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C.K.L.S FINANCE PLC.

Annual Report -2025

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CONTENTS

Annual Report 2025

▶ 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

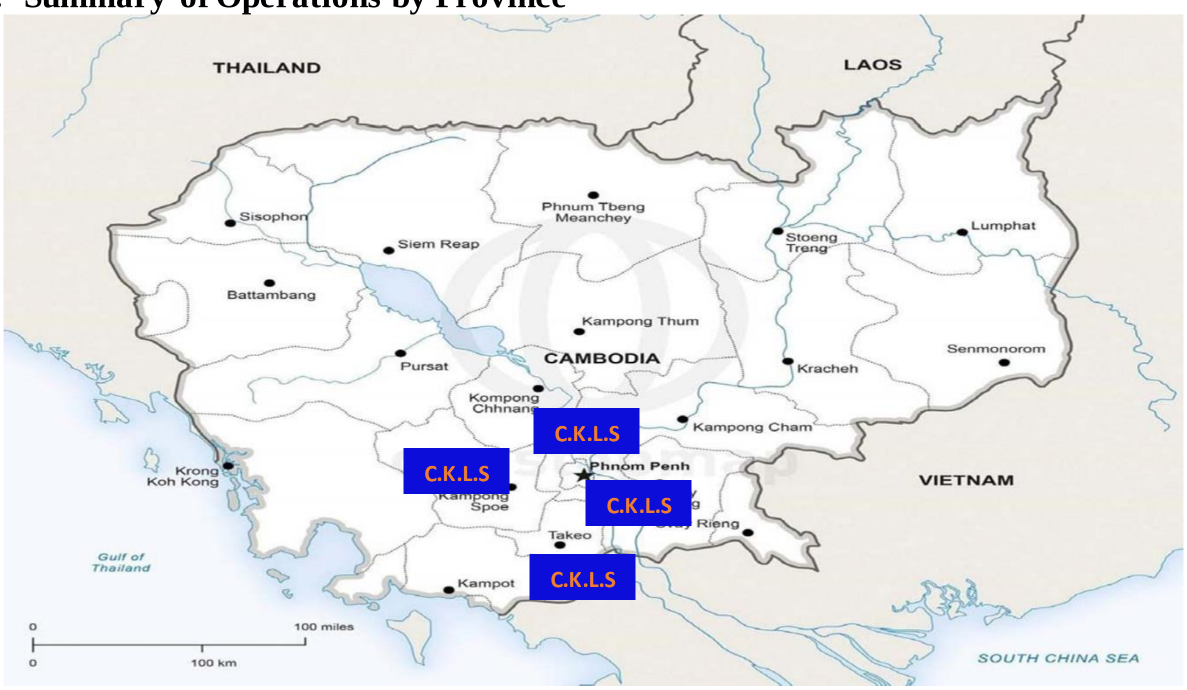
- The First Hand**:** Symbolizes integrity and purity in service. It reflects our dedication to serving shareholders, employees, and the public to the best of our abilities.
- The Second Hand**:** Symbolizes care and protection. It represents our commitment to nurturing and maintaining long-lasting,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

IV-Operating Areas of C.K.L.S Finance Plc 2025

1. **Summary of Operations by Province**



The institution operates across **4 Provinces/Municipalities**, spanning **27 Districts**, **101 Communes**, and **691 Villages**.

The table below aggregates C.K.L.S Finance Plc.'s regional footprint, sorted by total outstanding loan portfolio size:

Province / Municipality	Districts Covered	Communes Covered	Villages Covered	Loan Outstanding (Million KHR)	Total Borrowers
Kampong Speu	9	49	243	2,336.13	669
Takeo	6	24	146	1,375.76	628
Phnom Penh	7	25	102	708.50	199
Kandal	4	20	97	472.41	195
Koh Kong	1	1	1	2.89	1
TOTAL	**27**	**101**	**691**	**4,895.69**	**1,692**

2. The Footprint of C.K.L.S Finance Plc. in 2025

By the close of 2025, C.K.L.S Finance Plc. had successfully woven itself into the financial fabric of Cambodia, operating across 5 provinces and municipalities. Driven by a team of 63 dedicated staff members based out of the central office in Khan Kamboul, Phnom Penh, the institution operates purely on a credit-delivery model. Rather than acting as a deposit-taking entity, it channels its resources entirely into lending—bringing vital micro and small business loans to **1,692 borrowers** throughout **27 districts, 101 communes, and 691 villages**.

Here is how the company’s presence comes to life across its different regions:

Kampong Speu: The Heartland of Operations

Kampong Speu is the undisputed core of C.K.L.S Finance's lending portfolio. Over **2,336 million KHR** in active loans are deployed here, accounting for nearly half of the entire company's portfolio.

- **The Engines of Growth**: **Kong Pisei** and **Samraong Tong** districts serve as the twin pillars of this province, together supporting nearly 500 local borrowers with a combined outstanding balance of over 1,634 million KHR.
- **Deep Rural Reaches**: The company's reach extends through a vast network of 243 villages, reaching all the way into remote communities in districts like **Basedth**, **Samkkei Munichay**, and **Chbar Mon**, while maintaining early-stage lending footholds in **Odongk Maechay**, **Thpong**, **Aoral**, and **Phnum Sruoch**.

Takeo: High-Density Community Lending

Takeo Province represents the second-largest operational cluster, characterized by an energetic and closely knit borrower network. Totaling **1,375 million KHR** in loans, Takeo accounts for **628 active borrowers**.

- **The Bati Hub**: **Bati district** is a massive hub for the institution, supporting **349 individual borrowers** across 73 villages with a total outstanding loan amount of 836.87 million KHR.

- **The Agricultural Corridor**: Operations run deeply through the rural farming and family landscapes of **Samraong** and **Tram Kak** districts, alongside small-scale testing footprints in **Prey Kabbas**, **Doun Kaev**, and **Kaoh Andaet**.

Phnom Penh: The Headquarters and Urban Fringe

As the urban home base of the company, the Phnom Penh Municipality balances corporate coordination with peripheral urban lending, managing an outstanding portfolio of over **708 million KHR** across **199 borrowers**.

- **The Operational Anchor**: **Kamboul district** is the nerve center of the organization, housing the main registered branch office and managing **371.39 million KHR** across 94 borrowers.
- **The Peri-Urban Reach**: Credit agents actively service the developing outskirts of the capital, including **Pur SenChey**, **Praek Pnov**, and **Dangkao**, with light lending presence inside **Saensokh**, **Mean Chey**, and **Russey Keo**.

Kandal: Emerging Corridors

- **Kandal Province**: Serving as a vital economic link wrapped around the capital city, Kandal boasts an active portfolio of **472.41 million KHR** split among **195 borrowers**. This region is dominated by **Angk Snuol district**, which holds 171 of those borrowers, with the remainder spread through **Kandal Stueng**, **Ponhea Lueu**, and **Sampeou Poun**.
- **Koh Kong Province**: Representing the furthest frontier of the current map, Koh Kong remains a minor pilot test sector, consisting of a single loan of **2.89 million KHR** in **Khemara Phoumin district**.

3. Operational Observations

- **Office & Personnel Hub**: The physical footprint is heavily centralized in **Phnom Penh (Kamboul District)**, where the single listed branch office coordinates all credit management operations with a team of **63 staff members** (58 male, 5 female).
- **Zero Deposit Activity**: Across all operating areas, the registered deposit balances and numbers of depositors sit uniformly at **0**, verifying that C.K.L.S operates strictly on a credit-delivery/lending model for rural credit institutions, rather than deposit-taking.

In Summary

When looking at the map of C.K.L.S Finance Plc. in 2025, it is a story of strategic rural focus. While its administrative heart sits comfortably in the capital city of Phnom Penh, its financial lifeblood flows directly out into the fields, markets, and communities of Kampong Speu and Takeo, proving its dedication to empowering the small business owners and families of Cambodia. .

V-Key Figures of C.K.L.S Finance Plc (Audited 2025)

1. Financial Performance (Profit & Loss Highlights)

The fiscal year 2025 was marked by an increase in gross interest earnings, offset significantly by elevated provisioning for credit losses.

- **Gross Interest Income:** KHR 3,468,849,000 *(Up from KHR 3,193,834,000 in 2024)*
- **Interest Expense:** KHR 537,661,000
- **Net Interest Income:** KHR 2,931,188,000
- **Other Income:** KHR 113,514,000
- **Other Operating Expenses:** KHR 2,999,900,000
- **Allowance for Impairment Losses:** KHR 1,663,108,000 *(An increase from KHR 533,754,000 in 2024)*
- **Total Comprehensive Loss:** KHR 1,647,350,000 *(Compared to a net profit of KHR 13,249,000 in 2024)*
- **Dividends Declared & Paid:** KHR 34,904,000

2. Financial Position (Balance Sheet Highlights)

- **Total Assets:** KHR 3,215,959,000
- **Cash and Cash Equivalents:** KHR 61,772,000
- **Gross Loans to Customers:** KHR 5,560,113,000 *(Including KHR 785,736,000 in accrued interest receivable)*
- **Allowance for Loan Losses:** KHR 2,601,840,000
- **Net Loans to Customers:** KHR 2,958,273,000
- **Total Liabilities:** KHR 4,248,276,000
- **Borrowings (Financial Institutions):** KHR 757,872,000
- **Amount Due to Related Parties (Shareholder Loans):** KHR 3,130,867,000
- **Registered Share Capital:** KHR 350,000,000 *(8,750 ordinary shares valued at KHR 40,000 each)*
- **Total Equity:** Negative KHR 1,032,317,000 *(Due to an accumulated loss balance of KHR 1,382,317,000)*

3. Key Operational & Credit Metrics

Data collected across the geographic segments highlights the micro-lending nature of the institution's portfolio.

- **Total Active Borrowers:** 1,692 individuals
- **Active Loan Portfolio Outstanding:** KHR 4,895.69 million *(District breakdown total)*
- **Portfolio Quality Risk (PAR +30 amount):** KHR 1,941.87 million
- **Loans Restructured in 2025:** KHR 240.23 million
- **Write-Off (WO) Amount:** KHR 373.19 million
- **Total Depositors / Deposit Balance:** 0 *(C.K.L.S operates strictly as a credit institution)*

4. Institutional Structure & Human Resources

- **Shareholders:** 7 individuals holding equal equity distribution (14.29% ownership or 1,250 shares each, totaling KHR 50,000,000 per person)
- **Total Staff:** 63 field and office personnel operating out of the single headquarters location
  - **Male Staff:** 58
  - **Female Staff:** 5
- **Operational Footprint:** 5 Provinces/Municipalities, 27 Districts, 101 Communes, and 691 Villages

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1-OUR PROFILE

The History of C.K.L.S Finance Plc.

C.K.L.S Finance Plc. was established with a clear mission to bridge the financial gap for underserved, rural populations across the Kingdom of Cambodia. The company was officially incorporated as a public limited company with the Ministry of Commerce under Registration No. 2000100564 on December 3, 2021. Backed by an initial registered share capital of KHR 350,000,000, the institution was built upon a collaborative governance model led by a unified board of directors and seven primary shareholders holding equal equity stakes.

From its foundational corporate address at No 204, Street 19, Snguon Pech village, Sangkat Kantaok, Khan Kamboul, Phnom Penh, the institution began constructing a financial framework tailored to grass-roots economic development. The early years were dedicated to building operational capacity, mobilizing initial capital resources, and standardizing credit guidelines to safely navigate Cambodia's evolving financial ecosystem.

Strategic Transition: Growth and Scaling

The defining pivot in the institution’s journey occurred on March 28, 2024, when C.K.L.S Finance Plc. officially obtained its formal license from the National Bank of Cambodia (NBC) to operate as a Rural Credit Institution (RCI). This regulatory milestone transitioned the company from an embryonic startup into an authorized financial facility, triggering an aggressive expansion of credit delivery.

Rather than diluting focus through complex deposit schemes, the company strategically committed 100% of its operational resources to a pure lending model. To scale effectively, C.K.L.S built a network of strategic partnerships with prominent local financial institutions, securing critical wholesale borrowing facilities from partners like Camma Microfinance Limited and Kongkea Capital MFI Plc. By the end of 2024, these facilities enabled the company to rapidly deploy credit, establishing an initial gross loan portfolio of KHR 5,459,519,000 and providing immediate financial access to hundreds of rural households, small traders, and farmers.

Institutional Maturity & Future Outlook

By 2025, C.K.L.S Finance Plc. demonstrated deep institutional maturity by expanding its physical and human resource infrastructure to manage a micro-lending footprint spanning 5 provinces, 27 districts, 101 communes, and 691 villages. To support this network, the institution scaled its workforce to 63 dedicated field and administrative professionals operating out of its centralized hub in Khan Kamboul.

The fiscal year 2025 tested the institution's maturity as it encountered shifting market conditions and heightened credit risks across rural communities. Gross interest income climbed to an all-time high of KHR 3,468,849,000, but escalating provisioning requirements led the Board of Directors to proactively absorb a significant allowance for loan impairment losses totaling KHR 1,664,163,000. This aggressive provisioning strategy demonstrates a conservative risk-management posture designed to cleanse the balance sheet and protect long-term financial integrity.

Future Outlook

Moving forward, C.K.L.S Finance Plc. is actively transitioning toward advanced regulatory alignment and systemic modernization. Management is currently evaluating and preparing its accounting frameworks to adopt the **Third Edition of the IFRS for SMEs Accounting Standard (concurrently adopted as CIFRS for SMEs in Cambodia)**, which becomes mandatory for reporting periods beginning on or after January 1, 2027. This structural update will introduce refined standards for financial instrument presentation and revenue recognition. By matching a strong credit risk management framework with updated international compliance standards, C.K.L.S is positioning itself to sustainably scale its loan operations and deepen financial inclusion across Cambodia's rural corridors.

Historical Milestone Timeline

- **December 3, 2021**
  - Official incorporation of C.K.L.S Finance Plc. as a public limited company with the Ministry of Commerce (Registration No. 2000100564) with a registered capital of KHR 350,000,000.
- **2022 – 2023**
  - Development of core internal governance, corporate credit policies, and formalization of the equal-stake seven-shareholder management structure.
- **March 28, 2024**
  - Achieved a critical regulatory milestone by securing an official Rural Credit Institution (RCI) operating license from the National Bank of Cambodia (NBC).
- **December 31, 2024**
  - Concluded the first phase of aggressive scaling, closing the year with a gross loan portfolio of KHR 5,459,519,000 and an operational workforce of 62 employees.
- **Fiscal Year 2025**
  - Expanded geographic lending reach across 5 provinces and 691 villages, servicing 1,692 active borrowers.
  - Achieved record gross interest income of KHR 3,468,849,000.
  - Strengthened institutional balance sheet resilience by absorbing KHR 1,664,163,000 in loan impairment allowances to mitigate portfolio risks safely.

1-2- Strategic Milestones: Resilience and Market Maturation

Strategic Milestones: Resilience and Market Maturation

The operational journey of C.K.L.S Finance Plc. throughout the 2025 fiscal year demonstrates a deliberate transition from an early-stage credit startup into a resilient, risk-conscious institutional lender. Faced with a shifting economic landscape across Cambodia's rural sectors, the company successfully balanced geographic market scaling with a conservative risk management posture.
The institutional advancements that defined this period of corporate maturation include:

- **Absorbing Portfolio Shocks via Robust Provisioning:** Rather than obscuring credit volatility, the Board of Directors took aggressive, transparent steps to fortify the company's long-term financial integrity. The institution proactively allocated **KHR 1,664,163,000** toward allowances for loan losses—a significant increase from the KHR 532,004,000 provisioned in 2024. This cleanup of the balance sheet safely insulates the company against outstanding portfolio risks.
- **Reaching Peak Revenue Generation:** Despite local market challenges, the company's core business model proved highly productive. Gross interest income reached an all-time high of **KHR 3,468,849,000**, climbing from KHR 3,193,834,000 the previous year, which highlights steady credit demand and effective field deployment by loan officers.
- **Achieving Wide Geographic and Demographic Spread:** The organization successfully matured its field operations, extending credit to **1,692 active borrowers**. By deploying credit agents deep into **5 provinces, 27 districts, and 691 villages**, C.K.L.S transformed from a localized lender into a diversified micro-credit network.
- **Maintaining Funding Continuity Through Stakeholder Alignment:** Showing immense structural resilience, the institution successfully maintained its liquidity pipelines. Alongside secured facilities from commercial banks and larger microfinance institutions, the company's seven principal shareholders stepped forward to provide **KHR 3,130,867,000** in unsecured, stable funding, ensuring operational continuity without disruption.
- **Proactive Global Accounting Compliance:** Marking its entrance into full institutional maturity, management began evaluating internal processes to align with the **Third Edition of the IFRS for SMEs Accounting Standard** ahead of its mandatory 2027 enforcement date. Preparing early for these stricter revenue recognition and financial instrument standards positions C.K.L.S as a highly transparent, forward-looking player in Cambodia's formal financial sector.

1-3-Lenders and Strategic Partners

Lenders and Strategic Partners

To support its credit delivery operations and fuel its micro-lending expansion across rural Cambodia, C.K.L.S Finance Plc. relies on a diversified funding structure. This framework is built upon institutional bank borrowings, targeted wholesale facilities from specialized microfinance institutions, and strong, direct capital commitments from its principal shareholders.

The primary lenders and strategic partners driving the institution's liquidity and financial operations include:

- **Principal Banking Partners:** The company maintains robust banking and operational relationships with a network of leading commercial banks and institutions in the region to facilitate its daily treasury operations. These include the **National Bank of Cambodia**, **Wing Bank (Cambodia) Plc.**, **Chief (Cambodia) Commercial Bank Plc.**, and **Sathapana Bank Plc.**
- **Wholesale Institutional Lenders:** C.K.L.S secures structured, long-term commercial borrowings to fund its external loan portfolio. Key financial partners providing these facilities include **Camma Microfinance Limited**—which accounts for the largest institutional facility

at KHR 520,095,000 as of 31 December 2025—and **Kongkea Capital MFI Plc.** The institution also collaborates with **AMK Microfinance Institution Plc.** and previously maintained a fully settled facility with **MVU Investment Plc.**

- **Shareholders and Internal Strategic Partners:** Showing unified institutional alignment, the company's internal stakeholders act as a vital pillar of financial support. The seven core shareholders—**Mr. Svay Sokkhen**, **Mr. Pichet Botha**, **Mr. Pheng Pheap**, **Mr. Yan Sovoeurn**, **Mr. You Saosamphea**, **Mr. Yan Penh**, and **Mr. Nouch Tharo**—collectively provided **KHR 3,130,867,000** in unsecured borrowing facilities, ensuring steady funding continuity and deep internal balance sheet resilience.

1-4-CHAIRMAN'S STATEMENT 2025

Dear Shareholders, Partners, and Friends,

On behalf of the Board of Directors, it is my privilege to present the Audited Financial Statements and Operational Report of C.K.L.S Finance Plc. for the financial year ended 31 December 2025.

The past year has been a defining period of structural maturation, resilience, and deep reflection for our institution. Operating as a licensed Rural Credit Institution (RCI) in Cambodia, our core mission has always been to deliver impactful financial inclusion to individual households, farmers, and micro, small, and medium-sized enterprises (MSMEs) across rural and semi-urban corridors. In 2025, we stayed true to this calling, expanding our field reach to serve an active borrower base of **1,692 individuals**—with an absolute majority of **1,123 female clients**—living across **5 provinces, 27 districts, and 691 villages**.

Financial Performance and Strategic Resilience

From a revenue perspective, our credit delivery engine performed exceptionally well. I am pleased to report that our gross interest income reached an all-time high of **KHR 3,468.85 million**, up from KHR 3,193.83 million in 2024. This steady revenue growth is a direct reflection of the dedication of our field staff and the strong demand for our lending products.

However, the shifting economic realities facing our rural clients this year brought notable credit challenges. In response, your Board of Directors chose a path of absolute transparency and long-term caution over short-term accounting profits. We proactively recognized an aggressive allowance for loan impairment losses totaling **KHR 1,663.11 million**. While this necessary balance sheet cleanup resulted in a total comprehensive loss of **KHR 1,647.35 million** for the year, it ensures that our institution remains fundamentally insulated against outstanding portfolio risks and enters 2026 on highly secure ground.

Strategic Portfolio Growth and Social Impact

A major milestone in our maturation this year is the strategic diversification of our product offerings, moving closer toward integrated community empowerment. Our gross loan portfolio has grown to an active outstanding balance of **KHR 4,895.66 million**, tailored carefully across core sectors:

- **Empowering Micro-Enterprises and Families:** We successfully deployed **KHR 1,392.79 million** in Business Loans to help 446 small traders expand their market footprints, alongside **KHR 1,622.92 million** in Personal Loans to support 553 individuals in managing family logistics.
- **Building Sustainable Infrastructure:** Our Construction Loan products channeled **KHR 1,476.84 million** to 526 borrowers to improve housing and local business structures.
- **Driving Social and Environmental Change (WASH):** Demonstrating our deep ethical commitment to community welfare, we proudly extended specialized credit lines for clean water access, hygiene, and schooling, including **KHR 69.13 million** in active Water, Sanitation, and Education loan accounts.

By strategically balancing our credit structures between short-term facilities (**KHR 539.11 million** in total ST loans) and long-term financial partnerships (**KHR 3,356.55 million** in total LT loans), we have optimized our liquidity lifecycle while offering stable, sustainable support to our clients.

Unlocking Stability Through Internal and External Partnerships

Our ability to navigate this period of maturation highlights the incredible strength of our strategic partnerships. We continue to be backed by premier wholesale institutional lenders, including **Camma Microfinance Limited** and **Kongkea Capital MFI Plc.**, alongside our trusted commercial banking partners.

Equally vital to our institutional resilience is the deep, personal commitment of our governance structure. Demonstrating complete alignment with the company’s vision, our seven principal shareholders stepped forward to provide **KHR 3,130.87 million** in stable, unsecured borrowing facilities. This internal financial backing guaranteed that our liquidity pipelines remained entirely uninterrupted, allowing us to keep supporting our communities when they needed us most.

Looking Forward: Modernization and Sustainable Growth

C.K.L.S Finance Plc. is actively transitioning toward the future. Our management team has already begun evaluating our internal systems to prepare for the mandatory adoption of the **Third Edition of the IFRS for SMEs Accounting Standard (CIFRS for SMEs)** starting in 2027. By matching a strong, defensive risk-management framework with updated international financial compliance, we are reinforcing our foundation to scale sustainably.

Expressions of Gratitude

In closing, I want to express my profound gratitude to our **63 dedicated professionals** whose hard work out in the field keeps our operations moving forward every day. I extend my deepest thanks to the National Bank of Cambodia for their steady regulatory guidance, to our strategic lenders for their continued confidence, and to my fellow shareholders and directors for their unwavering commitment to our shared mission.

Though the economic terrain may shift, our dedication to empowering the hardworking families, small merchants, and farmers of Cambodia remains absolute. We look forward to building a stronger, more inclusive financial future together.

Mr. Svay Sokkhen
Chairman of the Board of Directors
C.K.L.S Finance Plc.

1-5-CEO's ANNUAL REPORT 2025

Dear Shareholders, Members of the Board, and Strategic Partners,

It is my privilege to present the Operational and Financial Report of C.K.L.S Finance Plc. for the financial year ended 31 December 2025.

The past year was defined by market maturation, structural adjustments, and a deep focus on institutional resilience. Following our successful launch and initial licensing, 2025 tested our ability to navigate a changing credit environment across Cambodia's rural and semi-urban sectors. Facing these shifting economic realities, our team focused heavily on strengthening our internal frameworks, optimizing our balance sheet, and protecting our core business operations to ensure long-term stability.

Expanding Market Penetration and Field Impact

Despite an intense economic climate, our credit delivery operations successfully expanded their geographic and demographic footprint across the country. By the end of 2025, our institutional reach achieved significant milestones:

- **Active Borrower Base:** We proudly provided vital micro-credit solutions to **1,692 active borrowers**.
- **Geographic Spread:** Our field operations scaled to cover **5 provinces and municipalities**, penetrating deeply into **27 districts, 101 communes, and 691 villages**.
- **Operational Footprint:** To manage this expansive rural footprint, we grew our workforce to **63 dedicated professionals** operating from our centralized operational anchor in Khan Kamboul, Phnom Penh.

Financial Performance and Conservative Risk Management

From an earnings perspective, our core lending activities performed exceptionally well, demonstrating the strong, ongoing demand for our financial products:

- **Record Interest Earnings:** Gross interest income rose to an all-time high of **KHR 3,468.85 million**, up from KHR 3,193.83 million in 2024.
- **Net Interest Income:** After accounting for KHR 537.66 million in interest expenses, our net interest income stood at a strong **KHR 2,931.19 million**.
- **Proactive Balance Sheet Cleanup:** Shifting economic conditions among our rural clients led to an increase in credit risk. In response, management took a highly conservative and transparent path, recognizing **KHR 1,663.11 million** in allowances for impairment losses.
- **Net Loss and Capital Distribution:** This aggressive provisioning strategy resulted in a total comprehensive loss of **KHR 1,647.35 million**. However, reflecting our strong underlying cash position and commitment to capital returns, the company declared and paid **KHR 34.90 million** in dividends during the year.

Maintaining Capital Resilience Through Strategic Alliances

Sustaining our field operations during this period of balance sheet restructuring required absolute stability across our funding pipelines. We achieved this through a well-balanced mix of external and internal funding partnerships:

- **Institutional Wholesale Funding:** We maintained reliable commercial borrowing facilities totaling **KHR 757.87 million**, anchored by prominent microfinance and banking partners like Camma Microfinance Limited and Kongkea Capital MFI Plc.
- **Shareholder Financial Backing:** Demonstrating absolute alignment with our institutional vision, our seven principal shareholders stepped forward to provide **KHR 3,130.87 million** in unsecured borrowing facilities. This internal financial backing kept our liquidity completely secure, ensuring an uninterrupted flow of credit to our target markets.

Operational Modernization and Regulatory Outlook

C.K.L.S Finance Plc. is actively look forward, using this period of maturation to upgrade our internal reporting and compliance mechanisms. Our management team has formally begun evaluating our systems to prepare for the transition to the **Third Edition of the IFRS for SMEs Accounting Standard (CIFRS for SMEs)** ahead of its mandatory implementation in 2027. This proactive step ensures that our revenue recognition and financial reporting practices align perfectly with international best practices, giving our lenders and partners maximum transparent insight into our operations.

Words of Appreciation

I want to express my deepest gratitude to our 63 managers, credit agents, and administrative staff members whose hard work in the field sustains our business every day. I extend our sincere thanks to the National Bank of Cambodia for their guidance, to our institutional partners for their continued trust, and to our Board of Directors and shareholders for their steady support. By prioritizing risk management and building a highly resilient balance sheet today, we have paved a clear path toward sustainable, inclusive growth for tomorrow.

Sincerely,

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

2-CORPORATE GOVERNANCE 2025

C.K.L.S Finance Plc. is committed to maintaining a robust corporate governance framework that ensures transparency, statutory compliance, and strong risk management across all tiers of its operations. Operating under the guidelines of the National Bank of Cambodia for Rural Credit Institutions, the company's governance structure is designed to protect stakeholder interests while driving sustainable financial inclusion.

1. Board of Directors and Leadership

The Board of Directors is the supreme governing body responsible for setting the company's strategic goals, overseeing financial reporting processes, and ensuring an effective system of internal control. As of 31 December 2025, the Board consists of seven members who bring deep commercial experience to the institution:

Responsibilities of the Board

In preparing the 2025 financial statements, the Directors executed their core fiduciary duties, which include:

- Adopting appropriate accounting policies supported by prudent financial judgments.
- Complying with the disclosure requirements of the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (CIFRS for SMEs).
- Assessing and confirming the company's ability to continue operating safely as a going concern.
- Controlling and directing all material decisions affecting institutional operations and performance.

2. Shareholder Structure and Corporate Alignment

A key strength of C.K.L.S Finance Plc.’s governance model is the absolute alignment of its ownership structure. The company's share capital is distributed equally among its seven founders, ensuring unified strategic direction and joint corporate accountability:

Number of Shares Held	Equity Ownership (%)	Capital Contribution (KHR)
1,250	14.29%	50,000,000
1,250	14.29%	50,000,000
1,250	14.29%	50,000,000
1,250	14.29%	50,000,000
1,250	14.29%	50,000,000
1,250	14.29%	50,000,000
1,250	14.29%	50,000,000
8,750	**100.00%**	**350,000,000**

This balanced corporate structure ensures that all major shareholder decisions, including the declaration of dividends (which totaled KHR 34.90 million in 2025), are made with complete consensus and long-term institutional health in mind.

3. Internal Controls and Risk Management Framework

The Board has established internal guidelines to identify, evaluate, and mitigate risks across the institution's network. Key operational guardrails implemented by the management include:

- **Credit Risk Governance:** The company employs a strict Credit Risk Policy that manages lending limits per borrower or sector. To maintain structural integrity, there is a clear segregation of duties between loan originators, credit evaluators, and final approving authorities.
- **Operational Risk Control:** Governance procedures include strict signing authority limits, system parameter controls, and regular compliance updates to prevent operational gaps or failures.
- **Liquidity Management:** Management closely monitors maturity gaps and cash flows. In 2025, when credit conditions shifted, the shareholders demonstrated ultimate corporate responsibility by personally stepping forward to inject KHR 3,130.87 million in unsecured borrowing lines to maintain perfect liquidity continuity.

4. Independent Auditing and Accountability

To ensure absolute transparency and strict adherence to regulatory standards, the company’s financial reporting process is subject to rigorous external verification.

The independent auditing firm **REACHS & PARTNERS Co., Ltd.** conducted a comprehensive audit of the company’s financial position for the year ended 31 December 2025. The auditors issued an unmodified (clean) opinion, confirming that the company’s financial statements fairly present, in all material respects, its financial position and cash flows in perfect accordance with the CIFRS for SMEs framework.

Approved by: The Board of Directors

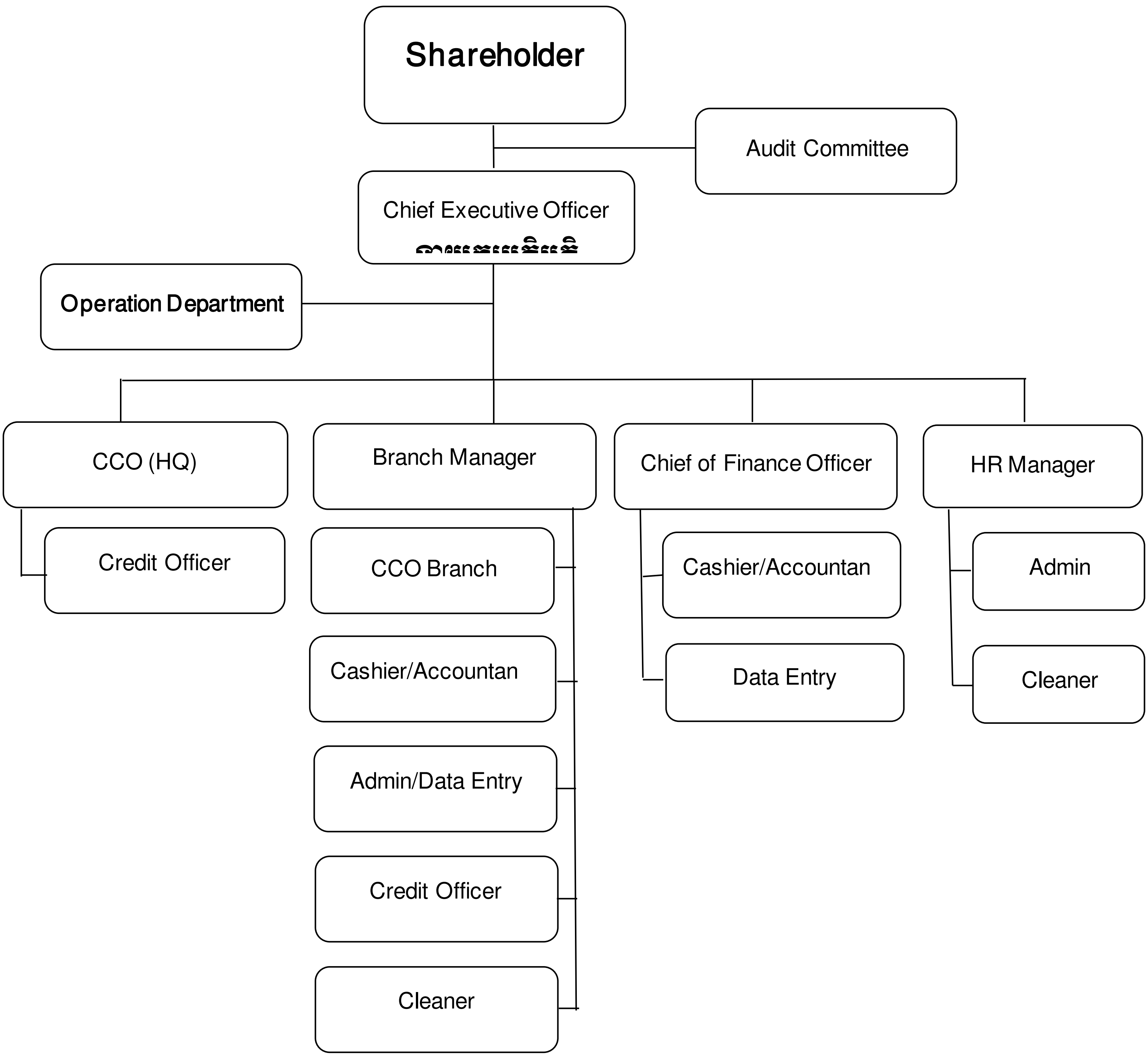
C.K.L.S Finance Plc.

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.

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.

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.

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.

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.

2-3-BUSINESS ETHICS REPORT

C.K.L.S Finance Plc. operates with a profound commitment to ethical corporate behavior, transparency, and social responsibility across all levels of its financial operations. As a licensed Rural Credit Institution (RCI), the company recognizes that standardizing ethical credit guidelines is essential to protecting underserved populations and fostering long-term trust within Cambodia's formal financial ecosystem.

This report highlights the core ethical pillars, corporate practices, and risk guardrails that guided our institution throughout the 2025 fiscal year.

1. Responsible Lending and Consumer Protection

At the heart of C.K.L.S Finance Plc.'s business ethics is the commitment to safe, non-predatory credit delivery. In servicing **1,692 active borrowers**, primarily consisting of individual households, small traders, and rural farmers, the institution actively enforces responsible lending principles:

- **Asset realization protections:** In accordance with rigorous governance rules, the Board of Directors reviews asset valuations periodically to ensure that no recovery action or valuation practice misleadingly compromises a borrower's standing.
- **Balanced credit accessibility:** The company deploys a fair lending model by balancing its product portfolio between secured loans (backed by collateral like land and buildings to minimize risk) and unsecured credit options. This ensures that lower-income micro-entrepreneurs who lack substantial property can still safely access formal capital.
- **Transparent interest structures:** The company maintains a uniform, transparent interest rate structure ranging between 12% and 18% per annum for individual loans, ensuring complete clarity with no hidden fees or predatory rate escalations.

2. Institutional Transparency and Accountable Governance

Ethical behavior begins at the governance level. C.K.L.S Finance Plc. maintains zero tolerance for opaque financial reporting, conflicts of interest, or unfair internal distribution:

- **Consensus-based accountability:** The company's unique equity layout spreads ownership completely equally (14.29% each) among its seven founding shareholders. This ensures that corporate power is never centralized under a single individual and that all strategic expansions are driven by shared consensus and collective ethical responsibility.
- **Complete financial transparency:** The management team provides uncompromised disclosure of its financial status by voluntarily preparing its annual accounts under the strict guidelines of the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (CIFRS for SMEs). These accounts are evaluated independently by third-party auditors (**REACHS & PARTNERS Co., Ltd.**) to guarantee total public transparency for regulators, partners, and lenders alike.

3. Fair Dealing with Lenders and Related Parties

The institution treats its funding partners and shareholders with the highest level of commercial fairness:

- **Ethical transaction disclosure:** Every transaction involving related parties—such as borrowing lines from principal shareholders or cash advances—is strictly disclosed, monitored, and accounted for under Note 23 of our audited books, preventing hidden insider benefits.
- **Honoring commercial commitments:** Despite encountering a challenging credit environment in rural sectors that led to a net loss position, the institution prioritized honoring its obligations. The company successfully managed its debt service lines with institutional wholesale partners like Camma Microfinance Limited and Kongkea Capital MFI Plc. while simultaneously returning KHR 34.90 million in dividends to its patient capital investors.

4. Fair Employment and Workforce Integrity

C.K.L.S Finance Plc. believes that its ethical stance in the field is a direct reflection of how it treats its internal personnel.

- **Workforce growth and investment:** Throughout the economic shifts of 2025, the company did not downsize; instead, it expanded its local workforce to **63 dedicated professionals**, preserving job security and livelihood continuity within the community.
- **Short-term benefit protection:** The company ensures that short-term employee benefits—including competitive wages, performance bonuses, social security contributions, and seniority indemnity payments—are fully accrued and paid out undiscounted, maintaining high standards of workforce welfare.

5. Forward-Looking Ethics: Preparing for 2027 Standards

Demonstrating its commitment to evolving best practices, management has already begun upgrading internal operational parameters to prepare for the **Third Edition of the IFRS for SMEs Accounting Standard** ahead of its 2027 integration date. By proactively aligning its systems with stricter international guidelines on revenue recognition and financial tool presentation, C.K.L.S Finance Plc. affirms its long-term dedication to building an honest, highly compliant, and socially responsible credit institution in Cambodia.

Sincerely,

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

2-4-Risk Management and Internal Control Report 2025

C.K.L.S Finance Plc. maintains an integrated risk management and internal control framework designed to safeguard institutional assets, ensure regulatory compliance, and maintain financial resilience. The Board of Directors holds ultimate accountability for setting risk appetites, defining governance principles, and overseeing the system of internal controls executed by management across the company's 27 operating districts.

1. Credit Risk Management Framework

Credit risk—the potential for financial loss due to a counterparty's failure to meet contractual obligations—remains the institution's primary risk exposure. To manage this, the company enforces a formalized Credit Risk Policy that governs lending boundaries and underwriting standards:

- **Segregation of Duties:** Governance frameworks dictate a clear and absolute separation of corporate duties between loan originators, credit evaluators, and the designated approving authorities to prevent conflicts of interest.
- **Concentration Limits:** The Board establishes and monitors strict lending caps broken down by specific product lines, borrower types, and economic sectors.
- **Collateral Mitigation Guidelines:** To protect capital deployment, the institution employs strict valuation guidelines on acceptable collateral types. Loans are categorized into secured facilities (primarily backed by high-quality land and buildings to assume minimal risk) and unsecured portfolios.
- **Proactive Credit Monitoring:** Using Day Past Due (DPD) metrics as a primary risk indicator, the institution presumes credit risk has risen significantly if contractual payments cross 15 days past due for short-term loans or 30 days past due for long-term loans.

Credit Risk Allocation and Credit Performance (2025)

To reflect changing credit conditions within rural communities, management monitors the portfolio across three distinct quality segments:

- **Neither Past Due nor Impaired:** Good quality loans supported by collateral where the likelihood of default is historically low, totaling **KHR 2,794.71 million**.
- **Past Due but Not Impaired:** Accounts past due less than 30 days for short-term facilities or 90 days for long-term facilities, totaling **KHR 501.43 million**.
- **Individually Impaired:** Accounts showing objective evidence of impairment where full collection is no longer expected, totaling **KHR 1,478.25 million**.

2. Balance Sheet and Liquidity Risk Management

Liquidity risk relates to the institution's ability to maintain sufficient cash or liquid resources to fulfill its ongoing financial commitments and loan disbursements at a reasonable cost.

- **Maturity Gap Analysis:** Management closely monitors all cash inflows and outflows alongside historical maturity structures to align funding lines.
- **Funding Interventions:** Shifting credit parameters in 2025 resulted in a total comprehensive loss of **KHR 1,647.35 million**. To mitigate any potential liquidity gaps, the company successfully coordinated external commercial borrowings totaling **KHR 757.87 million** (primarily through long-term facilities with Camma Microfinance Limited and Kongkea Capital MFI Plc.).
- **Shareholder Support Mechanism:** Acting as an internal liquidity buffer, the company's seven shareholders stepped forward to extend **KHR 3,130.87 million** in unsecured borrowing facilities, successfully securing seamless treasury and funding continuity throughout the year.

3. Operational and Systems Risk Control

Operational risk represents the potential for direct or indirect losses resulting from inadequate or failed internal processes, human error, technical system updates, or external environmental factors.

- **Internal Control Parameters:** Control frameworks are reinforced through clearly defined signing authorities, strict system parameters, and streamlined operational documentation.
- **Oversight and Review:** Baseline internal controls are reviewed periodically against corporate strategies, business volumes, and evolving compliance mandates issued by the National Bank of Cambodia.
- **Personnel Oversight:** With a growing workforce of **63 professionals** operating out of the central office, field and management routines are continuously audited to optimize process efficiency and minimize transaction errors.

4. Market and External Financial Risks

- **Foreign Currency Exchange Risk:** C.K.L.S Finance Plc. transacts essentially within its functional currency, the Khmer Riel (KHR). While monetary items are denominated in KHR, external currency movements are monitored. In 2025, shifting conversion realities resulted in a net foreign currency exchange loss of **KHR 700.62 million**, which has prompted management to enhance internal currency matching practices.
- **Interest Rate Risk:** The institution's financial assets and liabilities carry fixed contractual interest rates, neutralizing exposure to floating market interest rate fluctuations. The company does not utilize derivative financial tools.
- **Tax Contingencies and Compliance:** Due to varying interpretations of complex tax laws, tax positions remain open to review by the General Department of Taxation (GDT) for up to 10 years. Management maintains a conservative tax provision strategy to minimize retroactive assessment exposures.

5. Audit Accountability and Forward Outlook

The internal controls of C.K.L.S Finance Plc. are subject to external evaluation. For the year ended 31 December 2025, independent auditors **REACHS & PARTNERS Co., Ltd.** verified that the internal control structures adequately supported a fair presentation of the company's financial status under the CIFRS for SMEs framework.

Looking forward, management is actively preparing the institution's control and operational environments for the mandatory transition to the **Third Edition of the IFRS for SMEs Accounting Standard** effective in 2027. This ongoing modernization ensures that the institution's risk mapping, credit impairment models, and financial structures remain fully aligned with international best practices.

3-BUSINESS OVERVIEW C.K.L.S Finance Plc (2025)

Core Operational Mandate

C.K.L.S Finance Plc. is officially registered in the Kingdom of Cambodia as a public limited company and operates as a licensed Rural Credit Institution (RCI) under the regulatory authority of the National Bank of Cambodia (NBC). The institution is fundamentally dedicated to bolstering financial inclusion by delivering a targeted range of retail credit services.

To maintain total operational focus, the company operates under a strict, pure lending model. It does not take deposits, meaning 100% of its institutional infrastructure, wholesale capital, and field energy are dedicated exclusively to granting loans to underserved individuals and businesses.

Key Target Segments

The company channels its credit products to support the economic stability and growth of primary socio-economic pillars in developing communities:

- **Individual Households:** Credit tailored for retail consumers and general family welfare management.
- **Rural Farmers:** Seasonal and structural financing deployed directly to agricultural workers.
- **MSMEs:** Secured and unsecured micro-credit options designed to expand small-scale businesses and local trade.

Geographic and Field Presence

During the 2025 fiscal year, C.K.L.S Finance Plc. successfully matured its operational footprint, transforming from a localized entity into a wide-reaching, multi-provincial credit network. Coordinated by its central branch office in Khan Kamboul, Phnom Penh, the company's field reach includes:

- **Provincial Reach:** Active lending operations across **5 provinces and municipalities** (Kampong Speu, Takeo, Phnom Penh, Kandal, and Koh Kong).
- **Demographic Penetration:** Safely servicing **1,692 active borrowers**.
- **Community Footprint:** Operations span **27 districts, 101 communes, and 691 villages** across Cambodia.
- **Human Capital:** Driven by an expanding team of **63 professionals** (58 male, 5 female employees).

Portfolio and Financial Performance Summary

The lending infrastructure achieved significant commercial output in 2025, balanced by a highly conservative approach to credit risk management:

- **Active Lending Portfolio:** Managed a gross customer loan portfolio of **KHR 5,560.11 million** (inclusive of KHR 785.73 million in accrued interest receivable).
- **Record Top-line Growth:** Generated an all-time high of **KHR 3,468.85 million** in gross interest income, up from KHR 3,193.83 million in 2024.
- **Strategic Provisioning:** Proactively absorbed **KHR 1,663.11 million** in allowances for impairment losses to clean up the balance sheet against rural credit risks, resulting in a net comprehensive loss of **KHR 1,647.35 million**.

- **Shareholder Returns:** Maintained solid investor relations by declaring and paying **KHR 34.90 million** in dividends based on strong cash flow considerations.

Sector-Specific Loan Allocation

The company's portfolio is well-diversified across various local economic sectors, minimizing concentration risk:

Operating Sector	2025 Loan Outstanding (Million KHR)	Business Overview / Target Profile
Household / Family	3,495.69	Dominant sector supporting personal credit and domestic needs.
Trade and Commerce	833.56	Wholesale and retail micro-merchants in village marketplaces.
Agriculture	161.56	Independent farmers, crop management, and rural livestock.
Service	114.56	Community-based service providers and small micro-enterprises.
Transportation	7.01	Local vehicle operators, delivery services, and logistics lines.
Construction	2.51	Micro-property developments and household structural enhancements.
Others	159.50	Miscellaneous economic and community activities.

Financing Structure and Strategic Alliances

The business model relies on a highly resilient liquidity network designed to support ongoing portfolio expansion:

- **Wholesale Lenders:** Secures long-term, secured institutional borrowings from major financial partners like **Camma Microfinance Limited** and **Kongkea Capital MFI Plc.**
- **Shareholder Funding Backing:** Capitalized by a unified seven-shareholder base (each holding an equal 14.29% stake), which injected **KHR 3,130.87 million** in unsecured borrowing facilities to guarantee total funding continuity.

Future Strategic Outlook

To ensure long-term market competitiveness, C.K.L.S Finance Plc. is actively standardizing its operational and accounting structures. Management is preparing its systems for the mandatory transition to the **Third Edition of the IFRS for SMEs Accounting Standard (CIFRS for SMEs)** ahead of the 2027 enforcement date. This ongoing modernization ensures that the institution remains a highly compliant, transparent, and resilient leader in Cambodia's rural finance landscape.

Report Prepared by:

The Management Team
C.K.L.S Finance Plc.
Date: 31 December 2025

3-1-PRODUCTS AND SERVICES REPORT 2025

As a licensed Rural Credit Institution (RCI) regulated by the National Bank of Cambodia, C.K.L.S Finance Plc. operates under a strict, credit-only delivery model. To optimize operational focus, the company chooses not to offer deposit-taking or savings accounts. Instead, 100% of its institutional infrastructure, wholesale capital, and field energy are dedicated to delivering retail financing solutions.

Our product line is designed to enhance financial inclusion, support household stability, and fuel micro-enterprise growth across 5 provinces, 27 districts, 101 communes, and 691 villages in Cambodia.

1. Core Lending Products

C.K.L.S Finance Plc. provides targeted credit facilities tailored to the specific needs of individual households, rural farmers, and micro, small, and medium-sized enterprises (MSMEs). These products are deployed under two distinct structures based on the borrower's risk profile and available assets:

- **Secured Loans:** Backed by high-quality collateral, primarily land, buildings, and other properties. This product is designed to minimize risk for the institution while unlocking larger, long-term capital lines for substantial business expansions, agricultural investments, or property development.
- **Unsecured Loans:** Provided without physical property collateral. This flexible product structure relies heavily on robust credit analysis frameworks to extend essential micro-credit to lower-income families, retail traders, and micro-entrepreneurs who lack substantial assets but require immediate liquidity.

2. Key Target Market Segments

Our financial services are explicitly structured around the socio-economic profiles of our core client base:

- **Individual & Family Credit:** Tailored for retail consumers to assist in personal finances, domestic management, and general family welfare stabilization.
- **Agricultural Financing:** Extended directly to independent farmers to fund seasonal inputs, crop cultivation, livestock management, and rural production lines.
- **MSME & Commerce Credit:** Deployed to help micro-merchants and small-scale business owners inside local village marketplaces manage cash flows, acquire stock, and expand local trade.

3. Product Performance & Sector Portfolio Overviews

As of 31 December 2025, the total outstanding loan portfolio deployed across our product lines reached **KHR 4,774.38 million** (with a gross total of **KHR 5,560.11 million** inclusive of KHR 785.73 million in accrued interest receivable). The active allocation of our lending services across local economic sectors includes:

Household / Family Credit Service

- **Portfolio Allocation:** KHR 3,495.69 million.

- **Product Overview:** This is our most widely utilized credit service. It provides immediate capital to rural families, stabilizing domestic consumption, funding household needs, and supporting general family improvements.

Trade & Commerce Credit Service

- **Portfolio Allocation:** KHR 833.56 million.
- **Product Overview:** Serving small retail entrepreneurs and market vendors, this service supplies vital working capital to stimulate local commerce, restock inventories, and support village supply chains.

Agricultural Loan Product

- **Portfolio Allocation:** KHR 161.56 million.
- **Product Overview:** Specifically timed around seasonal crop cycles, this credit service supports farmers by providing the cash flow necessary to purchase seeds, fertilizers, and tools, reinforcing Cambodia's agricultural base.

Service & Community Enterprise Loans

- **Portfolio Allocation:** KHR 114.56 million.
- **Product Overview:** Structured for local service-based micro-businesses to facilitate small-scale operations, upgrades, and local job creation.

Specialized Portfolios (Transportation & Construction Credit)

- **Portfolio Allocation:** KHR 7.01 million for Transportation; KHR 2.51 million for Construction.
- **Product Overview:** Targeted facilities enabling local operators to finance vehicles, manage transport logistics, make micro-property repairs, or implement structural improvements to their homes and businesses.

4. Product Pricing, Terms, and Service Conditions

To maintain absolute transparency and fair dealing with our **1,692 active borrowers**, C.K.L.S Finance Plc. enforces clear, standardized conditions across its lending lines:

- **Interest Rates:** Individual loan products carry competitive, transparent fixed interest rates ranging between **12% and 18% per annum**.
- **Maturity Terms:** Loan products are structured dynamically based on cash flow projections, split between short-term facilities (maturing within one year, totaling KHR 585.09 million) and long-term facilities (ranging from one to five years, totaling KHR 4,189.28 million).
- **Fee & Penalty Transparency:** In accordance with strict ethical guidelines, all fees and late payment penalties are clearly communicated and are recognized strictly upon collection to prevent hidden costs.

5. Product Modernization & 2027 Outlook

To enhance our service delivery, C.K.L.S Finance Plc. is utilizing its team of **63 field and administrative professionals** to refine credit analysis routines. Management is actively preparing our internal operational parameters for the mandatory transition to the **Third Edition of the IFRS for SMEs Accounting Standard (CIFRS for SMEs)** effective in 2027. This ongoing modernization will refine our financial tool presentations and revenue recognition models, ensuring our loan products remain highly competitive, fully transparent, and securely aligned with international best practices.

3-2-BUSINESS PERFORMANCE 2025

Gross Revenue and Net Interest Earnings

During the 2025 fiscal year, C.K.L.S Finance Plc. achieved strong top-line revenue growth, demonstrating robust demand for its credit products across its rural and semi-urban networks.

- **Gross Interest Income:** Climbed to an all-time high of **KHR 3,468.85 million**. This represents an increase over the KHR 3,193.83 million recorded in the previous fiscal year.
- **Interest Expense:** Totaled **KHR 537.66 million**, which was driven by cost-of-funds obligations from commercial bank borrowings and shareholder lending facilities.
- **Net Interest Income:** Reached **KHR 2,931.19 million**, proving the strong baseline profitability of the company's core lending engine.

Operational Expenditures and Non-Interest Income

The company expanded its field infrastructure and organizational capacity, leading to an increase in fixed administrative costs.

- **Other Income:** Contributed **KHR 113.51 million** to gross revenue, primarily driven by late-payment penalty fees and localized currency exchange gains.
- **Other Operating Expenses:** Rose to **KHR 2,999.90 million**. This increase was led by salary and bonus expansions for the company's 63 employees (KHR 1,605.39 million) and net losses on foreign currency exchange fluctuations (KHR 700.62 million).
- **Operating Profit:** Prior to accounting for credit impairment allowances, the company maintained a positive operational profit of **KHR 44.80 million**.

Credit Provisioning and Net Loss Positions

The shifting economic landscape within Cambodia's agricultural and rural sectors led to heightened credit risks across the borrower portfolio. In response, management adopted a highly conservative risk management stance.

- **Allowance for Impairment Losses:** The company proactively absorbed a substantial **KHR 1,663.11 million** charge for credit impairments. This acts as a significant balance sheet cleanup compared to the KHR 533.75 million provisioned in 2024.
- **Net Loss Position:** Due to this aggressive provisioning strategy, the company closed the fiscal year with a total comprehensive loss of **KHR 1,647.35 million**.
- **Dividend Returns:** Despite the accounting loss, the company's healthy underlying liquidity and cash flow considerations allowed it to declare and pay **KHR 34.90 million** in dividends to its investors.

Loan Portfolio and Asset Health

The active credit book reflects the micro-lending nature of the institution, with capital spread widely across local economic sectors.

- **Gross Customer Portfolio:** Stood at **KHR 5,560.11 million**, which includes KHR 4,774.38 million in active principal and KHR 785.73 million in accumulated accrued interest receivable.

- **Net Customer Portfolio:** After deducting the KHR 2,601.84 million accumulated allowance for loan losses, the net active portfolio closed at **KHR 2,958.27 million**.
- **Portfolio Risk Metrics:** Total credit risk exposure included **KHR 1,941.87 million** in Portfolio at Risk (PAR +30) accounts, **KHR 240.23 million** in active restructured facilities, and **KHR 373.19 million** in recognized Write-Offs (WO).

Capitalization and Liquidity Framework

- **Total Assets:** Closed the year at **KHR 3,215.96 million**, backed by KHR 61.77 million in cash and bank deposits alongside institutional capital guarantees.
- **Total Liabilities:** Stood at **KHR 4,248.28 million**, anchored by KHR 757.87 million in commercial bank borrowings.
- **Shareholder Financial Backing:** To ensure complete funding continuity during this restructuring year, the company's seven founders stepped forward to provide **KHR 3,130.87 million** in unsecured related-party borrowings, successfully insulating the treasury from liquidity shortages.
- **Total Equity:** Adjusted to a negative **KHR 1,032.32 million** due to an accumulated loss balance of KHR 1,382.32 million against the company's KHR 350.00 million registered share capital.

3-3-Financial Highlight Report 2025

The following report summarizes the audited financial performance and structural position of C.K.L.S Finance Plc. for the fiscal year ended 31 December 2025. All large figures are calculated and presented in **Millions of Khmer Riel (KHR)** to provide clear scan ability and quick reference.

1. Earnings and Income Performance

Despite a shifting local credit environment, C.K.L.S Finance Plc. achieved strong top-line revenue generation from its core micro-lending operations.

- **Gross Interest Income:** Deployed assets generated **KHR 3,468.85 million** in total interest earnings, up from KHR 3,193.83 million in 2024.
- **Interest Expense:** Capital obligations to commercial lenders and related parties cost the institution **KHR 537.66 million**.
- **Net Interest Income:** Reached **KHR 2,931.19 million**, proving the strong baseline earning capacity of the core loan engine.
- **Other Income:** Non-interest operations contributed **KHR 113.51 million**, driven primarily by localized currency exchange gains and fee collections.

2. Operating Expenditures and Profitability

- **Other Operating Expenses:** Rose to **KHR 2,999.90 million**, driven primarily by staff salaries and bonuses (KHR 1,605.39 million) alongside net foreign currency exchange losses (KHR 700.62 million).
- **Operating Profit:** Prior to accounting for portfolio impairment charges, the company maintained a positive operating profit of **KHR 44.80 million**.

- **Allowance for Impairment Losses:** In a proactive move to clean up the balance sheet, management absorbed a substantial **KHR 1,663.11 million** charge for credit provisions.
- **Net Profitability & Loss:** Due to this aggressive provisioning strategy, the company closed the fiscal year with a total comprehensive loss of **KHR 1,647.35 million**.
- **Dividend Capital Returns:** Backed by robust underlying cash flow considerations, the company successfully declared and paid **KHR 34.90 million** in dividends to its investors.

3. Balance Sheet Summary (As of 31 December 2025)

Assets and Portfolio Health

- **Total Assets:** Closed the fiscal year at **KHR 3,215.96 million**.
- **Cash and Cash Equivalents:** The company maintained highly liquid resources totaling **KHR 61.77 million**.
- **Gross Loans to Customers:** Deployed loans to external residents reached **KHR 5,560.11 million** (inclusive of KHR 4,774.38 million in active principal and KHR 785.73 million in accrued interest receivable).
- **Net Customer Portfolio:** After accounting for an accumulated allowance for loan losses of KHR 2,601.84 million, net active customer loans stood at **KHR 2,958.27 million**.

Liabilities and Institutional Funding

- **Total Liabilities:** Stood at **KHR 4,248.28 million**.
- **Commercial Institutional Borrowings:** Secured long-term funding facilities from major banking and microfinance partners totaled **KHR 757.87 million**.
- **Amount Due to Related Parties:** To guarantee total operational funding continuity, the company's seven founders personally injected **KHR 3,130.87 million** in unsecured related-party borrowings.

Equity Structure

- **Registered Share Capital:** Remains fully paid up at **KHR 350.00 million**, consisting of 8,750 ordinary shares valued at KHR 40,000 each.
- **Accumulated Losses:** Adjusted to **KHR 1,382.32 million** due to the aggressive impairment provisioning cycle.
- **Total Equity:** Closed at a negative **KHR 1,032.32 million**.

4. Key Financial Ratios & Performance Metrics

Metric Highlight	Financial Calculation / Figure	Operational Context
Active Borrower Base	1,692 Individuals	Total retail clients serviced in rural zones.
Core Lending Margin	84.50%	Net Interest Income / Gross Interest Income.
Portfolio Risk Provision	KHR 2,601.84 million	Accumulated credit buffer held against defaults.
Shareholder Funding Share	73.70%	Related Party Borrowings / Total Liabilities.
Depositor Balances	KHR 0.00	Reflects a 100% credit-only lending model.

3-4-Training Performance Highlights (2025)

Empowering Growth, Fostering Governance, and Driving Innovation

At C.K.L.S Finance Plc, human capital development is the cornerstone of our operational excellence and long-term sustainability. In alignment with our strategic growth objectives for 2025, our leadership, management, and operational teams actively participated in a diverse array of advanced training programs, compliance workshops, and international financial forums.

By continuously elevating the capacities of our workforce, we ensure that our institution remains highly resilient, strictly compliant, and exceptionally equipped to deliver innovative financial solutions across Cambodia.

🛠️ Core Training & Capacity Building Pillars

1. Advanced Financial Analysis, Credit Frameworks & Risk Management

To safeguard institutional stability and maintain a robust credit portfolio, our credit and risk teams underwent intensive technical training focused on rigorous asset quality control:

- **Credit Risk Mitigation & Analysis:** Comprehensive training modules designed to optimize risk assessment methodologies, credit appraisal workflows, and portfolio monitoring.
- **Institutional Systems Integration (Finztrust):** Advanced, hands-on technical training sessions with Finztrust to refine our digital accounting infrastructure, enhance reporting accuracy, and secure financial data integrity.
- **Taxation and Compliance Frameworks:** Dedicated workshops conducted in collaboration with tax authorities to ensure absolute alignment with evolving national tax regulations and statutory obligations.

2. Leadership Excellence & Institutional Governance

We recognize that strong governance starts at the top. In 2025, significant emphasis was placed on sharpening the strategic oversight capabilities of our executive and branch-level leadership:

- **Branch Manager (BM) Capacity Building:** Specialized leadership and operational excellence courses paired with structured, monthly performance review meetings to empower our Branch Managers nationwide.
- **Corporate Governance and Ethics:** Structured studies and workshops focused on corporate ethics, internal control mechanisms, and sound decision-making frameworks to maintain transparency.
- **Strategic Planning and Leadership Seminars:** High-level executive seminars aimed at driving institutional alignment, modern management strategies, and operational efficiency.

3. Fintech Integration & Future-Ready Digital Competencies

Embracing the digital transformation sweeping through the financial sector, C.K.L.S Finance Plc proactively upskilled its team to leverage emerging technologies:

- **Artificial Intelligence (AI) for Institutional Efficiency:** Participated in pioneering AI training workshops specifically tailored to optimize administrative workflows, automate reporting, and enhance data-driven decision-making.
- **Digital Infrastructure & Industry Innovation:** Engaged in high-level webinars and official launches—including programs by the Institute of Banking and Finance (IBF)—to integrate modern digital financial tools into our ecosystem.

4. Regulatory Alignment & Regional Financial Engagement

Building a collaborative network within the broader financial ecosystem is vital to our strategic vision. Our teams maintained high visibility in both domestic and regional financial spheres:

- **International Exposure (Singapore Delegation):** Executive representation sent to Singapore to participate in global microfinance and financial innovation forums, absorbing regional best practices in sustainable lending.
- **Cambodia Microfinance Association (CMA) Alignment:** Continuous, active participation in the CMA Risk Management, Compliance, and Internal Audit (RCI) Committee's monthly meetings, as well as the RCI Annual Workshop, ensuring strict adherence to industry benchmarks.
- **Strategic Stakeholder Cooperation:** Collaborative business progress meetings, presentations, and workshops with critical industry partners including the Credit Bureau Cambodia (CBC), ABA Bank, Wing Bank, AMK Microfinance, and esteemed international investment partners.

📈 2025 Performance Outcomes & Impact

The collective training initiatives executed throughout 2025 have directly translated into measurable institutional strengths:

Performance Metric	Strategic Impact Realized
Risk Mitigation	Enhanced credit appraisal accuracy and stronger portfolio quality control across all branches.
Operational Efficiency	Faster loan processing turnaround times through modernized system usage and automated workflows.
Regulatory Compliance	Zero friction in regulatory reporting due to proactive tax and RCI compliance training.
Digital Readiness	A workforce fully equipped to utilize modern digital platforms and AI-driven internal tools.

🏛️ Institutional Commitment to Continuous Learning

"The extensive professional development achievements of 2025 reflect our unwavering promise to our shareholders, regulators, and clients. By investing deeply in our people, C.K.L.S Finance Plc guarantees a secure, highly compliant, and forward-thinking financial partner for the communities we serve."

3-4-About Clients

About Our Clients 2025

At C.K.L.S Finance Plc., our clients are the driving force behind our mission. As a licensed Rural Credit Institution (RCI) dedicated to fostering financial inclusion, we tailor our financial services to empower unbanked and underserved populations across Cambodia. We actively partner with hard-working individuals, families, and micro-entrepreneurs who require reliable, structured credit solutions to stabilize their lives and expand their horizons.

Who Our Clients Are?

Our active borrower base is drawn from the foundational pillars of Cambodia’s local economies. Across all our combined loan product options, we proudly serve a total of **1,726 active borrower accounts**:

- **Individual Households:** Working-class individuals and families who utilize retail credit for essential domestic management, housing upgrades, and general family welfare stabilization.
- **Rural Farmers:** Independent agricultural workers who rely on credit lines to purchase seeds, fertilizers, and equipment, funding local food production and reinforcing the rural economy.
- **Micro, Small, and Medium-Sized Enterprises (MSMEs):** Village market vendors, retail merchants, and local micro-entrepreneurs who utilize working capital to acquire inventory, manage cash flows, and expand local trade networks.

Dedication to Empowering Female Borrowers

A core pillar of C.K.L.S Finance Plc.’s responsible lending mission is driving financial inclusion directly into the hands of women, who serve as the economic backbones of Cambodia's rural and semi-urban communities. The institution's data highlights a substantial, high-density focus on supporting women across its entire lending network:

- **A Majority Female Borrower Base:** Out of the institution's **1,692 total unique borrowers**, women make up the absolute majority, standing at **1,123 female clients** compared to 569 male clients.
- **High-Impact Regional Dominance:** The concentration of female clients is exceptionally strong in our key agricultural and trading provinces:
    - **Takeo Province:** Out of 628 total borrowers, **438 are female clients**. This includes **239 women in Bati district** and **151 women in Samraong district** who are actively running localized operations.
    - **Kampong Speu Province:** Out of 669 total borrowers, **432 are female clients**. In our largest individual market sectors, **Kong Pisei** hosts 172 female borrowers and **Samraong Tong** supports 144 female borrowers.
    - **Phnom Penh Municipality:** Out of 199 total borrowers operating along the capital's developing urban fringe, **151 are female clients**.

- **Kandal Province:** Out of 195 total borrowers, **101 are female clients**, heavily anchored by **87 entrepreneurial women in Angk Snuol district**.

Client Distribution Across Economic Sectors

Our total active loan portfolio of **KHR 4,895.66 million** is well-diversified across multiple local economic landscapes, ensuring that credit is deployed precisely where it can deliver the greatest socio-economic impact:

- **Family & Household Management:** The vast majority of our clients—representing **1,314 accounts** and an active principal allocation of **KHR 3,586.34 million**—are local families managing daily domestic requirements, personal necessities, and lifestyle improvements.
- **Marketplace Business & Commerce:** Serving small retail entrepreneurs, **283 accounts** totaling **KHR 854.12 million** utilize our business credit lines to stimulate local commerce, restock inventories, and support village supply chains.
- **Agricultural Production:** Holding **60 active accounts** totaling **KHR 166.45 million**, our farming clients use tailored credit facilities to support independent cultivation and seasonal livestock management.
- **Community Services & Logistics:** Our clients also include **41 service-based accounts** (KHR 118.00 million), **5 transport operators** (KHR 7.20 million), and **4 construction or micro-property development lines** (KHR 2.61 million).

Product-Specific Breakdown of Customer Accounts

To meet the highly specific financial needs of our clients, we manage **25 distinct product offerings** divided by sector, usage, and duration:

- **Personal and Family Logistics:** Built upon **132 Short-Term (ST) accounts** (KHR 168.11 million) and **421 Long-Term (LT) accounts** (KHR 1,454.81 million) to provide swift, flexible lifestyle management.
- **Structural Housing Growth:** Supporting **112 Short-Term accounts** (KHR 139.04 million) and **414 Long-Term accounts** (KHR 1,337.80 million) dedicated specifically to housing improvements and structural enhancements.
- **Micro-Enterprise Growth:** Distributed through **108 Short-Term accounts** (KHR 139.87 million) and **338 Long-Term accounts** (KHR 1,252.93 million) focused directly on expanding micro-business enterprises.
- **Clean Water & Sanitation (WASH):** A vital social-impact sector serving families through specialized Water Quality, Clean Water, and Sanitation loan products, adding up to **46 active community accounts**.
- **Technology & Education Access:** Bridging modern gaps by delivering targeted funding through **75 Mobile Phone loan accounts**, **11 Electronic loan accounts**, and **10 Education accounts** for local schooling and tuition costs.
- **Seasonal Agriculture:** Split between **11 Short-Term accounts** (KHR 14.06 million) and **37 Long-Term accounts** (KHR 119.28 million) to match crop cultivation timelines.
- **Internal Personnel:** Includes **5 specialized staff accounts** (KHR 7.08 million) to support our own field team's financial wellness.

Where Our Clients Live

We specialize in bringing formal financial services directly to clients who often reside far from major commercial banking centers. Our credit agents actively travel into the heart of local communities, building relationships with clients across **5 provinces, 27 districts, 101 communes, and 691 villages**. Our deepest roots are planted in the rural communities of **Kampong Speu and Takeo**, which together account for over 1,290 of our total active borrowers. We also proudly support growing peri-urban communities on the developing outskirts of **Phnom Penh and Kandal**, alongside early-stage pilot segments in **Koh Kong**.

Serving Our Clients Responsibly

Recognizing the shifting economic landscapes that rural communities face, C.K.L.S Finance Plc. treats client protection as a strict ethical boundary:

- **Flexible Structural Options:** We offer credit lines structured dynamically around our clients' financial realities, split between short-term loans (maturing within one year, totaling KHR 539.11 million) and long-term facilities (ranging from one to five years, totaling KHR 3,356.55 million).
- **Fair Access to Credit:** To assist lower-income families who may lack extensive property titles, we balance our product lines between secured facilities (backed by collateral) and unsecured credit options.
- **Transparent and Fixed Pricing:** We protect our clients from predatory financial practices by enforcing absolute pricing clarity, offering fixed interest rates between **12% and 18% per annum** with no hidden fees.

By maintaining field-level transparency and providing responsible, multi-product lending options, C.K.L.S Finance Plc. continues to be a trusted financial partner, helping Cambodia's rural families and small business owners construct a path toward sustainable prosperity.

4-SUSTAINABLE GROWTH

4-1-Environmental, Social, and Governance (ESG) Standards 2025

C.K.L.S Finance Plc. is dedicated to integrating Environmental, Social, and Governance (ESG) standards into its core micro-finance operations. As a licensed Rural Credit Institution (RCI) serving rural and peri-urban communities in Cambodia, the institution recognizes that sustainable economic growth requires balancing financial performance with proactive risk management, social equity, and environmental care.

The following sections detail the frameworks, data-driven outcomes, and structural controls that defined our ESG stance throughout the 2025 fiscal year.

1. Environmental Standards & Impact Portfolio

The institution operates with a deep commitment to environmental responsibility, structuring its credit solutions to mitigate ecological degradation and promote sustainable community utility lines.

- **Financing Green Infrastructure and WASH Projects:** In 2025, the company prioritized loans aimed at improving localized living conditions and natural resource sustainability. Through our dedicated clean water, sanitation, and hygiene (WASH) product portfolio, we managed **46 active community accounts**.

- **Clean Water Access:** Specialized credit lines—including Water Quality and Clean Water loans—were extended to help families secure safe drinking water, funding a combined outstanding portfolio of **KHR 8.93 million**.
- **Sanitation Infrastructure Development:** To reduce environmental contamination in rural villages, the institution deployed **29 Sanitation loan accounts** (divided into 11 Long-Term and 18 Short-Term facilities) totaling **KHR 39.20 million** to finance proper household sewage and waste management systems.
- **Green Lending Monitoring:** By routing **KHR 166.45 million** across **60 active accounts** into the agricultural sector, C.K.L.S coordinates closely with local farmers to encourage sustainable cultivation practices and manage climate-related risks safely.

2. Social Standards & Financial Inclusion

C.K.L.S Finance Plc. measures its social impact by its ability to drive responsible financial inclusion, support gender equity, and protect the financial wellness of its clients and internal personnel.

- **Empowering Female Borrowers:** Women serve as the primary economic pillars of Cambodia's rural marketplace networks. Out of our **1,692 total unique borrowers**, the absolute majority are women, standing at **1,123 female clients**. Regionally, women represent **438 of our total clients in Takeo** and **432 in Kampong Speu**, indicating a high-density institutional focus on uplifting female entrepreneurs.
- **Socio-Economic Portfolio Allocation:** To ensure capital meets baseline community requirements, the institution managed **1,314 household accounts** totaling **KHR 3,586.34 million** for family welfare, and **283 commerce accounts** totaling **KHR 854.12 million** to stimulate small business markets.
- **Digital and Educational Advancement:** To bridge modern accessibility gaps, the institution actively financed **75 Mobile Phone accounts**, **11 Electronic loan accounts**, and **10 Education accounts** to fund schooling and local tuition costs.
- **Workforce Protection and Equity:** Despite facing an intense economic climate that resulted in a net comprehensive loss of KHR 1,647.35 million, the company rejected downsizing. Instead, it expanded its local team to **63 professionals**. Employee welfare was protected by routing **KHR 1,605.39 million** into undiscounted salaries, performance bonuses, and seniority payments, alongside managing **5 specialized staff accounts** valued at KHR 7.08 million to support internal financial wellness.

3. Governance Standards & Risk Integrity

Corporate governance at C.K.L.S Finance Plc. is built on strict transparency, equal partner representation, and aggressive accountability to external regulators and financial partners.

- **Equal-Stake Ownership Structure:** The company's equity is distributed completely equally among its seven founding shareholders, with each partner holding exactly **14.29% ownership (1,250 shares)**. This structural balance prevents the concentration of power and ensures that all strategic moves are backed by absolute internal consensus.
- **Accountability and Independent Oversight:** The company ensures maximum transparency by preparing its annual financial records strictly under the **Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (CIFRS for SMEs)**. These statements are audited independently by **REACHS & PARTNERS Co., Ltd.**, who issued a clean, unmodified opinion for the 2025 fiscal year.

- **Proactive Credit and Risk Controls:** To shield the business from market shocks, governance guidelines require a clear separation of duties between loan originators, credit evaluators, and final approving authorities. When credit risks rose in rural sectors, the company took a conservative, responsible stance by provisioning a substantial **KHR 1,663.11 million** for impairment losses to clean up the balance sheet.
- **Internal Funding Commitments:** Showing complete alignment with the company's long-term health, the seven shareholders personally stepped forward to inject **KHR 3,130.87 million** in unsecured related-party borrowings, successfully securing perfect operational liquidity without relying on public deposit-taking mechanisms.

4. Forward-Looking ESG Targets (2026–2027)

As part of our commitment to continuous institutional maturation, C.K.L.S Finance Plc. is preparing its data collection tools, credit grading policies, and environmental metrics to adopt the **Third Edition of the IFRS for SMEs Accounting Standard** ahead of the mandatory 2027 enforcement deadline. This proactive operational modernization will refine our reporting structures and financial disclosures, positioning our institution as a highly compliant, transparent, and resilient leader in Cambodia’s sustainable finance ecosystem.

4-2-Client Protection Standards 2025

At C.K.L.S Finance Plc., protecting our clients is a fundamental ethical boundary and a core operational mandate. As a licensed Rural Credit Institution (RCI) serving **1,726 active borrower accounts** across Cambodia, we recognize that low-income households, rural farmers, and micro-merchants require structured safeguards to ensure credit remains an empowering tool rather than a financial burden.

Our client protection framework for the 2025 fiscal year is built upon the following pillars and data-driven practices:

1. Prevention of Over-Indebtedness

C.K.L.S Finance Plc. practices responsible lending by ensuring that credit is only extended based on a borrower's actual capacity to repay.

- **Rigorous Underwriting Guidelines:** Our strict Credit Risk Policy mandates a comprehensive analysis of client cash flows and repayment capabilities before any funds are disbursed.
- **Balanced Product Structuring:** To match our clients' varied cash flow realities, credit lines are dynamically divided between short-term loans maturing within one year (**KHR 539.11 million**) and long-term facilities ranging from one to five years (**KHR 3,356.55 million**).
- **Proactive Loan Restructuring:** When changing economic conditions impacted our rural clients, we actively worked with them to restructure **KHR 240.23 million** in credit facilities, helping them manage their obligations safely without falling into distress.

2. Transparency and Fair Pricing

We believe that clear, upfront communication is essential to building long-term trust and protecting clients from predatory practices.

- **Fixed and Competitive Interest Rates:** We eliminate market uncertainty by offering standardized, fixed interest rates between **12% and 18% per annum** for individual loan products.
- **No Hidden Fees:** All product pricing, terms, and service conditions are clearly disclosed to the client. In line with our accounting policies, fees and late-payment penalties are recorded strictly upon collection, preventing the accumulation of hidden or compounding costs.

3. Accessible Solutions for Vulnerable and Female Borrowers

Our client protection standards emphasize giving vulnerable segments of the population fair and safe entry into the formal financial sector.

- **Empowering Women Safely:** Women make up the absolute majority of our unique client base, standing at **1,123 female borrowers**. We structure our field operations to protect and support these women as they build financial autonomy and manage household welfare.
- **Collateral Flexibility:** To ensure that low-income families who do not hold formal property titles are not excluded from safe credit, we deliberately balance our offerings between secured loans (backed by land or buildings) and unsecured micro-credit options.
- **Specialized Social Impact Loans:** We actively protect community health and future development by offering low-barrier, targeted loans for clean water access, rural sanitation, and education, servicing **92 specialized accounts** across these sectors.

4. Professional and Ethical Staff Conduct

We ensure that our field actions match our corporate values by holding our internal team to high ethical standards.

- **Segregation of Duties:** To maintain operational integrity and prevent any unfair treatment or conflicts of interest, we enforce a strict separation of duties between loan originators, credit evaluators, and final approving authorities.
- **Continuous Personnel Training:** Our team of **63 professionals** is regularly trained on operational documentation and risk management routines to guarantee that interactions with clients in all 691 villages are fair, respectful, and fully compliant with regulatory standards.
- **Responsible Asset Management:** The Board of Directors takes deliberate steps to review asset valuations periodically, ensuring that ordinary collection processes or write-offs (**KHR 373.19 million** in 2025) are handled responsibly and do not misleadingly compromise a borrower's standing.

5. Forward-Looking Protections (2026–2027)

As C.K.L.S Finance Plc. continues to mature, management is actively preparing the institution's operational environments to adopt the **Third Edition of the IFRS for SMEs Accounting Standard (CIFRS for SMEs)** ahead of 2027. This structural modernization will further refine our financial tool disclosures and revenue recognition models, ensuring that our client protection data, pricing models, and lending services remain fully aligned with international best practices.

4-3-CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT 2025

At C.K.L.S Finance Plc., Corporate Social Responsibility (CSR) is deeply embedded within our operational mandate as a licensed Rural Credit Institution (RCI). We recognize that sustainable growth in Cambodia's rural and semi-urban communities relies on balancing financial metrics with community development, social equity, and environmental care.

Operating strictly under a credit-only delivery model, 100% of our institutional resource pipelines are dedicated to fueling direct socio-economic advancements across 5 provinces, 27 districts, 101 communes, and 691 villages. This report outlines the core pillars of our CSR activities and data-driven milestones for the 2025 fiscal year.

1. Environmental Stewardship & The WASH Portfolio

C.K.L.S Finance Plc. leverages targeted micro-financing solutions to actively combat environmental degradation and improve localized infrastructure in rural communities. In 2025, our Water, Sanitation, and Hygiene (WASH) portfolio successfully supported **46 active community accounts**.

- **Clean Water Access:** We extended specialized credit lines—including Water Quality and Clean Water loans—totaling an outstanding portfolio of **KHR 8.93 million** to help rural families secure safe drinking water sources.
- **Sanitation Infrastructure:** To minimize environmental pollution and improve village hygiene, we deployed **29 Sanitation loan accounts** (comprising 11 Long-Term and 18 Short-Term facilities) valued at **KHR 39.20 million** to finance household waste management systems.
- **Sustainable Agriculture:** We channeled **KHR 166.45 million** across **60 active accounts** into the agricultural sector, working directly with independent farmers to encourage sustainable cultivation and manage seasonal climate risks safely.

2. Social Inclusion & Economic Empowerment

Our primary social mission is to deliver responsible financial access to unbanked, underserved, and economically vulnerable populations.

- **Empowering Female Entrepreneurs:** Recognizing that women serve as the core pillars of marketplace commerce, we maintain a majority female borrower base. Out of our 1,692 unique borrowers, **1,123 are female clients**. This includes **438 women in Takeo Province** and **432 in Kampong Speu Province** who have gained financial autonomy through our credit lines.
- **Family Welfare & Local Commerce:** Our portfolio includes **1,314 household accounts** totaling **KHR 3,586.34 million** dedicated directly to general domestic life and lifestyle enhancements. An additional **283 accounts** totaling **KHR 854.12 million** provided small business owners with working capital to fuel village marketplaces.

- **Bridging Modern Access Gaps:** To improve community connectivity and expand opportunities, the institution financed **75 Mobile Phone accounts**, **11 Electronic loan accounts**, and **10 Education accounts** for local schooling and tuition costs.

3. Workplace Welfare & Team Resilience

Our CSR values extend directly to how we support our internal team members, recognizing them as critical drivers of community development.

- **Preserving Job Security:** Despite navigating a challenging credit climate that led to an institutional net comprehensive loss of KHR 1,647.35 million, C.K.L.S rejected workforce downsizing. Instead, we expanded our local team to **63 dedicated professionals**.
- **Fair Compensation Practices:** We invested **KHR 1,605.39 million** into staff salaries and performance bonuses. Furthermore, short-term benefits, social security contributions, and seniority payments were fully honored and paid undiscounted.
- **Internal Financial Wellness:** The company proactively manages **5 specialized staff accounts** valued at **KHR 7.08 million** to support the financial wellness of our own field personnel.

4. Responsible Governance & Fair Dealing

Ethical operations and total transparency form the basis of our institutional accountability.

- **Consensus-Based Accountability:** Our capital structure is divided completely equally among our seven founding shareholders (14.29% ownership each), ensuring joint accountability and a balanced approach to corporate expansions.
- **Absolute Financial Transparency:** To provide complete clarity to our regulators and strategic partners, our accounts are maintained under the strict guidelines of the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (CIFRS for SMEs). These statements were evaluated independently by **REACHS & PARTNERS Co., Ltd.**, who issued a clean, unmodified opinion for 2025.
- **Client Protection Boundaries:** We safeguard our **1,726 active borrower accounts** by offering predictable, transparent fixed interest rates between **12% and 18% per annum** with no hidden fees. When macro-economic factors impacted our borrowers, we proactively restructured **KHR 240.23 million** in loans to prevent financial distress.

5. Forward Outlook: Evolving Standards

Looking ahead, C.K.L.S Finance Plc. is actively preparing its systems to adopt the **Third Edition of the IFRS for SMEs Accounting Standard (CIFRS for SMEs)** ahead of the 2027 mandatory enforcement date. This ongoing modernization ensures that our financial disclosures, data collection tools, and community-driven lending lines remain securely aligned with international best practices in corporate responsibility.

4-4-Promoting Gender Equality 2025

C.K.L.S Finance Plc. operates with a strong conviction that driving financial inclusion directly into the hands of women is one of the most effective ways to foster sustainable development, build resilient families, and stimulate local village commerce across Cambodia. Within rural marketplaces and developing semi-urban sectors, female micro-entrepreneurs and household heads serve as critical economic catalysts.

As a licensed Rural Credit Institution (RCI), the company has aligned its 2025 field operations, multi-product credit delivery lines, and corporate values to actively support and advance gender equality.

1. High-Density Outreach to Female Borrowers

Our operational mapping for the 2025 fiscal year demonstrates an intense institutional focus on providing safe, reliable access to capital for women. Out of the company's **1,692 total unique borrowers**, women make up the absolute majority, standing at **1,123 female clients** compared to 569 male clients.

The presence of our female client network is exceptionally strong across our primary agricultural and trade-dense provinces:

- **Takeo Province:** Women represent the vast majority of our local portfolio, accounting for **438 female clients** out of 628 total provincial borrowers. This includes high density inside **Bati district** (239 women) and **Samraong district** (151 women).
- **Kampong Speu Province:** Out of 669 total localized borrowers, **432 are female clients**. Within our largest individual credit hubs, **Kong Pisei district** hosts 172 female borrowers and **Samraong Tong district** supports 144 female borrowers.
- **Phnom Penh Municipality:** Along the capital's developing peri-urban fringes, women dominate our borrower demographics, making up **151 female clients** out of 199 total borrowers.
- **Kandal Province:** Out of 195 total active unique borrowers, **101 are female clients**, anchored heavily by **87 entrepreneurial women in Angk Snuol district**.

2. Economic Autonomy and Targeted Credit Services

C.K.L.S Finance Plc. tailors its 25 distinct loan product offerings to match the financial realities and lifestyle routines of Cambodian women, helping them construct independent paths toward economic self-reliance.

- **Fueling Marketplace Commerce:** Through our **283 Business Loan accounts** (totaling **KHR 854.12 million**), we provide female marketplace vendors and retail traders with vital working capital to restock inventories, manage operational cash flows, and expand local trade networks.
- **Stabilizing Family and Domestic Welfare:** Because women frequently manage household consumption and healthcare, they utilize our **Household portfolio**—which covers **1,314 accounts** totaling **KHR 3,586.34 million**—to fund personal needs, home repairs, and domestic lifestyle upgrades.
- **Accessible, Barrier-Free Financing:** To protect low-income women who manage small home-based businesses but may lack formal land or property titles, we offer a flexible mix of secured and unsecured loan structures. This ensures that lack of substantial property ownership does not become a barrier to formal financial entry.
- **Bridging Modern Tech and Education Gaps:** We support the digital literacy and future placement of women and their families by actively financing **75 Mobile Phone accounts**, **11 Electronic loan accounts**, and **10 Education accounts** to cover school fees and local tuition costs.

3. Human Capital and Workforce Diversity

Our commitment to gender equality extends beyond our field lending portfolios and is reflected directly within our internal corporate structure.

- **Maintaining Employment Stability:** Despite encountering an intense credit climate that required a significant balance sheet cleanup, the company protected its staff lines and rejected downsizing. Instead, we expanded our professional team to **63 dedicated personnel**.
- **Female Staff Inclusion:** Operating directly out of our centralized headquarters in Khan Kamboul, Phnom Penh, our workforce includes **5 female professionals** working alongside 58 male colleagues.
- **Protecting Financial Welfare:** We ensure that all short-term employee benefits, performance bonuses, social security contributions, and seniority indemnity payments are paid out fully and undiscounted to support the financial security of our entire workforce.

4. Responsible Governance and Client Protections

C.K.L.S Finance Plc. ensures that all female clients are treated with total commercial fairness and are well-insulated against macro-economic volatility.

- **Fair Access and Pricing Clarity:** We shield our female clients from predatory market practices by enforcing complete transparency and offering fixed interest rates between **12% and 18% per annum** with no hidden fees.
- **Proactive Credit Restructuring:** When economic shifts created challenges for small business owners in 2025, management stepped forward to restructure **KHR 240.23 million** in active credit lines, giving our female borrowers the necessary time and flexibility to manage their debts safely.
- **Audit and Compliance Integrity:** To assure our lenders and strategic partners of our ethical standards, our entire corporate operation is audited under the strict guidelines of the **CIFRS for SMEs framework** by **REACHS & PARTNERS Co., Ltd.**, who issued a clean, unmodified opinion for the year.

5. Future Outlook: Advanced ESG Alignment

Looking forward to the 2026–2027 operational cycles, C.K.L.S Finance Plc. is actively preparing its systems to adopt the **Third Edition of the IFRS for SMEs Accounting Standard**. By upgrading our data collection tools and credit tracking models early, we are reinforcing our internal reporting structures to better capture, analyze, and expand our high-impact gender lending metrics, solidifying our place as a highly transparent and progressive champion of women's financial empowerment in Cambodia.

4-5-Environmental and Social Products C.K.L. S's Client 2025

As a licensed Rural Credit Institution (RCI) regulated by the National Bank of Cambodia, C.K.L.S Finance Plc. operates under a strict, credit-only delivery model that channels 100% of its wholesale capital and field energy into micro-finance products. The institution chooses not to offer deposit-taking or savings services. Instead, it uses its lending infrastructure to drive financial inclusion, environmental sustainability, and social equity directly into the hands of **1,726 active borrower accounts** across 5 provinces, 27 districts, 101 communes, and 691 villages.

Our product-specific data highlights a dedicated range of specialized environmental (WASH) and social impact lending options tailored to our clients' evolving needs:

1. Environmental & Green Infrastructure Products

C.K.L.S Finance Plc. utilizes its micro-credit facilities to improve rural health, reduce environmental contamination, and promote clean utility access. In 2025, our Water, Sanitation, and Hygiene (WASH) initiatives successfully managed **46 active community accounts**:

- **Clean Water Access:** To help rural families secure safe drinking water, the company offers specialized **Water Quality Loan - ST** and **Water Loan - ST/LT** products. As of 31 December 2025, these clean water products supported an active outstanding portfolio of **KHR 8.93 million** across 6 customer accounts.
- **Sanitation Infrastructure Development:** To minimize village pollution and build proper household waste management systems, the institution deploys **Sanitation Loan - ST** and **Sanitation Loan - LT** options. These products reached **29 active customer accounts** (11 Long-Term and 18 Short-Term) totaling **KHR 39.20 million**.
- **Water and Sanitation Hybrid Products:** The company also manages a combined **Water and Sanitation Loan** product line, which actively supports **11 customer accounts** (4 Short-Term and 7 Long-Term) with a total deployment of **KHR 19.97 million**.
- **Climate-Conscious Agriculture:** By routing **KHR 166.45 million** across **60 active accounts** through **Agriculture Loan - ST** and **Agriculture Loan - LT** facilities, credit agents work closely with farmers to stabilize seasonal cultivation lines and manage climate-related risks safely.

2. Social Impact & Technology Access Products

Our social lending initiatives focus heavily on giving underbanked, vulnerable, and female micro-entrepreneurs safe entry into the formal financial sector while bridging modern connectivity gaps.

- **Empowering Female Borrowers:** Women serve as the core economic drivers of Cambodia's local marketplaces. Out of our 1,692 unique clients, the absolute majority are women, making up **1,123 female borrowers** who rely on our credit structures to build financial autonomy. Women represent **438 of our total clients in Takeo** and **432 in Kampong Speu**.
- **Micro-Enterprise & Business Capital:** To fuel local commerce, we provide **Business Loan - ST** and **Business Loan - LT** products. These services supported **446 active accounts** with a total of **KHR 1,392.79 million** in working capital, helping micro-traders stock inventories and run market stalls.

- **Family Welfare & Domestic Management:** To stabilize household consumption, the institution manages **Personal Loan - ST** and **Personal Loan - LT** lines. This sector holds **553 active customer accounts** totaling **KHR 1,622.92 million**.
- **Structural Housing Growth:** Through **Construction Loan - ST** and **Construction Loan - LT** lines, the company deployed **KHR 1,476.84 million** across **526 active accounts** to assist clients with micro-property repairs and structural housing upgrades.
- **Technology Access & Connectivity:** To bridge digital divides, the institution financed **75 Mobile Phone loan accounts** (47 Short-Term and 28 Long-Term) totaling **KHR 143.17 million**, alongside **11 Electronic loan accounts** valued at **KHR 14.15 million**.
- **Educational Advancement:** To assist families with local tuition costs, the **Education Loan - ST** and **Education Loan - LT** products provided financing to **10 targeted student/family accounts** totaling **KHR 15.53 million**.
- **Internal Personnel Support:** To support our own field team's financial wellness, we maintain **Staff Loan - ST** and **Staff Loan - LT** products, actively managing **5 specialized internal accounts** valued at **KHR 7.08 million**.

3. Product Pricing, Risk Guardrails, and Ethics

C.K.L.S Finance Plc. ensures that all social and environmental lending lines are wrapped in strict customer protection frameworks to safeguard its clients:

- **Fair and Fixed Rates:** We eliminate predatory pricing by offering fixed interest rates between **12% and 18% per annum** for individual loan lines, with no hidden fees.
- **Repayment Flexibility:** To match our clients' varied cash flows, credit products are dynamically split between short-term facilities (maturing within one year, totaling **KHR 539.11 million**) and long-term partnerships (ranging from one to five years, totaling **KHR 3,356.55 million**).
- **Debt Distressing Prevention:** When economic shifts created challenges for rural borrowers in 2025, management proactively stepped forward to restructure **KHR 240.23 million** in active loans, giving our clients the necessary time and breathing room to manage their debts safely.
- **Asset Protection Standards:** The Board of Directors takes deliberate steps to review asset valuations periodically, ensuring that ordinary collection processes or write-offs (**KHR 373.19 million** in 2025) are handled responsibly and do not misleadingly compromise a borrower's standing.

4. Forward Outlook: Evolving Standards

Looking ahead to the 2026–2027 operational cycles, C.K.L.S Finance Plc. is utilizing its team of **63 field and administrative professionals** to align its systems with the **Third Edition of the IFRS for SMEs Accounting Standard (CIFRS for SMEs)**. This ongoing modernization will further refine our internal data tracking, credit impairment models, and financial tool presentations, ensuring that our environmental, social, and impact lending products remain highly competitive and securely anchored to international best practices.

4-6-C.K.L.S's Client 2025

At C.K.L.S Finance Plc., our clients are the driving force behind our mission. As a licensed Rural Credit Institution (RCI) dedicated to fostering financial inclusion, we tailor our credit services to empower unbanked and underserved populations across Cambodia. We actively partner with hard-working individuals, families, and micro-entrepreneurs who require reliable, structured credit solutions to stabilize their lives and expand their horizons.

Who Our Clients Are?

Our active borrower base is drawn from the foundational pillars of Cambodia's local economies. Across all our combined loan product options, we proudly serve a total of **1,726 active borrower accounts**:

- **Individual Households:** Working-class individuals and families who utilize retail credit for essential domestic management, housing upgrades, and general family welfare stabilization.
- **Rural Farmers:** Independent agricultural workers who rely on credit lines to purchase seeds, fertilizers, and equipment, funding local food production and reinforcing the rural economy.
- **Micro, Small, and Medium-Sized Enterprises (MSMEs):** Village market vendors, retail merchants, and local micro-entrepreneurs who utilize working capital to acquire inventory, manage cash flows, and expand local trade networks.

Dedication to Empowering Female Borrowers

A core pillar of C.K.L.S Finance Plc.'s responsible lending mission is driving financial inclusion directly into the hands of women, who serve as the economic backbones of Cambodia's rural and semi-urban communities. The institution's data highlights a substantial, high-density focus on supporting women across its entire lending network:

- **A Majority Female Borrower Base:** Out of the institution's **1,692 total unique borrowers**, women make up the absolute majority, standing at **1,123 female clients** compared to 569 male clients.
- **High-Impact Regional Dominance:** The concentration of female clients is exceptionally strong in our key agricultural and trading provinces:
  - **Takeo Province:** Out of 628 total borrowers, **438 are female clients**. This includes **239 women in Bati district** and **151 women in Samraong district** who are actively running localized operations.
  - **Kampong Speu Province:** Out of 669 total localized borrowers, **432 are female clients**. In our largest individual market sectors, **Kong Pisei** hosts 172 female borrowers and **Samraong Tong** supports 144 female borrowers.
  - **Phnom Penh Municipality:** Out of 199 total borrowers operating along the capital's developing urban fringe, **151 are female clients**.
  - **Kandal Province:** Out of 195 total borrowers, **101 are female clients**, heavily anchored by **87 entrepreneurial women in Angk Snuol district**.

Client Distribution Across Economic Sectors

Our total active loan portfolio of **4,895.66 million KHR** is well-diversified across multiple local economic landscapes, ensuring that credit is deployed precisely where it can deliver the greatest socio-economic impact:

- **Family & Household Management:** The vast majority of our clients—representing **1,314 accounts** and an active principal allocation of **3,586.34 million KHR**—are local families managing daily domestic requirements, personal necessities, and lifestyle improvements.
- **Marketplace Business & Commerce:** Serving small retail entrepreneurs, **283 accounts** totaling **854.12 million KHR** utilize our business credit lines to stimulate local commerce, restock inventories, and support village supply chains.
- **Agricultural Production:** Holding **60 active accounts** totaling **166.45 million KHR**, our farming clients use tailored credit facilities to support independent cultivation and seasonal livestock management.
- **Community Services & Logistics:** Our clients also include **41 service-based accounts** (118.00 million KHR), **5 transport operators** (7.20 million KHR), and **4 construction or micro-property development lines** (2.61 million KHR).

Product-Specific Breakdown of Customer Accounts

To meet the highly specific financial needs of our clients, we manage **25 distinct product offerings** divided by sector, usage, and duration:

- **Personal and Family Logistics:** Built upon **132 Short-Term (ST) accounts** (168.11 million KHR) and **421 Long-Term (LT) accounts** (1,454.81 million KHR) to provide swift, flexible lifestyle management.
- **Structural Housing Growth:** Supporting **112 Short-Term accounts** (139.04 million KHR) and **414 Long-Term accounts** (1,337.80 million KHR) dedicated specifically to housing improvements and structural enhancements.
- **Micro-Enterprise Growth:** Distributed through **108 Short-Term accounts** (139.87 million KHR) and **338 Long-Term accounts** (1,252.93 million KHR) focused directly on expanding micro-business enterprises.
- **Clean Water & Sanitation (WASH):** A vital social-impact sector serving families through specialized Water Quality, Clean Water, and Sanitation loan products, adding up to **46 active community accounts**.
- **Technology & Education Access:** Bridging modern gaps by delivering targeted funding through **75 Mobile Phone loan accounts**, **11 Electronic loan accounts**, and **10 Education accounts** for local schooling and tuition costs.
- **Seasonal Agriculture:** Split between **11 Short-Term accounts** (14.06 million KHR) and **37 Long-Term accounts** (119.28 million KHR) to match crop cultivation timelines.
- **Internal Personnel:** Includes **5 specialized staff accounts** (7.08 million KHR) to support our own field team's financial wellness.

Where Our Clients Live

We specialize in bringing formal financial services directly to clients who often reside far from major commercial banking centers. Our credit agents actively travel into the heart of local communities, building relationships with clients across **5 provinces, 27 districts, 101 communes, and 691 villages**. Our deepest roots are planted in the rural communities of **Kampong Speu and Takeo**, which together account for over 1,290 of our total active borrowers. We also proudly support growing peri-urban communities on the developing outskirts of **Phnom Penh and Kandal**, alongside early-stage pilot segments in **Koh Kong**.

Serving Our Clients Responsibly

Recognizing the shifting economic landscapes that rural communities face, C.K.L.S Finance Plc. treats client protection as a strict ethical boundary:

- **Flexible Structural Options:** We offer credit lines structured dynamically around our clients' financial realities, split between short-term loans (maturing within one year, totaling 539.11 million KHR) and long-term facilities (ranging from one to five years, totaling 3,356.55 Million KHR).
- **Fair Access to Credit:** To assist lower-income families who may lack extensive property titles, we balance our product lines between secured facilities (backed by collateral) and unsecured credit options.
- **Transparent and Fixed Pricing:** We protect our clients from predatory financial practices by enforcing absolute pricing clarity, offering fixed interest rates between **12% and 18% per annum** with no hidden fees.

By maintaining field-level transparency and providing responsible, multi-product lending options, C.K.L.S Finance Plc. continues to be a trusted financial partner, helping Cambodia's rural families and small business owners construct a path toward sustainable prosperity.

5-FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS

5-1-Report of the Board of Directors 2025

The Board of Directors has pleasure in submitting their report together with the audited financial statements of C.K.L.S Finance Plc. ("the Company") for the financial year ended 31 December 2025.

1. Principal Activities

The principal activity of the Company is the provision of retail credit and rural financing solutions to individual households, rural farmers, and micro, small, and medium-sized enterprises (MSMEs). The Company operates under a strict, credit-only delivery model and does not take deposits.

There have been no significant changes in the nature of these principal activities during the financial year.

2. Financial Results and Dividend Distribution

The financial performance of the Company for the year ended 31 December 2025 is summarized as follows:

- **Gross Interest Income:** The Company achieved record top-line growth, generating **KHR 3,468.85 million** from its lending operations.
- **Net Interest Income:** After deducting KHR 537.66 million in interest expenses, net interest income stood at **KHR 2,931.19 million**.

- **Strategic Credit Provisioning:** In response to heightened credit risks within the rural sectors, management adopted a conservative approach and absorbed **KHR 1,663.11 million** in allowances for impairment losses to proactively clean up the balance sheet.
- **Net Loss Position:** Due to this aggressive provisioning cycle, the total comprehensive loss for the year stood at **KHR 1,647.35 million**.
- **Declared Dividends:** Reflecting strong underlying cash flows and ongoing commitment to investor relations, the Company declared and paid **KHR 34.90 million** in dividends during the year.

3. Share Capital and Ownership Structure

The registered and fully paid-up share capital of the Company remains at **KHR 350.00 million**, divided into 8,750 ordinary shares with a par value of KHR 40,000 per share.

The share capital is distributed completely equally among the seven principal shareholders, ensuring unified strategic alignment and joint corporate accountability:

Shareholder Name	Number of Shares Held	Equity Ownership (%)	Capital Contribution (KHR)
Mr. Svay Sokkhen	1,250	14.29%	50,000,000
Mr. Pichet Botha	1,250	14.29%	50,000,000
Mr. Pheng Pheap	1,250	14.29%	50,000,000
Mr. Yan Sovoeurn	1,250	14.29%	50,000,000
Mr. You Saosamphea	1,250	14.29%	50,000,000
Mr. Yan Penh	1,250	14.29%	50,000,000
Mr. Nouch Tharo	1,250	14.29%	50,000,000
TOTAL	**8,750**	**100.00%**	**350,000,000**

4. The Board of Directors

The members of the Board of Directors who served during the financial year and up to the date of this report are:

- **Mr. Svay Sokkhen** – Chairman of the Board of Directors
- **Mr. Pichet Botha** – Director
- **Mr. Pheng Pheap** – Director and Chief Executive Officer

- **Mr. Yan Sovoeurn** – Director
- **Mr. You Saosamphea** – Director
- **Mr. Yan Penh** – Director
- **Mr. Nouch Tharo** – Director

5. Responsibilities of the Directors in Respect of the Financial Statements

The Directors are responsible for ensuring that the financial statements are prepared for each financial year to give a true and fair view of the financial position of the Company as of 31 December 2025, and of its financial performance and cash flows for the year then ended.

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

- Adopt appropriate accounting policies and apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- Ensure compliance with the disclosure requirements of the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (CIFRS for SMEs).
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They hold a general responsibility for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

The Management, led by the CEO, is responsible for executing internal control systems designed to give reasonable assurance that assets are safeguarded, transactions are authorized, and errors or irregularities are promptly detected.

6. Financial Sustainability and Related Party Backing

To insulate the treasury from liquidity shortfalls during this balance sheet restructuring year, the seven shareholders extended **KHR 3,130.87 million** in unsecured borrowing facilities to the Company. This internal financial commitment kept the funding pipeline completely secure, allowing field credit activities to continue smoothly.

7. Independent Auditors

The financial statements of the Company for the year ended 31 December 2025 have been audited by the independent auditing firm **REACHS & PARTNERS Co., Ltd.**, who expressed an unmodified (clean) opinion.

On behalf of the Board of Directors,

Mr. Svay Sokkhen
Chairman of the Board
C.K.L.S Finance Plc.

5-2-Statement of Financial Position

AS AT 31 DECEMBER 2025

Description	Note	2025 KHR'000	2024 KHR'000
Assets			
Cash on hand	6	-	8,091
Deposits and placements with the NBC	7	28,000	28,000
Deposits and placements with other banks	8	60,212	258,862
Loans to customers	9	2,958,273	4,521,842
Other assets	10	29,887	23,749
Amount due from related parties	23	80,260	-
Property and equipment	11	59,327	77,239
Total assets		**3,215,959**	**4,917,783**
Liabilities and equity			
Liabilities			
Borrowing	12	757,872	950,009
Amount due to related parties	23	3,130,867	2,945,748
Other liabilities	13	357,298	338,190
Income tax payable	21(ii)	2,239	33,899
Total liabilities		**4,248,276**	**4,267,846**
Equity			
Share capital	14	350,000	350,000
Regulatory reserves	15	-	482,449
Accumulated losses		-1,382,317	-182,612
Total equity		**-1,032,317**	**649,937**
Total liabilities and equity		**3,215,959**	**4,917,783**

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

FOR THE YEAR ENDED 31 DECEMBER 2025

Description	Note	2025KHR'000	2024KHR'000
Interest income	16	3,468,849	3,193,834
Interest expense	17	(537,661)	(460,569)
Net interest income		**2,931,188**	**2,733,265**

Other income	18	113,514	129,435
Other operating expenses	19	(2,999,900)	(2,248,430)
Operating profit		**44,802**	**614,270**
Allowance for impairment losses	20	(1,663,108)	(533,754)
Profit before income tax		**(1,618,306)**	**80,516**
Income tax expense	21(i)	(29,044)	(67,267)
Total comprehensive (loss) / income		**(1,647,350)**	**13,249**

5-4-Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

Description	Share capitalKHR'000	Regulatory reservesKHR'000	Accumulated lossesKHR'000	TotalKHR'000
As at 1 January 2025	**350,000**	**482,549**	**(182,612)**	**649,937**
Loss for the year	-	-	(1,647,350)	(1,647,350)
Dividends paid for the year	-	-	(34,904)	(34,904)
Transferred to retained earnings	-	(482,549)	482,549	-
As at 31 December 2025	**350,000**	**-**	**(1,382,317)**	**(1,032,317)**
As at 1 January 2024	**350,000**	**222,015**	**601,787**	**1,173,802**
Profit for the year	-	-	13,249	13,249

Dividends paid for the year	-	-	(543,240)	(543,240)
Adjustment	-	-	6,126	6,126
Transferred from regulatory reserves	-	260,534	(260,534)	-
As at 31 December 2024	**350,000**	**482,549**	**(182,612)**	**649,937**

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

5-5-Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

Description	Note	2025 KHR'000	2024 KHR'000
Cash flows from operating activities			
(Loss) / Profit before income tax		(1,618,306)	80,516
Adjustments for:			
Management adjustment		-	6,126
Depreciation	11	26,238	26,581
Allowances for loan losses	20	1,664,163	533,754
Operating cash flows before working capital changes		**72,095**	**646,977**
Changes in working capital:			
Loans to customers		(100,594)	(1,210,321)
Other assets		(6,138)	50,248
Other liabilities		(12,552)	(14,154)
Cash generated used in operations		**(47,189)**	**(527,250)**
Income tax paid	21(ii)	(60,704)	(48,656)
Net cash used in operating activities		**(107,893)**	**(575,906)**
Cash flows from investing activities			
Acquisitions of property and equipment	11	(8,326)	(32,560)
Net cash used in investing activities		**(8,326)**	**(32,560)**
Cash flows from financing activities			
Amount due from related parties	23	(80,260)	-
Amount due to related parties	23	190,617	840,627
Proceed from borrowing		60,000	574,073
Repayment of borrowing		(219,604)	(92,949)
Payment of dividends	13	(34,904)	(543,240)
Net cash (used in)/from financing activities		**(84,151)**	**778,511**
Net change in cash and cash equivalents		**(200,370)**	**170,045**
Cash and cash equivalents at beginning of the year		269,568	99,523

Foreign currency translation		(7,426)	-
Cash and cash equivalents at end of the year	22	**61,772**	**269,568**

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

5-6-Report of the Independent Auditors

REACHS
The Professional Stance

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders of C.K.L.S Finance Plc.

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 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

Basis for Opinion

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

Responsibilities of Management and the Board of Directors for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with the Board of 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.

For **REACHS & PARTNERS Co., Ltd.**

E Bunthet
Partner

Phnom Penh, Kingdom of Cambodia
Date: 19 May 2026