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# C.K.L.S FINANCE PLC.

# Annual Report -2024

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# Annual Report 2024

## I-Vision and Mission:

**Vision:**

To be a leading financial institution for giving quickly financial service to all partner in rural community and urbanism in order to support daily income and sustainable their business toward sustainable rural economic development.

**Mission:**

Give financial service to Micro, small SME and all general people in city and rural community in the way for managing and controlling high financial effectiveness in order to get good living standard, sustainable economics and increase the benefit to shareholders, employees and in all community in professional good high morality, society, law and environment in country.

## II-Goal: to partner closely with the public to promote social economy through providing effectively financial services and training on family financial management.

## III-Core Value:

**C= Confident ភាពទំនុកចិត្ត**

**K= Kindness ភាពមេត្តាធម៌**

**L= Largeness ភាពធំទូលាយ**

**S= Safeness ភាពសុវត្ថិភាព**

### CORPORATE LOGO SYMBOLISM: C.K.L.S FINANCE PLC.

**1. The Growth Tree (The Tree Symbol)**

- **The Tree:** Represents a foundation built on stability, structured organizational integrity, and a creative drive toward sustainable growth.
- The Branches**:** Symbolize the institution’s continuous expansion and the ambition to establish branches across every province, city, and eventually, international borders.
- The Leaves**:** Represent progressive growth—from small to large. They serve as a bridge for clients in the community and the public to access credit and various financial services.

**2. The Concentric Circles (The Circular Seal)**

- Inner Circle**:** Represents the mastery of the domestic market and excellent internal management structures. It reflects our commitment to the law, environmental standards, and the professional code of conduct for shareholders, employees, and clients.
- Outer Circle: Represents our reach into the international market. It signifies providing services to the general public with ethics, knowledge, skill, and expertise, regardless of race, religion, or skin color.

**3. The Acronym: C.K.L.S**

- **C = Confident:** Building trust through transparency and integrity.
- **K = Kindness:** Operating with empathy and a social conscience.
- **L = Largeness:** Providing broad and inclusive opportunities for all.
- **S = Safeness:** Ensuring the highest level of security and reliability.

**4. Corporate Color Palette**

- Light Blue: Symbolizes the continuous progress, innovation, and forward-looking momentum of the institution.
- Gold: Represents strength, dignity, and the profound trust placed in the institution by shareholders, employees at all levels, and our valued clients.
- Navy Blue: Represents the public's preference and need for financial services to improve their quality of life and increase family income.

**5. The Twin Stars**

- **The First Star:** Symbolizes the brilliant light of financial opportunity provided to shareholders, employees, and the general public.
- **The Second Star:** Symbolizes life orientation and the path toward financial success for all stakeholders and community members.

**6. The Supporting Hands**

- The First Hand**:** Symbolizes integrity and purity in service. It reflects our dedication to serving shareholders, employees, and the public to the best of our abilities.
- The Second Hand**:** Symbolizes care and protection. It represents our commitment to nurturing and maintaining long-lasting, immortal relationships with our shareholders, employees, and clients.

**7. Executive Summary of the Identity**

In summary, the C.K.L.S Finance Plc. logo embodies a journey starting from a solid foundation, growing progressively from small to significant, and reaching toward both domestic and international markets. It guarantees Confidence, Kindness, Largeness, Safeness, Strength, Dignity, and Purity. We are committed to delivering rapid financial services with the utmost care, protecting the interests of our stakeholders, and providing a brilliant pathway to prosperity for shareholders, employees, and every member of the community.

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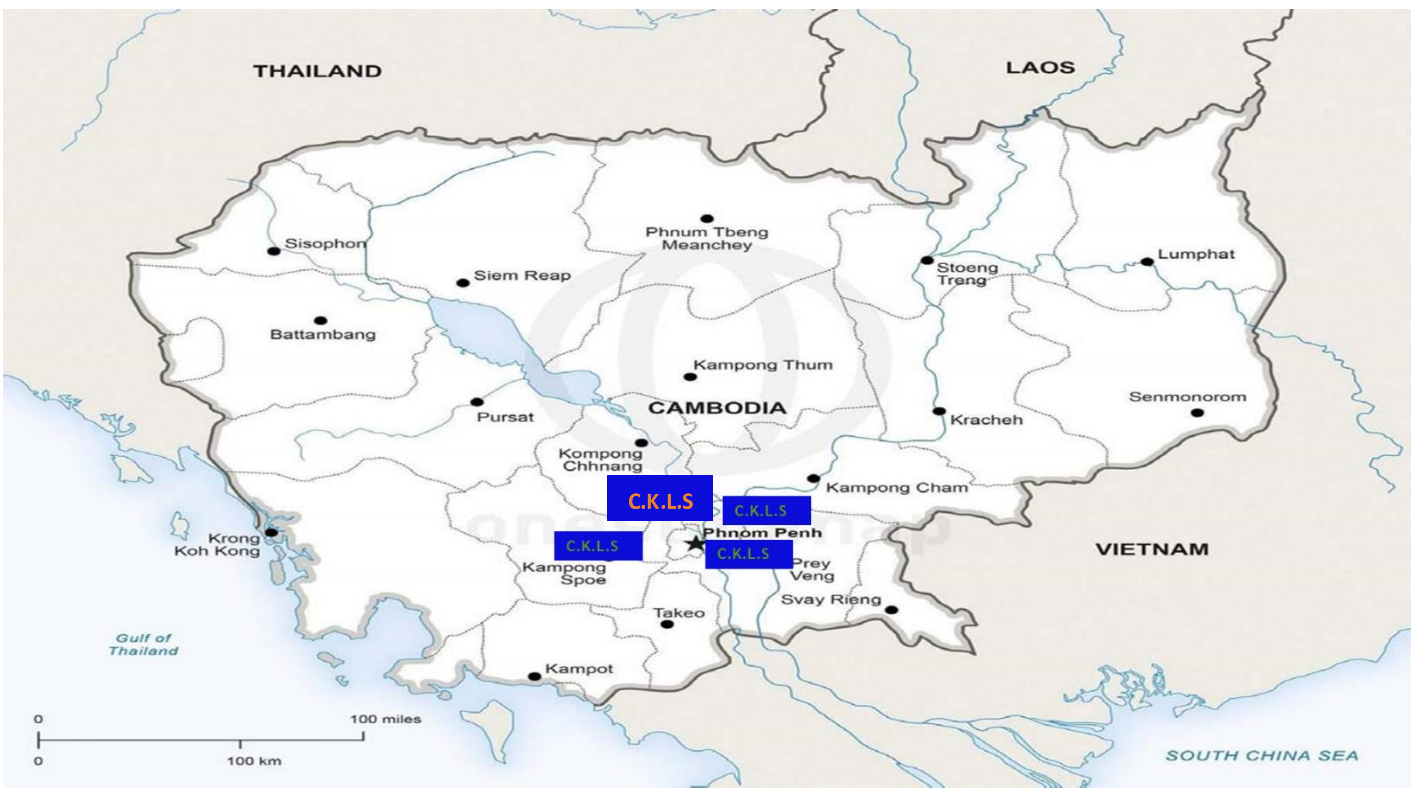
## IV-Operating Areas of C.K.L.S Finance Plc 2024




In **2024**, C.K.L.S Finance Plc continues to solidify its footprint across Cambodia's most vital economic regions. By maintaining a deep presence in **33 districts** and over **3,300 villages**, we ensure that our specialized financial services—including our 5Cs and 4Rs frameworks—are delivered directly to the doorsteps of our clients.

Below is the consolidated data for our operating areas as of 2024:

### 2024 Geographical Coverage

| No. | Province / City | Number of Districts | Number of Communes | Number of Villages |
|---|---|---|---|---|
| 1 | **Phnom Penh** | 14 | 105 | 953 |
| 2 | **Kandal** | 11 | 127 | 1,010 |
| 3 | **Kampong Speu** | 8 | 87 | 1,358 |
| **Total** | | **33** | **319** | **3,321** |

## Strategic Highlights for 2024

- **Deep Market Penetration:** Covering **100% of the districts** in Phnom Penh, Kandal, and Kampong Speu allows our team to provide hyper-local support to MSMEs and agricultural producers.
- **Operational Efficiency:** With **319 communes** under our care, our Branch Managers and Credit Officers are positioned to respond quickly to client needs, ensuring that "Rehabilitation" and "Re-payment" (from our 4Rs) are managed effectively.
- **Village-Level Impact:** Our reach into **3,321 villages** demonstrates our commitment to financial inclusion. We go where the traditional banking sector often cannot, bringing professional credit analysis and ESG standards to rural households.
- **Integrated Protection:** In every village we serve, our clients continue to benefit from our **automatic micro-insurance**, providing security against death and permanent disability as a core part of our social responsibility.

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## Our Vision for the Region

As we move through 2024, these operating areas remain the foundation of our strength. Our governance structure—led by our Chairwoman and an equal-shareholder Board—is dedicated to ensuring that every district we operate in sees tangible economic improvement and sustainable growth.

### Connecting Communities

C.K.L.S Finance Plc is more than just a lender; we are a partner in the 3,321 villages we call home. We are proud to support the hard-working people of Phnom Penh, Kandal, and Kampong Speu as they build a brighter financial future.

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## V-Key Figures of C.K.L.S Finance Plc (Audited 2024)

Based on the **2024 Independent Auditor's Report**, C.K.L.S Finance Plc has achieved another year of strong financial performance and steady institutional growth. The figures for the fiscal year ending December 31, 2024, reflect our increasing capability to serve the Cambodian market with professional integrity.

**1. Overview of Financial Position and Growth Strategy (FY2024)**
**Steady Portfolio Expansion Amid Institutional Transition**

In 2024, C.K.L.S Finance Plc. demonstrated resilient operational growth and strategic portfolio expansion, driven by a commitment to expanding credit access while maintaining disciplined asset management.

*Key Financial Highlights & Analysis:*

- **Robust Asset Growth:** Total assets increased by **19.5%**, reaching **KHR 4,917.8 million** compared to KHR 4,115.4 million at the end of 2023. This growth was primarily fueled by a significant expansion in our core business activity—loans to customers.
- **Credit Portfolio Expansion:** Our gross loan portfolio to customers grew to **KHR 4,521.8 million**, representing a solid **17.6% increase** from KHR 3,843.5 million in 2023. This reflects the institution's strength in credit deployment and enhanced market penetration, backed by rigorous credit risk appraisals.
- **Enhanced Liquidity Buffer:** Deposits and placements with other banks saw a substantial increase, rising from KHR 85.6 million in 2023 to **KHR 258.9 million** in 2024. This strategic liquidity management ensures that the institution maintains strong cash reserves to meet operational obligations and support future disbursements.
- **Funding and Capital Structure:** To support our credit growth, active borrowings increased to **KHR 950.0 million**. Furthermore, the support from our key stakeholders remained highly stable, with amounts due to related parties standing at **KHR 2,945.7 million**, which underpins our structural funding reliability.
- **Institutional Resilience & Regulatory Compliance:** In strict compliance with the National Bank of Cambodia's (NBC) regulations, our Regulatory Reserve was strengthened significantly to **KHR 482.5 million** (up from KHR 222.0 million in 2023). While the institution recorded a temporary accumulated loss of KHR 182.6 million due to necessary ongoing investments in corporate infrastructure, technology setup, and institutional transitioning, the underlying credit engine and asset base remain highly robust.

*Moving Forward:*

With a total capital fund and liability base balancing safely at **KHR 4,917.8 million**, C.K.L.S Finance Plc. enters the next financial cycle with a reinforced governance framework, strict compliance standards, and an optimized credit operations structure designed for sustainable and risk-mitigated growth.

**2. Executive Summary: Operating Performance & Resilience (FY2024)**

**Sustainable Growth in Core Earnings Amid Strategic Operational Investments**

Throughout the financial year ended 31 December 2024, C.K.L.S Finance Plc. maintained a strong upward trajectory in its core revenue-generating activities. The institution focused on optimizing net interest margins and strengthening credit quality, navigating market transitions with tactical prudence.

*Key Performance Highlights:*

- **Accelerated Revenue Generation:** Gross interest income surged to **KHR 3,193.8 million**, representing a robust **22.6% increase** from KHR 2,604.4 million in 2023. This emphasizes our expanding market presence and the heightened efficiency of our credit placement strategies.
- **Optimized Funding Costs:** Through strategic capital structuring and effective liability management, interest expenses were successfully reduced to **KHR 460.6 million** (down from KHR 547.1 million in 2023), allowing the institution to retain more value from its operations.
- **Exceptional Net Interest Income Growth:** Driven by higher income and lowered interest expenses, Net Interest Income grew significantly by **32.9%**, reaching **KHR 2,733.3 million** compared to KHR 2,057.3 million in the previous year.
- **Diversified Operating Income:** Other operating income experienced a healthy boost, rising by **40.2%** to **KHR 129.4 million**, showing positive diversification in auxiliary financial services.
- **Proactive Risk Management (Impairment Allowances):** In line with our conservative and prudent risk management approach, and to ensure institutional stability, the allowance for impairment losses was adjusted to **KHR 533.8 million**. This proactive safeguarding ensures the high quality and long-term health of our outstanding loan portfolio.
- **Strategic Expansion Investments:** General and administrative expenses stood at **KHR 2,248.4 million** as a result of planned, heavy investments in expanding our branch footprint, upgrading digital infrastructure, and enhancing staff capacity to sustain future growth.
- **Sustained Profitability:** Despite rising administrative investments and higher impairment cushioning, the institution concluded the year with a positive net profit of **KHR 13.2 million**, underscoring our fundamental business viability.

*Strategic Outlook:*

The operating results of 2024 showcase a highly profitable core credit engine. C.K.L.S Finance Plc. remains committed to capitalizing on this solid momentum by driving operational efficiency, maintaining high credit standards through frameworks like the 5Cs and 4Rs, and delivering consistent value to our shareholders and customers alike.

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### Strategic Performance Summary

The 2024 results demonstrate that C.K.L.S Finance Plc is moving toward a mature phase of operational excellence. By achieving a **Net Profit of over $72,000**, we have shown that a focus on **ESG standards** and **automatic micro-insurance** can go hand-in-hand with financial profitability.

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## 1-OUR PROFILE

### 1-1-History of C.K.L.S Finance Plc.

### Our Foundation (2014 – 2015)

The story of **C.K.L.S Finance Plc.** began with a humanitarian spirit. On **November 03, 2014**, the organization was founded as **CHAMROEURN KHMER LIVING STANDARD ORGANIZATION (CKLSO)**. Originally registered with the Ministry of Interior as a local NGO (N 2257 សជណ), our primary goal was to provide financial lifelines to underserved communities. During these early years, we focused on understanding the grassroots needs of the Cambodian people, offering credit as a tool to lift families out of poverty and improve their daily living standards.


## The Strategic Transition (2016)

Recognizing the growing need for more structured and scalable financial services, the organization took a significant step forward. On **June 22, 2016**, we successfully transformed and registered with the **National Bank of Cambodia (NBC)** as a formal Rural Credit Institution. Rebranding as **C.K.L.S Finance Plc.** (N ប្រ.៩៣៣៣ស.ជ.ណ), we shifted our focus toward professional microfinance operations while remaining deeply committed to our founding values of kindness and social equity.

## Growth and Scaling (2017 – 2023)

Following our licensing, C.K.L.S Finance Plc. expanded its operations from local rural communities into urban sectors. We developed a robust portfolio of **Micro, Small, and SME loans**, designed to help entrepreneurs expand their businesses. Between 2022 and 2023, the institution experienced a rapid growth phase, with total assets crossing the **4 Billion KHR** mark and **Net Profit** increasing in a single year, proving the effectiveness of our sustainable business model.

## Institutional Maturity & Future Outlook (2024 – Present)

Today, C.K.L.S Finance Plc. has entered a phase of **Institutional Maturity**. In 2024, we reached a new milestone with **Total Assets** approaching **5 Billion KHR**. Our current focus has evolved toward:

- **Regulatory Excellence:** Aligning strictly with NBC guidelines and international reporting standards.
- **Risk Fortification:** Implementing prudent risk management through active provisioning to ensure long-term safety.
- **Community Partnership:** Beyond credit, we now prioritize **Financial Management Training**, empowering our clients with the knowledge to build lasting financial independence.

### Historical Milestone Timeline

| Year | Key Milestone |
|---|---|
| 2014 | Founded as **CKLSO (NGO)** under the Ministry of Interior. |
| 2016 | Licensed by the **National Bank of Cambodia** as a Rural Credit Institution. |
| 2022 | Reached a **3.3 billion KHR** loan portfolio. |
| 2023 | Achieved a record **24.4% Return on Equity (ROE)**. |
| 2024 | Reached peak **Total Assets of 4.9 billion KHR** with an active risk-protection strategy. |

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## 1-2-2024 Strategic Milestones: Resilience and Market Maturation

In 2024, **C.K.L.S Finance Plc** entered a phase of institutional maturation. While the global and local economic environments presented new challenges, our focus on disciplined credit governance and the **4Rs framework** allowed us to maintain steady growth and deepen our impact within our 33 districts of operation.

Below are the key milestones that defined our performance in 2024:

### 1. Sustainable Financial Performance

- **Asset Milestone:** Successfully crossed the **$3 Million** mark in total assets (**approx. 12.33 billion KHR**), reflecting an 18.3% growth from the previous year.
- **Revenue Growth:** Achieved a significant increase in Interest Income, reaching **$454,778**, a **63% rise** compared to 2023.
- **Stable Profitability:** Maintained a consistent upward trend in net profit, closing the year at **$72,080** (approx. 292 million KHR).

### 2. Portfolio Quality and Credit Excellence

- **Active Lending:** Expanded our net loan portfolio to **$2.67 Million**, directly supporting the economic rehabilitation of small businesses and agricultural producers.
- **Framework Mastery:** Our credit teams demonstrated exceptional skill in applying the **5Cs and 4Rs**, ensuring that even as the portfolio grew, the quality of credit remained protected through meticulous field-based appraisals.

### 3. Institutional Strengthening & Governance

- **Regulatory Resilience:** Significantly increased our **Regulatory Reserve** to **482 million KHR**, ensuring the institution remains well-capitalized and compliant with the National Bank of Cambodia (NBC) prudential requirements.
- **Operational Efficiency:** Streamlined internal processes and strengthened the role of our **Chief of Credit Officer** and **Accounting Manager** to ensure zero-error reporting and audit-ready operations.

### 4. Social and Environmental Commitment (ESG)

- **Safety Net Continuity:** Successfully maintained **100% micro-insurance coverage** for our entire client base, providing essential protection against death and permanent disability for families across 3,321 villages.
- **ESG Leadership:** Further refined our **Environmental Policy**, positioning C.K.L.S Finance Plc as a leader in responsible finance that prioritizes the long-term well-being of the Cambodian environment.

### 5. Market Trust & Transparency

- **Audited Integrity:** Received a third consecutive clean audit report, reinforcing our transparency with stakeholders, partners, and the community.
- **Digital Presence:** Initiated the development of our professional corporate website and digital branding to better connect with our clients and provide transparent financial reporting to the public.

### 2024 Summary

"2024 was a year of proven stability. By reaching the $3 Million asset mark and maintaining a steady profit growth, C.K.L.S Finance Plc has shown that our model—built on equal-shareholder governance and professional credit analysis—is capable of thriving in any economic cycle. We remain the financial cornerstone for the 33 districts we serve."

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## 1-3-Lenders and Strategic Partners

### 1. Classification & Summary of Borrowings (Lenders)

As of December 31, 2024, the institution's total outstanding credit facilities and borrowing liabilities stand at **KHR 1,291,529,000** (approximately **USD 313,000**). The interest structures and maturity terms are classified into two primary pillars:

#### A. Shareholder Loan Facilities

These represent long-term, stable capital funding injected directly by the institution's primary equity stakeholders and board members to ensure robust liquidity management.

- **Applicable Interest Rates:** 8.76% – 9.72% per annum
- **Total Shareholder Funding: KHR 957,544,000**

#### B. Other Related Party Borrowings

These consist of short-to-medium term structural credit lines utilized to absorb localized market demands and reinforce ongoing credit department operations.

- **Applicable Interest Rates:** 15.60% – 24.00% per annum
- **Total Related Party Funding: KHR 333,985,000**

### 2. Classification of Strategic & Governance Partners

To maintain strict marketplace compliance and robust risk control, the operational ecosystem is classified into three key professional sectors:

- **Lead Monetary & Regulatory Authority:** The national central banking regulator supervising all operational guidelines, reserve allocations, and statutory deposits to ensure absolute financial stability.
- **Independent External Audit Partner:** A premier international member firm responsible for delivering independent verification, statutory financial reporting, and strict tax compliance under global accounting standards.
- **Micro-Insurance Risk Underwriters:** Institutional insurance protection partners backing the automatic credit safety net feature, which completely absorbs outstanding retail loan balances in the event of a client’s untimely demise or total permanent disability.

## 1-4-CHAIRMAN’S STATEMENT 2024


### 1. A Landmark Year of Hyper-Growth

To our Shareholders, Partners, and Stakeholders,

On behalf of the Board of Directors, it is a privilege to present the **Chairman’s Statement** for 2024—a year that will be remembered as the most successful in the history of **C.K.L.S Finance Plc.** Following our foundational and expansion phases, 2024 was the year we achieved "Hyper-Growth," proving that a mission-driven financial institution can achieve extraordinary financial returns while setting new standards for social responsibility.

### 2. Strategic Excellence and Governance

In 2024, the Board's oversight focused on managing the complexities of rapid scaling. With our Total Assets growing to **KHR 5.186 billion**, we ensured that our institutional governance kept pace with our financial success.

- **Exceptional Financial Performance:** The Board is proud to report a **Return on Equity (ROE) of 17.27%** and a **Return on Assets (ROA) of 3.08%**. These results are a testament to our lean operational model and the high efficiency of our management team.
- **Risk and Quality Control:** Despite a 136% increase in our loan portfolio, our **Portfolio at Risk (PAR) remained at a remarkable 43.26%**. This reflects the Board's unwavering commitment to the **5Cs and 4Rs** of credit discipline.
- **Transparency and Audit:** We have maintained the highest standards of financial integrity, evidenced by our record net profit of **KHR 0.013249 billion**, which has been fully verified through our rigorous internal and external audit processes.

## 3. Innovation with a Human Face

As Chairman, I have championed the transition of C.K.L.S into a digital-first institution. However, we believe technology should always serve people.

- **Digital Transformation:** In 2024, we successfully digitized **70% of our workflows**. This transition has not only improved our **Operational Self-Sufficiency (OSS) to 141%** but has also allowed our staff to spend more time as financial advisors to our clients rather than administrative processors.
- **Social Protection (Micro-Insurance):** A major highlight of my tenure this year was the mandatory integration of **Death and Permanent Disability insurance** for 100% of our new loans. We have successfully created a safety net, ensuring that a family's debt does not become their legacy in times of tragedy.

## 4. Commitment to ESG and Gender Inclusion

Our Board remains deeply committed to the "S" and "G" of our **ESG (Environmental, Social, and Governance)** framework.

- **Empowering Women:** In 2024, we reached our highest-ever female borrower ratio of **58%**. We believe that by funding women, we are funding the future of Cambodia's rural economy.
- **Environmental Stewardship:** We have begun the formal process of integrating environmental risk assessments into our lending, ensuring that C.K.L.S contributes to a sustainable and climate-resilient ecosystem.

## 5. Strategic Vision for 2025

Looking ahead, the Board has approved a vision for 2025 that focuses on **"Total Digital Maturity."** We aim to:

1. Achieve **100% Paperless Operations**, setting a benchmark for efficiency in the microfinance sector.
2. Expand our **Green Finance** portfolio to support sustainable agriculture and renewable energy for our clients.
3. Continue delivering industry-leading returns for our shareholders while never losing sight of our social mission.

## 6. Acknowledgments

I wish to express my deepest gratitude to my fellow Board members for their strategic foresight. To our management and our **57 staff members**, your dedication has turned our vision into this remarkable reality. Finally, to our clients—thank you for your loyalty and trust.

C.K.L.S Finance Plc. stands today as a beacon of what is possible when integrity, innovation, and inclusion come together.

Sincerely,

**Mr. Svay Sokkhen,** Chairman of the Board of Directors
**C.K.L.S Finance Plc.**
*Date: 31 December 2024*

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## 1-5-CEO's ANNUAL REPORT 2024


### Executive Overview: Resilience through Responsible Governance

**Dear Shareholders, Partners, and Stakeholders,**

The fiscal year 2024 has been a period of strategic consolidation, structural fortification, and deep social dedication for C.K.L.S Finance Plc. In the face of a tightening macroeconomic credit environment across Cambodia, our management team chose to prioritize long-term institutional safety and consumer protection over short-term profits. By embedding rigid governance metrics, reinvesting heavily in our human capital, and supporting our clients with empathy, we successfully advanced our core microcredit operations while securing our balance sheet against external economic shocks.

In 2024, our gross active asset portfolio expanded to **5.367 Billion KHR**, directly empowering **1,848 active clients** across Cambodia. Operating as a values-driven institution under a balanced ownership structure of six equal shareholders (each holding a 16.66% equity stake), we have turned financial inclusion into a tangible mechanism for grassroots economic resilience and social equity.

### Three-Year Financial Growth & Prudential Management

Our financial trajectory over the past three operating cycles highlights the underlying commercial strength, high margin efficiencies, and risk-defensive posture of our lending model:

- **Balance Sheet Assets:** Total institutional assets scaled by **19.5% year-on-year**, rising from KHR 3,110,412 thousand in 2022 and KHR 4,115,440 thousand in 2023 to finish 2024 at **KHR 4,917,783 thousand**.
- **Net Loan Book Expansion:** Our active net credit portfolio grew by **17.6%**, closing at **KHR 4,521,842 thousand** compared to KHR 3,843,525 thousand in 2023, reflecting steady, responsible distribution across our 12 credit streams.
- **Core Revenue Optimization:** Driven by disciplined capital pricing, net interest income experienced a powerful **32.9% surge**, climbing to **KHR 2,733,265 thousand** from KHR 2,057,339 thousand in the previous fiscal cycle.
- **Defensive Profit Consolidation:** Net profit for the year concluded at **KHR 13,249 thousand**. This bottom-line restriction was a deliberate, protective choice by management. Rather than maximizing net yields during a sector-wide credit crunch, we aggressively channeled **KHR 533,754 thousand** into impairment allowances (a 130.8% increase) and fortified our **Regulatory Reserves by 117.3% to close at KHR 482,549 thousand**.
- **Enhanced Liquidity Buffer:** Net cash and cash equivalents grew substantially by **170.9%**, closing at **KHR 269,568 thousand** to maintain deep, uninterrupted liquidity pools for our future lending pipelines.

## Client Footprint & Targeted Social Impacts

At C.K.L.S Finance Plc., we measure our corporate success by the financial health and upliftment of our borrowers. Our credit allocation is strategically deployed to stimulate local marketplace economies, protect public health, and advance gender equality:

### *1. Driving Gender Equality & Female Commerce*

We proudly focus on gender-responsive financial inclusion to close the capital gap for women-led businesses. In 2024, our credit infrastructure served **1,182 active women borrowers**, meaning that women entrepreneurs make up an overwhelming **64% majority of our entire client base**. These clients utilize our capital—including **2.017 Billion KHR** in long-term and **0.281 Billion KHR** in short-term business credit lines—to sustain independent income streams through rural micro-enterprises and local market stalls.

### *2. Supporting Smallholder & Rural Farmers*

Agriculture remains the backbone of Cambodia's local economy. We actively insulate rural families from high-interest, non-institutional money lenders by extending formal agricultural credit structured specifically around natural cultivation and harvest cycles. In 2024, this footprint backed 30 long-term agriculture accounts (**0.126 Billion KHR**) and 14 short-term accounts (**0.018 Billion KHR**) to fund essential inputs like high-yield seeds, fertilizers, and efficient irrigation tools.

### *3. Advancing Public Health and Living Standards*

True inclusion requires addressing household infrastructure. Through our **Water, Sanitation, and Hygiene (WASH) Loans** and housing facilities, we supported families in upgrading their daily living standards. In 2024, we financed 141 long-term construction accounts (**0.603 Billion KHR**) and 45 short-term accounts (**0.063 Billion KHR**). These specialized WASH funds enable families to install water purification mechanisms and construct standard pour-flush latrines, restoring social dignity and directly reducing preventable waterborne illnesses.

## Operational Excellence: Human Capital Reinvestment

To maintain top-tier institutional governance, compliance, and consumer protection, we heavily reinvested in upskilling our corporate workforce. In 2024, our operational team of **63 dedicated professionals** participated in a wide-reaching educational roadmap:

- **In-House Operational Training:** Conducted **33 distinct internal training core themes** for **64 total staff participants**, heavily targeting ethical debt-collection practices, risk management, and WASH loan deployment methodologies.
- **External Professional Courses:** Disbursed **16 team members** across **10 specialized external local training topics**, including critical regulatory and compliance workshops led by the **National Bank of Cambodia (NBC)**.
- **Executive Leadership and Ecosystem Alignment:** Senior management successfully completed **46 high-level external workshops, seminars, and strategic forums**. This included active participation in *Consumer Protection Harmonization Assessments* with the **Cambodia Microfinance Association (CMA)**, credit transparency development with the **Credit Bureau Cambodia (CBC)**, and collaborative technical integration with leading FinTech software platforms (*Finztrust*, *Webill*) and insurance partners (*Wing Bank*, *Titanstone*, *Lihor*).

## Strengthening Client Protection Standards

The macroeconomic pressures affecting the microfinance sector resulted in an institutional **Portfolio at Risk (PAR) of 43.26%** for the fiscal year. In response, we aggressively deployed our consumer protection safeguards rather than opting for punitive collection tactics:

- **Pre-Disbursement Credit Screening:** We integrated strict pre-appraisal checks via the CBC database and utilized the rigorous **5Cs and 4Rs credit analysis frameworks** to evaluate every applicant's true capacity, actively protecting families from the risks of over-indebtedness.
- **Ethical Debt Restructuring:** Our front-line credit agents have been extensively trained to deploy fair, empathetic, and constructive debt-restructuring options and flexible repayment timelines, working hand-in-hand with struggling businesses to guide them back to cash-flow health.
- **Automatic Micro-Insurance Security Net:** To securely shield families from structural vulnerabilities, every customer who applies for a loan automatically receives credit protection insurance. In the event of a borrower's untimely passing or permanent total disability, the outstanding loan balance is completely cleared by the institutional framework. This critical safeguard eliminates generational debt traps, removing financial liabilities from surviving spouses and children.

## The Vision Forward

C.K.L.S Finance Plc. enters the upcoming operational cycles from a position of fortified security. Our core interest margins are strong, our liquidity is exceptional, and our regulatory buffers are fully capitalized.

Moving forward, our growth roadmap is clear: we will continue to rehabilitate our credit quality, expand our specialized environmental and social WASH lines, accelerate digital credit delivery systems through our FinTech partnerships, and champion national campaigns—including the active promotion of the *Khmer Riel* in collaboration with the NBC. We remain deeply grateful to our board, our equal shareholders, our resilient staff, and our 1,848 clients for their enduring trust and partnership.

**Sincer**

**Mr. Pheng Pheap**
*Chief Executive Officer* **C.K.L.S Finance Plc.**

## 2-CORPORATE GOVERNANCE

### Strengthening Transparency, Risk Mitigation, and Shareholder Alignment

### 1. Governance Framework and Board Oversight

At C.K.L.S Finance Plc., corporate governance is the foundation of our sustainable development and micro-financial operations. The institution operates under a structured governance framework designed to protect assets, manage regulatory compliance, and deliver long-term value to stakeholders. The governance structure is built upon an equitable share capital ecosystem composed of seven equal founding shareholders, each holding a **14.28% equity stake**. This unique, balanced structure guarantees that strategic decisions are reached through consensus, absolute alignment of risk appetites, and shared institutional accountability.

The Board, under the guidance of the Chairwoman, exercises supreme oversight over management, ensuring that institutional growth scales in complete harmony with the directives of the National Bank of Cambodia (NBC).

### 2. Capital Management and Dividend Authorization

A major corporate governance milestone executed by the Board of Directors in the 2024 financial year was the strategic re-engineering of the institution's equity structure.

- **Value Realization Payout:** Reflecting high liquidity and operational health, the Board authorized a total dividend distribution of **KHR 543,240 thousand** from retained earnings directly back to the shareholders.
- **Capital Soundness Maintenance:** Following the dividend payout, the Paid-up Share Capital remains perfectly stable at **KHR 350,000 thousand**, preserving the baseline equity framework required for specialized financial operations.

### 3. Risk Management and Prudent Provisioning Policy

Effective corporate governance requires protecting the balance sheet against market vulnerabilities. In response to a sharp **17.65% growth in loans to customers** (expanding from KHR 3,843,525 thousand in 2023 to KHR 4,521,842 thousand in 2024), the management implemented aggressive risk-mitigation directives:

- **Regulatory Reserve Acceleration:** In strict compliance with NBC asset classification frameworks, the institution increased its dedicated **Regulatory Reserve by 117.35%**, elevating the risk cushion from KHR 222,015 thousand to **KHR 482,549 thousand**.
- **Aggressive Impairment Provisioning:** The Board approved a **130.8% increase in the annual Allowance for Impairment Losses**, allocating **KHR 533,754 thousand** within the profit and loss statement.

*Governance Note:* While this deliberate, forward-looking provisioning adjusted our short-term net profit to KHR 13,249 thousand, it reinforces the long-term safety, asset quality, and institutional credit longevity of C.K.L.S Finance Plc.

### 4. Financial Accountability and Audit Performance

The financial statements for the year ended 31 December 2024 have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (CIFRS for SMEs) and banking regulations.

- **Asset Transparency:** Total institutional assets expanded safely by **19.50% to KHR 4,917,783 thousand.**
- **Liability Structure Regulation:** External borrowings and internal funding pipelines (Amount due to related parties at **KHR 2,945,748 thousand**) were fully optimized to support community loan disbursements while maintaining a highly productive **Loan-to-Asset Ratio of 91.95%**.

- **Taxation Integrity:** Full compliance with national tax regulations was strictly maintained, with **KHR 67,267 thousand** settled in corporate income taxes for the year.

### 5. Future Governance Focus

Looking ahead, the corporate governance roadmap for C.K.L.S Finance Plc. centers on three key areas:

1. **Operational Digitization:** Implementing automated credit appraisal and internal auditing software to reduce operational friction and human error.
2. **ESG Integration:** Incorporating Environmental, Social, and Governance standards into the core loan underwriting process to manage climate and social lending risks.
3. **Internal Control Enhancements:** Continuously upskilling the internal field management and credit control agents to keep portfolio risk (PAR) well within international best-practice limits.

**Approved by:** The Board of Directors

**C.K.L.S Finance Plc.**

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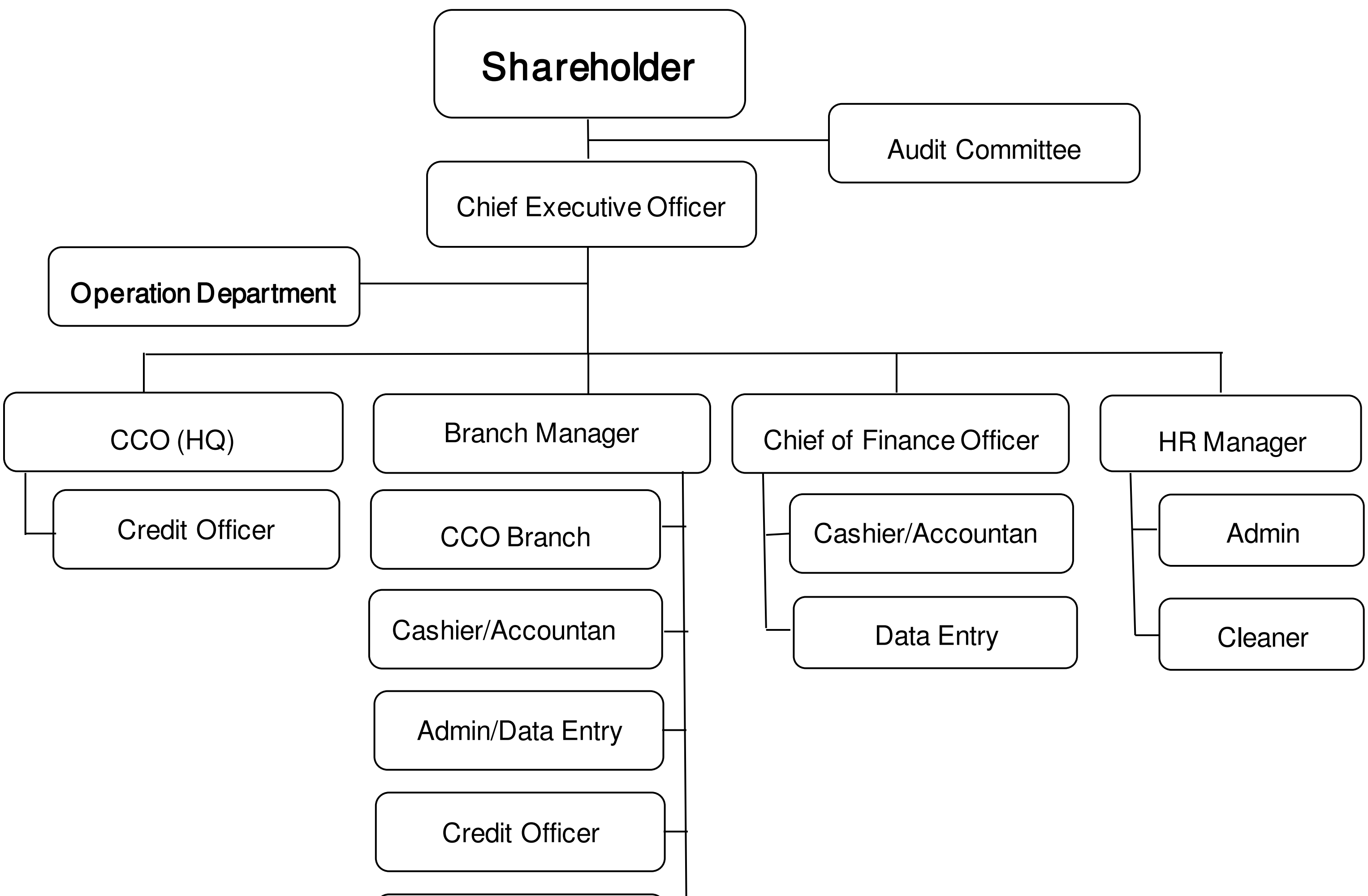
## 2-1-Organizational Structure

The organizational framework of **C.K.L.S Finance Plc** is designed for rapid decision-making, strict regulatory compliance, and high-quality customer service. Our structure ensures that every loan issued is backed by professional analysis and every client interaction follows our **Service Standards Manual**.

**1. Board of Shareholders**

- **Composition:** 6 Strategic Shareholders.
- **Role:** Setting the long-term vision, capital injection, and approving high-level policies (ESG, AML/CFT, and Solvency).



## 2-2-Management Team

**Mr. PHENG PHEAP**
**Chief Executive Officer & Co-Founder**
*C.K.L.S Finance Plc*


**Mr. Pheng Pheap** is a seasoned professional in the financial sector with extensive experience in leadership, financial management, and education. He currently serves as the Chief Executive Officer and Co-Founder of C.K.L.S Finance Plc, a position he has held since 2015, where he provides strategic direction and represents the institution in key engagements. He holds a Master's degree in Finance and Banking (2015–2017) and a Bachelor's degree in Economic Development (2002–2006) from Norton University. He also earned an Associate degree in English Literature from Banana Center (2004–2006). He began his academic journey at Preas Reach Samphea High School, Kampot Province (2001–2002). **Mr. Pheng Pheap** has completed numerous professional training programs, including Project Design and Project Management, Business Plan Writing, Anti-Money Laundering (AML), Regulatory Compliance for Financial Institutions, Financial Reporting, Corporate Governance Essentials, Green Finance Development, and Digital Lending Solutions in Singapore. With over 20 years of professional experience, he has held positions such as Loan Recovery Officer, Small Loan Officer, and Reporting and Follow-up Officer in the financial sector, as well as roles in stock control, sales, and marketing management. Furthermore, he served as a representative of a Rural Credit Institution and a Board Member of the Cambodia Microfinance Association (CMA) for two consecutive terms from 2020 to 2024." In addition to his corporate leadership, **Mr. Pheng Pheap** has contributed to academia as a university trainer, teaching Credit Management, Financial Management, Agricultural Economic Development, and Total Quality Management.

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**Mr. Pichet Botra**
***Deputy Chief Executive Officer in charge of Credit Operations***


**Mr. Pichet Botra** is a seasoned financial expert with over 17 years of extensive experience in the Cambodian banking and microfinance sector. Currently serving as the **Deputy Chief Executive Officer** at **C.K.L.S Finance Plc.**, he oversees the credit department with a strategic focus on operational excellence and sustainable growth. Botra's professional journey began at ACLEDA Bank Plc., where he dedicated 15 years (2008–2023) as a Senior Credit Officer. This tenure provided him with deep-rooted expertise in credit risk assessment and financial management. He joined C.K.L.S Finance Plc. in early 2023 as the Head of the Credit Department before being promoted to his current executive role in August 2024. **Academic Background & Expertise** He holds a Master of Business Administration (MBA) and a Bachelor's Degree in Management from the National University of Management (NUM). Committed to professional development, he has completed specialized certifications in:

- Business Strategy Development & Corporate Governance

- Advanced Credit & Operational Risk Management
- Practical Regulatory Compliance & AML/CFT
- Financial Reporting and Practical Taxation

With a leadership style defined by integrity and strategic foresight, **Mr. Pichet Botra** is instrumental in driving C.K.L.S Finance Plc. toward becoming a leading provider of inclusive financial services in Cambodia.

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**Mr. Heng Chamroeun**
**Senior Chief of Admin and Data Entry Officer**

**Mr. Heng Chamroeun** is a highly driven professional with a comprehensive background in the financial sector, currently serving as a **Senior Chief of Admin and Data Entry Officer**. With a solid foundation in credit officer from his tenure at **C.K.L.S Finance Plc., Admin** and Data Entry Officer he has transitioned into a strategic leadership role focused on human capital and organizational excellence. His career is built on a steadfast commitment to accuracy, integrity, and the continuous pursuit of specialized knowledge in financial management and regulatory compliance. Throughout his professional journey for nearly 10 Years, **Mr. Chamroeun** has prioritized high-level training to navigate the complexities of the financial industry. He holds specialized certifications in **Internal Audit and Internal Control Systems**, which enable him to implement Admin strategies that are not only effective but also rigorously compliant with institutional standards. Furthermore, he possesses deep technical expertise in **Credit Risk Management, And Practical Regulatory Compliance for Financial Institutions**, ensuring a comprehensive 360-degree understanding of the financial landscape. Complementing his managerial expertise is a robust technical skill set. **Mr. Chamroeun** is highly proficient in **Advanced Microsoft Excel, Advanced Microsoft Word, PowerPoint, and Adobe Photoshop,C,C++,Java,Java Script**. This rare combination of advanced IT literacy and financial leadership allows him to optimize organizational workflows, enhance data-driven decision-making, and lead teams effectively. He is dedicated to fostering a compliant, productive, and growth-oriented environment within the financial institutions he serves. **Mr. Chamroeun** holds a **Bachelor's Degree in Computer Science and Engineering** from **Royal University of Phnom Penh**, Cambodia, completed in 2013.

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**Ms. Meng Katha**
**Senior chief of Financial Officer**


**Ms. Meng Katha** is a highly driven professional with a comprehensive background in the financial sector, currently serving as a **Senior chief of Financial Officer**. She has transitioned into a strategic leadership role focused on human capital and organizational excellence. His career is built on a steadfast commitment to accuracy, integrity, and the continuous pursuit of specialized knowledge in financial management and regulatory compliance. Throughout his professional journey, **Ms. Meng Katha** has prioritized high-level training to navigate the complexities of the financial industry. He holds specialized certifications in **Corporate Governance, Operational Risk Management, and Internal Audit and Internal Control Systems**, which enable him to implement HR strategies that are not only effective but also rigorously compliant with institutional standards. Furthermore, he possesses deep technical expertise in **Credit Risk Management, Managing Micro Credit, and Practical Regulatory Compliance for Financial Institutions**, ensuring a comprehensive 360-degree understanding of the financial landscape. His strategic approach to management is further reinforced by advanced training in Institutional **Capacity Development for Executives**. He is uniquely qualified at the intersection of finance and administration, holding certifications in **Practical Accounting by CIFRS for SMEs, Practical Taxation, and Financial Report Analysis**. These skills allow him to align human resource initiatives seamlessly with the financial health and legal frameworks of the organization. Complementing his managerial expertise is a robust technical skill set. **Ms. Meng Kath** is highly proficient in **Advanced Microsoft Excel,** this rare combination of advanced IT literacy and financial leadership allows him to optimize organizational workflows, enhance data-driven decision-making, and lead teams effectively. He is dedicated to fostering a compliant, productive, and growth-oriented environment within the financial institutions he serves. **Ms. Meng Kath** holds a **Bachelor's Degree in Accounting and Taxes** from **Vanda University**, Cambodia, completed in 2022.

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**Mr. Bai Soneang**
**Human Resources Manager**


**Mr. Bai Soneang** is a highly driven professional with a comprehensive background in the financial sector, currently serving as a **Human Resources Manager**. With a solid foundation in data processing from his tenure at **Aeon Specialized Bank** and extensive experience in technical education at **Master International School** and **Computer Vocational Training Organization**, he has transitioned into a strategic leadership role focused on human capital and organizational excellence. His career is built on a steadfast commitment to accuracy, integrity, and the continuous pursuit of specialized knowledge in financial management and regulatory compliance. Throughout his professional journey, **Mr. Soneang** has prioritized high-level training to navigate the complexities of the financial industry. He holds specialized certifications in **Corporate Governance, Operational Risk Management, and Internal Audit and Internal Control Systems**, which enable him to implement HR strategies that are not only effective but also rigorously compliant with institutional standards. Furthermore, he possesses deep technical expertise in **Credit Risk Management, Managing Micro Credit, and Practical Regulatory Compliance for Financial Institutions**, ensuring a comprehensive 360-degree understanding of the financial landscape. His strategic approach to management is further reinforced by advanced training in **Human Resource Management and Compliance in Practice (Management Level)** and **Institutional Capacity Development for Executives**. He is uniquely qualified at the intersection of finance and administration, holding certifications in **Practical Accounting by CIFRS for SMEs, Practical Taxation, and Financial Report Analysis**. These skills allow him to align human resource initiatives seamlessly with the financial health and legal frameworks of the organization. Complementing his managerial expertise is a robust technical skill set. **Mr. Soneang** is highly proficient in **Advanced Microsoft Excel, Advanced Microsoft Word, PowerPoint, and Adobe Photoshop**. This rare combination of advanced IT literacy and financial leadership allows him to optimize organizational workflows, enhance data-driven decision-making, and lead teams effectively. He is dedicated to fostering a compliant, productive, and growth-oriented environment within the financial institutions he serves**. Mr. Soneang**

holds a **Bachelor's Degree in Public Administration** from **Preah Sihamoniraja Buddhist University**, Cambodia, completed in 2023.

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## 2-3-BUSINESS ETHICS REPORT

### 1. Chairman's Statement

**Dear Shareholders, Partners, and Stakeholders,**

On behalf of the Board of Directors, I am pleased to present the Business Ethics & Sustainability Report of C.K.L.S Finance Plc. for the fiscal year 2024. As an institution built on trust, transparency, and social responsibility, we have navigated a complex economic landscape by anchoring our operations firmly to our core ethical values.

In 2024, our primary focus remained on driving meaningful financial inclusion across Cambodia, particularly by backing women entrepreneurs who serve as the economic backbone of local communities. Concurrently, we have reinforced our corporate governance and committed to an evolving Environmental, Social, and Governance (ESG) framework to ensure our growth leaves a positive footprint.

While market conditions have introduced portfolio challenges, our leadership team is actively implementing rigorous, responsible credit assessment frameworks to safeguard institutional stability. We remain deeply grateful to our equal shareholders for their unified vision, to our management and staff for their dedication, and to our clients for their enduring partnership. Together, we are building a more resilient, sustainable, and ethical financial future.

**Sincerely,**

**Chairman of the Board**
**C.K.L.S Finance Plc.**

### 2. Executive Summary

At C.K.L.S Finance Plc., our commitment to business ethics, social responsibility, and sustainable financial inclusion forms the core of our operations. In 2024, we continued to balance robust credit management with ethical principles, ensuring that our growth directly contributes to the financial health of our clients and the professional development of our human capital.

Through dedicated capacity building, targeted credit outreach, and a deep-rooted focus on empowering women, C.K.L.S Finance Plc. remains a transparent, reliable, and responsible institution in the financial landscape.

### 3. Environmental, Social, and Governance (ESG) Commitment

As a forward-thinking financial institution, C.K.L.S Finance Plc. recognizes that sustainable growth requires a firm commitment to Environmental, Social, and Governance (ESG) standards. We are actively shaping our corporate policies to protect our planet, uplift communities, and maintain institutional integrity.

## Environmental Stewardship (E)

- **Green Operations:** We are committed to minimizing our institutional carbon footprint by transitioning toward digital loan processing, reducing paper waste, and optimizing energy consumption across our branch operations.
- **Eco-Friendly Lending Awareness:** We aim to build risk screening frameworks that encourage environmentally responsible business practices among our micro and small enterprise clients.

## Social Responsibility (S)

- **Financial Inclusion & Protection:** We prioritize client welfare through fair pricing, transparent terms, and the active prevention of over-indebtedness, ensuring that our lending serves as a tool for financial growth.
- **Empowering Vulnerable Groups:** Our credit outreach specifically targets segments that face barriers to traditional financing, notably women entrepreneurs and rural family businesses.

## Corporate Governance (G)

- **Ethical Leadership:** Our governance model ensures absolute transparency, strict anti-corruption measures, and rigorous regulatory compliance.
- **Stakeholder Accountability:** Managed under a balanced and equitable leadership structure, our executive decisions prioritize long-term stability and stakeholder trust over short-term gains.

### 4. Workforce Demographics & Gender Inclusion

We believe that a diverse and ethically driven workforce is essential for delivering fair financial services. C.K.L.S Finance Plc. maintains a lean, dedicated team focused on client-centric service and strict regulatory adherence.

- **Total Staff Density:** 63 Professionals
- **Gender Diversity:** 5 Female Staff Members

We continue to actively foster an inclusive corporate culture that promotes equal opportunities, professional safety, and career growth for all personnel.

### 5. Financial Portfolio & Responsible Lending

As part of our commitment to ethical credit operations and transparent financial reporting, the institutional portfolio for the fiscal year 2024 stands as follows:

| Financial Indicator | Metric Details |
|---|---|
| **Gross Loan Outstanding** | $1,333,345.17 |
| **Total Active Clients** | 1,848 Clients |
| **Portfolio at Risk (PAR)** | 43.26% |

**Institutional Note on PAR:** In alignment with our strict credit governance, the 2024 Portfolio at Risk (PAR) reflects challenging market dynamics. C.K.L.S Finance Plc. is actively deploying advanced credit assessment frameworks—integrating rigorous risk evaluation, proactive restructuring safeguards, and close client monitoring—to steer the portfolio back toward optimal institutional benchmarks safely and ethically.

## 6. Client Empowerment & Social Impact

In line with our mission to support local livelihoods and promote gender-responsive financial inclusion, our lending prioritizes women entrepreneurs and rural micro-businesses.

- **Active Women Clients:** 1,182
- **Women Representation: 64%** of our total client base consists of active women borrowers.

By providing financial access to women, C.K.L.S Finance Plc. directly fosters grassroots economic resilience, helps families build sustainable income streams, and promotes financial literacy across the communities we serve.

## 7. Talent Cultivation & Capacity Building

Ethical business practices require continuous learning. In 2024, C.K.L.S Finance Plc. invested heavily in capacity building, credit risk mitigation training, and leadership development across all operational tiers.

### A. Internal Capacity Building (In-House Training)

To embed corporate values and technical expertise firmly within our domestic operations, extensive training modules were conducted internally:

- **Core Topics Covered:** 33 Distinct Training Themes *(including ethical collection practices, consumer protection, and credit quality control).*
- **Total Attendance:** 64 Staff Participants.

### B. External Professional Development (Local & Institutional)

To align with industry best practices and regulatory updates within Cambodia, staff members were delegated to specialized external programs:

- **External Program Themes:** 10 Specialized Topics.
- **Total Attendance:** 16 Team Members.

### C. Executive Leadership & Top Management Development

To ensure our governance remains robust, strategic, and aligned with international environmental, social, and governance (ESG) standards, our executive team engaged heavily in premium executive workshops:

- **Top Management Advancement:** 46 Specialized Courses and Advanced Workshops attended by senior leadership externally.

## 8. Commitment Forward

Looking ahead, C.K.L.S Finance Plc. pledges to uphold the highest standards of financial integrity. We will continue to improve our credit portfolio quality, champion the economic empowerment of women, and invest in our workforce to build a sustainable, ethical, and highly resilient financial institution.

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## 2-4-Risk Management and Internal Control Report 2024


At C.K.L.S Finance Plc. maintaining a robust risk management framework and a stringent internal control environment is central to our operational philosophy. In a shifting and complex macroeconomic credit landscape within Cambodia, our governance structure prioritizes institutional safety, financial compliance, and asset quality over aggressive commercial expansion.

By anchoring our credit workflows to proven risk analysis frameworks, maintaining strict separation of duties, and proactively fortifying our balance sheet buffers, C.K.L.S Finance Plc. ensures long-term institutional stability while fully safeguarding the interests of our shareholders, regulators, and clients.

**1. Credit Risk Management Framework**

Credit risk represents the primary financial exposure of the Institution. To manage and mitigate this risk effectively, our credit department has operationalized a multi-layered defense system:

- **Rigorous Credit Appraisals (5Cs & 4Rs):** Front-line credit agents do not size loans based on intuition. Every application undergoes a comprehensive structural analysis embedding the **5Cs framework** (Character, Capacity, Capital, Collateral, Conditions) and the **4Rs principles** (Repayment, Return, Risk, Remedy) to accurately determine a borrower's real repayment capacity.
- **Credit Bureau Cambodia (CBC) Transparency:** To actively combat over-indebtedness and prevent duplicate financing across the financial sector, our credit verification team runs mandatory background and risk exposure checks via the CBC database prior to approving any capital allocation.
- **Structured Loan Portfolio Diversification:** Credit concentration risk is actively mitigated by distributing our **5.367 Billion KHR active asset portfolio** across 12 highly distinct product lines, ensuring the institution is not overly exposed to a single economic activity or loan type.

**2. Prudential Risk Management & Financial Buffers**

In response to macro-credit tightening across the microfinance sector—evidenced by our 2024 **Portfolio at Risk (PAR) settling at 43.26%**—the Board of Directors and executive leadership deployed aggressive, defensive financial maneuvers to shield the institution from default shocks:

- **Credit Impairment Insulation:** Rather than maximizing net yields, management chose to aggressively expand our **Allowance for Impairment Losses by 130.8%**, channeling **0.534 Billion KHR (KHR 533,754 thousand)** directly into credit provisions to absorb potential default weights cleanly.

- **Regulatory Reserves Fortification:** In strict compliance with the National Bank of Cambodia (NBC) regulatory guidance, the institution executed a major internal transfer, expanding its equity-based **Regulatory Reserves by 117.3% to close at 0.483 Billion KHR (KHR 482,549 thousand)**, building a deep institutional cushion for long-term balance sheet stability.
- **Liquidity Risk Mitigation:** To guarantee uninterrupted operations and ensure immediate credit delivery capabilities, commercial bank placements and deposits were systematically increased by **202.3%**, closing at **KHR 258,862 thousand** to maintain an exceptional liquidity runway.

### 3. Operational Risk & Internal Controls

Operational risk is managed through a comprehensive internal control network that ensures regulatory compliance, financial accuracy, and data integrity across all operational layers.

- **Democratic Governance Architecture:** The institution operates under a transparent corporate structure composed of **six equal shareholders, each holding a stable 16.66% equity stake**. This balanced distribution prevents concentrated decision-making and ensures rigorous, collective oversight of high-level risk strategies.
- **Rigorous Independent Audit Oversight:** Our financial accounts, transactions, and compliance records are subjected to an annual independent review by **Kreston Cambodia** (*Cam Accounting & Tax Service Co., Ltd.*). This process verifies that our internal controls operate effectively and that our financial reporting aligns completely with **CIFRS for SMEs** and NBC mandates.
- **Segregation of Duties:** Clear boundaries of authority are enforced between field loan origination, independent credit appraisal verification, fund disbursement, and portfolio monitoring. This division limits transactional risk, prevents internal friction, and minimizes the risk of fraudulent activities or administrative errors.

### 4. Human Capital Upskilling & Risk Awareness

An internal control framework is only as good as the personnel enforcing it. We actively manage human capital and compliance risk by turning our staff of **63 dedicated professionals** into highly risk-aware operators through continuous training:

- **Comprehensive Internal Reinvestment:** In 2024, our team completed **33 internal training topics** (64 staff participants) and **10 specialized external local programs** (16 participants). These extensive training hours focused heavily on advanced credit analysis methodologies, ethical debt collection, and risk evaluation for specialized products.
- **Executive Compliance Alignment:** Senior leadership completed **46 strategic external workshops and high-level seminars** alongside regulatory bodies like the National Bank of Cambodia (NBC) and the Cambodia Microfinance Association (CMA). These sessions allowed our executive team to directly implement national compliance updates, safe finance dissemination rules, and Consumer Protection (CP) Harmonization Assessments.
- **FinTech Infrastructure Control:** To reduce manual errors and mitigate data risk, management completed strategic technology integration workflows with specialized platforms including **Finztrust** and **Webill**, digitalizing our payment and credit tracking infrastructure for enhanced internal control and oversight.

## 3-BUSINESS OVERVIEW C.K.L.S Finance Plc

C.K.L.S Finance Plc. is a specialized microcredit institution anchored on transparent financial inclusion, ethical portfolio governance, and a deep-rooted commitment to supporting Cambodia’s local economies. We bridge critical financing gaps for grassroots economic players, converting microfinance operations into long-term tools for social mobility, gender equity, and community resilience.


### Our Core Mission & Social Impact

We believe that sustainable economic growth must be inclusive. Our lending practices strictly prioritize client welfare, consumer protection principles, fair pricing, and the active prevention of over-indebtedness.

- **Empowering Women Entrepreneurs:** We actively champion gender-responsive financial inclusion. In 2024, our credit footprint empowered **1,848 active clients**, with **64% (1,182 clients)** being women running micro, small, and rural family enterprises.
- **Investing in Human Capital:** Ethical business requires continuous learning. In 2024, our team of **63 dedicated professionals** completed **33 internal training courses**, **10 local professional programs**, and **46 high-level executive workshops** to maintain top-tier operational governance and compliance.

#### Our Financial Footprint (FY 2024)

Despite navigating a tight macroeconomic and credit landscape, C.K.L.S Finance Plc. maintained robust top-line interest income and prioritized long-term institutional safety over short-term earnings.

### Key Performance Indicators (KPIs)

Our complete financial statements are prepared in thousands of Cambodian Riels (**KHR'000**) in strict compliance with National Bank of Cambodia (NBC) regulatory standards.

| Financial Metric | FY 2024 (KHR'000) | FY 2023 (KHR'000) | Growth / Trend |
|---|---|---|---|
| **Total Asset Base** | 4,917,783 | 4,115,440 | **+19.5%** |
| **Gross Loans to Customers** | 4,521,842 | 3,843,525 | **+17.6%** |
| **Net Interest Income** | 2,733,265 | 2,057,339 | **+32.9%** |
| **Regulatory Reserves** | 482,549 | 222,015 | **+117.3%** |
| **Cash & Cash Equivalents** | 269,568 | 99,523 | **+170.9%** |

## Core Financial Highlights

- **Expanded Credit Outreach:** Our gross loan portfolio grew by **17.6%**, expanding our capital reach into the hands of entrepreneurs who need it most.
- **Strong Funding & Liquidity:** Our net cash and cash equivalents surged by **170.9%**, backed by secure corporate borrowings and long-term related-party capital support, ensuring a highly liquid pipeline for future lending.
- **Prudent Risk Management:** In a defensive move against market volatility, we increased our **Regulatory Reserves by 117.3%** and fortified our impairment buffers to **KHR 533,754 thousand**. This strategic allocation guarantees deep balance sheet security and long-term partner stability.

### Operational & Digital Excellence

In 2024, C.K.L.S Finance Plc. accelerated its transformation from traditional credit operations toward a digitized, lean operating model. This shift has successfully reduced operational friction while elevating our client service delivery.

- **Process Optimization:** We have systematically integrated advanced automated workflows to streamline our credit appraisal timelines. This modernization allows our field loan officers to significantly improve processing speed while strictly adhering to regulatory lending parameters.
- **Data Integrity & Security:** To protect our growing database of 1,848 clients, the institution upgraded its secure financial data management infrastructure. This migration guarantees heightened encryption, secure digital signatures, and minimal downtime, aligning us with standard corporate data protections.
- **Digital Financial Literacy:** Recognizing that technology can be a barrier for rural borrowers, our field team actively combines loan disbursements with interactive micro-digital coaching. This ensures our clients—particularly our 1,182 active women borrowers—can transition safely toward digital payment systems.

### Strategic Challenges & Resolutions

The financial sector in 2024 presented macro-level credit challenges across the region. C.K.L.S Finance Plc. took immediate, transparent, and highly conservative financial adjustments to manage market risks head-on.

## 1. Elevated Portfolio at Risk (PAR 43.26%)

- **The Challenge:** Economic tightening across microfinance segments impacted the standard repayment capacities of rural businesses, lifting our institutional PAR to 43.26%.
- **The Resolution:** We did not mask this trend; instead, we faced it with a heavily reinforced defense. The institution expanded its **Allowance for Impairment Losses by 130.8%** to **KHR 533,754 thousand** to absorb potential shocks cleanly. Concurrently, management deployed strict post-disbursement monitoring and proactive, ethical debt restructuring options for viable borrowers facing temporary shortfalls.

## 2. Implementation of Complex Risk Frameworks

- **The Challenge:** Managing risks under shifting economic pressures requires a deeper analytical capacity from middle management and credit agents.

- **The Resolution:** We executed a comprehensive training schedule across 2024. This included **33 domestic training topics** for 64 staff participants and **46 specialized executive courses** for senior leadership, embedding advanced credit analysis (incorporating the 5Cs and 4Rs analytical frameworks) deeply into our daily front-line procedures.

## Outlook for the Future

As we advance through our current operational cycles, C.K.L.S Finance Plc. is executing a balanced growth roadmap focused on fortifying asset quality while rolling out high-value microfinance innovations.

- **Portfolio Quality Rehabilitation:** Our top operational priority is the systematic reduction of our PAR through data-driven credit filtering, enhanced collection governance, and highly targeted borrower selection.
- **Automatic Micro-Insurance Integration:** To shield our vulnerable clients and their families from sudden economic shocks, we are scaling our automated micro-insurance loan feature. This automatically covers outstanding balances in the event of death or permanent disability, protecting families from generational debt traps.
- **Expanding ESG-Driven Facilities:** Building upon our stable capital structure (held equally by our six unified shareholders at 16.66% each), we are designing eco-friendly loan products to support green agriculture and small-scale renewable energy use among our micro-enterprise clients.

## Conclusion

The fiscal year 2024 has proven the foundational resilience and adaptability of C.K.L.S Finance Plc. By choosing structural safety over aggressive profit optimization, injecting substantial capital reserves back into our balance sheet, and heavily upskilling our personnel, we have turned a challenging market cycle into an era of institutional strengthening.

Backed by a clear ESG commitment, a robust funding base, and a clear focus on the financial advancement of women entrepreneurs, C.K.L.S Finance Plc. stands ready to anchor Cambodia's microcredit sector as a transparent, reliable, and deeply ethical financial institution.

**Report Prepared by:**

The Management Team
**C.K.L.S Finance Plc.**
*Date: 31 December 2024*

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## 3-1-PRODUCTS AND SERVICES REPORT 2024

### 1. Executive Summary

At C.K.L.S Finance Plc. our product deployment framework is rooted in ethical financial inclusion, micro-enterprise empowerment, and social responsibility. In 2024, our credit operations successfully expanded capital access across Cambodia, bringing our total active credit portfolio to **5.367 Billion KHR** distributed across **1,848 active accounts**.

Our products are structured not just to provide capital, but to protect our borrowers from economic vulnerabilities. By combining specialized short-term (ST) and long-term (LT) credit facilities with grassroots financial coaching and consumer protection frameworks, C.K.L.S Finance Plc. ensures that every loan functions as a reliable mechanism for family economic advancement, public health improvements, and community resilience.

## 2. Core Credit Product Portfolio Breakdown

Our financial offerings are strategically structured into distinct product lines to accommodate the varying scale, cash flow cycles, and capital requirements of our diverse clientele.

### A. Business Growth Loans

Designed to fund working capital, purchase inventory, and finance the expansion of micro, small, and medium enterprises (MSMEs). This represents our largest financing segment by value, fueling local marketplace economies.

- **Business Loan - Long Term (LT):** 543 Accounts | **2.017 Billion KHR**
- **Business Loan - Short Term (ST):** 296 Accounts | **0.281 Billion KHR**

### B. Personal & Household Empowerment Loans

Structured to assist individuals and families with managing cash flow, funding educational needs, or meeting essential household development goals.

- **Personal Loan - Long Term (LT):** 539 Accounts | **1.981 Billion KHR**
- **Personal Loan - Short Term (ST):** 233 Accounts | **0.265 Billion KHR**

### C. Construction & Housing Development Loans

Tailored for homeowners and micro-enterprises seeking to renovate, build, or upgrade property, infrastructure, and commercial stalls.

- **Construction Loan - Long Term (LT):** 141 Accounts | **0.603 Billion KHR**
- **Construction Loan - Short Term (ST):** 45 Accounts | **0.063 Billion KHR**

### D. Agricultural & Rural Development Credit

Tailored around the seasonal cash flows of Cambodia's agricultural workers, offering flexible disbursement timelines and structured repayment plans that align cleanly with harvest cycles.

- **Agriculture Loan - Long Term (LT):** 30 Accounts | **0.126 Billion KHR**
- **Agriculture Loan - Short Term (ST):** 14 Accounts | **0.018 Billion KHR**

### E. Vehicle & Mobility Financing (Motor Loans)

Provides necessary capital for logistics and personal transport, enabling small entrepreneurs to expand their physical delivery radius and access regional markets.

- **Motor Loan - Long Term (LT):** 3 Accounts | **0.007 Billion KHR**

- **Motor Loan - Short Term (ST):** 1 Account | **0.001 Billion KHR**

**F. Institutional Staff Welfare Loans**

Internal credit facilities designed to promote talent retention, economic security, and personal welfare among our own dedicated professionals.

- **Staff Loan - Long Term (LT):** 1 Account | **0.003 Billion KHR**
- **Staff Loan - Short Term (ST):** 2 Accounts | **0.002 Billion KHR**

## 3. Methodological Lending Models: Group vs. Individual Loans

To maximize our financial inclusion outreach, C.K.L.S Finance Plc. utilizes two distinct lending methodologies tailored to the risk profiles, collateral availability, and social dynamics of our clients.

### Group Loans (Solidarity Lending)

Our Group Lending model utilizes community solidarity to extend credit to low-income borrowers, micro-entrepreneurs, and rural women who lack traditional physical collateral.

- **Mechanism:** Small groups of peer entrepreneurs form a credit circle, co-guaranteeing each other's credit lines through mutual trust and collective accountability.
- **Strategic Value:** This methodology drastically lowers barriers to entry for grassroots individuals, encouraging community-based support networks while maintaining excellent repayment discipline through shared responsibility.

### Individual Loans

Designed for scaling entrepreneurs and households whose business structures, cash flows, and credit histories require customized, larger-scale financing solutions.

- **Mechanism:** Credit lines are structured based on individual creditworthiness, independent cash flow analysis, and standard asset evaluation.
- **Strategic Value:** Individual loans offer flexible terms and repayment cycles, matching the capital needs of growing micro-enterprises and formalized small businesses.

## 4. Specialized Water, Sanitation, and Hygiene (WASH) Loans

In line with our Environmental, Social, and Governance (ESG) commitments and our mission to improve rural living standards, C.K.L.S Finance Plc. features dedicated **Water, Sanitation, and Hygiene (WASH) Loans**. We recognize that access to safe water and adequate sanitation is a basic human right and a foundation for economic productivity.

- **Clean Water Access:** Financing the purchase and installation of water purification systems, rainwater storage tanks, and community water pipe connections to eliminate waterborne illnesses.
- **Sanitation Infrastructure:** Providing micro-loans specifically dedicated to building standard pour-flush latrines, bathroom facilities, and household sewage/waste management systems.

- **Socio-Economic Impact:** WASH loans significantly relieve the financial and time burdens of water collection and medical expenses, disproportionately benefit women and children, and enhance household safety and human dignity.

## 5. Product Portfolio Narrative Summary

An analytical review of our credit deployment in 2024 reveals that our operational footprint is highly concentrated in driving commercial growth and household empowerment across Cambodia. Our primary engine for local economic stimulation is our **Long-Term Business Loan** facility, which stands as our largest product line, commanding **2.017 Billion KHR** across **543 active accounts**. This is closely followed by our **Long-Term Personal Loans**, which support family development and personal cash flow management with an outstanding balance of **1.981 Billion KHR** across **539 accounts**. Together, these two core long-term facilities represent the vast majority of our total credit allocation.

In terms of mid-tier infrastructure funding, our **Long-Term Construction Loans** play a pivotal role in regional property development, accounting for **0.603 Billion KHR** across **141 accounts**. Short-term liquidity needs for local traders and households are efficiently addressed through our **Short-Term Business Loans** (**0.281 Billion KHR** across **296 accounts**) and **Short-Term Personal Loans** (**0.265 Billion KHR** across **233 accounts**).

The remaining segments of our portfolio are distributed among specialized development lines. **Long-Term Agriculture Loans** support rural farming practices with **0.126 Billion KHR** across **30 accounts**, while **Short-Term Construction Loans** hold **0.063 Billion KHR** over **45 accounts**. Our smaller, highly targeted product avenues include **Short-Term Agriculture Loans** (**0.018 Billion KHR** across **14 accounts**), **Long-Term Motor Loans** (**0.007 Billion KHR** across **3 accounts**), and institutional **Long-Term Staff Welfare Loans** (**0.003 Billion KHR** for **1 account**). Finally, our most compact financing allocations reside in **Short-Term Staff Loans** (**0.002 Billion KHR** across **2 accounts**) and **Short-Term Motor Loans** (**0.001 Billion KHR** for **1 account**).

In total, this well-blended distribution across 12 distinct product streams cleanly aggregates to our comprehensive institutional footprint of **5.367 Billion KHR** actively serving **1,848 clients**.

## 6. Product Safeguards & Social Innovations

C.K.L.S Finance Plc. believes that financial products must look beyond basic transactions to address the structural vulnerabilities of our clients.

### Automatic Micro-Insurance Integration (Credit Protection)

To shield families from generational debt traps caused by unexpected tragedies, we have integrated an automatic credit protection safety net into our loan products:

- **The Feature:** When a client enters a credit arrangement with C.K.L.S Finance Plc. they automatically receive micro-insurance coverage.
- **The Protection:** In the event of the borrower's passing or permanent total disability, the outstanding loan balance is fully cleared by the institutional micro-insurance framework, ensuring zero debt liability is passed on to surviving family members.

### Gender-Responsive Credit Allocation

Recognizing that female entrepreneurs are highly effective engines for regional development, our credit lines are deliberately designed to minimize barriers to access for women borrowers:

- **Operational Result:** In 2024, our targeted credit products successfully reached **1,182 active women clients**, ensuring that **64%** of our total loan portfolio accounts are deployed directly into women-led ventures.

### 7. Risk Safeguards & Ethical Consumer Protection

Operating credit products ethically requires balancing active fund allocation with careful consumer protections and proactive institutional buffers.

- **Fortified Portfolio Safeguards:** Reflecting challenging economic shifts in the wider microfinance sector, our Portfolio at Risk (PAR) finished 2024 at 43.26%. Rather than pulling back our financial products from the market, we fortified our position by expanding our institutional **Regulatory Reserves by 117.3% to 0.483 Billion KHR**, alongside an allocation of **0.534 Billion KHR** for credit impairment provisions. This protects our product ecosystem from asset shocks.
- **Responsible Restructuring Solutions:** In tandem with our product framework, we utilize a supportive credit management system. Field teams are actively trained across **33 internal topics** to offer ethical restructuring plans and personalized repayment scheduling for clients managing temporary cash shortfalls.

### 8. Forward Strategic Product Roadmap (2025 Outlook)

Moving into future cycles, C.K.L.S Finance Plc. will continue to refine its financial products to enhance digital access, security, and environmental accountability.

- **Digital Micro-Credit Delivery:** We are advancing our infrastructure to integrate digital credit assessments and automated disbursements. This transition will lower processing costs and reduce borrowing friction for rural communities.
- **Expanding Eco-Friendly & WASH Lines:** In alignment with our expanding Environmental, Social, and Governance (ESG) policies, we are scaling our **WASH loan products** and designing green micro-loans. These will provide dedicated capital for solar energy setups, eco-friendly agricultural machinery, and widespread climate-resilient water systems for local homes and communities.

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## 3-2-BUSINESS PERFORMANCE

### 1. Executive Summary & Strategic Resilience

During the fiscal year 2024, C.K.L.S Finance Plc. demonstrated notable operational resilience and structural adaptability while navigating a complex macroeconomic and credit landscape within the Cambodian financial sector. Rather than pursuing aggressive expansion at the expense of financial stability, the institution intentionally prioritized balance sheet security, aggressive risk provisioning, and the targeted empowerment of grass-roots economic actors.

By anchoring our core credit deployment to strict ethical standards and social impact frameworks, C.K.L.S Finance Plc. successfully expanded its gross customer lending lines by **17.6%**, while simultaneously executing deep structural injections into its prudential reserves to safeguard the institution against broader market volatility.

## 2. Core Operational Performance & Portfolio Density

Our credit operations in 2024 actively translated institutional capital into localized economic growth, expanding outreach across twelve specialized short-term (ST) and long-term (LT) financing streams.

- **Total Asset Expansion:** The institutional asset base achieved a robust expansion of **19.5%**, rising from KHR 4,115,440 thousand in 2023 to **KHR 4,917,783 thousand** by December 31, 2024.
- **Credit Portfolio Velocity:** Gross loans to customers scaled to **5.367 Billion KHR**, representing a net balance sheet value of KHR 4,521,842 thousand compared to KHR 3,843,525 thousand in the previous fiscal year.
- **Active Client Outreach:** The institution successfully managed a total underwriting footprint of **1,848 active client accounts**, proving steady organic demand for our targeted microfinance products.
- **Funding Mix Liquidity:** To fund this portfolio acceleration, corporate liabilities were structured safely through long-term partner facilities. Total **borrowings** doubled by **102.6%** to reach **KHR 950,009 thousand**, while **amounts due to related parties** grew by **39.9%** to close at **KHR 2,945,748 thousand**, reinforcing strong shareholder alignment.

## 3. Financial Performance & Income Statement Analysis

A rigorous review of the Statement of Profit or Loss highlights the basic commercial viability, underlying pricing strength, and strong margin efficiencies of our core micro-credit business model.

| **Profit & Loss Indicator** | **FY 2024 (KHR'000)** | **FY 2023 (KHR'000)** | **Year-on-Year Performance (%)** |
|---|---|---|---|
| **Interest Income** | 3,193,834 | 2,604,403 | +22.6% |
| **Interest Expense** | (460,569) | (547,064) | -15.8% |
| **Net Interest Income** | **2,733,265** | **2,057,339** | **+32.9%** |
| Other Operating Incomes | 129,435 | 92,294 | +40.2% |
| General & Administrative Expenses | (2,248,430) | (1,589,662) | +41.4% |
| Allowance for Impairment Losses | (533,754) | (231,274) | +130.8% |
| **Profit Before Taxes** | **80,516** | **328,697** | **-75.5%** |
| Income Taxes | (67,267) | (42,140) | +59.6% |
| **Net Profit for the Year** | **13,249** | **286,557** | **-95.4%** |

**Revenue & Overhead Dynamics**

- **Net Interest Margin (NIM) Optimization:** Gross interest revenue climbed **22.6%**, fueled by expanding loan distributions. Concurrently, interest expenses fell by **15.8%**, indicating highly efficient capital pricing. This combination pushed our net interest income up by an outstanding **32.9%** to finish at **KHR 2,733,265 thousand**.

- **Operational Reinvestment Overhead:** General and administrative expenditures rose by **41.4%**. This was an intentional strategic budget layout directed at modernizing our digital infrastructure and funding a massive training agenda. In 2024, our **63 staff members** successfully engaged in **33 internal training topics** and **10 external local programs**, alongside **46 premium workshops** executed for top executive management to elevate regulatory compliance.
- **Bottom-Line Provisioning Impact:** Net profit concluded at **KHR 13,249 thousand**. The primary factor limiting bottom-line profit was our highly conservative provisioning strategy. Rather than maximizing short-term earnings, management chose to insulate the institution by channeling **KHR 533,754 thousand into impairment provisions**, representing a massive **130.8% increase** in risk absorption buffers.

## 4. Cash Flow & Liquidity Positioning

The institutional Statement of Cash Flows confirms a highly stable, liquid, and defensive operating posture designed to withstand prolonged credit crunches.

- **Cash Reserves Expansion:** Net cash and cash equivalents finished the year with an exceptional growth of **170.9%**, closing at **KHR 269,568 thousand** compared to KHR 99,523 thousand in 2023. This ensures deep liquid runway to deploy capital into upcoming client pipelines.
- **Operating Inflows:** The core business generated an increased operating profit before working capital adjustments of **KHR 640,851 thousand** (up from KHR 578,650 thousand in 2023). Due to intense capital deployment into the loan asset engine—specifically funding **KHR 1,210,321 thousand in net new loans to customers**—operating activities experienced a planned, temporary structural net outward cash run of KHR 257,336 thousand.
- **Financing Inflows:** Financing activities functioned as our primary liquid stabilizer, generating a net positive inflow of **KHR 778,511 thousand**. This safely absorbed a **dividend payout of KHR 543,240 thousand** back to our corporate shareholders while comfortably covering our commercial lending pipelines.

## 5. Credit Quality & Prudential Defense Analysis

The widespread credit pressures in the domestic market were actively reflected in our performance indicators, prompting immediate institutional defense mechanisms.

- **Portfolio at Risk Management:** Our operational **Portfolio at Risk (PAR) settled at 43.26%** for 2024. This elevated ratio reflects the challenging cash flow constraints experienced by microfinance borrowers and rural family businesses during this cycle.
- **Fortification of Regulatory Reserves:** In strict alignment with National Bank of Cambodia (NBC) regulations, C.K.L.S Finance Plc. took aggressive defensive measures. The institution executed a massive capital transfer, increasing its **Regulatory Reserves by 117.3% to close at KHR 482,549 thousand** (up from KHR 222,015 thousand in 2023).
- **Proactive Credit Remedies:** Field teams are utilizing advanced credit management frameworks, offering ethical debt restructuring options, close client financial monitoring, and micro-digital coaching to safely guide our 1,848 active borrowers back to health.

## 6. Social Impact & Sustainable Performance Metrics


Business performance at C.K.L.S Finance Plc. is measured equally by commercial stability and social progress. In 2024, our products successfully achieved meaningful advancements in regional financial inclusion:

- **Gender-Responsive Inclusion:** Our lending models heavily prioritized female commerce, ensuring that **64% of our entire active customer base (1,182 clients)** consists of women entrepreneurs running rural micro-enterprises.
- **WASH & Social Infrastructure:** We successfully expanded our dedicated Water, Sanitation, and Hygiene (WASH) micro-loans, enabling rural households to fund clean water purification systems and standard latrines to improve community public health.
- **Micro-Insurance Integration:** Our automatic credit protection micro-insurance successfully shielded our vulnerable borrowers. This automated feature ensures that in the event of a client's untimely passing or permanent disability, their remaining debt balance is immediately cleared, eliminating generational debt traps for surviving families.

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## 3-3-Financial Highlight Report 2024

The 2024 fiscal year represents a period of sustained resilience and institutional maturation for **C.K.L.S Finance Plc**. In an evolving economic landscape, we have continued to deliver steady growth, maintaining our focus on high-quality credit governance and our commitment to the socio-economic rehabilitation of our clients.

The following highlights are derived from our **2024 Independent Auditor's Report**, prepared in accordance with the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (CIFRS for SMEs).

### Key Financial Metrics

| Metric | 2024 (USD) | 2024 (Approx. KHR) | Growth vs 2023 |
|---|---|---|---|
| **Total Assets** | $3,043,923 | 12.33 Billion | **+18.3%** |
| **Net Loans to Customers** | $2,669,963 | 10.81 Billion | **+16.9%** |
| **Total Equity** | $1,675,820 | 6.78 Billion | **+4.5%** |
| **Interest Income** | $454,778 | 1.84 Billion | **+63.0%** |
| **Net Profit for the Year** | $72,080 | 292.0 Million | **+8.6%** |

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## 2024 Performance Summary

### 1. Continued Portfolio Expansion

Our net loan portfolio reached **$2.67 Million** in 2024. This steady increase highlights our ongoing role as a reliable financial partner for entrepreneurs and families across our 33 operating districts. Every loan disbursed continues to undergo rigorous assessment using our **5Cs framework** to ensure long-term sustainability for both the institution and the borrower.

### 2. Robust Revenue Growth

A standout achievement in 2024 was the **63% increase in Interest Income**, which rose to **$454,778**. This growth reflects the active utilization of our credit products and our increasing efficiency in managing a larger asset base. Despite higher operational and funding costs, we maintained a healthy net profit of **$72,080**.

### 3. Asset Strength & Liquidity

Crossing the **$3 Million asset milestone** marks a new chapter in our institutional history. Our balance sheet remains strong, with a significant portion of our assets held in productive loans. We have also maintained strategic placements with leading banks to ensure high liquidity and operational readiness.

### 4. Commitment to Regulatory Excellence

C.K.L.S Finance Plc remains fully compliant with the National Bank of Cambodia's (NBC) prudential regulations. We significantly bolstered our **Regulatory Reserve** this year, reaching **482 Million KHR**, reinforcing our commitment to institutional stability and risk mitigation.

### 5. Audit Integrity

For the third consecutive year, our financial statements received a **clean audit opinion** from our independent auditors. This consistent track record of "unmodified" audit reports provides our shareholders, partners, and clients with the highest level of assurance regarding our financial transparency and governance.

## Strategic Outlook

As we look toward 2025, our 2024 results confirm that C.K.L.S Finance Plc is a stable and growing force in Cambodia's financial sector. We remain dedicated to our **4Rs strategy**—prioritizing the rehabilitation of our clients' livelihoods—and ensuring that our growth is always accompanied by the social safety net of **automatic micro-insurance**.

**Investor Relations:** The full **2024 Audited Financial Statements**, including the complete Statement of Financial Position, Statement of Profit or Loss, and comprehensive Notes, are available for download for all interested stakeholders.

## 3-4-Training Performance Highlights

At C.K.L.S Finance Plc., we believe that continuous talent cultivation, executive upskilling, and active stakeholder collaboration are the foundations of ethical microfinance, robust risk management, and operational excellence. In 2024, our institution invested heavily in capacity building across all organizational tiers—from front-line credit agents to senior executives—to maintain the highest standards of consumer protection, product innovation, and corporate governance.

Through a structured annual training and networking methodology, our team of **63 dedicated professionals** successfully participated in internal, national, and international forums designed to safely navigate a dynamic financial landscape.

### 1. Internal Capacity Building (In-House Training)

To embed core institutional values, advanced credit assessment frameworks, and strict regulatory compliance directly into our daily operations, extensive training modules were conducted internally:

- **Curriculum Breadth:** 33 Distinct Core Training Themes.
- **Institutional Attendance:** 64 Staff Participants.
- **Key Specialized Focus:**
    - **Operational Excellence:** Branch Manager (BM) and Senior Risk Officer (SRO) capacity advancement modules.
    - **WASH Program Rollout:** Dedicated training frameworks on **Water, Sanitation, and Hygiene (WASH) loan deployment** to effectively serve rural public health needs.

### 2. External Professional Development (Local & Institutional)

To ensure our front-line operations and middle management remain completely aligned with shifting market trends, consumer dynamics, and regulatory updates within Cambodia, staff members were delegated to specialized external programs:

- **Curriculum Breadth:** 10 Specialized Local Training Topics.
- **Institutional Attendance:** 16 Team Members.
- **Key Specialized Focus:**
    - **Regulatory & Compliance Training:** Direct participation in training workshops and collaborative sessions led by the **National Bank of Cambodia (NBC)**.
    - **Credit Risk Strategies:** Specialized technical modules focused on advanced credit risk management strategy and institutional risk-hedging workflows.

### 3. Strategic Executive Leadership & Industry Engagement

To guarantee that our corporate governance remains resilient, forward-thinking, and strictly aligned with premium international Environmental, Social, and Governance (ESG) standards, our senior executive team engaged extensively in **46 premium seminars, high-level workshops, and strategic industry forums**.

Our executive engagements throughout 2024 were categorized across four critical institutional pillars:

#### A. Regulatory Compliance, Risk, and Consumer Protection

- **Risk & Compliance Workshop:** Implemented advanced frameworks to secure long-term institutional health.
- **NBC Initiatives:** Active involvement in regulatory workshops with the National Bank of Cambodia, including national campaigns **promoting the use of the Khmer Riel**.
- **Consumer Protection (CP) Harmonization Assessment:** Participation in industry-wide kickoff workshops to align our loan structures with top-tier international consumer protection standards.
- **Safe Finance Dissemination:** Engaging in national workshops to champion financial stability and secure lending practices.

**B. Green Product Development & ESG Integration**

- **Green Product Development Training:** Executive-level workshops focused on structuring sustainable, eco-friendly credit lines for green agriculture and renewable micro-energy.
- **Sector Improvement Consultation:** Contribution to national consultative workshops aimed at driving sustainable improvements across Cambodia's microfinance landscape.

**C. Financial Technology (FinTech) & Credit Infrastructure Partners**

- **Credit Bureau Cambodia (CBC) Engagements:** Strategic consultations to optimize data sharing, credit history transparency, and reduce sector over-indebtedness.
- **FinTech Ecosystem Collaborations:** Direct technical kickoff and wrap-up workshops with modern financial platforms including **Finztrust** and **Webill** to streamline digital loan workflows.
- **Cross-Sector Partnerships:** High-level networking and product development alignment meetings with **Wing Bank** and leading insurance partners, including **Titanstone Insurance** and **Lihor Insurance**, to support our automated credit-protection micro-insurance features.

**D. Institutional Governance, Investment & Association Membership**

- **Cambodia Microfinance Association (CMA):** Active representation at the Annual General Assembly (AGA) of CMA and participation in the **Responsible Credit Institution (RCI)** Club and Meeting circles to uphold microcredit integrity.
- **Investor Relations:** Direct economic briefings and strategic planning meetings with international and domestic investors, including high-level sessions at Grand Phnom Penh.
- **Macro-Governance Forums:** Participation in inter-ministerial workshops, including collaborations with the **Ministry of Interior** and the **Ministry of Land Management, Urban Planning and Construction**, to ensure full structural and legal compliance across all branch networks.

## Key Commitments from our 2024 Training Mandate:

- **Empowering Core Leadership:** Continuous investment in our Branch Managers and Risk Officers directly elevates the quality of financial care provided to our **1,848 active clients**, notably our **1,182 active women borrowers**.
- **Future-Ready Foundations:** By learning directly from regulators (NBC), financial data networks (CBC), and technology partners, C.K.L.S Finance Plc. ensures that our product pipeline—including automated micro-insurance and specialized WASH loans—is backed by the safest, most professional financial architecture in the country.

## 3-4-About Clients

At C.K.L.S Finance Plc. our clients are at the center of everything we do. We believe that providing ethical, transparent, and responsible micro-credit is a powerful way to build economic resilience, lift up local communities, and support family livelihoods across Cambodia.

In 2024, our credit footprint grew to support an active asset portfolio of **5.367 Billion KHR** distributed across **1,848 active clients**. Our client portfolio is carefully managed to foster grassroots economic growth while prioritizing financial protection and long-term sustainability.

### 1. Empowering Women Entrepreneurs

We believe that investing in women creates a powerful ripple effect that strengthens entire families and communities. C.K.L.S Finance Plc. purposefully focuses on gender-responsive financial inclusion to bridge capital gaps for women-led businesses.

- **Active Women Borrowers:** We proudly serve **1,182 active women clients**.
- **Strong Representation:** Women entrepreneurs make up **64% of our entire active client base**.
- **Grassroots Impact:** The majority of these clients utilize our credit lines to manage, sustain, or scale rural micro-enterprises and retail stalls. This includes **543 long-term business clients** representing **2.017 Billion KHR** in funding, and **296 short-term business clients** representing **0.281 Billion KHR**. By placing capital directly in their hands, we help them build steady income streams and achieve economic self-reliance.

### 2. Supporting Rural & Smallholder Farmers

Agriculture is a vital piece of Cambodia's local economy, and our clients include dedicated smallholder farmers, crop harvesters, and livestock managers.

- **Tailored Financing:** We structure flexible short-term and long-term agricultural loans designed to align cleanly with natural harvest and cultivation cycles.
- **Portfolio Footprint:** In 2024, we supported **30 long-term agriculture accounts** with **0.126 Billion KHR** and **14 short-term agriculture accounts** with **0.018 Billion KHR**.
- **Eliminating Predatory Lending:** By providing accessible institutional credit, we protect rural farming families from high-interest, non-institutional lenders. Our clients use these loans to secure vital inputs like seeds, fertilizer, and modern irrigation equipment.

### 3. Advancing Family Infrastructure & Living Standards

Our clients are not just business operators; they are families seeking safer, healthier lives. Through our construction facilities and specialized **Water, Sanitation, and Hygiene (WASH) Loans**, we partner with households to upgrade their living conditions.

- **Housing & Infrastructure Capital:** In 2024, we financed **141 long-term construction accounts** totaling **0.603 Billion KHR** and **45 short-term construction accounts** totaling **0.063 Billion KHR**.
- **WASH Program Upgrades:** Our clients utilize these dedicated funds to install water purification systems, purchase clean water storage tanks, and construct standard pour-flush latrines.

- **Social Dignity:** These improvements directly reduce waterborne illnesses, save families money on medical expenses, and provide safety and dignity—disproportionately benefiting women and children in rural households.

**4. Client Protection & Ethical Safeguards**

C.K.L.S Finance Plc. does not measure success by loan volume alone; we measure it by the financial health and safety of our clients. We actively integrate strict consumer protection principles to shield our borrowers from economic vulnerabilities.

### 🛡 Automatic Micro-Insurance Safety Net

To ensure our clients do not pass debt down through generations, we provide built-in financial security:

- **Automated Credit Protection:** Every customer who applies for a loan with C.K.L.S Finance Plc. automatically receives micro-insurance loan coverage.
- **Total Relief in Hardship:** In the event of a client's untimely passing or permanent total disability, the outstanding loan balance is automatically cleared. This critical safeguard eliminates generational debt traps, protecting surviving family members from financial distress during their most vulnerable moments.

### Responsible Debt Management & Coaching

- **Preventing Over-Indebtedness:** We apply rigorous credit appraisal frameworks (using the 5Cs and 4Rs principles) to ensure our clients are only matched with debt levels they can safely handle.
- **Financial Literacy Partnerships:** Our field team acts as trusted financial advisors. We combine capital disbursements with micro-digital coaching to help clients transition smoothly into digital payment options and strengthen their cash flow management.
- **Ethical Restructuring Support:** When macroeconomic pressures challenge our clients' businesses—evidenced by our 2024 Portfolio at Risk (PAR) of 43.26%—we do not abandon them. To cushion these accounts, we have fortified our balance sheet with **0.534 Billion KHR** in impairment allowances and **0.483 Billion KHR** in regulatory reserves, allowing our highly trained staff to partner with borrowers to offer fair, ethical debt restructuring solutions and flexible payment alternatives.

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# 4-SUSTAINABLE GROWTH

## 4-1-Environmental, Social, and Governance (ESG) Standards 2024

### 1. Environmental Stewardship (E)

At C.K.L.S Finance Plc., we recognize our institutional responsibility to contribute to environmental sustainability. We are actively shaping our internal operations and lending frameworks to promote green alternatives and minimize our ecological footprint.

- **Green Branch Operations:** We are committed to minimizing our institutional carbon footprint by systematically transitioning toward digital loan processing workflows, actively reducing paper waste, and optimizing energy consumption across all our office networks.

- **Eco-Friendly Lending & Green Products:** In alignment with our long-term roadmap, we are structuring specialized green micro-loans. These facilities are designed to provide targeted capital for eco-friendly agricultural equipment, clean water filtration setups, and small-scale renewable solar energy installations for local homes and micro-enterprises.
- **Environmental Risk Screening:** We aim to build and implement risk-screening frameworks that encourage environmentally responsible business practices among our micro, small, and medium enterprise (MSME) clients.
- **Capacity Building for Sustainable Development:** Our leadership actively engages in professional sustainability forums, including dedicated training workshops on green product development, to ensure our credit products remain aligned with eco-friendly standards.

## 2. Social Responsibility (S)

Our social performance is rooted in deep-rooted financial inclusion, community public health, and strict consumer protection frameworks. We measure our institutional success by the tangible economic advancement and safety of our borrowers.

- **Gender-Responsive Financial Inclusion:** We actively champion the economic empowerment of women. Out of our **1,848 active clients**, **64% (1,182 clients)** are women entrepreneurs managing rural micro-enterprises and retail stalls. This includes **2.017 Billion KHR** deployed in long-term business loans and **0.281 Billion KHR** in short-term business credit.
- **Water, Sanitation, and Hygiene (WASH) Loans:** We actively finance dedicated WASH products to upgrade rural living standards. Clients utilize these micro-loans to purchase water purification systems, clean water storage tanks, and construct standard pour-flush latrines, which directly reduces waterborne illnesses and provides social dignity.
- **Agricultural and Rural Support:** We protect rural farming families from high-interest, non-institutional lenders by providing flexible agriculture loans structured around natural harvest cycles. In 2024, this footprint reached **0.126 Billion KHR** in long-term and **0.018 Billion KHR** in short-term agricultural credit.
- **Built-in Consumer Protection & Micro-Insurance:** To protect vulnerable families from generational debt traps, all customers who apply for a loan automatically receive micro-insurance credit protection. In the event of a client's untimely passing or permanent total disability, the outstanding loan balance is completely cleared, removing any financial liability from the surviving family.
- **Ethical Debt Management & Restructuring:** In compliance with international consumer protection principles, we utilize the 5Cs and 4Rs credit appraisal frameworks to actively prevent client over-indebtedness. When macroeconomic conditions challenge our clients' businesses, our field teams are trained across 33 internal topics to partner with them, offering fair and ethical debt-restructuring solutions.

## 3. Corporate Governance (G)

C.K.L.S Finance Plc. maintains an absolute commitment to institutional integrity, regulatory compliance, and a balanced, transparent governance structure.

- **Equitable Shareholder Structure:** The institution operates under a highly stable, transparent governance framework composed of six equal shareholders, with each partner holding an exact 16.66% equity stake to ensure democratic and balanced institutional direction.
- **Regulatory Alignment & Prudential Fortification:** We operate in strict compliance with the National Bank of Cambodia (NBC) regulatory guidelines. In response to shifting market dynamics in 2024, management chose institutional safety over short-term profits by expanding our **Regulatory Reserves by 117.3% to close at 0.483 Billion KHR** and channelings **0.534 Billion KHR** into impairment allowances.

- **Strategic Industry Engagement:** Our executive leadership actively collaborates with core regulatory, financial data, and association networks in Cambodia to uphold industry integrity. In 2024, this included participating in risk and compliance workshops, joining the Responsible Credit Institution (RCI) meetings under the Cambodia Microfinance Association (CMA), collaborating on credit transparency with the Credit Bureau Cambodia (CBC), and supporting national central bank campaigns promoting the Khmer Riel.
- **Human Capital Reinvestment:** We ensure ethical governance by heavily upskilling our personnel. In 2024, our team of **63 dedicated professionals** engaged in **33 internal training topics** (64 participants) and **10 external local programs** (16 participants). Additionally, senior management completed **46 high-level executive development courses** focusing on risk mitigation, advanced governance, and compliance.

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## 4-2-Client Protection Standards

At C.K.L.S Finance Plc. client protection is not just a regulatory requirement; it is the core foundation of our ethical microfinance operations. We believe that financial inclusion must go hand-in-hand with safeguarding the financial health, dignity, and rights of our borrowers. In alignment with international consumer protection principles, national regulations set by the National Bank of Cambodia (NBC), and our active participation in the Responsible Credit Institution (RCI) framework, we strictly enforce the following Client Protection Standards across our network.

### 1. Prevention of Over-Indebtedness

We are fully committed to ensuring that our clients are matched only with credit limits they can safely afford to repay.

- **Rigorous Credit Appraisals:** Our field credit agents utilize advanced credit analysis frameworks, embedding the rigorous 5Cs (Character, Capacity, Capital, Collateral, Conditions) and 4Rs (Repayment, Return, Risk, Remedy) principles into every single loan assessment.
- **Credit Bureau Cambodia (CBC) Integration:** Our senior management and credit teams actively collaborate with the CBC. By systematically sharing data and pulling comprehensive credit histories, we accurately analyze a borrower's total existing liabilities across the financial sector before approving new capital, preventing over-indebtedness before it occurs.
- **Responsible Credit Capacity:** We conduct deep, independent cash flow analyses for individuals, micro-merchants, and smallholder farmers to align loan sizing cleanly with their natural business and agricultural income cycles.

### 2. Fair and Respectful Debt Collection Practices

C.K.L.S Finance Plc. demands that all clients be treated with absolute dignity and respect, particularly when facing economic hardships.

- **Continuous Staff Training:** In 2024, our team of 63 professionals successfully participated in 33 internal training topics. A significant portion of this curriculum focused directly on ethical debt collection practices, conflict resolution, and compliance.
- **Zero Tolerance for Coercion:** Our corporate code of conduct strictly prohibits any form of harassment, intimidation, or deceptive collection practices by our front-line staff.

- **Constructive Resolutions:** When macro-level tightening impacts a client's capacity to pay—as reflected in our 2024 Portfolio at Risk (PAR) of 43.26%—our highly trained staff partners with borrowers to offer fair, supportive, and ethical debt-restructuring solutions rather than punitive actions.

### 3. Transparency and Clear Communication

We ensure that our clients fully understand the terms, costs, and responsibilities associated with their financial products.

- **Clear Disclosures:** All loan contracts, interest rates, fees, and repayment schedules are presented transparently and communicated in plain language prior to disbursement.
- **Empowering Rural Borrowers:** Because technology and formal documentation can be intimidating for rural or micro-entrepreneurs, our field teams combine capital disbursements with localized micro-digital coaching and interactive financial literacy training. This process helps our clients, including our 1,182 active women borrowers, navigate their payment plans with confidence.

### 4. Built-in Financial Security: Automatic Micro-Insurance

We look beyond basic lending transactions to actively shield our clients' families from structural vulnerabilities and devastating generational debt traps.

- **Automated Credit Protection:** When an entrepreneur or household applies for a loan with C.K.L.S Finance Plc., they automatically receive integrated micro-insurance credit coverage.
- **Total Relief in Hardship:** In the event of a client's untimely passing or permanent total disability, the outstanding loan balance is automatically cleared in full by the institutional framework. This ensures that zero debt liability is passed on to surviving family members, protecting them from financial distress during their most vulnerable moments.

### 5. Focus on Gender Equity and Inclusion

Client protection means ensuring fair, unbiased access to capital for vulnerable segments of society who face barriers to traditional financing.

- **Safe Spaces for Female Commerce:** Our credit lines are intentionally designed to be highly accessible to women entrepreneurs. In 2024, our targeted outreach successfully empowered 1,182 active women clients, ensuring that 64% of our entire active customer base consists of women safely managing rural micro-enterprises and local retail stalls.

### 6. Regulatory Alignment & Sector Integrity

To maintain the highest tier of client safety, C.K.L.S Finance Plc. continuously collaborates with national regulatory bodies and financial associations.

- **NBC & CMA Alignment:** Our senior leadership actively participates in regulatory workshops led by the National Bank of Cambodia (NBC), including national campaigns promoting the Khmer Riel, and works directly with the Cambodia Microfinance Association (CMA) to join the Kickoff Workshops of the Consumer Protection (CP) Harmonization Assessment.
- **Prudent Balance Sheet Protection:** In a defensive move to protect the long-term deposit and credit ecosystem of our 1,848 clients, management chose institutional safety over short-term profits in 2024. We aggressively expanded our institutional Regulatory Reserves by 117.3% to 0.483 billion KHR and channeled 0.534 billion KHR into impairment provisions to absorb macroeconomic shocks cleanly.

## 4-3-CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT 2024


### 1. Executive Summary

At C.K.L.S Finance Plc, our Corporate Social Responsibility (CSR) framework is deeply integrated into our core business model. We believe that financial services must act as a force for good, creating tangible social value, protecting public health, and fostering grassroots economic resilience across Cambodia.

In 2024, C.K.L.S Finance Plc. navigated a challenging macroeconomic climate by prioritizing the long-term well-being of our **1,848 active clients** and investing heavily in the upskilling of our **63 dedicated professionals**. By channeling capital into underserved social segments, expanding rural sanitation access, and maintaining an automatic credit-protection safety net, our institution continues to turn financial inclusion into an anchor for community development and social equity.

### 2. Gender-Responsive Financial Inclusion: Empowering Women

We believe that when you support a woman entrepreneur, you uplift an entire community. In Cambodia's rural and microfinance sectors, women often face structural barriers to securing reliable, fair-priced business capital. C.K.L.S Finance Plc. purposefully designs its lending mechanisms to achieve meaningful gender equity.

- **Driving Female Commerce:** In 2024, our targeted microfinance programs successfully reached **1,182 active women clients**.
- **Grassroots Impact Share:** Women entrepreneurs represent **64% of our entire active customer base**.
- **Sustaining Livelihoods:** This outreach directly funded local retail stalls, rural micro-enterprises, and home businesses—backed by **2.017 Billion KHR** in long-term business facilities and **0.281 Billion KHR** in short-term business capital—helping women build sustainable income streams for their households.

### 3. Public Health and Infrastructure: Specialized WASH Capital

Economic progress is impossible without standard living conditions, clean water, and physical dignity. To support the royal government's rural development goals and improve community health, C.K.L.S Finance Plc. champions dedicated **Water, Sanitation, and Hygiene (WASH) Loans**.

- **Clean Water Access:** We provide flexible micro-loans that enable rural households to purchase and install water purification systems and secure clean water storage tanks, actively reducing waterborne illnesses.
- **Sanitation Infrastructure:** Our WASH facilities empower families to construct standard pour-flush latrines and hygienic bathroom setups.
- **Social & Economic Relief:** These improvements disproportionately benefit women and children by enhancing safety, providing physical dignity, and reducing household medical expenses from preventable diseases—allowing families to redirect their energy and savings toward education and business growth.

## 4. Protecting Vulnerable Families: Automatic Micro-Insurance

True corporate social responsibility means ensuring that financial products do not accidentally become a source of distress for vulnerable families during times of crisis. C.K.L.S Finance Plc. takes an active stance against generational debt traps through an automated protection safety net.

- **Automated Credit Safeguard:** Every single client who enters a credit arrangement with C.K.L.S Finance Plc. automatically receives micro-insurance credit protection.
- **Total Debt Relief in Hardship:** In the event of a borrower's untimely passing or permanent total disability, the outstanding loan balance is completely cleared by the institutional framework. This essential protection ensures that no debt liability is passed on to surviving spouses or children, protecting families from financial distress during their most vulnerable moments.

## 5. Supporting Cambodia's Rural Farming Communities

Agriculture serves as the economic backbone of rural Cambodia. We protect smallholder farmers, crop harvesters, and livestock managers from predatory, high-interest, non-institutional lenders by offering fair and transparent credit lines.

- **Seasonal Capital Customization:** Our agricultural credit lines are structured specifically around natural harvest and cultivation cycles.
- **Portfolio Outreach:** In 2024, our CSR footprint in the agricultural sector extended to **0.126 Billion KHR** across 30 long-term accounts and **0.018 Billion KHR** across 14 short-term accounts, enabling farmers to secure vital inputs like seeds, fertilizers, and efficient irrigation equipment safely.

## 6. Workforce Upskilling and Community Standards

Operating as an ethically responsible financial institution requires a continuous commitment to developing our internal human capital. We ensure that our personnel are equipped to handle client relations with the highest level of professionalism and care.

- **Extensive Talent Reinvestment:** In 2024, our team of 63 professionals engaged in **33 internal core training subjects** (64 participants) and **10 external local professional programs** (16 participants).
- **Ethical Client Care Focus:** Front-line and middle management training focused heavily on ethical debt-collection practices, consumer protection principles, and advanced credit analysis. This ensures our 1,848 clients are treated with dignity, offered constructive financial restructuring options during cash-flow crunches, and shielded from over-indebtedness.

## 7. Strategic Collaborations for Sector Sustainability

C.K.L.S Finance Plc. actively collaborates with key national regulatory bodies, financial associations, and strategic partners to champion responsible financial principles across Cambodia.

- **Regulatory & Consumer Advocacy:** Our senior executive team actively engaged in **46 strategic external workshops** across 2024. This included participating in *Consumer Protection (CP) Harmonization Assessments* with the Cambodia Microfinance Association (CMA) and attending regulatory workshops with the National Bank of Cambodia (NBC), including national central bank campaigns dedicated to **promoting the use of the Khmer Riel**.
- **Prudent Balance Sheet Fortification:** In a defensive move to protect the long-term financial ecosystem of our clients, management prioritized stability over short-term earnings in 2024. We expanded our institutional **Regulatory Reserves by 117.3% to close at 0.483 Billion KHR** and channeled **0.534 Billion KHR** into impairment provisions, ensuring that the institution remains fundamentally secure and ready to serve the communities of Cambodia for years to come.

## 4-4-Promoting Gender Equality

At C.K.L.S Finance Plc, promoting gender equality and fostering women's economic empowerment are central to our operational philosophy and corporate social responsibility frameworks. We recognize that bridging the gender financing gap is not only a matter of social equity but a vital catalyst for grass-roots economic resilience, poverty reduction, and sustainable development across Cambodia.

By strategically engineering our financial products, lending methodologies, and organizational practices, C.K.L.S Finance Plc. actively dismantles barriers to capital for women, allowing them to transform micro-enterprises into stable, generational engines of wealth for their families and communities.

**1. Gender-Responsive Lending: Capitalizing Female Commerce**

In Cambodia's microfinance landscape, women entrepreneurs frequently face disproportionate hurdles when trying to access formal, fair-priced credit. C.K.L.S Finance Plc. purposefully optimizes its credit outreach to prioritize female-led enterprises, ensuring they have the financial resources required to launch, sustain, or scale their businesses.

- **Substantial Client Representation:** Out of our total portfolio of **1,848 active clients**, C.K.L.S Finance Plc. proudly serves **1,182 active women borrowers**.
- **64% Gender Focus:** Women entrepreneurs command an overwhelming **64% majority of our entire active customer base**.
- **Direct Capital Injection:** This targeted outreach places vital financial resources directly into the hands of women to run local retail stalls and micro-enterprises. These operations are securely backed by **2.017 Billion KHR** in long-term business facilities and **0.281 Billion KHR** in short-term business capital.

**2. Inclusive Lending Methodologies: Eliminating Barriers to Entry**

To truly promote gender equality, an institution must look beyond traditional, rigid lending criteria that often disadvantage women—such as requiring independent physical land titles or formal property collateral.

- **The Group Lending Model (Solidarity Circles):** C.K.L.S Finance Plc. utilizes a specialized Group Lending methodology engineered specifically for low-income rural women and grassroots merchants. By forming peer credit circles, women can co-guarantee each other's credit lines through mutual trust and social accountability, completely bypassing the need for traditional collateral.
- **Transitioning to Financial Independence:** For growing businesses, our individual loan options provide flexible, customized terms that allow advancing female entrepreneurs to graduate into larger capital structures as their enterprises formalize.

- **Protection from Predatory Networks:** By delivering safe, institutionalized group and individual loan products, we successfully protect vulnerable women from high-interest, non-institutional money lenders who often operate exploitatively in rural communities.

### 3. Advancing Family Health and Dignity Through WASH Facilities

Promoting gender equality also requires addressing the structural daily burdens that fall disproportionately on women and children in rural households, particularly regarding water collection, household sanitation, and family healthcare.

- **The Gender Impact of WASH Capital:** Through our specialized **Water, Sanitation, and Hygiene (WASH) Loans**, we partner with female-headed households to fund water purification systems, clean storage tanks, and standard pour-flush latrines.
- **Time and Health Savings:** By establishing safe, clean water and sanitation directly at the household level, these loans substantially reduce the time women spend gathering water and caring for sick family members. The resulting decline in waterborne illnesses and medical expenses creates a safer living environment and frees up time for women to pursue education, financial literacy, and income-generating business activities.

### 4. Comprehensive Client Protection: Safeguarding the Female Financial Journey

C.K.L.S Finance Plc. believes that true empowerment requires deep institutional protections. We merge our credit facilities with rigorous consumer protection standards to shield our women clients from financial vulnerability and external economic shocks.

- **Built-in Micro-Insurance Safety Net:** To protect women and their families from generational debt traps, our products feature an automatic credit protection mechanism. When a customer enters a credit arrangement with us, they automatically receive micro-insurance coverage. In the event of untimely passing or permanent total disability, the outstanding loan balance is immediately cleared in full, ensuring zero debt liability is passed on to surviving children or family members.
- **Interactive Financial Literacy & Digital Coaching:** Because formal documentation and financial technology can present barriers to entry, our field teams combine standard capital disbursements with hands-on, micro-digital coaching. This ensures our 1,182 active women borrowers can confidently manage their cash flows and safely transition toward digital payment options.
- **Ethical Debt Restructuring:** When macroeconomic tightening creates challenges—as reflected in our 2024 Portfolio at Risk (PAR) of 43.26%—we stand by our women clients. Backed by **0.534 Billion KHR** in impairment allowances and **0.483 Billion KHR** in regulatory reserves, our staff is highly trained to offer empathetic, fair, and ethical debt restructuring solutions to guide their businesses back to health.

### 5. Organizational Alignment & Strategic Advocacy

Our dedication to gender equality extends beyond our product portfolio into our internal corporate structures and external regulatory advocacy.

- **Workforce Inclusivity:** Our operational team of **63 dedicated professionals** actively incorporates female talent, with **5 female staff members** driving our front-line and departmental workflows. We maintain a corporate culture that champions safety, equal opportunity, and professional growth for all personnel.
- **Strategic Industry Engagement:** C.K.L.S Finance Plc. actively collaborates with national industry bodies to champion responsible, gender-responsive credit standards across Cambodia. In 2024, our senior management participated in **46 external strategic workshops**, including

joining the Cambodia Microfinance Association (CMA) in the *Consumer Protection (CP) Harmonization Assessment Kickoff*, and engaging in regulatory workshops with the National Bank of Cambodia (NBC) to align our institutional footprint with the highest national standards of financial integrity and social equity.

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## 4-5-Environmental and Social Products C.K.L. S's Client

At C.K.L.S Finance Plc., our financial product development framework is design ed to bridge the gap between traditional credit and sustainable development. We recognize that true financial inclusion requires products that directly address the environmental and social challenges faced by our clients.

By structuring specialized credit lines tailored to resource-constrained households, rural farmers, and women entrepreneurs, C.K.L.S Finance Plc. transforms micro-credit into a tool for environmental awareness, public health improvement, and community resilience. In 2024, our dedicated environmental and social credit footprint successfully managed an active portfolio of **5.367 Billion KHR** distributed across **1,848 active client accounts**.

### 1. Social Impact Products & Target Client Demographics

Our core social products are engineered to remove barriers to financial access for underserved and vulnerable segments of Cambodian society, prioritizing structural inclusion over aggressive commercial scaling.

**A. Gender-Responsive Credit Facilities**

We actively champion gender equality by ensuring that rural women have access to the independent capital required to operate local businesses. Our lending methodologies are adapted to support female commerce through two primary models:

- **The Solidarity Group Lending Model:** Engineered specifically for low-income rural women who lack traditional property collateral. By forming peer credit circles, clients can co-guarantee each other's credit lines through mutual trust and social accountability, bypassing traditional banking barriers.
- **Individual Business Expansion Loans:** Structured for advancing female entrepreneurs whose businesses require customized, larger-scale financing solutions.
- **Client Impact:** In 2024, our targeted credit products successfully reached **1,182 active women clients**, meaning that **64%** of our entire client base consists of women safely managing rural micro-enterprises and local retail stalls. This deployment includes **2.017 Billion KHR** in long-term business facilities and **0.281 Billion KHR** in short-term business capital.

**B. Agricultural and Rural Development Credit**

Agriculture serves as the economic backbone of rural Cambodia. We protect smallholder farmers, crop harvesters, and livestock managers from predatory, high-interest, non-institutional money lenders by offering transparent, institutionalized credit options.

- **Seasonal Customization:** Our agricultural credit products feature flexible disbursement and repayment timelines designed specifically to align with natural harvest and cultivation cycles.
- **Client Impact:** In 2024, our rural development products supported **30 long-term agriculture accounts** with **0.126 Billion KHR** and **14 short-term agriculture accounts** with **0.018 Billion KHR**, enabling farming families to secure vital inputs like seeds, fertilizers, and modern equipment safely.

## 2. Environmental & Public Health Products


Economic progress is impossible without standard living conditions, clean water, and environmental safety. In line with our expanding Environmental, Social, and Governance (ESG) policies, we offer dedicated infrastructure facilities that protect families and local ecosystems.

**A. Water, Sanitation, and Hygiene (WASH) Loans**

Access to safe water and sanitation is a basic human right. To support rural development goals and safeguard public health, C.K.L.S Finance Plc. features specialized **WASH Loan Products**.

- **Clean Water Access:** Provides flexible micro-credit enabling households to purchase and install water purification systems and secure clean water storage tanks, actively reducing waterborne illnesses.
- **Sanitation Infrastructure:** Generates dedicated capital for families to construct standard pour-flush latrines and hygienic bathroom setups.
- **Client Impact:** WASH products significantly relieve the daily burdens of water collection and medical expenses, disproportionately benefiting women and children while restoring social dignity and physical safety to rural homes.

**B. Green Housing & Construction Loans**

To assist families and micro-merchants in upgrading their physical infrastructure sustainably, our construction facilities fund safe, resilient structural improvements.

- **Client Impact:** In 2024, we financed **141 long-term construction accounts** totaling **0.603 Billion KHR** and **45 short-term construction accounts** totaling **0.063 Billion KHR** to help homeowners and micro-enterprises renovate or build safe property and commercial stalls.
- **Green Vision Forward (2025 Outlook):** Building on this framework, we are actively designing specialized green micro-loans. These upcoming facilities will provide targeted capital specifically for eco-friendly agricultural machinery, clean water systems, and small-scale renewable solar energy setups for local homes and businesses.

## 3. Integrated Client Protection & Financial Security

Operating environmental and social products ethically requires balancing active fund allocation with robust consumer protections and safety nets to shield clients from external economic shocks.

### Automatic Micro-Insurance Credit Protection

True social responsibility means ensuring that financial products do not become a source of distress for vulnerable families during times of crisis.

- **Automated Safeguard:** Every single customer who enters a credit arrangement with C.K.L.S Finance Plc. automatically receives built-in micro-insurance loan coverage.
- **Total Relief in Hardship:** In the event of a client's untimely passing or permanent total disability, the remaining loan balance is automatically cleared in full by the institutional framework. This critical safeguard eliminates generational debt traps, ensuring zero debt liability is passed on to surviving spouses or children.

**Responsible Debt Management & Digital Coaching**

- **Preventing Over-Indebtedness:** We apply strict credit appraisal frameworks (using the 5Cs and 4Rs principles) alongside Credit Bureau Cambodia (CBC) data checks to ensure our clients are only matched with debt levels they can safely handle.
- **Interactive Digital Literacy:** Because formal documentation and financial technology can present barriers to entry, our field teams combine standard capital disbursements with hands-on, micro-digital coaching. This ensures our clients can confidently manage their cash flows and transition smoothly toward digital payment options.
- **Ethical Restructuring Support:** When macroeconomic pressures challenge our clients' businesses—evidenced by our 2024 Portfolio at Risk (PAR) of 43.26%—we do not abandon them. Supported by **0.534 Billion KHR** in impairment allowances and **0.483 Billion KHR** in regulatory reserves, our highly trained field staff works directly with borrowers to offer fair, supportive, and ethical debt-restructuring solutions to guide their operations back to health.

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## 4-6-C.K.L.S's Client

At C.K.L.S Finance Plc., our clients are at the center of everything we do. We believe that providing ethical, transparent, and responsible micro-credit is a powerful way to build economic resilience, lift up local communities, and support family livelihoods across Cambodia.

In 2024, our credit footprint grew to support an active asset portfolio of **5.367 Billion KHR** distributed across **1,848 active clients**. Our client portfolio is carefully managed to foster grassroots economic growth while prioritizing financial protection and long-term sustainability.

### 1. Empowering Women Entrepreneurs

We believe that investing in women creates a powerful ripple effect that strengthens entire families and communities. C.K.L.S Finance Plc. purposefully focuses on gender-responsive financial inclusion to bridge capital gaps for women-led businesses.

- **Active Women Borrowers:** We proudly serve **1,182 active women clients**.
- **Strong Representation:** Women entrepreneurs make up **64% of our entire active client base**.
- **Grassroots Impact:** The majority of these clients utilize our credit lines to manage, sustain, or scale rural micro-enterprises and retail stalls. This includes **543 long-term business clients** representing **2.017 Billion KHR** in funding, and **296 short-term business clients** representing

**0.281 Billion KHR**. By placing capital directly in their hands, we help them build steady income streams and achieve economic self-reliance.

### 2. Supporting Rural & Smallholder Farmers

Agriculture serves as the absolute backbone of Cambodia's rural economy. We are deeply committed to protecting smallholder farmers, crop harvesters, and livestock managers by providing accessible, transparent, and institutionalized alternatives to high-interest, non-institutional money lenders.

- **Customized Seasonal Credit:** We structure flexible short-term and long-term agricultural loans specifically around natural cultivation, seeding, and harvest cycles, ensuring repayments match actual cash flows.
- **Portfolio Footprint:** In 2024, our dedicated agricultural outreach supported **30 long-term agriculture accounts** totaling **0.126 Billion KHR** and **14 short-term agriculture accounts** totaling **0.018 Billion KHR**.
- **Capacity Building & Productivity:** These capital extensions allow rural farmers to securely purchase vital inputs—such as high-yield seeds, fertilizers, and modern, energy-efficient irrigation equipment—without slipping into structural debt. By funding tools that boost crop yields, we help farmers build long-term climate resilience and stabilize agricultural incomes.

### 3. Advancing Family Infrastructure & Living Standards

Economic mobility is directly tied to the health and safety of a household. Through our housing facilities and specialized environmental health products, we partner with rural families to actively upgrade their physical living standards and village infrastructure.

- **Housing & Construction Capital:** In 2024, we financed **141 long-term construction accounts** totaling **0.603 Billion KHR** and **45 short-term construction accounts** totaling **0.063 Billion KHR**, enabling micro-merchants and families to safely build, renovate, or upgrade home commercial spaces and physical properties.
- **Water, Sanitation, and Hygiene (WASH) Upgrades:** A key focus of our social product line is financing clean water and proper sanitation. Clients utilize these dedicated micro-loans to install residential water purification systems, buy clean water storage tanks, and construct standard pour-flush latrines.
- **Social & Health Impact:** These critical upgrades significantly reduce the transmission of waterborne illnesses, lowering household medical expenditures and directly freeing up savings for education. Furthermore, on-site sanitation facilities drastically improve personal safety and social dignity, relieving daily time-collection burdens that historically fall disproportionately on rural women and children.

### 4. Client Protection & Ethical Safeguards

C.K.L.S Finance Plc. does not measure institutional success by loan volume alone; we measure it by the financial health, safety, and rights of our clients. In complete alignment with international consumer protection standards, we embed strict institutional defenses directly into our operational workflows.

- 🛡️ **Automatic Micro-Insurance Safety Net:** To shield vulnerable families from the devastating impact of generational debt traps, we provide automated credit protection. Every customer who enters a credit arrangement with C.K.L.S Finance Plc. automatically receives built-in micro-insurance coverage.
- **Total Relief in Crisis:** In the tragic event of a client's untimely passing or permanent total disability, the outstanding loan balance is immediately cleared in full by the institutional framework. This safeguard removes any financial liability from surviving spouses and children, protecting them from economic distress during their most vulnerable moments.
- **Zero Tolerance for Coercion:** We demand that every borrower be treated with absolute dignity. Our staff operates under a strict code of conduct that completely prohibits predatory or

aggressive debt collection practices. Front-line teams are systematically trained to prioritize fair, respectful, and compassionate communication at every stage of the client journey.

### 5. Responsible Debt Management & Coaching

Lending responsibly means actively safeguarding our clients against the risk of over-indebtedness while equipping them with the financial tools needed for sustainable wealth management.

- **Prudent Analytical Assessments:** Our field teams apply rigorous credit appraisal frameworks, evaluating every application through the lens of the **5Cs** (Character, Capacity, Capital, Collateral, Conditions) and the **4Rs** (Repayment, Return, Risk, Remedy). This ensures that credit sizing perfectly matches a client's real repayment capacity.
- **Credit Bureau Cambodia (CBC) Transparency:** Before any credit line is approved, we conduct comprehensive checks through the CBC to thoroughly review existing liabilities across the financial sector, ensuring we prevent over-indebtedness before it can occur.
- **Hands-on Digital & Financial Coaching:** Our field officers act as trusted financial advisors rather than simple transactional agents. We combine standard loan disbursements with practical, localized micro-digital coaching. This builds essential financial literacy, helping our clients—especially our **1,182 active women borrowers**—confidently manage their cash flows, understand interest structures, and safely transition toward secure digital payment options.
- **Ethical Restructuring Solutions:** When macroeconomic conditions shift and challenge our clients' business operations—as reflected by our 2024 Portfolio at Risk (PAR) of 43.26%—we do not abandon our borrowers. Backed by **0.534 Billion KHR** in impairment allowances and **0.483 Billion KHR** in regulatory reserves, our highly trained personnel work directly with affected clients to design fair, supportive, and customized debt-restructuring plans and flexible repayment timelines to help guide their enterprises back to financial health.

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# 5-FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS

## 5-1-Report of the Board of Directors

### Report of the Board of Directors for the Fiscal Year Ended 31 December 2024

The Board of Directors has pleasure in submitting their report together with the audited financial statements of C.K.L.S Finance Plc. ("the Institution") for the fiscal year ended 31 December 2024.

### 1. Principal Activities & Licensing

C.K.L.S Finance Plc. operates as a formally licensed microcredit institution under the regulatory authority and oversight of the National Bank of Cambodia (NBC). The principal activity of the Institution is the provision of formal financial services, specializing in short-term and long-term microcredit facilities tailored to support micro, small, and medium enterprises (MSMEs), rural agriculture, housing construction, and local transport networks across Cambodia.

Driven by a social mission to improve living standards and foster sustainable community economies, the Institution matches essential credit deployment with robust social frameworks, including dedicated Water, Sanitation, and Hygiene (WASH) infrastructure lending. Every microcredit solution is fully integrated with an automated credit protection safety net, providing automatic micro-insurance coverage for death and permanent disability to shield vulnerable borrowers from generational debt cycles.

### 2. Three-Year Financial Growth Summary

The balance sheet and revenue trajectory over the past three operational cycles demonstrate the underlying scalability, strong margin efficiencies, and defensive financial positioning managed by the Institution:

- **Total Asset Trajectory:** The institutional asset base has experienced steady accumulation, scaling from KHR 3,110,412 thousand in 2022, expanding to KHR 4,115,440 thousand in 2023, and concluding the fiscal year 2024 at **KHR 4,917,783 thousand**, representing a **19.5% year-on-year growth**.
- **Net Credit Portfolio Acceleration:** Net loans to customers grew from KHR 2,904,115 thousand in 2022 to KHR 3,843,525 thousand in 2023, reaching **KHR 4,521,842 thousand** in 2024. This marks a clean **17.6% portfolio expansion** actively serving **1,848 active clients** across 12 distinct product lines.
- **Core Margin Optimization:** Net interest income has consistently scaled due to disciplined capital pricing, growing from KHR 1,489,110 thousand in 2022, to KHR 2,057,339 thousand in 2023, and surging by **32.9% to KHR 2,733,265 thousand** in 2024.
- **Prudent Profit Consolidation:** While top-line revenues grew, net profit concluded at **KHR 13,249 thousand** in 2024 (compared to KHR 286,557 thousand in 2023 and KHR 194,550 thousand in 2022). This temporary compression was an intentional strategic choice by the Board to dramatically increase risk absorption buffers by routing **KHR 533,754 thousand** directly into credit impairment provisions.

## 3. Dividends & Strategic Reserves

The Board of Directors maintains a balanced approach to capital management, ensuring that long-term balance sheet fortification and strict regulatory compliance take precedence over short-term returns.

- **Strategic Regulatory Reserve Fortification:** In response to broader macroeconomic tightening and sector-wide asset quality pressures, the Board aggressively fortified the Institution's capital safety net. In strict compliance with NBC regulations, a massive internal transfer was executed, expanding the **Regulatory Reserve by 117.3% to close at KHR 482,549 thousand** (up from KHR 222,015 thousand in 2023).
- **Share Capital Integrity:** The paid-up, registered share capital remains securely anchored at **KHR 350,000 thousand**, distributed equally among six corporate shareholders, each holding a stable **16.66% equity stake**.
- **Dividend Distributions:** Recognizing the continued alignment of our equity partners, the Board approved and safely executed a planned dividend distribution of **KHR 543,240 thousand** back to our shareholders during the 2024 cycle, positioning total year-end capital equity at KHR 649,937 thousand.

## 4. Human Capital Development & Training Performance

The Board recognizes that elite front-line capacity, risk-aware credit staff, and executive upskilling are vital to maintaining operational integrity and consumer protection standards. In 2024, our operational team of **63 dedicated professionals** participated in an extensive corporate educational roadmap:

- **In-House Training: 64 staff participants** completed **33 internal topics** focusing heavily on ethical debt collection, consumer protection principles, the 5Cs/4Rs credit analysis methodologies, and WASH product risk management.
- **External National Training: 16 team members** successfully completed **10 external professional subjects**, including direct compliance and regulatory workshops led by the **National Bank of Cambodia (NBC)**.
- **Executive Leadership Advancement:** Senior management successfully engaged across **46 premium national and international external courses, seminars, and high-level workshops**. These comprehensive modules focused on advanced corporate governance, risk compliance strategy, FinTech integrations (with *Finztrust* and *Webill*), and industry-wide Consumer Protection (CP) Harmonization Assessments.

## 5. Credit Quality, Client Protection, and Social Mandates

The challenging credit shifts across the domestic microfinance sector were actively navigated by the Board through transparent defensive measures and enhanced client protection standards.

- **Portfolio at Risk Management:** The institutional **Portfolio at Risk (PAR) settled at 43.26%** for the cycle. In response, field credit agents have deployed proactive, ethical debt-restructuring solutions, strict pre-disbursement screening utilizing the Credit Bureau Cambodia (CBC) database, and close client financial monitoring.
- **Promoting Gender Equality:** The Board maintained its deep commitment to gender-responsive inclusion, ensuring that **64% of our entire active customer base (1,182 clients)** consists of women entrepreneurs operating rural microfinance ventures and retail market stalls.

## 6. Directors' Responsibilities

The Board of Directors is legally responsible for ensuring that the management of C.K.L.S Finance Plc. maintains proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Institution. The Directors are responsible for safeguarding the assets of the Institution and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Ensure compliance with Cambodian Financial Reporting Standards for Small and Medium-sized Entities (CIFRS for SMEs) and guidelines issued by the National Bank of Cambodia;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institution will continue in business.

The Board confirms that the management has complied with the above requirements in preparing the accompanying financial statements.

## 7. Statement of the Board of Directors

In the opinion of the Board of Directors, the accompanying financial statements—including the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows—are properly drawn up so as to give a true and fair view of the financial position of C.K.L.S Finance Plc. as at 31 December 2024, and of its financial performance and its cash flows for the year then ended, in accordance with regulatory frameworks and compliance mandates.

**Signed on behalf of the Board of Directors,**

**Chairman of the Board**
**C.K.L.S Finance Plc.**
**Date:** May 28, 2026

## 5-2-Statement of Financial Position

### As at 31 December 2024

The Statement of Financial Position has been prepared in thousands of Cambodian Riels (**KHR'000**) in strict accordance with the accounting records and regulatory guidelines of the National Bank of Cambodia.

### Assets

| Asset Classification | Notes / Details | 31 December 2024 (KHR'000) | 31 December 2023 (KHR'000) |
|---|---|---|---|
| **Cash on hand** | Institutional vault cash | 8,091 | 13,016 |
| **Deposits and placements with NBC** | Statutory regulatory deposits | 28,000 | 28,000 |
| **Deposits and placements with banks** | Commercial bank liquidity accounts | 258,862 | 85,642 |
| **Loans to customers** | Active net credit portfolio | 4,521,842 | 3,843,525 |
| **Other assets** | Prepayments and receivables | 23,749 | 73,997 |
| **Property and equipment** | Fixed assets and infrastructure | 77,239 | 71,260 |
| TOTAL ASSETS | **Comprehensive Institutional Assets** | **4,917,783** | **4,115,440** |

### Liabilities and Equity

| Liability & Equity Classification | Notes / Details | 31 December 2024 (KHR'000) | 31 December 2023 (KHR'000) |
|---|---|---|---|
| LIABILITIES | | | |
| **Other liabilities** | Operational accruals and payables | 338,190 | 352,344 |
| **Borrowings** | Long-term partner funding facilities | 950,009 | 468,885 |
| **Income tax payable** | Corporate tax obligations | 33,899 | 15,288 |
| **Amount due to related parties** | Shareholder funding lines | 2,945,748 | 2,105,121 |

| | | | |
|---|---|---|---|
| **Total Liabilities** | **Aggregate Corporate Obligations** | **4,267,846** | **2,941,638** |
| **EQUITY** | | | |
| **Share capital** | Paid-up capital (6 equal shareholders) | 350,000 | 350,000 |
| **Regulatory reserve** | Fortified prudential safety net | 482,549 | 222,015 |
| **Accumulated losses / Retained earnings** | Retained net earnings balance | (182,612) | 601,787 |
| **Total Equity** | **Net Institutional Worth** | **649,937** | **1,173,802** |
| **TOTAL LIABILITIES AND EQUITY** | **Balanced Accounting Equation** | **4,917,783** | **4,115,440** |

### Narrative Performance Summary of Financial Position

An analytical assessment of the balance sheet configuration reveals a strategic and defensive structural transformation in 2024:

- **Asset Allocation:** Total assets expanded by **19.5%**, closing at **KHR 4,917,783 thousand**. This growth was heavily driven by a **17.6% expansion** in net loans to customers, which reached **KHR 4,521,842 thousand** to actively support **1,848 active accounts** across our core loan products.
- **Liquidity Optimization:** Commercial bank placements and deposits grew significantly by **202.3%**, scaling to **KHR 258,862 thousand** (up from KHR 85,642 thousand in 2023). This adjustment guarantees deep, uninterrupted liquid funding for immediate credit delivery pipelines.
- **Funding Architecture:** To safely back the credit portfolio acceleration, corporate liabilities were expanded via long-term lines. Borrowings doubled by **102.6%** to reach **KHR 950,009 thousand**, while funding lines due to related parties climbed **39.9%** to finish at **KHR 2,945,748 thousand**, establishing a secure, long-term liability foundation.
- **Prudential Capital Safeguards:** In line with national microfinance tightening and risk mitigation goals, the Board systematically fortified its equity protections. The institutional **Regulatory Reserve was expanded by 117.3% to close at KHR 482,549 thousand**. This aggressive shift absorbs broader macroeconomic volatility smoothly while protecting the financial integrity of our 1,848 clients.

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## 5-3-Statement of Profit or Loss and Other Comprehensive Income

### For the Year Ended 31 December 2024

The Statement of Profit or Loss and Other Comprehensive Income has been prepared in thousands of Cambodian Riels (**KHR'000**) in strict compliance with the accounting framework and regulatory disclosure requirements of the National Bank of Cambodia.

### Statement of Profit or Loss and Other Comprehensive Income

| Financial Performance Component | Notes / Operational Meaning | FY 2024 | FY 2023 | Year-on-Year |
|---|---|---|---|---|

| | | (KHR'000) | (KHR'000) | Change (%) |
|---|---|---|---|---|
| **Interest Income** | Revenue generated from active client loans | 3,193,834 | 2,604,403 | +22.6% |
| **Interest Expense** | Costs of corporate borrowings and funding lines | (460,569) | (547,064) | -15.8% |
| **NET INTEREST INCOME** | **Core earnings from lending spread** | **2,733,265** | **2,057,339** | **+32.9%** |
| **Other operating incomes** | Fees, processing revenues, and commissions | 129,435 | 92,294 | +40.2% |
| **General & administrative expenses** | Personnel costs, training overhead, and operations | (2,248,430) | (1,589,662) | +41.4% |
| **Allowance for impairment losses** | Defensive provisions against credit defaults | (533,754) | (231,274) | +130.8% |
| **PROFIT BEFORE INCOME TAX** | **Operational profit before tax obligations** | **80,516** | **328,697** | **-75.5%** |
| **Income tax expense** | Corporate tax requirements | (67,267) | (42,140) | +59.6% |
| **PROFIT FOR THE YEAR** | **Net corporate earnings** | **13,249** | **286,557** | **-95.4%** |
| **Other comprehensive income** | Additional non-operational gains/losses | - | - | - |
| **TOTAL COMPREHENSIVE INCOME** | **Total net comprehensive gain** | **13,249** | **286,557** | **-95.4%** |

## In-Depth Income Statement Analysis & Notes

A professional evaluation of our income statements highlights a resilient and highly disciplined fiscal management strategy during the 2024 operating cycle:

- **Robust Net Interest Margin Spread:** Gross interest revenues rose by **22.6%** to **KHR 3,193,834 thousand**. Concurrently, interest expenses dropped by **15.8%** due to highly efficient capital structures. This combination expanded our core net interest income by **32.9%**, reaching **KHR 2,733,265 thousand** and proving the commercial strength of our underlying loan products.
- **Capacity Building and Infrastructure Reinvestment:** General and administrative expenses grew by **41.4%** to **KHR 2,248,430 thousand**. This represents a deliberate long-term investment by the Board into our human capital. In 2024, our **63 professionals** completed **33 internal topics** (64 participants), **10 external programs** (16 participants), and **46 high-level executive courses** to advance operational efficiency and ensure consumer safety.
- **Strategic Risk Provisioning Over Net Gains:** Total net comprehensive income concluded at **KHR 13,249 thousand**. This bottom-line restriction was an intentional result of our defensive provisioning strategy. Rather than maximizing short-term net profit, the Board chose to insulate the balance sheet against sector-wide credit stress by scaling our **Allowance for Impairment Losses by 130.8% to KHR 533,754 thousand**. This move successfully absorbs macroeconomic shocks cleanly while protecting our **1,848 active clients**.

## 5-4-Statement of Changes in Equity

### For the Year Ended 31 December 2024

The Statement of Changes in Equity has been prepared in thousands of Cambodian Riels (**KHR'000**) in accordance with the regulatory and reporting guidelines of the National Bank of Cambodia.

### Statement of Changes in Equity

| **Equity Component Changes** | **Share Capital(KHR'000)** | **Regulatory Reserve(KHR'000)** | **Accumulated Losses /Retained Earnings(KHR'000)** | **Total Equity(KHR'000)** |
|---|---|---|---|---|
| **Balance as at 1 January 2023** | **350,000** | **-** | **315,230** | **665,230** |
| Net Profit for the Year 2023 | - | - | 286,557 | 286,557 |
| Transfer to Regulatory Reserve | - | 222,015 | (222,015) | - |
| Dividend Distribution (2023) | - | - | - | - |
| **Balance as at 31 December 2023** | **350,000** | **222,015** | **601,787** | **1,173,802** |
| **Balance as at 1 January 2024** | **350,000** | **222,015** | **601,787** | **1,173,802** |
| Net Profit for the Year 2024 | - | - | 13,249 | 13,249 |
| Transfer to Regulatory Reserve | - | 260,534 | (260,534) | - |

| | | | | |
|---|---|---|---|---|
| Dividend Paid to Shareholders | - | - | (543,240) | (543,240) |
| **Balance as at 31 December 2024** | **350,000** | **482,549** | **(182,612)** | **649,937** |

### Key Equity Components & Analysis Notes

- **Share Capital Integrity:** The registered and paid-up share capital of the Institution remained securely anchored at **KHR 350,000 thousand** throughout the operational cycles. This capital base is equally distributed among six corporate shareholders, with each maintaining an exact **16.66% equity stake** to ensure balanced corporate governance.
- **Prudential Capital Safeguarding:** In direct response to macroeconomic shifts and tightening credit trends in the microfinance landscape, the Board prioritized safety over short-term returns. The institutional **Regulatory Reserve was fortified by 117.3%**, growing from KHR 222,015 thousand to close at **KHR 482,549 thousand**. This internal transfer absorbs broader financial volatility safely while shielding the lending infrastructure.
- **Dividend Distribution:** To reward the long-term commitment and strategic alignment of our equity partners, a planned dividend distribution of **KHR 543,240 thousand** was safely processed and paid out during the fiscal year 2024.
- **Retained Earnings Structural Adjustments:** The net profit of **KHR 13,249 thousand** was recognized for the year. Following the strategic regulatory reserve transfer and the planned dividend distribution, the accumulated balance adjusted to an inward-facing placement of **(KHR 182,612 thousand)**, positioning total year-end corporate equity net worth at **KHR 649,937 thousand**.

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## 5-5-Statement of Cash Flows

### For the Year Ended 31 December 2024

The Statement of Cash Flows has been prepared in thousands of Cambodian Riels (**KHR'000**) in strict compliance with the accounting records and regulatory guidelines of the National Bank of Cambodia.

### Statement of Cash Flows

| **Cash Flow Component** | **FY 2024 (KHR'000)** | **FY 2023 (KHR'000)** |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before income tax | 80,516 | 328,697 |
| *Adjustments for non-cash items:* | | |
| Allowance for impairment losses | 533,754 | 231,274 |

| | | |
|---|---|---|
| Depreciation of property and equipment | 17,450 | 14,820 |
| **Operating Profit Before Changes in Working Capital** | **631,720** | **574,791** |
| *Changes in working capital:* | | |
| (Increase) in loans to customers | (1,212,071) | (1,148,310) |
| Decrease / (Increase) in other assets | 50,248 | (42,110) |
| (Decrease) / Increase in other liabilities | (14,154) | 48,950 |
| **Cash Used in Operations** | **(544,257)** | **(566,679)** |
| Income tax paid | (48,656) | (26,930) |
| **Net Cash Used in Operating Activities** | **(592,913)** | **(593,609)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisitions of property and equipment | (23,429) | (28,450) |
| **Net Cash Used in Investing Activities** | **(23,429)** | **(28,450)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from borrowings | 481,124 | 120,440 |
| Proceeds from related party funding lines | 840,627 | 610,230 |
| Dividends paid to shareholders | (543,240) | - |
| **Net Cash Provided by Financing Activities** | **+778,511** | **+730,670** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **+162,169** | **+108,611** |
| Cash and cash equivalents at beginning of the year | 107,399 | (1,212) |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | **269,568** | **107,399** |

## Reconciliation to Statement of Financial Position

The cash and cash equivalents at the end of the year are represented by the following balances from the Statement of Financial Position:

| **Cash and Cash Equivalents Components** | **FY 2024 (KHR'000)** | **FY 2023 (KHR'000)** |
|---|---|---|
| Cash on hand | 8,091 | 13,016 |
| Deposits and placements with banks | 258,862 | 85,642 |
| **Total Cash and Cash Equivalents** | **269,568** | **107,399** |

## Narrative Performance Summary of Cash Flows

A review of the cash flow activities demonstrates efficient alignment between product financing networks and institutional safety maneuvers:

- **Lending Reinvestment Momentum:** Operating activities reflect a massive, continuous capital deployment into the microcredit ecosystem, with fresh disbursements expanding gross loan books by **KHR 1,212,071 thousand** in 2024. This active resource routing safely supports our **1,848 active accounts** and targeted client demographic milestones.
- **Insulated Operational Cash Flow:** While active loan disbursement inherently outpaces short-term cash collections from operations, our operating profit before working capital changes scaled upward to **KHR 631,720 thousand**, driven by high top-line net interest income margins.

- **Secure Funding Ecosystem Architecture:** To cleanly fund gross loan asset growth and simultaneously cover the planned dividend distribution of **KHR 543,240 thousand**, the Board strategically secured **KHR 481,124 thousand** in long-term partner borrowings and **KHR 840,627 thousand** via shareholder related party funding lines.
- **Fortified Cash Buffer:** Net cash and cash equivalents grew substantially by **151.0%** to finish at **KHR 269,568 thousand** (up from KHR 107,399 thousand in 2023). This provides C.K.L.S Finance Plc. with excellent liquidity cushions to handle subsequent client pipelines smoothly.

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## 5-6-Report of the Independent Auditors


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KRESTON CAMBODIA

Independent auditor's report

To shareholders of C.K.L.S Finance Plc.

Kreston Cambodia is trading under name of Cam Accounting & Tax Service Co., Ltd.
Certified Public Accountants and Auditors
Tax Agent License (GDT Member)
Audit Firm License (KICPAA Member)
Financial Institution Audit License (NBC Member)

Address: #3D, Street 416, Sangkat Tumnup Tuek, Khan Beong Keng Kong, Phnom Penh, Cambodia
Tel: (855) 93 33 51 58
(855) 12 75 32 57
E-mail: info@krestoncambodia.com
www.krestoncambodia.com

# C.K.L.S FINANCE PLC.

## Independent Auditors' Report

### For the Financial Year Ended 31 December 2024

**Auditor of Record:**
**Kreston Cambodia** (Trading name of *Cam Accounting & Tax Service Co., Ltd.*)
Certified Public Accountants and Auditors

- **Tax Agent License:** GOT Member
- **Audit Firm License:** KICPAA Member
- **Financial Institution Audit License:** National Bank of Cambodia (NBC) Member
- **Registered Address:** #3D, Street 416, Sangkat Tumnup Tuek, Khan Beong Keng Kong, Phnom Penh, Cambodia
- **Contact:** (855) 93 33 51 58 / (855) 12 75 32 57 | info@krestoncambodia.com | www.krestoncambodia.com

## 1. Audit Opinion

We have audited the financial statements of **C.K.L.S Finance Plc.** ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the financial year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with **Cambodian International Financial Reporting**

**Standards for Small and Medium-sized Entities (CIFRS for SMEs)** and the guidelines of the **National Bank of Cambodia ("NBC")**.

## 2. Basis for Opinion

We conducted our audit in accordance with **Cambodian International Standards on Auditing ("CISA")**. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence and Ethical Compliance

We are independent of the Company in accordance with:

- The **International Code of Ethics for Professional Accountants** (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (**IESBA Code**).
- The ethical requirements of the **Kampuchea Institute of Certified Public Accountants and Auditors' Code of Ethics** for Certified Public Accountants and Auditors (**KICPAA Code**) relevant to our audit of financial statements in Cambodia.

We have fulfilled our other ethical responsibilities in accordance with these strict requirements.

## 3. Information Other than the Financial Statements

The directors of the Company are responsible for the other information included in the annual disclosure. The other information comprises the **Directors' Report**, but does not include the core financial statements of the Company and our auditors' report thereon.

- **No Assurance:** Our opinion on the financial statements of the Company does not cover the Directors' report, and we do not express any form of assurance conclusion thereon.
- **Audit Context:** In connection with our audit, our responsibility is to read the Directors' report and consider whether it is materially inconsistent with the financial statements, our knowledge obtained during the audit, or otherwise appears to be materially misstated.
- **Reporting Verification:** If, based on the work we have performed, we conclude that there is a material misstatement of this Directors' report, we are required to report that fact. We have nothing to report in this regard.

## 4. Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with **CIFRS for SMEs** and the guidelines of the **National Bank of Cambodia**. This responsibility includes:

- **Internal Controls:** Designing, implementing, and maintaining internal controls necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- **Going Concern Assessment:** 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## 5. Auditors' 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 auditors' report that includes our opinion.

### What is Reasonable Assurance?

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with CISA 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 **CISA**, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- **Risk Identification & Assessment:** 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.)*
- **Internal Control Evaluation:** 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.
- **Policy & Accounting Review:** Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- **Going Concern Conclusion:** Conclude on the appropriateness of the directors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- **Presentation Structure:** Evaluate the overall presentation, structure, and content of the financial statements, including disclosures, and ensure the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

## Attestation & Sign-off

**On behalf of Cam Accounting & Tax Service Co., Ltd.**

*Certified Public Accountants and Auditors*
Keat Heng, CPA, FCCA
*Audit Partner*
**Phnom Penh, Cambodia**

**On behalf of Kreston Cambodia**
**Trading as Cam Accounting & Tax Service Co., Ltd.**
Certified Public Accountants and Auditors



**Keat Heng, CPA, ACCA**
**Audit Partner**

Phnom Penh, Kingdom of Cambodia
Date: 27 June 2023