

PRESS RELEASE

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PRASAC Microfinance Institution PLC ("PRASAC") issues the largest bond with CGIF guarantee in the history of Cambodia's capital market.

5 May 2020 Manila

Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("CGIF") is pleased to announce the second CGIF-guaranteed bond in Cambodia. CGIF guaranteed 100% of PRASAC's KHR 127.2 billion fixed rate 3-year bond. The first bond issuance of PRASAC marks the single largest capital raising in the history of Cambodia's capital market. The bond is enrolled under the ASEAN+3 Multi-Currency Bond Issuance Framework ("AMBIF") through the use of the market-accepted and standardized Single Submission Form in Cambodia in collaboration with Asian Bond Markets Initiative ("ABMI").

"It is our honor to have successfully closed one of the first batch of transactions in Cambodia under the current COVID-19 situation while efficiently collaborating with Cambodian authorities, PRASAC and the other market stakeholders. This transaction is epoch-making, not only due to its size -the largest transaction in Cambodia's capital market history - but also its nature of being a market based transaction - fully subscribed by domestic and foreign market players, which will surely contribute to the development of the bond market in Cambodia. The bond is denominated and settled in Khmer Riel, whereby CGIF supports the government's effort to de-dollarize the economy. It is also very crucial to support the largest microfinance institution's funding needs, which contributes to the financial inclusion of SMEs and individuals around the country during this challenging time." said **Guiying Sun, Chief Executive Officer of CGIF.**

Asian Development Bank ("ADB") has been promoting the establishment of professional-only corporate bond market under the AMBIF since 2015. ADB therefore welcomes this issuance as this will further support bond market development in Cambodia, and add liquidity to support the economy which is much needed under the COVID-19 situation, Cambodia's bond market development can serve as an great model for other emerging markets. ADB will continue to support further development of the Cambodian capital market, said **Sunniya Durrani-Jamal, ADB Country Director for ADB Cambodia Resident Mission.**

"Bond is a new capital market which is a secure and a better way of raising long term fund. The PRASAC bond proceeds help to diversify KHR source of fund to finance KHR loans in rural micro, small and medium enterprises ("MSME"), including women entrepreneurs as well as helping to promote use of the riel following the NBC's effort to promote wider usage of the riel. Currently, out of the total loan portfolio of \$2,670 million, we have 13 percent in our KHR loan portfolio and around 80 percent is financed to women-owned MSMEs. The proceeds shall be used to lend from PRASAC's branch office at the district and village level," said **SIM Senacheert, President and Chief Executive Officer of PRASAC,**

adding that PRASAC Bond is the first guaranteed bond by CGIF, a trust of the Asian Development Bank, to financial institution in Cambodia's securities market. In short, it is a type of risk free investment for investor(s).

He continued, "On behalf of PRASAC Microfinance Institution Plc., I would like to extend my gratitude towards the Ministry of Economy and Finance ("MEF"), the National Bank of Cambodia ("NBC"), Securities and Exchange Commission of Cambodia ("SECC"), Cambodia Securities Exchange ("CSX") and the entire team for successfully closed our bond project. It is a big milestone for PRASAC. The professionalism and sincerity exhibited by working group is commendable and deserves my appreciation. It would not be possible for us to raise such a largest bond ever in Cambodia during pandemic outbreak without their efforts, hard-working and dedication and wish that the same spirit will continue in our future projects also."

"The successful issuance and full subscription of the PRASAC Bond demonstrates investor confidence in the Cambodian capital market and in Cambodian companies. It was a privilege to help facilitate this transaction, whereby we brought together Cambodia's leading microfinance institution and CGIF to issue the largest bond in the history of the Cambodian capital market. This transaction provides a roadmap for other local companies to follow, and we look forward to facilitating many more successful fundraisings." said **Shuzo Shikata, Chief Executive Officer of SBIR.**

SBIR acted as Sole Lead Manager for this transaction.

About CGIF and ABMI

CGIF is a multilateral facility established by the Association of Southeast Asian Nations ("ASEAN") members, China, Japan, Korea ("ASEAN+3") and Asian Development Bank ("ADB"). It is established as a trust fund of ADB with a paid-in capital of USD 1,077.6 million from its Contributors. As a key component of the ABMI, CGIF was established to develop and strengthen local currency and regional bond markets in the ASEAN+3 region. CGIF commenced its guarantee operations on 1 May 2012 and seeks to provide credit enhancements, mainly in local currencies, issued by credit worthy ASEAN+3-domiciled bond issuers.

Also, as a contributor to CGIF, ADB acts as the Secretariat to ABMI, and has long worked with ASEAN+3 policymakers to establish AMBIF. The CGIF, AMBIF, and ABMI were established to support development of active long-term local currency bond markets so borrowers can avoid the currency and maturity bond mismatches that caused the 1997-1998 Asian Financial Crisis.

About PRASAC Microfinance Institution PLC

PRASAC Microfinance Institution PLC (PRASAC) is the largest microfinance deposit-taking institution (MDI) in Cambodia. In March 2020, PRASAC remained the market leader in terms of total assets, gross loans, deposits from customers, and net profit. Through an extensive branch network of 180 outlets and 138 ATMs across the country, PRASAC offers a variety of financial products and services accessible to rural communities and micro-enterprises.

As of 31 March 2020, PRASAC's strong performance was demonstrated by its gross loans and deposits from customers which reached USD 2,724 million and USD 1,818 million, respectively. PRASAC's total assets increased to USD 3,281 million at the end of March 2020 and net profit grew to USD 101 million in 2019.

About SBI Royal Securities PLC

SBIR is the leading securities firm in Cambodia, offering a full range of investment services, which include underwriting, advising, mergers and acquisitions, and brokerage. In 2018 and 2019, SBIR was named as Cambodia's "Best Corporate and Investment Bank" by Asiamoney magazine.

Established in February 2010, SBIR became the first Japanese financial institution, as a subsidiary of SBI Holdings, to acquire the "full license" required to operate a securities business in Cambodia from SECC. SBIR has completed many historic transactions including the IPO of the Port of Sihanoukville (CSX listing: PAS), the IPO of Phnom Penh Special Economic Zone (CSX listing: PPSP), corporate bond in Cambodia offered by Hattha Kaksekar Limited (CSX listing: HKL21A), and by ABA bank (CSX listing: ABAA22A) and many other financing projects.

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