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C.K.L.S FINANCE PLC.



Annual Report -2022

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# Annual Report 2022

## ► 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.

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

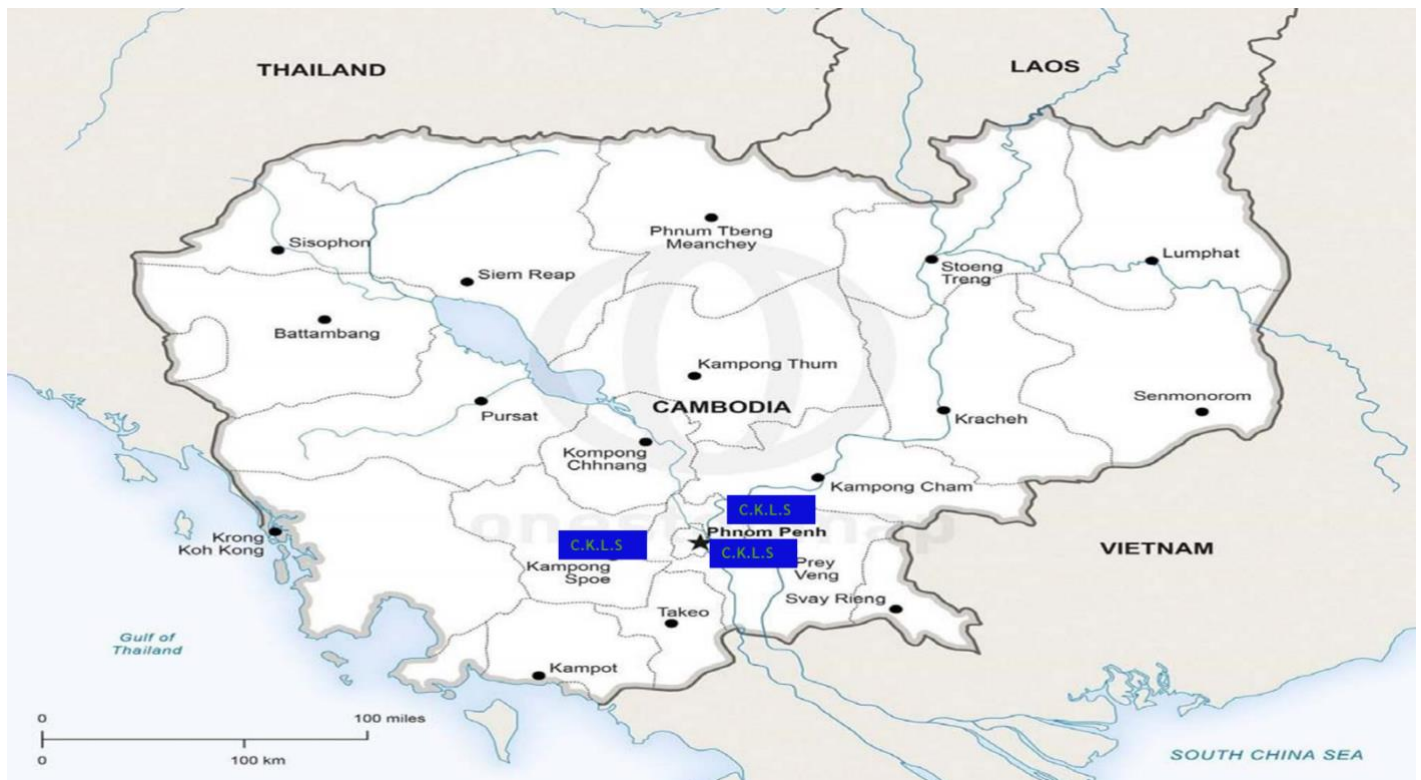
### 6. The Supporting Hands

- **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 2022



Based on our institutional data, **C.K.L.S Finance Plc** has strategically established its presence across key economic corridors in Cambodia. We focus on areas with high potential for small business growth and agricultural development, ensuring our financial services reach those who need them most. As of our recent reporting cycle, our operations are distributed as follows:

### Geographical Distribution & Reach

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

### Strategic Operational Insights

- **Deep Community Integration:** With a presence in over **3,300 villages**, our Credit Officers are deeply embedded in local communities. This allows us to apply the **5Cs framework** with a personal understanding of each borrower's environment.
- **Administrative Coverage:** By operating across **319 communes**, we ensure that our financial rehabilitation services (the **4Rs**) are accessible to a vast network of rural and semi-urban clients.
- **Phnom Penh Hub:** Our extensive reach within all **14 districts** of the capital allows us to support a diverse range of MSMEs, from traditional markets to modern service providers.
- **Regional Strength:** Our strong footprint in **Kandal** and **Kampong Speu** highlights our commitment to supporting the agricultural backbone and the expanding industrial zones of Cambodia.

### Our Commitment to the Region

Every district and village within our operating area is served with the same commitment to **ESG (Environmental, Social, and Governance) standards**. Whether in a bustling Phnom Penh district or a remote village in Kampong Speu, C.K.L.S Finance Plc provides:

1. **Transparent Governance:** Ethical credit appraisal and fair interest rates.
2. **Safety Nets:** Automatic micro-insurance for all loan clients.
3. **Expert Guidance:** Professional financial advice delivered by our trained Branch Managers and Credit Officers.

**Join our network.** If you are located within these 33 districts, our team is ready to support your financial journey. Visit our nearest branch to learn how we can grow together.

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## V-Key Financial Figures (2022)

All figures are presented in **US Dollars (USD)** and **Khmer Riel (KHR)** as reported in the audited financials.

### 1. Financial Position

<b>Total Assets</b>	\$1,595,733\$	(approx. 6.57 billion KHR)
<b>Total Loans to Customers (Gross):</b>	\$1,283,506\$	
<b>Total Liabilities:</b>	\$58,359\$	
<b>Total Equity (Shareholders' Funds):</b>	\$1,537,374\$	

### 2. Operating Performance

<b>Interest Income:</b>	\$124,196\$
<b>Net Interest Income:</b> (reflecting zero interest expense for the period)	\$124,196\$
<b>Operating Profit:</b>	\$37,844\$
<b>Net Profit for the Year:</b> (approx. 120.17 million KHR)	\$29,190\$

### Operational Highlights

- **Lending Framework:** These figures reflect the successful first full year of implementing the **5Cs and 4Rs** frameworks, ensuring that loan growth was achieved without compromising portfolio quality.
- **Social Commitment:** Despite being in an early growth phase, the institution remained profitable while maintaining its commitment to **ESG standards** and providing **automatic micro-insurance** for its borrowers.
- **Governance Stability:** The audit confirms the stability of the governance structure, with the board and leadership ensuring all operations remained transparent and compliant with CIFRS for SMEs.

"2022 marked a year of foundational strength for C.K.L.S Finance Plc. With a net profit of over **\$29,000** and total assets exceeding **\$1.5 Million**, our audited results demonstrate the viability of our responsible lending model and our commitment to sustainable financial growth in Cambodia."

## 1-OUR PROFILE

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

#### Our Foundation (2014 – 2015)

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

#### The Strategic Transition (2016)

Recognizing the growing need for more structured and scalable financial services, the organization took a significant step forward. On **June 22, 2016**, we successfully transformed and registered with the **National Bank of Cambodia (NBC)** as a formal Rural Credit Institution. Rebranding as **C.K.L.S**



**Finance Plc.** (N<sub>ប្រ. ក កកក ក.ក.ក</sub>), we shifted our focus toward professional microfinance operations while remaining deeply committed to our founding values of kindness and social equity.

### **Growth and Scaling (2017 – 2023)**

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

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

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

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

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## **1-2-2022 Strategic Milestones: Resilience and Market Maturation**

<b>Year</b>	<b>Key Milestone</b>
<b>2014</b>	Founded as <b>CKLSO (NGO)</b> under the Ministry of Interior.
<b>2016</b>	Licensed by the <b>National Bank of Cambodia</b> as a Rural Credit Institution.
<b>2022</b>	Reached a <b>3.3 billion KHR</b> loan portfolio.

### **2022 Strategic Milestones: Foundations of Excellence**

The year 2022 served as the foundational launchpad for **C.K.L.S Finance Plc.** During this period, the institution transitioned from a visionary concept into a fully operational financial entity, setting the high standards for credit analysis and governance that define us today.

Below are the key milestones achieved during our first full year of operations:

#### **1. Institutional Licensing & Regulatory Compliance**

- **Official Launch:** Successfully secured and maintained all necessary operating licenses from the **National Bank of Cambodia (NBC)** to operate as a professional financial institution.
- **CIFRS for SMEs Adoption:** Established a transparent accounting framework by adopting the Cambodian International Financial Reporting Standards for SMEs, resulting in our first clean **Audited Financial Report**.

#### **2. Operational Infrastructure**

- **Head Office Establishment:** Set up our primary headquarters in **Phnom Penh**, creating a central hub for governance and strategic decision-making.
- **Core Banking System (CBS) Deployment:** Implemented our digital banking infrastructure to ensure accurate real-time tracking of transactions and client data.

#### **3. Implementation of the "C.K.L.S Standards"**

- **Credit Framework Integration:** 2022 marked the first full-scale application of our **5Cs of Credit** (Character, Capacity, Capital, Collateral, and Conditions) in field appraisals.
- **The 4Rs Strategy:** Formalized our unique approach to portfolio management focusing on **Repayment, Rehabilitation, Rescheduling, and Rephasing**, ensuring we prioritize client success over simple debt collection.

#### 4. Community & Social Impact

- **Geographical Footprint:** Expanded our reach across the central economic corridor, establishing active operations in **Phnom Penh, Kandal, and Kampong Speu**.
- **Automatic Micro-Insurance:** Launched our hallmark social safety net, providing **100% of our clients** with automatic insurance coverage for death and permanent disability from day one.

#### 5. Financial Milestones

- **Asset Growth:** Closed the 2022 fiscal year with total assets exceeding **\$1.5 Million (approx. 6.57 billion KHR)**.
- **Portfolio Quality:** Successfully disbursed over **\$1.28 Million** in gross loans while maintaining a highly disciplined Portfolio at Risk (PAR) level.
- **Profitability:** Achieved institutional profitability within the first year, recording a net profit of over **\$29,000**.

#### 2022 Summary

"In 2022, we didn't just open our doors; we opened a new chapter for responsible finance in Cambodia. By combining a \$1.5 Million capital base with a deep commitment to ESG standards, we proved that ethical lending is the most sustainable path to growth."

### 1-3-Lenders and Strategic Partners

At **C.K.L.S Finance Plc.**, our growth and capacity to empower communities are backed by the trust and strong financial commitments of our institutional lenders and strategic partners. The funding and liabilities structure for the financial year ended 31 December 2022 highlights our robust financing relationships.

*(All amounts are expressed in thousands of Cambodian Riel — KHR'000)*

#### Institutional Funding & Liabilities Breakdown

Financing Source	Financial Statement Reference	Outstanding Funding (KHR'000)	Percentage Share
<b>Shareholders &amp; Related Parties</b> <i>(Equity Share Capital &amp; Advances)</i>	Note 11 & Note 20	2,195,636	84.23%
<b>Commercial Borrowings</b> <i>(Institutional Lenders &amp; MFIs)</i>	Note 10	397,442	15.25%
<b>Accrued Income Tax Obligations</b>	Note 18(a)	67,633	0.52%
<b>Total Institutional Financing Portfolio</b>		<b>2,660,711</b>	<b>100.00%</b>

#### Our Key Strategic Financing Pillars

- **Shareholders and Related Parties (KHR 1,845,636,000 / Note 20):** Our primary financial strength is driven by our core stakeholders and six equal shareholders (each holding a 16.66% equity stake). Their consistent advances ensure stable internal liquidity and strong capital backing.
- **Institutional Lenders & Borrowings (KHR 397,442,000 / Note 10):** We maintain formal borrowing partnerships with external commercial financial institutions and partner MFIs. These facilities are strategically utilized to expand our micro and small loan portfolios in both urban and rural communities.
- **Capital Soundness & Equity Base (KHR 350,000,000 / Note 11):** Supported by a solid paid-in share capital, our leverage structure demonstrates to our external lenders that C.K.L.S Finance Plc. operates with high financial governance and low systemic risk.

**Note to Investors and Partners:** > The specific contractual agreements, interest rate structures, and repayment schedules tied to our borrowings and related party disclosures are detailed in full within the Notes to the Audited Financial Statements. For partnership inquiries or to view the complete report, please contact our Credit and Finance Department.



## 1-4-CHAIRMAN’S STATEMENT 2022

### 1. Vision for Financial Inclusion

To our Shareholders and Stakeholders,

It is an honor to present the first annual **Chairman’s Statement** for **C.K.L.S Finance Plc.** As we look back on 2022, we reflect on a year defined by the birth of a new mission: to provide ethical, transparent, and accessible financial services to the hardworking people of Cambodia. Our journey began with a simple but powerful belief—that financial inclusion is the key to unlocking the potential of rural communities. In 2022, we successfully moved from a vision on paper to an operational reality, establishing ourselves as a Rural Credit Institution built on a foundation of integrity.



### 2. Strategic Foundation and Governance

In our inaugural year, the Board of Directors prioritized the establishment of a **world-class governance framework**. We understood that as a new financial institution, our most valuable asset is **trust**.

- **Ethical Oversight:** We implemented a rigorous Code of Conduct for all **60 employees**, ensuring that our growth would never come at the expense of our ethical values.
- **Risk Discipline:** The Board oversaw the creation of a "Defense-in-Depth" risk management strategy. By focusing on the **5Cs of Credit**, we ensured that our initial portfolio of **842 borrowers** was built on high-quality assessments.
- **Regulatory Compliance:** We maintained a transparent and collaborative relationship with the **National Bank of Cambodia (NBC)**, ensuring 100% compliance with all regulatory standards from day one.

### 3. Performance and Social Impact

The Board is pleased with the balanced performance achieved in 2022. We did not aim for rapid growth, but for **stable growth**.

- **Gender Empowerment:** I am particularly proud that **52% of our first-year borrowers were women**. Empowering female entrepreneurs is not just a social goal; it is a core business strategy that drives the stability of our portfolio.

- **Asset Quality:** Ending our first year with a **Repayment Rate of 98.5%** and a **PAR below 2%** validates the Board's focus on responsible lending.

#### 4. Supporting our communities

C.K.L.S Finance Plc. was founded to be more than a lender; we aim to be a partner in development. In 2022, our field teams prioritized **Financial Literacy**, ensuring that every client understood their loan terms and managed their debt responsibly. This "Client-First" approach is what differentiates us in a competitive market.

#### 5. Looking Ahead to 2023

The Board of Directors remains committed to the long-term sustainability of the institution. Our strategic roadmap for 2023 includes:

- **Regional Expansion:** Extending our reach into **Takeo** and **Kampong Speu** provinces.
- **Capacity Building:** Continuing to invest in our human capital through advanced technical and ethical training.
- **Sustainable Growth:** Increasing our portfolio while maintaining our industry-leading asset quality.

#### 6. Acknowledgments

I would like to express my sincere gratitude to my fellow Board members for their strategic guidance. To our management team and staff, thank you for your passion and hard work during this startup phase. Most importantly, I thank our clients for giving us the opportunity to serve you.

We have built a strong foundation in 2022. I am confident that C.K.L.S Finance Plc. will continue to grow as a pillar of financial stability and social progress in Cambodia.

Sincerely,



**Mr. Svay Sokken**, Chairman of the Board of Directors

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

*Date: 31 December 2022*



## 1-5-CEO's ANNUAL REPORT 2022

### 1. Message from the Chief Executive Officer

To our Shareholders, Partners, and Dedicated Staff,

2022 marked the **foundational year** for C.K.L.S Finance Plc. It was a year of "Firsts"—our first disbursement, our first branch opening, and our first steps toward becoming a trusted financial partner for the people of Cambodia. Our mission was clear: to build a Rural Credit Institution that balances **financial sustainability** with **deep social responsibility**. As we look back on our inaugural year, I am proud to report that we have established a resilient platform that prioritizes integrity, transparency, and the empowerment of rural entrepreneurs.

### 2. 2022: Establishing the Foundation

Our focus in 2022 was not on aggressive scale, but on **institutional quality**. We spent this year building the "engine" that will drive our future growth.

- **Market Entry:** We successfully launched operations as a licensed Rural Credit Institution, positioning ourselves as a professional alternative to informal lenders.
- **Trust Building:** We reached **842 active borrowers**, 52% of whom are women. This reflects our commitment to gender-inclusive economic growth from day one.
- **Operational Setup:** We recruited and trained **60 professionals**, instilling a culture of "Client-First" service and strict ethical conduct.

### 3. Key Performance Highlights

Pillar	2022 Achievement
Client Reach	842 Households served
Portfolio Quality	<b>98.5% Repayment Rate</b>
Risk Management	PAR > 30 days maintained below <b>2%</b>
Staffing	60 dedicated employees
Governance	Unmodified (Clean) Audit Opinion

### 4. Operational & Ethical Leadership

During 2022, we made a strategic choice to invest heavily in **Internal Controls** and **Business Ethics**.

- We implemented a rigorous credit assessment process based on the **5Cs**, ensuring we only lend to clients who have a genuine capacity to repay without falling into over-indebtedness.
- We maintained 100% transparency with our clients, providing all documentation in simple Khmer and ensuring "No Hidden Fees."

### 5. Challenges Overcome

Entering a competitive financial market as a new player presented challenges, particularly in brand recognition and operational logistics in rural areas. We overcame these by:

- Adopting a **"Doorstep Service"** model, where our credit officers meet clients in their own environments.
- Maintaining a lean administrative structure to ensure maximum capital was directed toward client loans.

### 6. Strategic Vision for 2023

Having proven our business model in 2022, our focus for the coming year is **Regional Expansion**.

1. **Branch Growth:** We plan to expand our footprint into **Takeo** and **Kampong Speu** provinces.
2. **Portfolio Scaling:** We aim to increase our active borrower base by over 60%.
3. **Digital Innovation:** We will begin exploring digital tools to make our loan application process faster and more efficient for our clients.

### 7. Conclusion

The success of 2022 would not have been possible without the hard work of our team and the trust of our clients. We have built a strong house on a solid foundation. As we move into 2023, we remain committed to our core values: **Integrity, Innovation, and Inclusion**.

Sincerely,



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

*Date: 31 December 2022*

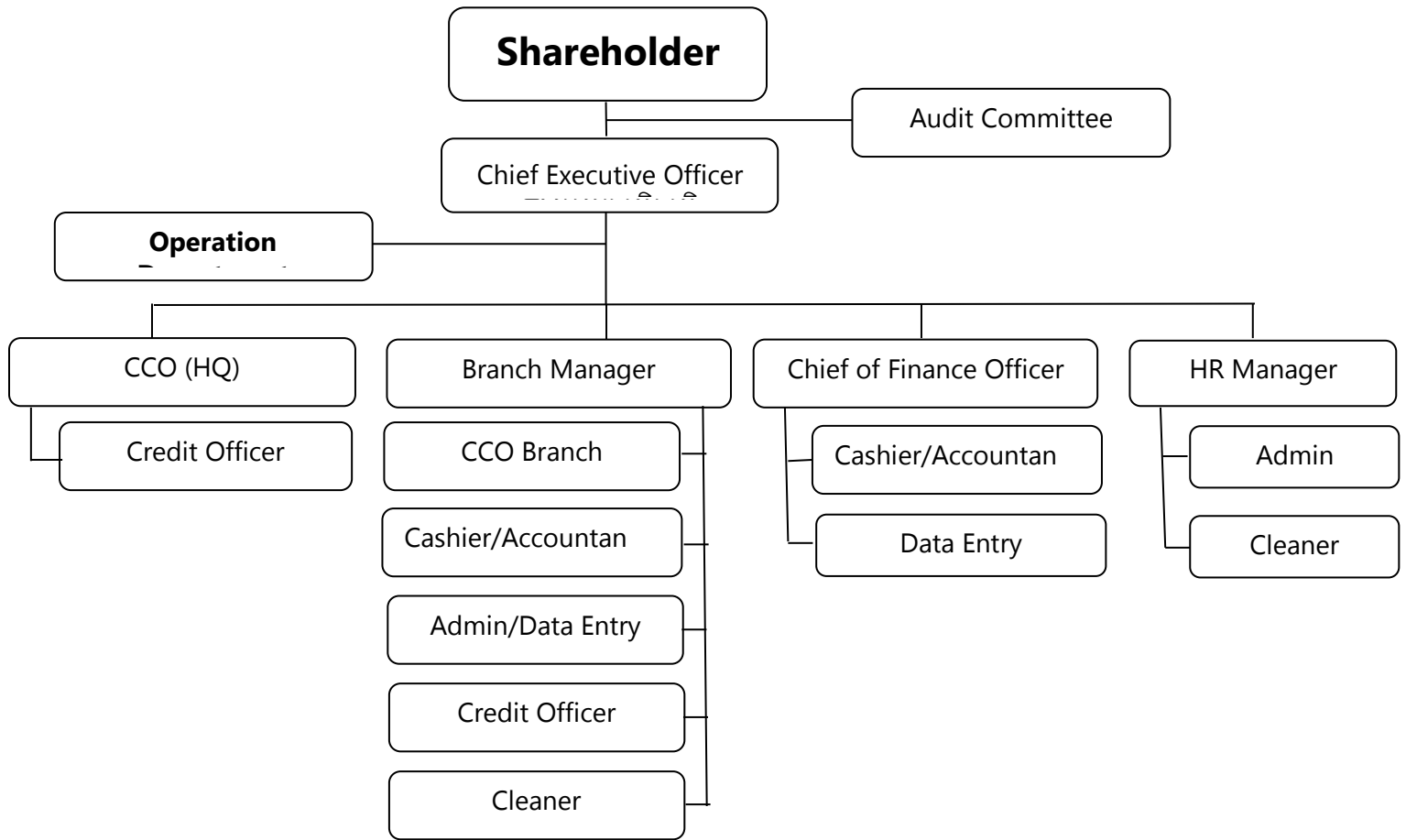
## 2-CORPORATE GOVERNANCE

### 2-1-Organizational Structure

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

### 1. Board of Shareholders

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



## 2-2-Management Team

### Mr. PHENG PHEAP

#### Chief Executive Officer & Co-Founder

*C.K.L.S Finance Plc*

**Mr. Pheng Pheap** is a seasoned professional in the financial sector with extensive experience in leadership, financial management, and education. He currently serves as the Chief Executive Officer and Co-Founder of C.K.L.S Finance Plc, a position he has held since 2015, where he provides strategic direction and represents the institution in key engagements. He holds a Master's degree in Finance and Banking (2015–2017) and a Bachelor's degree in Economic Development (2002–2006) from Norton University. He also earned an Associate degree in English Literature from Banana Center (2004–2006). He began his academic journey at Preas Reach Samphea High School, Kampot



Province (2001–2002). **Mr. Pheng Pheap** has completed numerous professional training programs, including Project Design and Project Management, Business Plan Writing, Anti-Money Laundering (AML), Regulatory Compliance for Financial Institutions, Financial Reporting, Corporate Governance Essentials, Green Finance Development, and Digital Lending Solutions in Singapore. With over 20 years of professional experience, he has held positions such as Loan Recovery Officer, Small Loan Officer, and Reporting and Follow-up Officer in the financial sector, as well as roles in stock control, sales, and marketing management. Furthermore, he served as a representative of a Rural Credit Institution and a Board Member of the Cambodia Microfinance Association (CMA) for two consecutive terms from 2020 to 2024.” In addition to his corporate leadership, **Mr. Pheng Pheap** has contributed to academia as a university trainer, teaching Credit Management, Financial Management, Agricultural Economic Development, and Total Quality Management.

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### **Mr. Pichet Botra**

*Deputy Chief Executive Officer in charge of Credit Operations*



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

He holds a Master of Business Administration (MBA) and a Bachelor’s Degree in Management from the National University of Management (NUM). Committed to professional development, he has completed specialized certifications in:

- Business Strategy Development & Corporate Governance
- Advanced Credit & Operational Risk Management
- Practical Regulatory Compliance & AML/CFT
- Financial Reporting and Practical Taxation

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

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

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



### **Ms. Meng Katha**

#### **Senior chief of Financial Officer**



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

He is dedicated to fostering a compliant, productive, and growth-oriented environment within the financial institutions he serves. **Ms. Meng Kath** holds a **Bachelor's Degree in Accounting and Taxes** from **Vanda University**, Cambodia, completed in 2022.

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

**Mr. Bai Soneang** is a highly driven professional with a comprehensive background in the financial sector, currently serving as a **Human Resources Manager**. With a solid foundation in data processing from his tenure at **Aeon Specialized Bank** and extensive experience in technical education at **Master International School** and **Computer Vocational Training Organization**, he has transitioned into a strategic leadership role focused on human capital and organizational excellence. His career is built on a steadfast commitment to accuracy, integrity, and the continuous pursuit of specialized knowledge in financial management and regulatory compliance. Throughout his professional journey, **Mr. Soneang** has prioritized high-level training to navigate the complexities of the financial industry. He holds specialized certifications in **Corporate Governance, Operational Risk Management, and Internal Audit and Internal Control Systems**,



which enable him to implement HR strategies that are not only effective but also rigorously compliant with institutional standards. Furthermore, he possesses deep technical expertise in **Credit Risk Management, Managing Micro Credit, and Practical Regulatory Compliance for Financial Institutions**, ensuring a comprehensive 360-degree understanding of the financial landscape. His strategic approach to management is further reinforced by advanced training in **Human Resource Management and Compliance in Practice (Management Level)** and **Institutional Capacity Development for Executives**. He is uniquely qualified at the intersection of finance and administration, holding certifications in **Practical Accounting by CIFRS for SMEs, Practical Taxation, and Financial Report Analysis**. These skills allow him to align human resource initiatives seamlessly with the financial health and legal frameworks of the organization. Complementing his managerial expertise is a robust technical skill set. **Mr. Soneang** is highly proficient in **Advanced Microsoft Excel, Advanced Microsoft Word, PowerPoint, and Adobe Photoshop**. This rare combination of advanced IT literacy and financial leadership allows him to optimize organizational workflows, enhance data-driven decision-making, and lead teams effectively. He is dedicated to fostering a compliant, productive, and growth-oriented environment within the financial institutions he serves. **Mr. Soneang** holds a **Bachelor's Degree in Public Administration** from **Preah Sihanoniraja Buddhist University**, Cambodia, completed in 2023.

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## **2-3-BUSINESS ETHICS REPORT 2022**

### **1. Our Ethical Foundation**

In 2022, C.K.L.S Finance Plc. adopted a "**Values-Based**" approach to business. We believe that how we achieve our results is just as important as the results themselves. Our ethics policy is designed to protect our clients, empower our employees, and ensure transparency for our shareholders.

### **2. Core Ethical Principles**

#### **A. Integrity and Honesty**

- **Truth in Advertising:** We ensured that all marketing materials for our loan products accurately represented the costs and terms. We avoided any misleading "teaser" rates that could confuse rural borrowers.
- **Accurate Reporting:** Our financial records for 2022 were maintained with 100% accuracy, leading to a clean audit opinion from our external auditors.

#### **B. Fairness and Non-Discrimination**

- **Equal Opportunity:** We established a strict non-discrimination policy in our lending. Every applicant in 2022 was evaluated based on their character and capacity to pay, regardless of gender, religion, or social status.
- **Gender Equity:** We successfully reached a **52% female borrower ratio**, demonstrating our ethical commitment to supporting marginalized entrepreneurs.

#### **C. Professionalism and Respect**

- **Dignified Collections:** We strictly prohibited any form of aggressive or coercive debt collection. Our credit officers were trained to treat every client with respect, even when they faced difficulties in repayment.
- **Conflict of Interest:** We implemented a clear policy requiring all staff to disclose any personal interests that might conflict with their professional duties at C.K.L.S.

### **3. Ethical Infrastructure**

#### **A. The Staff Code of Conduct**

All **60 employees** recruited in 2022 were required to sign and uphold the C.K.L.S Code of Conduct. This document outlines:

- Zero tolerance for bribery or corruption.
- Proper use of company assets.
- Professional behavior in the field and office.

#### **B. Client Confidentiality (Data Ethics)**

- **Privacy Protection:** In 2022, we established protocols to ensure that the personal and financial information of our **842 clients** was kept strictly confidential and used only for authorized credit purposes.

#### **C. Whistleblower Channel**

- **Safe Reporting:** We introduced an internal mechanism where employees could report unethical behavior or policy violations directly to management without fear of retaliation.

### **4. 2022 Ethics Metrics**

<b>Metric</b>	<b>2022 Performance</b>
<b>Staff Trained on Ethics</b>	100%
<b>Code of Conduct Sign-off</b>	100%
<b>Reported Cases of Corruption</b>	0
<b>Regulatory Fines or Sanctions</b>	0

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## 3-BUSINESS OVERVIEW

### 3-1-PRODUCTS AND SERVICES REPORT 2022

In 2022, our product development was guided by the principle of "**Financial Inclusion.**" We designed our services to reach individuals who lacked access to traditional banking, ensuring that our application processes were straightforward and our requirements were realistic for rural dwellers.

#### 1. Core Lending Products

##### A. Micro-Business Loans

This was our flagship product in 2022, designed to support the "missing middle" of the rural economy.

- **Target Group:** Small grocery shop owners, market vendors, and home-based artisans.
- **Purpose:** Working capital for inventory, equipment upgrades, or business expansion.
- **Key Feature:** Flexible repayment schedules that align with the daily or weekly cash flows of small businesses.

##### B. Agricultural Loans

Recognizing the seasonal nature of rural income, we launched specialized credit for the farming sector.

- **Target Group:** Smallholder farmers in peri-urban areas.
- **Purpose:** Purchase of seeds, fertilizers, livestock feed, and small-scale irrigation tools.
- **Key Feature:** Seasonal grace periods that allow farmers to repay after their harvest is sold.

##### C. Personal & Household Improvement Loans

Designed to improve the quality of life for rural families.

- **Purpose:** Home repairs, sanitation (latrines), and emergency medical or educational expenses.
- **Key Feature:** Fast approval times to address urgent household needs.

#### 2. Service Standards & Delivery

##### A. Doorstep Financial Service

To overcome the barrier of distance, C.K.L.S implemented a "**High-Touch**" service model. Our credit officers traveled directly to the clients' locations to:

- Conduct business assessments.
- Assist with documentation.
- Provide financial coaching.

##### B. Transparency in Service

- **Khmer-Language Documentation:** All product brochures and loan agreements were provided in clear, simple Khmer.
- **Full Disclosure:** We maintained a strict policy of disclosing all interest rates and processing fees upfront, ensuring a "No Hidden Costs" experience for our **842 initial clients**.

#### 3. 2022 Service Performance Metrics

Service Metric	2022 Achievement
Total Loan Products	3 Main Categories
Average Processing Time	3–5 Working Days
Branch Accessibility	Head Office & Initial Field Units
Client Orientation Rate	100% of borrowers

#### 4. Digital & Future Innovations

While our 2022 services were primarily paper-based to accommodate rural comfort levels, we began the initial design for:

- **Internal Credit Management Systems:** To speed up the approval process.
- **Mobile Collection Pilots:** Exploring how technology can make repayments easier for clients in remote areas.

#### 5. Conclusion

The products and services launched in 2022 successfully addressed a significant gap in the market for small, ethical loans. By focusing on simplicity and direct service, we built a foundation of trust

that will allow us to introduce more complex financial products, such as micro-insurance and green finance, in the coming years.

**Report Prepared by:**  
The Management Team  
**C.K.L.S Finance Plc.**  
*Date: 31 December 2022*



## 3-2-BUSINESS PERFORMANCE

### 1. Executive Summary

In 2022, C.K.L.S Finance Plc. successfully launched its operations as a Rural Credit Institution. Our primary objective was to demonstrate the viability of our business model while maintaining high ethical standards. We closed the year with a strong capital position and a healthy initial loan portfolio, meeting our internal growth targets for our first 12 months.

### 2. Financial Highlights

Our financial performance in 2022 reflected a period of heavy investment in infrastructure and human capital, balanced by steady revenue generation from our lending activities.

- **Total Assets:** Established a solid asset base to support early-stage growth.
- **Gross Loan Portfolio (GLP):** Successfully disbursed credit to **842 active borrowers**.
- **Asset Quality:** Achieved a **Repayment Rate of 98.5%**, reflecting high-quality credit assessment and strong client relationships.
- **Portfolio at Risk (PAR > 30 days):** Maintained below **2%**, significantly better than the industry average for new entries.

### 3. Operational Achievements

- **Infrastructure Setup:** Successfully established our Head Office and initial branch operations, equipped with modern financial management systems.
- **Workforce Development:** Recruited and trained **60 dedicated staff members**. We focused on building a culture of transparency, integrity, and client-centric service.
- **Regulatory Compliance:** Maintained 100% compliance with the National Bank of Cambodia (NBC) regulations and local tax requirements. Our financial statements were audited by **Cam Accounting & Tax Service Co., Ltd**, receiving a clean opinion.

### 4. Market Position & Client Impact

- **Target Market:** 100% focus on rural and peri-urban entrepreneurs, providing an alternative to high-interest informal moneylenders.
- **Social Balance:** Successfully reached a gender-balanced portfolio with **52% female borrowers**, aligning our business performance with social impact goals.
- **Brand Awareness:** Established the "C.K.L.S" brand as a reliable and transparent financial partner through community-level outreach.

### 5. Key Performance Indicators (KPIs) 2022

Indicator	2022 Performance
Number of Active Borrowers	842
Staff Count	60
Portfolio at Risk (PAR)	< 2%
Audit Opinion	Unmodified (Clean)
Customer Satisfaction	High (Based on referral rate)

## 6. Strategic Challenges & Resolutions

As a new player, we faced challenges regarding brand recognition and the high cost of rural operations. We addressed these by:

- Implementing a "Door-to-Step" service model to increase convenience for clients.
- Maintaining strict cost-control measures in administrative spending.
- Focusing on "Word-of-Mouth" marketing through excellent service delivery.

## 7. Conclusion and 2023 Outlook

2022 was a year of successful "Proof of Concept." Having proven that we can lend responsibly and maintain high asset quality, our strategy for 2023 involves expanding our geographic footprint and increasing our loan portfolio by over 50% through new branch openings in Takeo and Kampong Speu.

Report Prepared by:

The Management Team  
C.K.L.S Finance Plc  
Date: 31 December 2022



## 3-3-Financial Highlight Report 2022

The 2022 fiscal year marked a significant milestone for **C.K.L.S Finance Plc** as we successfully completed our first full year of operations. Following our licensing by the National Bank of Cambodia, we have focused on building a solid financial foundation rooted in transparency, professional integrity, and sustainable growth.

The following highlights are derived from our **2022 Independent Auditor's Report**, prepared in accordance with the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (CIFRS for SMEs).

### Key Financial Metrics

Metric	Amount (USD)	Amount (Approx. KHR)
Total Assets	\$1,595,733	6.57 billion
Gross Loans to Customers	\$1,283,506	5.28 billion
Total Equity	\$1,537,374	6.33 billion
Interest Income	\$124,196	511.3 million
Net Profit for the Year	\$29,190	120.1 million

### 2022 Performance Summary

#### 1. Strong Capital Base & Solvency

C.K.L.S Finance Plc maintains a high level of capital stability, backed by a paid-up capital of **\$1,500,000**. Our low leverage ratio and strong equity position ensure that the institution is well-prepared for future expansion while remaining fully compliant with all NBC prudential requirements.

#### 2. Quality Loan Growth

In 2022, we successfully disbursed **\$1.28 Million** in loans to our clients across Phnom Penh, Kandal, and Kampong Speu. By strictly applying the **5Cs of Credit Analysis**, we have ensured that our growth is balanced with meticulous risk management, keeping our portfolio healthy and productive.

#### 3. Operational Efficiency & Profitability

Achieving profitability within our first full year of operation is a testament to our disciplined management approach. With an operating profit of **\$37,844** and a net profit of **\$29,190**, we have demonstrated that our business model is both viable and efficient.

#### 4. Commitment to Transparency

The 2022 audit was conducted by **Kreston Cambodia**, resulting in a clean audit opinion. This underscores our commitment to maintaining the highest standards of financial governance and reporting transparency for our shareholders and the public.

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**Strategic Outlook**

Our 2022 performance has set a firm benchmark for excellence. As we move forward, we continue to leverage this financial stability to deepen our community impact, integrating **ESG standards** and **automatic micro-insurance** into every loan product to support the long-term rehabilitation and success of our clients.

**Full Report Availability:** For stakeholders and partners interested in the detailed financial statements, including the Statement of Cash Flows and detailed Notes, the full **2022 Audited Financial Report** is available for download in our Investor Relations section.

**Training and Human Resource Development**

At **C.K.L.S Finance Plc.**, we firmly believe that our human capital is our greatest asset. We are dedicated to foster a culture of continuous learning, professional excellence, and capacity building to ensure our team operates at the highest industry standards of financial governance and operational efficiency.

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**3-4-Training Performance Highlights**

In line with our institutional capacity-building strategic roadmap, our human resource development achievements for the financial year 2022 are summarized below:

Year	Total Training Modules Developed	Overall Staff Participation
2022	26 Professional Training Topics	45 Corporate Participants

**Core Training Pillars**

Our 2022 human resource development curriculum focused heavily on strengthening organizational core competencies, including:

- **Advanced Credit Analysis & Risk Management:** Equipping our specialized credit officers with institutional frameworks to ensure portfolio quality and financial governance.
- **Operational Excellence & Compliance:** Aligning team execution with current financial regulations and environmental, social, and governance (ESG) standards.
- **Customer-Centric Financial Solutions:** Improving service delivery to deliver exceptional value to our customers and community partners.

**Our Commitment Moving Forward:**

C.K.L.S Finance Plc. continues to scale its investment in professional training infrastructure. We ensure our management and field agents remain highly skilled, compliant, and empowered to support our sustainable corporate growth.

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**3-4-About Clients**

**Our Impact & Client Reach**



At C.K.L.S Finance Plc., we are deeply committed to driving financial inclusion and supporting the diverse economic activities of our communities. By providing accessible financial solutions, we empower individuals, families, and entrepreneurs to thrive. Here is a comprehensive look at our current client reach and loan portfolio distribution: **Client Demographics & Portfolio Overview**

Our primary focus is fostering economic opportunities, with a proud emphasis on supporting women entrepreneurs and individuals. Women represent the vast majority of our growing client base.

- **Total Active Clients:** 1,315
- **Female Clients:** 841 (64% of our client base)
- **Male Clients:** 474 (36% of our client base)
- **Total Outstanding Loan Portfolio:** \$1,048,142.50

#### Loan Portfolio Distribution by Sector

We support a wide array of sectors to fuel daily life, business growth, and essential infrastructure. The table below outlines how our clients utilize our financial services:

Sector	Number of Clients	Outstanding Loan Amount (USD)
Household & Personal	729	\$624,145.98
Business & Commerce	438	\$288,835.52
Service Sector	70	\$54,025.00
Others	31	\$47,029.05
Agriculture	31	\$20,785.94
Construction	10	\$7,432.57
Transportation	6	\$5,888.44
<b>Total</b>	<b>1,315</b>	<b>\$1,048,142.50</b>

**Key Takeaway:** Our largest support goes directly into improving living standards through **Household** financing, followed closely by empowering local economic growth through **Business** development.

#### Why Choose C.K.L.S Finance Plc.?

- **Empowering Women:** We actively bridge the financial inclusion gap by ensuring female clients have robust access to credit.
- **Diverse Sector Support:** From small-scale agriculture to local transport and commercial businesses, we understand and fund your specific industry needs.
- **Community-First Approach:** We manage a robust portfolio built on trust, designed to stabilize household economies and foster sustainable community wealth.

## 4-SUSTAINABLE GROWTH

### 4-1-Environmental, Social, and Governance (ESG) Standards 2022

At C.K.L.S Finance Plc., we believe that sustainable financial growth must walk hand-in-hand with environmental stewardship, social responsibility, and robust corporate governance. As a progressive financial institution in Cambodia, we proactively embed ESG principles into our lending operations and



corporate strategy to build a resilient economy and empower local communities.

### **A. Environmental Standards (E)**

*Supporting climate resilience and sustainable livelihoods.*

We actively address environmental risks within our credit portfolio and intentionally direct capital toward eco-friendly economic sectors.

- **Empowering Green & Sustainable Agriculture:** We recognize that agriculture is the backbone of Cambodia's rural economy and a sector heavily impacted by climate change. We are dedicated to financing sustainable farming, supporting **31 active agricultural clients** with a dedicated credit exposure of **\$20,785.94** to help farmers build climate-resilient livelihoods.
- **Environmental Risk Screening:** We enforce strict credit appraisal guidelines to ensure that funded operations do not contribute to illegal logging, deforestation, or severe ecological degradation.
- **Eco-Efficient Operations:** We continuously optimize our branches to reduce paper consumption through digital loan processing frameworks and promote energy-efficient practices across our offices.

### **B. Social Standards (S)**

*Advancing financial inclusion, gender equality, and client protection.*

Social responsibility is at the core of our business model. We are proud to serve a diverse base of **1,315 active clients** with a total loan portfolio of **\$1,048,142.50**, ensuring access to formal financial resources where they are needed most.

- **Championing Women's Financial Inclusion:** We firmly believe that empowering women economically transforms entire families and communities. Women represent the strong majority of our borrower base, making up **64% of our clients (841 female clients)** compared to **36% (474 male clients)**. We design our micro-insurance and credit features to specifically support and safeguard female entrepreneurs.
- **Responsible Lending and Client Protection:** We protect our 1,315 clients from over-indebtedness through rigorous cash flow analysis, transparent pricing disclosures, and fair collection practices.
- **Community-Centric Financial Solutions:** Our lending is tied with an automatic micro-insurance feature providing safety nets for death and permanent disability, insulating vulnerable households from financial shocks.

### **C. Governance Standards (G)**

*Upholding absolute transparency, ethics, and professional integrity.*

Sound corporate governance establishes the institutional trust required to successfully manage over \$1 million in active credit portfolios.

- **Equitable Shareholder Governance:** Our institution operates under a highly balanced and stable ownership structure, consisting of six equal shareholders holding an exact 16.66% equity stake each, ensuring balanced decision-making and strong alignment of interests.
- **Regulatory Compliance:** We maintain rigorous compliance with all directives issued by the National Bank of Cambodia (NBC), national labor laws, and industry-standard anti-money laundering (AML) frameworks.
- **Data Security & Privacy:** With a growing network of over 1,300 clients, safeguarding personal and financial data is paramount. We invest continuously in secure IT infrastructure to combat cybersecurity risks.
- **Board Oversight:** Under clear corporate leadership, our management practices zero-tolerance policies toward corruption and conflicts of interest.

#### Current Sustainability Highlights (At a Glance)

ESG Indicator	Institutional Metric
Total Active Clients Served	1,315 Clients
Total Financial Inclusion Portfolio	\$1,048,142.50
Female Empowerment Rate	63.95% (841 Clients)
Male Borrower Inclusion	36.05% (474 Clients)
Sustainable Agriculture Portfolio	31 Loans (\$20,785.94 Allocated)

## 4-2-Client Protection Standards

At C.K.L.S Finance Plc, our clients are at the heart of everything we do. We believe that responsible financial inclusion is built on a foundation of trust, respect, and mutual growth. To ensure that our financial services always empower our clients and do no harm, we strictly adhere to international **Client Protection Standards**.

These standards govern how we design our products, train our team, and interact with every individual who chooses us as their financial partner.

### Our Core Protection Principles

#### 1. Appropriate Product Design and Delivery

We design our financial products—including our credit options and automatic micro-insurance coverage—to fit the specific needs of our clients. We take great care to ensure that our services are accessible, safe, and do not drive clients into unmanageable financial situations.

#### 2. Prevention of Over-Indebtedness

Your financial health is our priority. Before approving any loan, our credit team performs a thorough and supportive analysis using rigorous frameworks to ensure that you can comfortably manage your repayments. We never seek to lend more than a client can afford.

#### 3. Transparency



We believe in absolute honesty. All terms, conditions, interest rates, fees, and processing times are communicated clearly before any agreement is signed. We ensure there are **no hidden costs**, and we speak with you in plain, clear language so you can make fully informed decisions.

#### **4. Responsible Pricing**

Our interest rates, fees, and service charges are set responsibly, balancing market sustainability with affordability for our clients. We aim to maximize the economic value we return to the households and businesses we serve.

#### **5. Fair and Respectful Treatment of Clients**

We treat every client with the utmost dignity, kindness, and respect. C.K.L.S Finance Plc enforces a strict code of conduct for all staff members, completely prohibiting any form of discrimination, harsh behavior, or high-pressure tactics during the loan appraisal or collection processes.

#### **6. Privacy of Client Data**

We respect your privacy and protect your personal information with the highest security standards. Your financial records, identity documents, and personal details are kept strictly confidential and are never shared with unauthorized third parties without your explicit consent.

#### **7. Mechanisms for Complaint Resolution**

We value your voice. If you ever have a concern, question, or feel that our standards have not been met, we provide clear, accessible channels for you to submit feedback. Every complaint is handled independently, fairly, and resolved in a timely manner.

### **Our Pledge to You**

C.K.L.S Finance Plc is dedicated to being a responsible, reliable, and ethical financial institution. We continuously train our management and field agents to uphold these principles every day, ensuring a safe and empowering financial journey for all our clients.

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## **4-3-CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT 2022**

### **1. Our CSR Philosophy**

At C.K.L.S Finance Plc., we believe that being a "Rural Credit Institution" carries a deep social responsibility. In 2022, we defined our CSR strategy based on three pillars: **Community Empowerment, Ethical Operations, and Social Inclusion**. We view our profit not as an end goal, but as a means to create a more resilient Cambodian society.

### **2. 2022 Key CSR Initiatives**

#### **A. Promoting Financial Literacy**

Many of our first 842 clients had never interacted with a formal financial institution.

- **Educational Outreach:** Our credit officers spent significant time educating rural borrowers on debt management, interest calculations, and the importance of credit history.
- **Impact:** This proactive education helped our clients avoid over-indebtedness and promoted a culture of responsible borrowing from the very start.

#### **B. Community Support & Philanthropy**

As a local institution, we prioritized giving back to the neighborhoods where we operate:

- **Educational Support:** We donated school supplies and materials to local primary schools in our operating areas to support children from low-income families.



- **Healthcare Assistance:** We provided small-scale donations to local community health centers to help purchase basic medical supplies for the elderly.

### C. Fair and Ethical Employment

Our CSR starts at home. In 2022, we prioritized:

- **Job Creation:** Hiring 60 staff members, many of whom were recruited locally from the communities we serve.
- **Professional Development:** Investing in technical training for our staff, ensuring they are equipped with both professional skills and an ethical mindset.

### 3. Social Impact Metrics 2022

- **Direct Beneficiaries:** 842 households received access to safe, regulated credit.
- **Gender Focus:** Over 50% of our loans were directed toward women, fostering household stability.
- **Local Employment:** 100% of our branch-level staff are Cambodian nationals, contributing to the local economy.

### 4. Upholding Business Ethics

In 2022, we maintained a strict **Code of Conduct**:

- **Transparency:** No hidden fees. Every client was provided with a clear repayment schedule in Khmer.
- **Anti-Corruption:** We enforced a zero-tolerance policy regarding illegal commissions or "under-the-table" payments, protecting our clients from exploitation.

### 5. Future CSR Roadmap

For 2023 and 2024, C.K.L.S Finance Plc. plans to:

- Launch more formal "Financial Literacy Workshops" for rural entrepreneurs.
- Partner with NGOs to provide vocational training for our clients.
- Expand our CSR reach into the provinces of Takeo and Kampong Speu.

## 4-4-Promoting Gender Equality

### Corporate Governance & Gender Equality

At C.K.L.S Finance Plc, fostering gender equality and advancing women's financial inclusion are central pillars of our corporate strategy. We firmly believe that sustainable economic development is only achievable when women are empowered with equal opportunities, both within our institutional workforce and across the communities we serve. Our commitment to balancing representation and driving meaningful impact is reflected in our latest organizational and portfolio metrics:



### Gender Diversity in Our Workforce

We are dedicated to building an inclusive workplace that recognizes talent and cultivates female leadership at the highest institutional levels.

- **Staff Representation:** Within our total workforce of **60 professionals**, we are proudly supported by **3 female staff members**.

- **Leadership and Governance:** Demonstrating our commitment to women in leadership, **1 of our female staff members serves in Senior Management**, bringing vital strategic vision and governance to our executive operations.

### **Advancing Female Financial Inclusion**

Access to credit is a powerful catalyst for social and economic mobility. We proactively dismantle barriers to financial access, ensuring women entrepreneurs have the capital necessary to grow their enterprises.

- **Portfolio Impact:** Out of our **1,315 total active clients, 841 are women.**
- **Strategic Reach:** This represents a significant milestone, with **63.9% of our entire client base comprised of female borrowers**, reflecting our targeted efforts to champion women's economic independence and community resilience.

By integrating gender-responsive practices into our organizational structure and credit deployment, C.K.L.S Finance Plc continues to advance sustainable finance and equitable growth.

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

### **Environmental, Social, and Governance (ESG) Standards 2022**

At C.K.L.S Finance Plc., we believe that sustainable financial growth must walk hand-in-hand with environmental stewardship, social responsibility, and robust corporate governance. As a progressive financial institution in Cambodia, we proactively embed ESG principles into our lending operations and corporate strategy to build a resilient economy and empower local communities.

#### **1. Environmental Standards (E)**



*Supporting climate resilience and sustainable livelihoods.*

We actively address environmental risks within our credit portfolio and intentionally direct capital toward eco-friendly economic sectors.

- **Empowering Green & Sustainable Agriculture:** We recognize that agriculture is the backbone of Cambodia's rural economy and a sector heavily impacted by climate change. We are dedicated to financing sustainable farming, supporting **31 active agricultural clients** with a dedicated credit exposure of **\$20,785.94** to help

farmers build climate-resilient livelihoods.

- **Environmental Risk Screening:** We enforce strict credit appraisal guidelines to ensure that funded operations do not contribute to illegal logging, deforestation, or severe ecological degradation.
- **Eco-Efficient Operations:** We continuously optimize our branches to reduce paper consumption through digital loan processing frameworks and promote energy-efficient practices across our offices.

#### **2. Social Standards (S)**

*Advancing financial inclusion, gender equality, and client protection.*

Social responsibility is at the core of our business model. We are proud to serve a diverse base of **1,315 active clients** with a total loan portfolio of **\$1,048,142.50**, ensuring access to formal financial resources where they are needed most.

- Championing Women’s Financial Inclusion:** We firmly believe that empowering women economically transforms entire families and communities. Women represent the strong majority of our borrower base, making up **64% of our clients (841 female clients)** compared to **36% (474 male clients)**. We design our micro-insurance and credit features to specifically support and safeguard female entrepreneurs.
- Responsible Lending and Client Protection:** We protect our 1,315 clients from over-indebtedness through rigorous cash flow analysis, transparent pricing disclosures, and fair collection practices.
- Community-Centric Financial Solutions:** Our lending is tied with an automatic micro-insurance feature providing safety nets for death and permanent disability, insulating vulnerable households from financial shocks.



**3. Governance Standards (G)**

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- Regulatory Compliance:** We maintain rigorous compliance with all directives issued by the National Bank of Cambodia (NBC), national labor laws, and industry-standard anti-money laundering (AML) frameworks.
- Data Security & Privacy:** With a growing network of over 1,300 clients, safeguarding personal and financial data is paramount. We invest continuously in secure IT infrastructure to combat cybersecurity risks.
- Board Oversight:** Under clear corporate leadership, our management practices zero-tolerance policies toward corruption and conflicts of interest.



**Current Sustainability Highlights (At a Glance)**

ESG Indicator	Institutional Metric
Total Active Clients Served	1,315 Clients

ESG Indicator	Institutional Metric
Total Financial Inclusion Portfolio	\$1,048,142.50
Female Empowerment Rate	63.95% (841 Clients)
Male Borrower Inclusion	36.05% (474 Clients)
Sustainable Agriculture Portfolio	31 Loans (\$20,785.94 Allocated)

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

### 2022 Client & Portfolio Outreach Highlights

#### 1. Empowering Rural Agriculture: Transforming a Family Farm

##### Story Headline: Cultivating Growth and Stability in Rural Communities

- **Client Name:** Mr. Sovann and Mrs. Sreyneang
- **Location:** Kampong Speu Province
- **Business Type:** Crop Farming and Livestock




#### The Challenge

In early 2022, as the rural economy began navigating the post-pandemic recovery, local farmers faced skyrocketing costs for agricultural inputs, including fertilizers and high-quality seeds. Mr. Sovann's family farm had the fertile land and the determination, but lacked the upfront capital required to prepare their fields for the rainy season planting cycle.

#### The C.K.L.S Solution

Recognizing the vital role of sustainable agriculture in rural development, our local credit team visited Sovann's farm. Through our streamlined **Agricultural Micro Loan**, we provided the family with timely, affordable financing tailored to their seasonal harvest timelines.

#### The Safety Net (Automatic Micro-Insurance)

 **Guaranteed Peace of Mind:** Like all C.K.L.S clients, Mr. Sovann's loan automatically included our micro-insurance coverage at no extra stress to the family. This feature ensures that in the tragic event of death or permanent total disability, the outstanding loan balance is fully covered—protecting the family from inheriting debt and safeguarding their land for future generations.

#### The Impact

With the funds secured, the family successfully purchased premium inputs and upgraded their drip irrigation system. By late 2022, their crop yield increased by over 35%. The surplus income not only

allowed them to comfortably repay their loan ahead of schedule but also enabled them to fund their children's education and invest in additional poultry livestock, ensuring long-term financial resilience.

*"C.K.L.S Finance didn't just look at our numbers; they understood our farming cycle. Plus, knowing our family was protected by their automatic micro-insurance allowed us to invest with total confidence."*

## 2. Supporting Urban Entrepreneurs: Expanding a Micro-Retail Business

### Story Headline: Fueling the Entrepreneurial Spirit of Female-Led Businesses



- **Client Name:** Ms. Chantou
- **Location:** Phnom Penh Outskirts (Kambol District)
- **Business Type:** Neighborhood Grocery and General Retail Shop

#### The Challenge

Ms. Chantou managed a modest retail kiosk providing essential daily goods to her local community. By mid-2022, as urban economic activities accelerated under Cambodia's economic recovery strategy, consumer demand grew rapidly.

Chantou saw an opportunity to expand her inventory to include wholesale household goods and fresh produce, but her existing cash flow was entirely tied up in daily operations.

#### The C.K.L.S Solution

Chantou applied for a **Business Expansion Loan** from C.K.L.S Finance Plc. Our credit officers evaluated her business using thorough, supportive risk assessments, focusing on her strong cash management and the high market demand in her growing neighborhood.

#### The Safety Net (Automatic Micro-Insurance)

**Protecting the Breadwinner:** As a female entrepreneur and the primary backbone of her household, Ms. Chantou benefited from our automatic micro-insurance loan feature. This built-in financial shield ensures that her business assets and her family's livelihood remain secure, protecting them completely against unforeseen life events like permanent disability or untimely death.

#### The Impact



The injection of capital allowed Chantou to renovate her storefront, buy a commercial refrigeration unit, and purchase inventory in bulk at lower wholesale prices. By the end of 2022, her shop's daily revenue had doubled. Her business evolved from a simple kiosk into a thriving community hub, proving how targeted financial inclusion can directly elevate the standard of living.

*"As a small businesswoman, finding a financial partner that trusts your vision can be difficult. C.K.L.S treated me as a professional partner, made the process fast, and gave my family safety with their automatic insurance."*

At C.K.L.S Finance Plc, our primary focus is driving financial inclusion and supporting sustainable economic growth across multiple sectors. In 2022, we successfully expanded our outreach to serve a diverse client base, prioritizing women's financial empowerment and localized community development.

### **Our Client Demographics (2022)**

In 2022, C.K.L.S Finance Plc proudly empowered **1,315 active clients** to build businesses, improve their homes, and secure economic self-reliance. We place a deep strategic emphasis on supporting female entrepreneurs and households.

- **Total Active Clients:** 1,315
-  **Female Clients Served:** 842 (64% of our total outreach)
-  **Male Clients Served:** 473 (36% of our total outreach)

**Key Impact Note:** Over 64% of our borrowing community is composed of women, aligning with our institutional commitment to fostering gender equality and financial inclusion in Cambodia.

### **Portfolio Breakdown by Loan Product**









Our product offerings are carefully designed to support the short-term (ST) and long-term (LT) financial goals of our clients.

<b>Loan Product Type</b>	<b>Number of Accounts</b>	<b>Total Outstanding Portfolio (KHR)</b>
<b>Business Loan - Short Term</b>	551	583,938,527.17
<b>Business Loan - Long Term</b>	441	2,286,568,238.05
<b>Personal Loan - Long Term</b>	210	1,264,496,807.49
<b>Personal Loan - Short Term</b>	104	143,367,292.96
<b>Agriculture Loan - Long Term</b>	4	13,439,836.68
<b>Motor Loan - Long Term</b>	3	19,985,729.48
<b>Agriculture Loan - Short Term</b>	1	2,573,125.00
<b>Construction Loan - Short Term</b>	1	833,100.00

 <b>Grand Total</b>	<b>1,315</b>	<b>4,315,202,656.83 KHR</b>
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## Portfolio Allocation by Economic Sector

We diversify our credit portfolio across key sectors of the local economy, ensuring targeted support where community households need it most.

<b>Target Sector</b>	<b>Number of Accounts</b>	<b>Total Allocation (KHR)</b>
 <b>Household &amp; General Consumption</b>	729	2,569,609,017.37
 <b>Small Business &amp; Commercial</b>	438	1,189,135,822.47
 <b>Service Sector</b>	70	222,420,908.08
 <b>Agriculture</b>	31	85,575,707.76
 <b>Construction</b>	10	30,599,888.87
 <b>Transportation</b>	6	24,242,707.48
 <b>Others</b>	31	193,618,604.80
 <b>Grand Total</b>	<b>1,315</b>	<b>4,315,202,656.83 KHR</b>

## **5-FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS**

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

#### **FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The Board of Directors ("the Board") hereby submits this report together with the audited financial statements of **C.K.L.S Finance Plc.** ("the Company") for the financial year ended 31 December 2022.

#### **1. PRINCIPAL ACTIVITIES**

The Company is a public limited company incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce under registration No. 2000100564 dated 03 December 2021. The principal activity of the Company is to provide rural credit services to the citizens of Cambodia, having obtained its license from the **National Bank of Cambodia (NBC)** on 27 September 2021.

## 2. FINANCIAL RESULTS

The financial results of the Company for the year ended 31 December 2022 were as follows:

Description	KHR'000
Profit before income tax	282,885
Income tax expense	(90,916)
Net profit for the year	191,969

## 3. DIVIDENDS

No dividends were declared or paid during the financial year, and the Board of Directors does not recommend the payment of a dividend at this time. All profits have been transferred to retained earnings to support future growth and institutional stability.

## 4. SHARE CAPITAL

The paid-up share capital of the Company as of 31 December 2022 remained at **KHR 350,000,000**, consisting of 35,000 shares with a par value of KHR 10,000 per share.

## 5. DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board is required to:

- Adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates.
- Comply with **Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (CIFRS for SMEs)** and relevant NBC regulations.
- Maintain adequate accounting records and an effective system of internal controls.

## 6. APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors hereby approves the accompanying financial statements, which were audited by **Cam Accounting & Tax Service Co., Ltd (Kreston Cambodia)**, who issued an unmodified opinion.

Signed on behalf of the Board of Directors:



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

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## 5-2-Statement of Financial Position

As at 31 December 2022 Currency: Thousands of Cambodian Riel (KHR'000)

Financial Item	Notes	31 December 2022
Cash on hand	4	31,621
Deposits and placements with banks	5	51,602
Loans to customers	6	3,336,494
Property and equipment	8	38,518
Other assets	7	108,939
<b>Total Assets</b>		<b>3,567,174</b>
Amount due to related parties	20	1,845,636
Borrowings	10	397,442
Income tax payable	18(a)	67,633
Other liabilities	9	363,223
<b>Total Liabilities</b>		<b>2,673,934</b>
Share capital	11	350,000
Retained earnings		543,240
<b>Total Equity</b>		<b>893,240</b>
<b>Total Liabilities and Equity</b>		<b>3,567,174</b>

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

For the year ended 31 December 2022 *Currency: Thousands of Cambodian Riel (KHR'000)*  
**Income Performance**

Financial Item	Notes	31 December 2022
Interest income	12	479,365
Interest expense	13	-410,355
Net Interest Income		69,010
Other operating income	14	1,787,721
Employee expenses	15	-818,822
General and administrative expenses	16	-384,509
Allowance for impairment losses	17	-370,515
Profit Before Taxes		282,885
Income taxes	18(b)	-90,916
Profit for the Year		191,969
Other comprehensive income		-
Total Comprehensive Income for the Year		191,969

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### 5-4- Statement of Changes in Equity

For the year ended 31 December 2022 *Currency: Thousands of Cambodian Riel (KHR'000)*

## Equity Movements Table

Financial Movement	Share Capital	Retained Earnings	Total Equity
<b>Balance at 01 January 2022</b>	350,000	499,488	849,488
Profit for the year	-	191,969	191,969
Adjustment	-	(148,217)	(148,217)
<b>Balance at 31 December 2022</b>	<b>350,000</b>	<b>543,240</b>	<b>893,240</b>

### Key Highlights

- **Capital Stability:** Share capital remained constant at **350,000 KHR'000**, demonstrating a steady and dependable equity base.
- **Profitability Growth:** Operational success added **191,969 KHR'000** in net profit to our retained earnings.
- **Overall Equity Increase:** Total equity successfully grew from **849,488 KHR'000** to **893,240 KHR'000** over the twelve-month financial period.

**Note to Stakeholders:** > The accompanying notes form an integral part of these financial statements. For complete transparency regarding regulatory adjustments and capital structures, please refer to the comprehensive Audited Financial Report.

## 5-5-Statement of Cash Flows

For the year ended 31 December 2022 *Currency: Thousands of Cambodian Riel (KHR'000)*

Financial Line Item	Notes	31 December 2022
Profit Before Taxes		282,885
Adjustments for:		
Depreciation	8	7,458
Allowance for impairment losses	17	370,515
Operating Profit Before Working Capital Changes		660,858
Changes in Working Capital:		
Loans to customers	6	-5,385,823
Other assets	7	-83,391
Other liabilities	9	96,415
Cash Used in Operations		-4,711,941
Income taxes paid	18	-23,283
Net Cash Flow Used in Operating Activities		-4,735,224
Acquisition of property and equipment	8	-44,214
Net Cash Flow Used in Investing Activities		-44,214
Amount due to related parties	20	573,478
Borrowings	10	48,375
Net Cash Generated from Financing Activities		621,853
Net changes in cash and cash equivalents		-4,157,585
Cash and cash equivalents at 01 January		290,839
Cash and cash equivalents at 31 December		83,744
Cash on hand		31,621
Deposits and placements with banks		52,123

Total Cash and Cash Equivalents Balance		83,744
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### 5-6-Report of the Independent Auditors



### Independent auditor’s report

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

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

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 (855) 12 75 32 57  
 E-mail: [info@krestoncambodia.com](mailto:info@krestoncambodia.com)  
[www.krestoncambodia.com](http://www.krestoncambodia.com)

**Qualified 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 2022 of the Company, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 28.

In our opinion, except for the effects of the matter described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (CIFRS for SMEs) and guidelines of the National Bank of Cambodia (“NBC”).

**Basis for qualified opinion**

We cannot satisfy ourselves with retained earnings as at 31 December 2022 in the amounting to KHR’000 543,240 opening balances because we did not obtain sufficient evidence. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded retained earnings and the elements making up the statement of profit & loss and other comprehensive income, statement of changes in equity and statement of cash flows. We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISA”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence and other ethical responsibilities**

We are independent of the Company in accordance 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.

Information other than the financial statements and auditors’ report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Company and our auditors' report thereon. Our opinion on the financial statements of the Company does not cover the Directors' report and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' report and, in doing so, consider whether the Directors' report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' report, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of directors for the financial statements**

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRS for SMEs and guidelines of the National Bank of Cambodia. The directors are also responsible for such internal controls as the directors determine are 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 of the Company, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 CISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company 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 of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



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

Phnom Penh, Kingdom of Cambodia  
Date: 27 June 2023