers	2,978,579,934	12,048,355,833	2,468,225,611	10,058,019,365
Other assets	1,341,096	5,424,733	8,723,049	35,546,425
Property and equipment	5,662,803	22,906,039	4,906,287	19,993,120
Right-of-use assets	15,322,179	61,978,214	14,360,265	58,518,080
Intangible assets	1,607,168	6,500,995	1,499,886	6,112,035
Deferred tax assets	10,904,851	44,110,122	9,198,173	37,482,555
TOTAL ASSETS	3,616,326,545	14,628,040,875	3,098,531,070	12,626,514,111
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Deposits from banks and other financial institutions	36,145,217	146,207,403	55,092,001	224,499,904
Deposits from customers	2,025,219,101	8,192,011,264	1,733,440,925	7,063,771,769
Borrowings	789,373,435	3,193,015,545	724,296,717	2,951,509,122
Bonds payable	30,251,674	122,368,021	-	-
Subordinated debts	112,450,970	454,864,174	75,910,811	309,336,555
Lease liabilities	14,424,818	58,348,389	13,172,728	53,678,867
Income tax payable	24,076,695	97,390,231	23,414,889	95,415,673
Provision for employee benefits	435,375	1,761,092	74,562	303,840
Other liabilities	65,111,136	263,374,544	63,119,300	257,211,148
Total liabilities	3,097,488,421	12,529,340,663	2,688,521,933	10,955,726,878
SHAREHOLDERS' EQUITY				
Share capital	230,000,000	920,000,000	230,000,000	920,000,000
Retained earnings	283,760,335	1,157,926,306	172,806,881	705,569,074
Reserve fund	3,151,952	12,773,175	3,093,332	12,534,181
Regulatory reserve	1,925,837	7,748,914	4,108,924	16,649,360
Cumulative translation differences	-	251,817	-	16,034,618
Total shareholders' equity	518,838,124	2,098,700,212	410,009,137	1,670,787,233
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,616,326,545	14,628,040,875	3,098,531,070	12,626,514,111

» STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	<i>For the year ended 31 December 2020</i>		<i>For the year ended 31 December 2019</i>	
	<i>USD</i>	<i>KHR'000</i>	<i>USD</i>	<i>KHR'000</i>
Interest income	430,325,525	1,754,665,831	356,255,368	1,443,546,752
Interest expense	(198,398,688)	(809,054,635)	(164,562,125)	(666,805,731)
Net interest income	231,926,837	945,611,196	191,693,243	776,741,021
Fees and commission income	6,877,558	28,044,684	18,246,102	73,933,206
Fees and commission expense	(163,152)	(666,270)	(3,472,222)	(14,069,445)
Net fees and commission income	6,714,406	27,378,414	14,773,880	59,863,761
Other income	9,005,549	36,720,443	11,694,033	47,384,220
Grant income	996,785	4,064,307	-	-
Net foreign exchange gain (loss)	514,961	2,102,574	(516,353)	(2,092,260)
Total other income	10,517,295	42,887,324	11,177,680	45,291,960
Total interest, fees, commission and other income	249,158,538	1,015,876,934	217,644,803	881,896,742
Personnel expenses	(67,850,856)	(276,712,333)	(60,094,764)	(243,503,984)
Provisions for expected credit losses	(23,411,178)	(95,620,177)	(9,298,198)	(37,676,298)
General and administrative expenses	(15,984,672)	(65,178,207)	(12,678,674)	(51,373,987)
Depreciation and amortisation	(6,570,058)	(26,791,531)	(6,125,829)	(24,821,859)
Profit before income tax	135,341,774	551,574,686	129,447,338	524,520,614
Income tax expense	(26,512,787)	(108,057,578)	(25,942,020)	(105,117,065)
Net profit for the year	108,828,987	443,517,108	103,505,318	419,403,549
<i>Other comprehensive (loss) income</i>				
Translation difference	-	(15,782,801)	-	19,828,416
Total comprehensive income	108,828,987	427,734,307	103,505,318	439,231,965

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital	Retained earnings	Reserve fund	Regulatory reserve	translation differences	Total
	USD	USD	USD	USD	KHR'000	USD
Balance as at 1 January 2020	230,000,000	172,806,881	3,093,332	4,108,924	16,034,618	410,009,137
Net profit for the year	-	108,828,987	-	-	-	108,828,987
Transfer from regulatory reserve to retained earnings	-	2,183,087	-	(2,183,087)	-	-
Transfer from retained earnings to reserve fund	-	(58,620)	58,620	-	-	-
Translation difference	-	-	-	-	(15,782,801)	-
Balance as at 31 December 2020	230,000,000	283,760,335	3,151,952	1,925,837	-	518,838,124
KHR'000 equivalent	920,000,000	1,157,926,306	12,773,175	7,748,914	251,817	2,098,700,212
Balance as at 1 January 2019	110,000,000	193,228,719	2,976,091	299,009	(3,793,798)	306,503,819
Net profit for the year	-	103,505,318	-	-	-	103,505,318
Capitalization of retained earnings	120,000,000	(120,000,000)	-	-	-	-
Transfer from retained earnings to regulatory reserve	-	(3,809,915)	-	3,809,915	-	-
Transfer from retained earnings to reserve fund	-	(117,241)	117,241	-	-	-
Translation difference	-	-	-	-	19,828,416	-
Balance as at 31 December 2019	230,000,000	172,806,881	3,093,332	4,108,924	-	410,009,137
KHR'000 equivalent	920,000,000	705,569,074	12,534,181	16,649,360	16,034,618	1,670,787,233

» STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000	USD	KHR'000
OPERATING ACTIVITIES				
Net cash (used in) provided by operating activities	(145,652,708)	(566,934,502)	35,648,497	144,447,711
INVESTING ACTIVITIES				
<i>Acquisition of:</i>				
Property and equipment	(2,963,009)	(12,121,830)	(2,126,449)	(8,665,280)
Intangible assets	(474,334)	(1,941,210)	(231,703)	(944,190)
Investment in negotiable certificates of deposit	148,888	602,252	148,160	603,752
Proceeds from disposal of property and equipment	10,890	44,050	82,114	334,615
Net cash used in investing activities	(3,277,565)	(13,416,738)	(2,127,878)	(8,671,103)
FINANCING ACTIVITIES				
<i>Proceeds from:</i>				
Borrowings	422,767,803	1,710,095,763	309,065,842	1,252,334,792
Subordinated debts	50,000,000	202,250,000	20,000,000	81,040,000
Bonds payable	31,176,471	127,200,000	-	-
<i>Repayment of:</i>				
Borrowings	(353,817,494)	(1,431,191,763)	(208,937,445)	(846,614,527)
Subordinated debts	(12,000,000)	(48,540,000)	(13,333,333)	(54,026,665)
Lease liabilities	(3,749,156)	(15,165,336)	(3,301,323)	(13,376,961)
Net cash provided by financing activities	134,377,624	544,648,664	103,493,741	419,356,639
Net (decrease) increase in cash and cash equivalents	(14,552,649)	(35,702,576)	137,014,360	555,133,247
Cash and cash equivalents at beginning of year	430,322,406	1,753,563,804	290,922,079	1,168,924,914
Translation difference	1,296,030	(30,830,120)	2,385,967	29,505,643
Cash and cash equivalents at end of year	417,065,787	1,687,031,108	430,322,406	1,753,563,804
Operational cash flows from interest				
Interest received	423,628,797	1,728,163,610	352,643,149	1,427,919,374
Interest paid	198,929,098	812,933,182	148,185,245	601,495,583

**PRASAC Honored with Certificate of Appreciation Sealed by
Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister
of the Kingdom of Cambodia, for its Tax Obligation**



