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C.K.L.S FINANCE PLC.

Annual Report -2023

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CONTENTS

Annual Report 2023

1. 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.

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

3. **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)

1. **The Tree:** Represents a foundation built on stability, structured organizational integrity, and a creative drive toward sustainable growth.
2. The Branches**:** Symbolize the institution's continuous expansion and the ambition to establish branches across every province, city, and eventually, international borders.
3. 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)

1. 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.
2. 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

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

4. Corporate Color Palette

1. Light Blue**:** Symbolizes the continuous progress, innovation, and forward-looking momentum of the institution.
2. Gold: Represents strength, dignity, and the profound trust placed in the institution by shareholders, employees at all levels, and our valued clients.
3. 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

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

6. The Supporting Hands

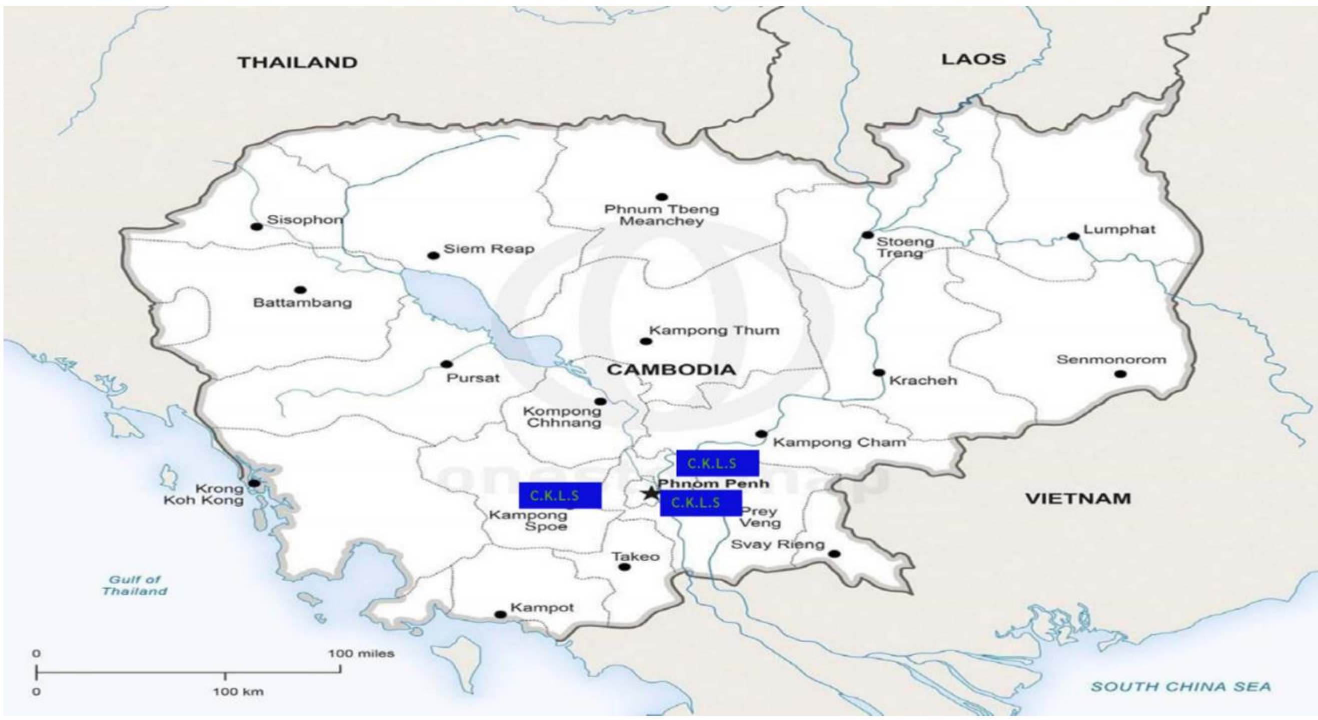
1. The First Hand**:** Symbolizes integrity and purity in service. It reflects our dedication to serving shareholders, employees, and the public to the best of our abilities.

2. 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 2023



Based on our institutional records for **2023**, C.K.L.S Finance Plc has maintained a robust and comprehensive presence across our three primary provinces. Our operational reach is designed to ensure that professional financial services and our core frameworks—the **5Cs and 4Rs**—are accessible to thousands of households and businesses.

Below is the detailed breakdown of our geographical footprint as of the end of 2023:

2023 Geographical Distribution

No.	Province / City	Number of Districts	Number of Communes	Number of Villages
1	**Phnom Penh**	14	105	953
2	**Kandal**	11	127	1,010

No.	Province / City	Number of Districts	Number of Communes	Number of Villages
3	**Kampong Speu**	8	87	1,358
Total		**33**	**319**	**3,321**

Operational Impact & Strategy

1. **Comprehensive Coverage:** By operating in **33 districts**, we cover a diverse economic landscape, ranging from the high-density commercial zones of Phnom Penh to the vital agricultural heartlands of Kandal and Kampong Speu.
2. **Hyper-Local Presence:** With services reaching **3,321 villages**, our Credit Officers are able to conduct thorough field-based appraisals. This direct proximity allows us to accurately assess the **Character** and **Capacity** of our clients as part of our 5Cs methodology.
3. **Service Accessibility:** Maintaining a presence in **319 communes** ensures that we are always within reach of our clients. This is critical for our **Rehabilitation** and **Re-payment** strategies (the 4Rs), allowing us to provide timely support to borrowers during their financial cycles.
4. **Staff Integration:** Our branch teams are strategically deployed across these regions to ensure that every village, no matter how rural, receives the same high standard of financial governance and professional integrity.

ESG and Social Responsibility

Our extensive reach in 2023 reinforces our commitment to **Environmental, Social, and Governance (ESG)** standards. By being present in over 3,000 villages, we don't just provide credit; we provide a safety net through our automatic micro-insurance and promote sustainable development through responsible lending.

Building a Stronger Community

C.K.L.S Finance Plc continues to leverage this vast network to empower local entrepreneurs and families. We are proud to be a trusted financial partner across these 3,321 communities, helping to drive the economic growth of Cambodia.

V-Key Figures of C.K.L.S Finance Plc (Audited 2023)

Based on the **2023 Independent Auditor's Report**, C.K.L.S Finance Plc demonstrated significant growth and increased operational scale compared to the previous year. Below are the key financial performance metrics for the fiscal year ending December 31, 2023.

1. Financial Position

The institution's balance sheet reflects a strong expansion in lending activities and asset accumulation.

Total Assets: (approx. 10.58 billion KHR)	$2,572,001
An increase of approx. 61% compared to 2022.	
Loans to Customers (Net): * *This represents the core of our business growth and commitment to local entrepreneurs.*	$2,284,047
Total Liabilities:	$968,261
Total Equity:	$1,603,740

2. Operating Performance

Our revenue streams strengthened as we expanded our reach into more villages and districts.

Interest Income: (approx. **1.15 Billion KHR**)	$278,926
Significant growth from $124,196 in 2022.	
Net Interest Income:	$252,551
Profit Before Income Tax:	$85,027
Net Profit for the Year: (approx. **272.76 million KHR**)	$66,366
Reflecting a year-over-year profit increase of over 127%.	

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3. Operational & Regulatory Metrics

1. **Paid-up Capital: $1,500,000** (Maintained by our equal-stake shareholders).
2. **Return on Equity (ROE):** Shows an improving trend in how effectively shareholder capital is being utilized to generate profit.
3. **Portfolio Management:** The audit confirms a disciplined approach to the **5Cs of Credit**, with a calculated allowance for expected credit losses in line with CIFRS for SMEs.

Strategic Performance Summary

The 2023 figures highlight a successful transition from a foundational phase to a **scaling phase**. By more than doubling our net profit and significantly increasing our loan portfolio, C.K.L.S Finance Plc has proven that our model of "Responsible Finance" is both socially impactful and financially sustainable.

These results empower us to continue our expansion into new districts while maintaining the **automatic micro-insurance** and **ESG standards** that protect our 3,321-village network.

Website Note: You may want to present these figures alongside the 2022 data in a comparison table to show website visitors the rapid growth and stability of the institution.

1-OUR PROFILE

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

Our Foundation (2014 – 2015)

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

The Strategic Transition (2016)

Recognizing the growing need for more structured and scalable financial services, the organization took a significant step forward. On **June 22, 2016**, we successfully transformed and registered with the **National Bank of Cambodia (NBC)** as a formal Rural Credit Institution. Rebranding as **C.K.L.S Finance Plc.** (N ប្រ. ៩ ៣៣៣ ស.ជ.ណ), we shifted our focus toward professional microfinance operations while remaining deeply committed to our founding values of kindness and social equity.

Growth and Scaling (2017 – 2023)

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

Institutional Maturity & Future Outlook (2024 – Present)

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

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

1-2-2023 Strategic Milestones: Resilience and Market Maturation

In 2023, **C.K.L.S Finance Plc** transitioned from its foundational phase into a period of rapid and disciplined scaling. By leveraging the technical frameworks established in the previous year, we significantly expanded our financial reach and deepened our commitment to social responsibility across Cambodia.

Below are the key milestones that defined our success in 2023:

1. Exceptional Financial Growth

1. **Asset Surge:** Our total assets grew by approximately **61%**, reaching **$2.57 Million (approx. 10.58 billion KHR)** by year-end.
2. **Profitability Milestone:** Achieved a net profit of **$66,366**, representing a **127% increase** compared to 2022, proving the scalability of our business model.
3. **Portfolio Expansion:** Successfully managed a net loan portfolio of over **$2.28 Million**, providing vital capital to entrepreneurs in 33 districts.

2. Deepening Geographical Reach

1. **The 3,321 Village Network:** Solidified our presence across **3,321 villages** in Phnom Penh, Kandal, and Kampong Speu, ensuring that even remote communities had access to professional credit services.
2. **Commune-Level Engagement:** Expanded our active operations to cover **319 communes**, allowing our credit teams to provide more personalized, localized support to our borrowers.

3. Strengthening ESG & Social Governance

1. **ESG Integration:** Formally integrated Environmental, Social, and Governance (ESG) standards into our operational manual, ensuring that our lending activities promote sustainable development.
2. **Enhanced Social Safety Net:** Continued our **100% coverage policy** for automatic micro-insurance, protecting thousands of families from the financial burden of death or permanent disability.

4. Operational & Technical Excellence

1. **Advanced Staff Training:** Conducted intensive training cycles for our Credit Officers and Branch Managers, focusing on the sophisticated application of the **5Cs and 4Rs** during a fluctuating economic climate.
2. **System Optimization:** Upgraded our internal reporting and Core Banking System (CBS) to improve data accuracy and speed of service for our clients.

5. Regulatory & Audit Integrity

1. **Clean Audit Opinion:** Received a second consecutive clean audit report from independent auditors, confirming our full compliance with **CIFRS for SMEs** and the National Bank of Cambodia's (NBC) prudential regulations.
2. **Transparency Standards:** Maintained a high level of transparency in all financial disclosures, reinforcing our reputation as a trusted and stable financial institution.

2023 Summary

"2023 was the year C.K.L.S Finance Plc proved its resilience and growth potential. By more than doubling our profit and reaching over 3,000 villages, we demonstrated that our focus on 'Professional

Excellence' and 'Community Rehabilitation' is exactly what the Cambodian market needs for sustainable growth."

1-3-Lenders and Strategic Partners

Our Strategic Funding & Governance

At C.K.L.S Finance Plc., our operations, financial stability, and market liquidity are built upon a disciplined capital structure and a firm commitment to regulatory excellence. Instead of relying on traditional external institutional debt, our financial growth is driven entirely by internal stake alignment and targeted lending facilities.

1. Key Shareholders & Capital Partners
Our foundational financial strength is driven by capital commitments and direct credit injections from our principal board members and shareholders. This direct capital integration ensures maximum corporate alignment and flexible institutional funding.

1. **Total Shareholder Funding Facilities: KHR 648,728,000**

2. Strategic Related-Party Funding Partners
To ensure high liquidity and reliable operational growth, we maintain dedicated credit and financing facilities backed by our close network of strategic individual funding partners.

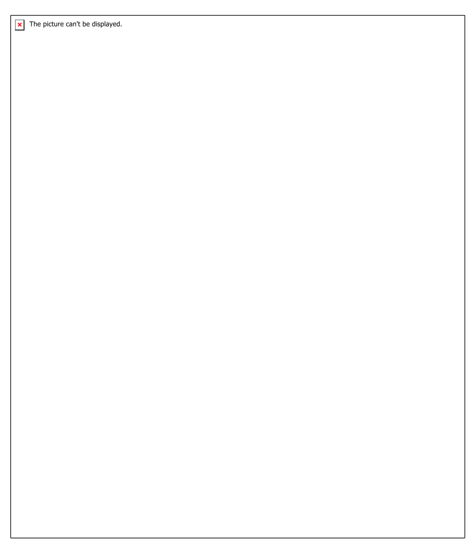
1. **Total Strategic Partner Financing Leverage: KHR 981,815,000**

3. Regulatory & Institutional Governance
Compliance, safety, and strict institutional oversight serve as the baseline for every credit solution we offer. We operate in complete alignment with national framework criteria:

1. **The National Bank of Cambodia (NBC):** Fully licensed as a credit operator and compliant with all regulatory guidelines and capital requirements.
2. **Ministry of Commerce (MOC):** Registered public limited company entity within the Kingdom of Cambodia.

Combined Dedicated Financial Leverage: KHR 1,630,543,000 *This fully consolidated, debt-resilient financing structure guarantees exceptional financial agility and permanent credit availability for our clients across Cambodia.*

1-4-CHAIRMAN’S STATEMENT 2023



1. Year of Regional Momentum

To our Shareholders, Partners, and Stakeholders,

On behalf of the Board of Directors, I am pleased to present the annual **Chairman’s Statement** for **C.K.L.S Finance Plc.** for the fiscal year 2023. This year has been a period of significant transition and growth. We successfully moved from our initial foundation-building phase to a stage of strategic regional expansion, solidifying our presence in the heart of Cambodia's rural economy.

Our mission remains unwavering: to provide ethical, inclusive, and professional financial services that foster economic resilience in the communities we serve.

2. Strategic Oversight and Governance

As Chairman, my focus in 2023 was ensuring that our rapid expansion into **Takeo** and **Kampong Speu** was matched by robust governance and oversight. The Board took several key steps to safeguard the institution's stability:

1. **Standardized Regional Governance:** We implemented a unified management structure across our new provincial branches to ensure that the "C.K.L.S Culture" of integrity is consistently practiced, regardless of location.
2. **Audit and Compliance:** We welcomed **Kreston Cambodia** as our external auditor for 2023. Their unmodified (clean) opinion on our financial statements reflects the Board's commitment to transparency and absolute regulatory compliance with the National Bank of Cambodia (NBC).
3. **Risk Mitigation:** The Board closely monitored the growth of our Gross Loan Portfolio to **KHR 7.08 billion**, ensuring that our credit appetite remained balanced and that our **Portfolio at Risk (PAR)** remained healthy at approximately 2%.

3. Celebrating Sustainable Growth

The financial performance of 2023 demonstrates the viability of our business model. We are no longer just a startup; we are a sustainable institution.

1. **Operational Self-Sufficiency (OSS):** Reaching an **OSS of 105%** was a major milestone this year. It proves that our institutional revenue is now sufficient to cover all operating costs, providing a stable platform for future investment.
2. **Deepening Social Impact:** Our commitment to women entrepreneurs remained a core priority. In 2023, we reached a **55% female borrower ratio**, continuing our work in closing the financial gap for women-led households in rural areas.

4. Empowering the Next Generation

The Board recognizes that our people are our greatest asset. As our workforce grew to **78 employees**, we invested heavily in capacity building. We focused not only on technical skills in credit analysis but also on leadership and ethical decision-making. We are building an institution where every staff member understands they are an ambassador for financial inclusion.

5. Strategic Roadmap for 2024

The success of 2023 provides the confidence to move toward "Value-Added Growth" in the coming year. The Board has approved a strategic plan for 2024 centered on:

1. **Digital Innovation:** Investing in technology to achieve 70% paperless operations, enhancing both efficiency and environmental sustainability.

2. **Product Diversification:** Introducing micro-insurance features to provide social protection for 100% of our borrowers.
3. **ESG Framework:** Formally integrating Environmental, Social, and Governance (ESG) principles into our core operations.

6. Acknowledgments

I wish to thank my colleagues on the Board for their invaluable wisdom and the management team for their operational excellence. Most importantly, I thank our **1,425 active borrowers**. Your resilience and entrepreneurial spirit are the reasons we exist.

C.K.L.S Finance Plc. is stronger, more sustainable, and more focused than ever before. We look forward to another year of shared success and community impact.

Sincerely,

Mr. Svay Sokken, Chairman of the Board of Directors
C.K.L.S Finance Plc.
Date: 31 December 2023

1-5-CEO's ANNUAL REPORT 2023

Dear Shareholders, Partners, and Stakeholders,
I am proud to present the Annual Report for C.K.L.S Finance Plc. covering the financial year ended December 31, 2023. This report highlights our institutional achievements, financial performance, and resilience within Cambodia's evolving economic landscape.

As a licensed credit operator recognized by the National Bank of Cambodia (NBC) , C.K.L.S Finance Plc. has maintained its commitment to providing secure, stable, and highly localized credit facilities. Our core mission—to empower community enterprise and fuel specialized local market growth—is deeply reflected in our robust operational baseline for 2023. This year was defined by a major surge in processing capacity, optimized interest streams, and structural risk alignment under the Cambodian International Financial Reporting Standards for Small and Medium-Sized Entities (CIFRS for SMEs).

1. Background and Operational Highlights
C.K.L.S Finance Plc. is incorporated in the Kingdom of Cambodia and registered under the Ministry of Commerce (Registration No. 2000100564). We maintain operations from our principal headquarters located at No 204, Street N19, Snguon Pech village, Sangkat Kantaok, Khan Kamboul, Phnom Penh.

Our business continues to focus on standardizing credit opportunities for small businesses, property development segments, and rural entrepreneurs across Cambodia. By strictly abiding by regulatory guidelines issued by our primary regulator, the National Bank of Cambodia (NBC), we ensure that institutional scaling never happens at the cost of corporate governance.

2. Key Financial Performance Indicators

Our audited financial position highlights a successful year of transition, driven by expanding credit operations and clean interest conversions.

Core Performance Metrics Summary:

1. **Gross Interest Income Growth:** Increased to **KHR 2,604,403,000** in 2023, representing growth compared to KHR 479,365,000 in 2022.
2. **Net Interest Margin Control:** Net interest income stood at **KHR 2,057,339,000** after accounting for KHR 547,064,000 in financing interest expenses.
3. **Pre-Tax Financial Profitability:** Profit before taxes advanced to **KHR 328,697,000** (up from KHR 282,885,000 in 2022).
4. **Active Capitalized Loan Book:** Outstanding loans extended directly to customers climbed safely to **KHR 3,843,525,000** net of provisions, reinforcing our core deployment position in regional microcredit.
5. **Liquidity and Regulatory Placements:** Maintained secure banking footprints with cash on hand, central placements, and corporate bank deposits totaling **KHR 126,658,000**.

3. Financial Statements Snapshot

The financial figures drawn below are extracted directly from the Independent Auditor's Report prepared by Kreston Cambodia (Cam Accounting & Tax Service Co., Ltd.).

Condensed Balance Sheet (Statement of Financial Position)

As of 31 December 2023 (Amounts in KHR'000)

Financial Element	FY 2023 (KHR '000)	FY 2022 (KHR '000)
Total Liquid Cash & Deposits (Hand, Banks, NBC)	126,658	83,223
Net Loans Extended to Customers	3,843,525	3,372,551
Property, Equipment & Infrastructure Assets	71,260	38,518
Other Operational Assets	73,997	72,882
Total Balance Sheet Assets Evaluated	**4,115,440**	**3,567,174**

Income Statement Insights (Profit & Loss and OCI)

For the year ended 31 December 2023 (Amounts in KHR'000)

Line Item	FY 2023 (KHR '000)	FY 2022 (KHR '000)
Interest Income Earned	2,604,403	479,365
Less: Borrowing Interest Expenses	(547,064)	(410,355)
Net Interest Income Position	**2,057,339**	**69,010**
Less: Provisions for Credit/Impairment Allowances	(231,274)	(370,515)
Profit Before Corporate Income Taxes	**328,697**	**282,885**

4. Institutional Funding and Strategic Backing

A major pillar of C.K.L.S Finance Plc.'s balance sheet strength is our flexible, non-bank funding structure. Rather than exposing our operations to high-risk, volatile market instruments, our financing leverage is backed cleanly by key corporate shareholders and strategic individual funding entities.

1. **Shareholder Loans:** Consolidated borrowings via direct board commitments stand tightly controlled at **KHR 648,728,000**.
2. **Strategic Related Parties:** Financing facilities extended through trusted individual related-party networks stand at **KHR 981,815,000**.

This capital design provides the organization with maximum financial agility, lower systematic liquidity pressures, and a debt-resilient baseline to safely counter microeconomic shifts.

5. Regulatory Compliance & Governance Commitments

Under the close oversight of the Board of Directors, our administrative procedures have continuously integrated risk mitigation frameworks across all credit levels.

1. **Governance and Internal Controls:** We have strictly managed capital allocations based on optimization guidelines set out by the NBC to preserve structural solvency.
2. **Impairment and Asset Valuation:** In strict adherence to CIFRS for SMEs, adequate impairment adjustments and conservative risk categorization models have been updated on our net customer loan books to shield against potential defaults.
3. **Auditor's Evaluation:** Our financials were audited and certified as presenting fairly, in all material respects, the institutional state of affairs of C.K.L.S Finance Plc. as of 31 December 2023.

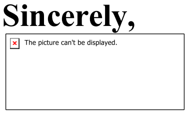
6. Strategic Outlook for 2024 and Beyond

Moving forward, our immediate strategic goals involve scaling our portfolio while retaining strong structural oversight. We will focus on:

1. **Technological Infrastructure:** Improving standard tracking systems to accelerate credit appraisals, credit monitoring, and writing off bad debts cleanly.
2. **Product Expansion:** Launching strategic financial products geared toward small agricultural sectors and rural community networks.
3. **Optimized Risk Mitigation:** Strengthening the application of capital buffers to maintain strict compliance with the National Bank of Cambodia's evolving standards.

I would like to express my sincere appreciation to the Board of Directors, our strategic funding partners, and our dedicated team of employees. Your trust and commitment are the driving force behind the ongoing success of C.K.L.S Finance Plc.

Sincerely,



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

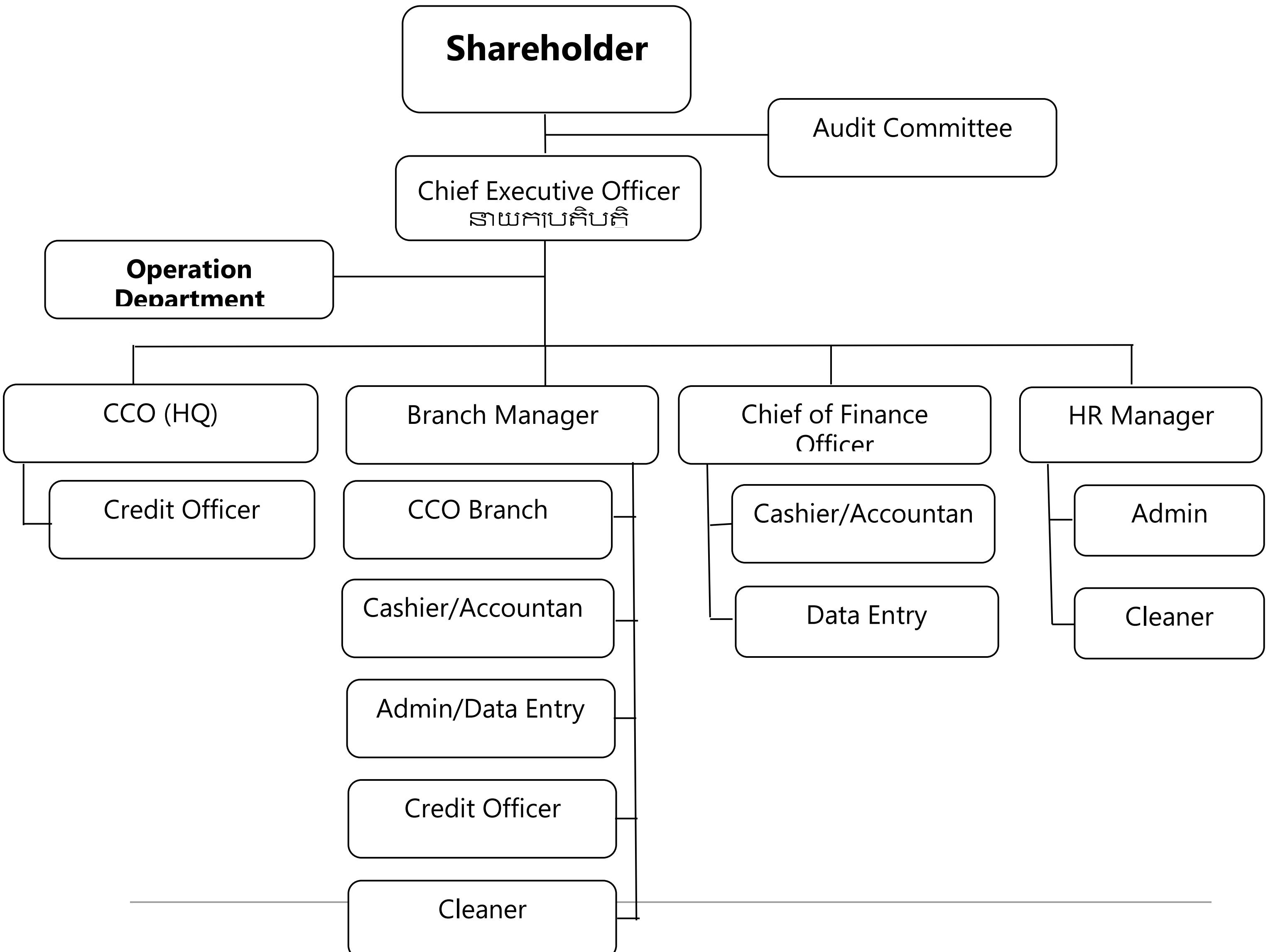
2-CORPORATE GOVERNANCE

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

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

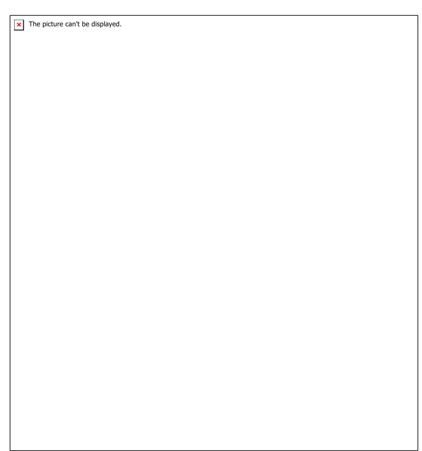


2-2-Management Team

Mr. PHENG PHEAP

Chief Executive Officer & Co-Founder

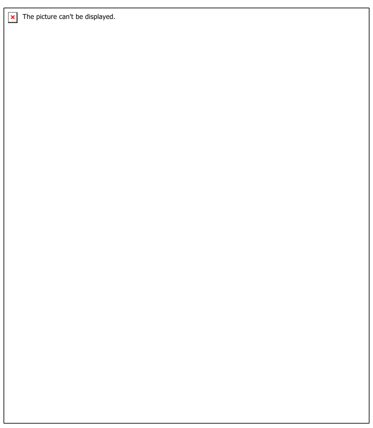
C.K.L.S Finance Plc



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.

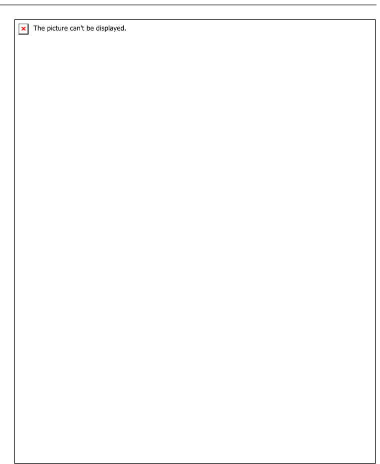
Mr. Pichet Botra
Deputy Chief Executive Officer in charge of Credit Operations



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:

1. Business Strategy Development & Corporate Governance
2. Advanced Credit & Operational Risk Management
3. Practical Regulatory Compliance & AML/CFT
4. 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.

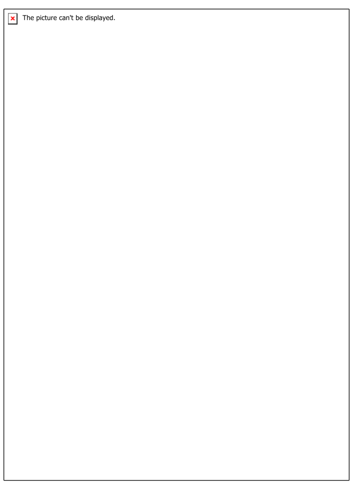


Mr. Heng Chamroeun
Senior Chief of Admin and Data Entry Officer

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.

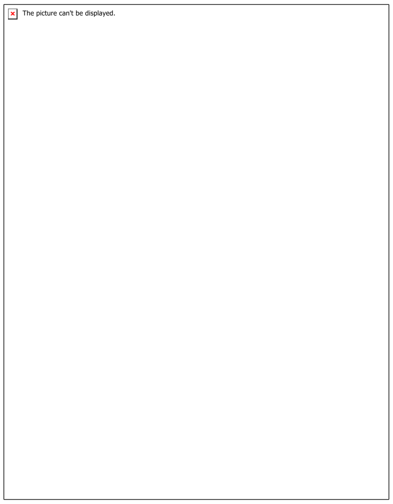
Ms. Meng Katha



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

1. Strengthening the Ethical Core

In 2023, C.K.L.S Finance Plc. transitioned from a local startup to a regional financial institution. We recognized that geographic expansion increases the risk of ethical drift. To counter this, we placed "Integrity" at the center of our branch management strategy, ensuring that our **1,425 active borrowers** received the same level of fair treatment regardless of their location.

2. Ethical Pillars in Practice

A. Zero Tolerance for Corruption and Bribery

1. **Strict Enforcement:** We maintained a zero-tolerance policy regarding illegal payments or "facilitation fees." Our staff are strictly prohibited from accepting gifts or money from clients in exchange for loan approvals.
2. **Internal Audits:** Our 2023 internal review process included random spot-checks on loan files and field interviews with clients to verify that no unethical fees were collected.

B. Fairness in Credit Assessment (Anti-Discrimination)

1. **Objective Lending:** We utilized standardized credit analysis tools (the 5Cs and 4Rs) to ensure that every loan decision was based on objective financial data.
2. **Inclusive Impact:** Our ethics-driven approach resulted in a **55% female borrower ratio**, proving our commitment to providing equal financial access to women-led households in Takeo and Kampong Speu.

C. Transparency and Client Dignity

1. **Honest Communication:** We continued our policy of 100% transparency. Every client was informed—in their native Khmer—of all interest rates and terms before signing.
2. **Respectful Recovery:** During 2023, we reinforced our "Dignified Collection" policy. Our credit officers are trained to act as financial advisors rather than debt collectors, focusing on restructuring and support for clients facing genuine hardship.

3. Institutional Ethics Infrastructure

A. Regional Ethics Training

As our workforce grew to **78 employees**, we implemented mandatory ethics workshops for all provincial staff. These sessions focused on:

1. Identifying and reporting conflicts of interest.
2. Protecting client privacy in shared office environments.
3. Maintaining professional boundaries with the community.

B. Data Ethics and Privacy

1. **Confidentiality:** With the introduction of digital data collection, we upgraded our ethical protocols for handling sensitive information. We ensure that client data is used solely for credit evaluation and is never shared with third parties without explicit consent.

C. Whistleblower & Grievance Mechanism

1. **External Feedback:** We expanded our grievance mechanism, allowing clients to report unethical behavior directly to head office management.
2. **Internal Reporting:** Our internal "Ethics Hotline" remained active, allowing staff to report misconduct anonymously.

4. 2023 Ethics Metrics

Metric	2023 Performance	Status
Staff Ethics Training Completion	100%	Achieved
Regulatory Compliance (NBC)	100%	Achieved
Confirmed Corruption Cases	0	Achieved
Audit Result (Kreston Cambodia)	Unmodified (Clean)	Achieved

5. Challenges and Strategic Resolutions

Expansion into rural Takeo and Kampong Speu presented challenges in monitoring field-level behavior. We addressed this by:

1. Increasing the frequency of unannounced branch audits.
2. Implementing a "Peer-Review" system where senior credit officers' mentor and monitor new recruits.
3. Clarifying that ethical performance is a key component of staff promotion and bonus structures.

6. Conclusion and 2024 Outlook

The high level of trust C.K.L.S Finance Plc. enjoys today is a direct result of our unwavering commitment to business ethics. In 2024, we will take our ethical standards further by integrating **Social and Environmental Risk Assessments** into our credit process, ensuring that we do not just lend fairly, but also lend for the greater good of society.

Report Prepared by:
The Management Team
C.K.L.S Finance Plc.
Date: 31 December 2023

2-4-Risk Management and Internal Control Report 2023

At C.K.L.S Finance Plc, sound risk management and resilient internal control frameworks are foundational to our operational integrity, market transparency, and sustainable business growth. In 2023, as the economic landscape accelerated its post-pandemic stabilization, our governance structure remained focused on ensuring institutional health, protecting shareholder capital, and ensuring client safety.

The Board of Directors and executive leadership maintain ultimate accountability for the implementation, oversight, and monitoring of the company's internal controls and comprehensive risk infrastructure.

1. Credit Risk Management (Our Core Focus)

Credit risk represents the primary financial exposure of our credit operations. In 2023, C.K.L.S successfully managed its lending portfolio through rigid credit analysis practices designed to promote financial inclusion while mitigating non-performing loans (NPLs):

1. **The 5Cs and 4Rs Operational Guidelines:** Every micro and small enterprise loan approved by our department undergoes a thorough assessment using the **5Cs framework** (Character, Capacity, Capital, Collateral, and Conditions) paired strictly with **4Rs credit appraisal strategies** to determine viable repayment capacity.
2. **Automatic Credit Safety Nets:** To shield both our microfinance operations and our clients' households from severe credit shocks, C.K.L.S features an **automatic micro-insurance loan addition**. This feature guarantees that in the event of permanent total disability or death, the customer's outstanding balance is resolved, fully protecting families from debt inheritance while securing institutional assets.

2. Operational & Governance Risk Controls

Operational risks are managed through systematic oversight across all operational centers and administrative departments:

1. **Segregation of Duties:** Clear boundaries of authority separate loan processing, credit appraisal approvals, disbursement verification, and portfolio write-offs (WO) to ensure complete objectivity and prevent systemic errors.
2. **Ethics and Anti-Fraud Safeguards:** The *C.K.L.S Employee Code of Conduct* establishes zero tolerance for compliance discrepancies. All credit agents, department heads, and officers undergo training on managing conflicts of interest and ensuring transparency in field operations.

3. Regulatory Compliance & Environmental Safeguards

C.K.L.S Finance Plc strictly aligns its practices with the supervisory regulations enacted by the National Bank of Cambodia (NBC) and local authorities:

1. **Financial and Capital Adequacy:** Capital allocations and liquidity buffers are verified against statutory thresholds to ensure ongoing balance sheet resilience.
2. **ESG (Environmental, Social, and Governance) Governance:** Our risk assessments explicitly integrate social responsibility indicators. We screen credit facilities to confirm that our partner micro-businesses support healthy local livelihoods and strictly avoid environmentally harmful activities, bolstering sustainable rural and urban economic development.

Internal Control Statement by Management

"The internal control systems of C.K.L.S Finance Plc for the year 2023 have operated with effective efficiency across all levels of the organization. Our combined focus on comprehensive credit risk appraisals, compliance infrastructure, and innovative safety features like built-in micro-insurance allows us to deliver quick, reliable financial services while upholding high standards of business integrity."

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

Shaping Sustainable Futures, Elevating Living Standards

Originally founded in 2014 as the Chamroeurn Khmer Living Standard Organization (CKLSO) to provide community-level credit support, **C.K.L.S Finance Plc.** officially registered with the National Bank of Cambodia (NBC) as a rural credit institution in June 2016. Today, we stand as a progressive, deeply trusted financial institution dedicated to empowering individuals, micro-enterprises, and Small and Medium Enterprises (SMEs) across Cambodia's vibrant urban and rural communities.

Built upon a governance model of **six equal shareholders**—each holding an equal 16.66% equity stake—and guided under the leadership of our Chairwoman, C.K.L.S Finance Plc combines institutional stability with a shared, democratic vision for sustainable economic growth.

Core Operational Strategy

At C.K.L.S Finance Plc, credit management is treated with rigorous discipline. Our institutional risk mitigation and underwriting rely heavily on a combination of time-tested financial frameworks:

1. **The 5Cs of Credit:** Every loan evaluation comprehensively analyzes the borrower's **Character, Capacity, Capital, Collateral,** and **Conditions** to ensure structural health and transparency.
2. **The 4Rs Framework:** We protect both the institution and our clients by thoroughly evaluating **Reliability, Repayment Ability, Risk Mitigation,** and **Returns**.

Through these frameworks, we maintain an exceptionally robust loan portfolio while guiding our clients toward long-term financial success.

Strategic Pillars & Differentiators

Strategic Pillar	**Focus & Execution**
Financial Inclusion & Poverty Reduction	We deliver localized Micro and Small Loans, bridging the financial gap for underbanked populations to expand their businesses and stabilize household income.
Integrated Micro-Insurance Protection	To safeguard our borrowers' livelihoods, we feature **automatic micro-insurance coverage** for death and permanent disability, offering peace of mind when families need it most.
ESG & Environmental Governance	We prioritize strict Environmental, Social, and Governance (ESG) standards, actively embedding sustainable practices into our credit analysis and operational manuals.
Rigorous Staff Development	Our credit agents undergo continuous, rigorous training programs aligned with local operational cycles to maintain peak professionalism and ethical lending.

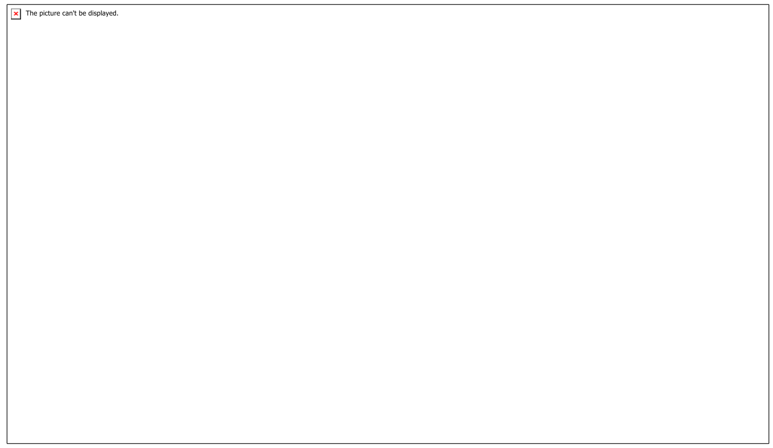
Join Our Journey
Whether you are an entrepreneur looking to expand a village enterprise, an urban SME seeking to optimize cash flow, or a community stakeholder looking for ethical financial alignment, C.K.L.S Finance Plc is here to serve you. We don't just provide credit—we invest in your living standards.

3-1-PRODUCTS AND SERVICES REPORT 2023

1. Product Strategy: Regional Adaptation

In 2023, our product strategy shifted from a general approach to a "Geographic-Specific" model. As we expanded into rural heartlands, we recognized that products needed to be more flexible to match the seasonal agricultural cycles and the growing needs of provincial micro-enterprises.

2. Expanded Product Portfolio

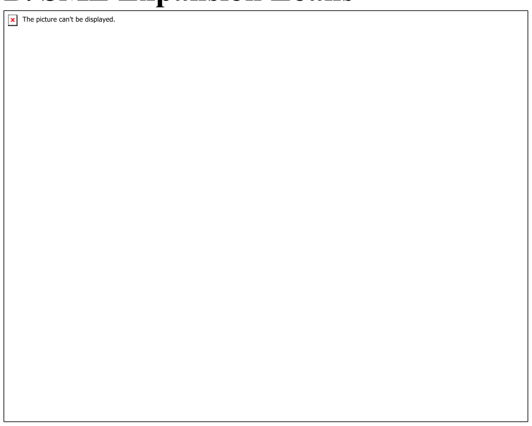


A. Enhanced Agricultural Credit

With over 38% of our 2023 portfolio in the agricultural sector, we refined this service:

1. **Tailored Repayment:** We introduced "Balloon Payment" options and flexible grace periods that allow farmers to align their repayments with their harvest income.
2. **Target Segments:** Specifically expanded to support poultry, pig farming, and vegetable irrigation systems.

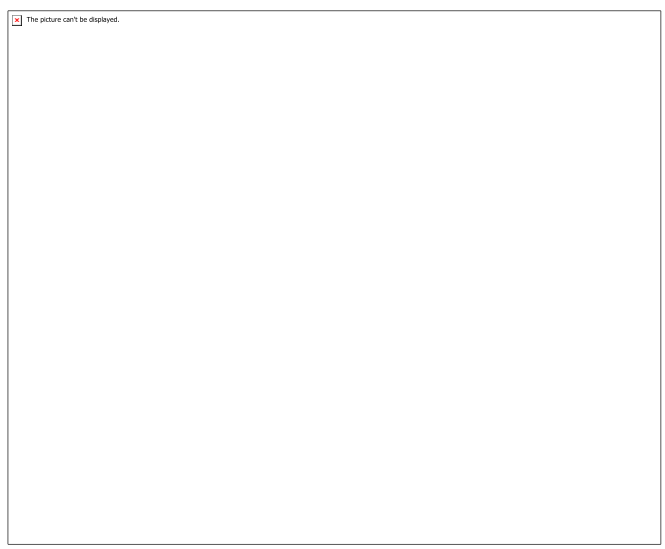
B. SME Expansion Loans



As our 2022 micro-clients grew, we introduced larger loan brackets for business scaling.

1. **Target Group:** Wholesale traders, local construction material suppliers, and larger retail shops.
2. **Service Highlight:** Provided specialized business advisory along with the credit to ensure sustainable expansion for our **1,425 active borrowers**.

C. Home & Living Improvement Series



Focused on the "Social" pillar of our mission:

1. **Sanitation Loans:** Specifically for building latrines and clean water storage.
2. **Renovation Credit:** To help rural families upgrade their living conditions as their income stabilized through our business loans.

3. Service Innovations & Efficiency

A. Speed of Service (TAT - Turnaround Time)

In 2023, we prioritized efficiency as a competitive advantage:

1. **Digital Data Collection:** We began using mobile tablets for field-level data entry, reducing the loan approval time to **24–48 hours** for repeat clients.
2. **Simplified Documentation:** We streamlined the application process, making it more accessible for clients with limited formal education.

B. Financial Coaching Integration
Our service transitioned from just "Lending" to "Partnering":

1. Every loan disbursement included a mandatory **Financial Literacy Orientation**, teaching clients about cash flow management and the dangers of informal borrowing.

4. 2023 Service Performance Metrics

Service Metric	2023 Achievement	Status
Active Loan Products	4 Categories	Expanded
New Branch Services	Takeo & Kampong Speu	Operational
Client Retention Rate	> 40%	High Trust
Transparency Compliance	100%	NBC Standards

5. Foundations for 2024: Social Protection Services

In late 2023, we conducted research and development for a major service upgrade planned for the following year:

1. **Micro-Insurance Integration:** Designing a product that covers the borrower's debt in the event of death or disability.
2. **Green Finance Pilot:** Identifying potential "Green" products like solar energy loans for rural irrigation.

6. Conclusion

The 2023 products and services portfolio successfully supported C.K.L.S Finance Plc.'s expansion into the provinces. By making credit more flexible and the service more efficient, we have not only increased our market share but also ensured that our financial tools are creating real, positive change in the lives of our clients.

Report Prepared by:
The Management Team
C.K.L.S Finance Plc.
Date: 31 December 2023

3-2-BUSINESS PERFORMANCE

1. Executive Summary

In 2023, C.K.L.S Finance Plc. transitioned from a foundational startup into a high-growth regional player. By expanding into **Takeo** and **Kampong Speu** provinces, we successfully scaled our operations while maintaining excellent asset quality. Our total assets reached **KHR 7.34 billion**, representing a year of solid financial health and increased market penetration in the rural credit sector.

2. Financial Highlights

Our financial results for 2023 reflect a balance between aggressive market expansion and disciplined risk management.

1. **Total Assets:** Increased to **KHR 7.34 billion**, driven by a growing loan portfolio and strong capital injection.
2. **Gross Loan Portfolio (GLP):** Reached **KHR 7.08 billion**, a significant increase from 2022.
3. **Asset Quality:** Maintained a healthy **Portfolio at Risk (PAR > 30 days) of approximately 2%**, demonstrating that our expansion did not compromise our credit standards.
4. **Revenue Growth:** Earned total interest income of **KHR 916 million**, reflecting the productive use of our capital in rural markets.

3. Operational Achievements & Expansion

1. **Branch Network:** Successfully opened and operationalized new branches in Takeo and Kampong Speu, bringing our services closer to our rural target audience.
2. **Human Capital:** Expanded our workforce to **78 employees**. We focused on provincial recruitment to support local employment and ensure our staff understands the specific needs of rural clients.
3. **Regulatory Compliance & Audit:** Maintained 100% compliance with National Bank of Cambodia (NBC) regulations. Our financial statements were audited by **Kreston Cambodia**, receiving a clean, unmodified opinion.

4. Market Performance & Social Impact

1. **Client Growth:** Increased our active borrower base to **1,425 households**, a **69% growth** compared to the previous year.
2. **Social Balance:** Maintained a strong social mission with **55% female borrowers**, ensuring that our business performance creates tangible benefits for women entrepreneurs.
3. **Operational Self-Sufficiency (OSS):** Achieved an **OSS of 105%** by the end of the year, proving that the institution is now capable of covering its costs through its own revenue.

5. Key Performance Indicators (KPIs) 2023

Indicator	2023 Performance	Growth vs. 2022
Active Borrowers	1,425	+69%
Gross Loan Portfolio	KHR 7.08 billion	High Growth
Portfolio at Risk (PAR)	~2%	Stable
Staff Count	78	+30%
OSS	105%	Sustainable

6. Strategic Challenges & Resolutions

The primary challenge in 2023 was managing the logistics of a multi-branch network and maintaining staff quality during rapid hiring. We resolved these by:

1. Standardizing our credit analysis training across all branches.
2. Implementing remote monitoring systems for better oversight of provincial operations.
3. Enhancing our internal communication to ensure a unified "C.K.L.S" culture.

7. Conclusion and 2024 Outlook

2023 was a landmark year where C.K.L.S Finance Plc. achieved sustainability and regional scale. Looking ahead to 2024, our strategy focuses on **Hyper-Growth**—targeting a doubling of our assets, the introduction of micro-insurance for social protection, and the digitization of our internal workflows to improve efficiency and client service.

Report Prepared by:
The Management Team
C.K.L.S Finance Plc.
Date: 31 December 2023

3-3-Financial Highlight Report 2023

In 2023, **C.K.L.S Finance Plc** transitioned into a phase of rapid scaling, characterized by significant growth in our loan portfolio and institutional reach. Our financial performance this year reflects a deep-rooted commitment to professional excellence and the successful expansion of our services to 3,321 villages across Cambodia.

The following highlights are based on our **2023 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	2023 (USD)	2023 (Approx. KHR)	Growth vs 2022
Total Assets	$2,572,001	10.58 billion	**+61%**
Net Loans to Customers	$2,284,047	9.40 billion	**+78%**
Total Equity	$1,603,740	6.60 billion	**+4%**
Interest Income	$278,926	1.15 billion	**+125%**
Net Profit for the Year	$66,366	272.8 million	**+127%**

2023 Performance Summary

1. Exponential Growth in Lending

Our net loan portfolio grew by 78% in 2023, reaching **$2.28 Million**. This expansion was achieved while maintaining the technical integrity of our **5Cs of Credit Analysis**. By focusing on the

"Capacity" and "Character" of our borrowers, we ensured that our growth contributed to the sustainable economic rehabilitation of the communities we serve.

2. Exceptional Profitability and Scale

The 2023 fiscal year saw our net profit more than double, reaching **$66,366**. This 127% increase in profitability demonstrates the operational efficiency of our branch network and the growing market trust in the C.K.L.S brand. Our interest income rose significantly to **$278,926**, reflecting our increased activity in the market.

3. Strategic Asset Management

C.K.L.S Finance Plc has strengthened its market position. Our asset base is primarily composed of productive loans, ensuring that our capital is actively working to support entrepreneurs in our 33 districts of operation.

4. Unwavering Governance Standards

For the second consecutive year, **Kreston Cambodia** provided a clean audit opinion on our financial statements. This consistency reinforces our commitment to transparency with our equal-stake shareholders, regulators, and the public. We continue to meet and exceed the prudential requirements set by the National Bank of Cambodia.

Looking Forward

Our 2023 results serve as a powerful testament to our mission. As we grow, we remain dedicated to the **4Rs of Portfolio Management**—Repayment, Rehabilitation, Rescheduling, and Rephasing—ensuring that every client who joins the C.K.L.S family has a path toward financial success and security through our integrated micro-insurance safety nets.

Transparency First: The complete **2023 Audited Financial Statements**, including the Statement of Financial Position and detailed administrative expense breakdowns, are available for review in our digital archive.

3-4-Training Performance Highlights

At C.K.L.S Finance Plc, we firmly believe that continuous capacity building is the cornerstone of sustainable growth and institutional excellence. We actively invest in our human capital through rigorous internal, external, and leadership development programs.

Key Milestones & Achievements (2023)

1. **Robust Internal Training Ecosystem**
    1. **35 Core Training Topics** successfully delivered in-house, focusing on operational excellence, credit analysis frameworks, and customer service.
    2. **55 Professional Staff Members** trained and upskilled, driving higher performance and ethical standards across our operations.
2. **Strategic External Professional Development**
    1. **1 Advanced Specialized Topic** completed through external industry experts.

2. **6 Key Executives/Specialists** participated to bring industry best practices and innovative financial insights back to the institution.

Continuous Capacity Building Framework

To maintain our competitive edge and ensure strong financial governance, we implement a structured annual training cycle for our core team members:

Target Group	**Frequency & Engagement**	**Strategic Focus**
Credit Agent Supervisors	**4 Times per Year** (Quarterly Sessions)	Strengthening field monitoring, risk mitigation, and implementation of the 5Cs and 4Rs credit frameworks.
Leadership & Branch Managers	**12 Times per Year** (Monthly Sessions) • *5 Key Leaders per session*	Enhancing strategic decision-making, financial governance, ESG alignment, and team leadership.

Our Commitment: Through regular knowledge updates and continuous professional development, C.K.L.S Finance Plc ensures that our team is fully equipped to deliver rapid, effective, and highly reliable financial solutions to the communities we serve.

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.

1. **Total Active Clients:** 1,315
2. **Female Clients:** 841 *(64% of our client base)*
3. **Male Clients:** 474 *(36% of our client base)*
4. **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
Total	**1,315**	**$1,048,142.50**

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

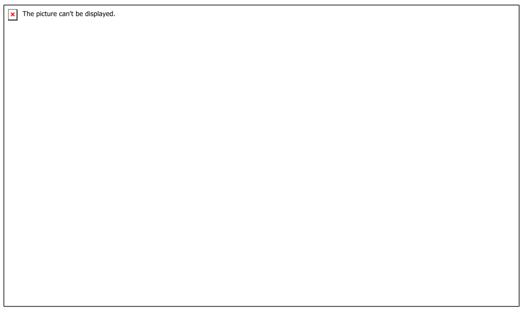
Why Choose C.K.L.S Finance Plc.?

1. **Empowering Women:** We actively bridge the financial inclusion gap by ensuring female clients have robust access to credit.

2. **Diverse Sector Support:** From small-scale agriculture to local transport and commercial businesses, we understand and fund your specific industry needs.
3. **Community-First Approach:** We manage a robust portfolio built on trust, designed to stabilize household economies and foster sustainable community wealth.

4-SUSTAINABLE GROWTH

Balancing Financial Rigor with Social Responsibility



At C.K.L.S Finance Plc, we believe that true growth is not measured by numbers alone, but by the lasting, positive impact we create within our communities. Since our transition from the Chamroeurn Khmer Living Standard Organization (CKLSO) in 2014 to a registered rural credit institution under the National Bank of Cambodia in 2016, our trajectory has been defined by **stability, responsibility, and purpose-driven expansion.**

Our commitment to sustainable growth ensures that as our institution thrives, the living standards of Cambodia’s micro, small, and medium entrepreneurs rise along with us.

The Four Pillars of Our Sustainability Model

Our growth strategy is built on four interconnected pillars that ensure long-term institutional health and community resilience:

[Financial Discipline] ──► Guided by the 5Cs & 4Rs Frameworks
[Inclusive Protection] ──► Automatic Micro-Insurance for Families
[ESG & Green Lending] ──► Driving Environmental & Social Governance
[Shared Governance] ──► 6 Equal Shareholders, 1 United Vision

1. Prudent Financial Governance

We do not pursue growth at the expense of stability. By strictly embedding the **5Cs of Credit** (Character, Capacity, Capital, Collateral, Conditions) and the **4Rs Framework** (Reliability, Repayment, Risk Mitigation, Returns) into our daily operations, we maintain a highly resilient loan portfolio. This disciplined credit risk management protects both our institution's capital and our clients from over-indebtedness.

2. Safeguarding Vulnerable Livelihoods

Sustainable growth must include a safety net. To shield our borrowers and their families from unexpected hardships, C.K.L.S Finance Plc automatically integrates a **micro-insurance feature** into our credit products. In the unfortunate event of a client’s death or permanent disability, this coverage steps in—ensuring that debt is not passed down to families, preserving their living standards even during crises.

3. Active ESG Integration

We actively align our institutional growth with **Environmental, Social, and Governance (ESG)** standards. From drafting comprehensive internal environmental policies to designing dedicated green initiatives, we evaluate the environmental impact of our lending activities. We prioritize financing that supports local ecosystems and fosters eco-friendly community development.

4. Continuous Human Capital Investment

An institution is only as sustainable as its people. We invest heavily in the continuous education of our team—conducting dozens of internal and external training sessions annually for field agents, office managers, and executive leaders. This ensures our growth is steered by professionals who uphold the highest ethical standards of responsible lending.

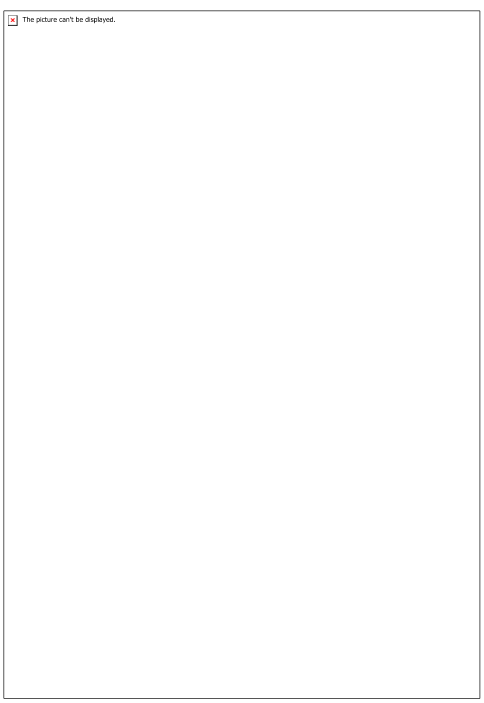
Looking to the Future

Guided by our **six equal shareholders (16.66% equity each)** and visionary leadership, C.K.L.S Finance Plc is moving forward into a new era of digital readiness and green financing. We remain deeply committed to generating steady, sustainable returns for our stakeholders while acting as a reliable engine for wealth creation and poverty reduction across Cambodia.

4-1-Environmental, Social, and Governance (ESG) Standards 2023

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.

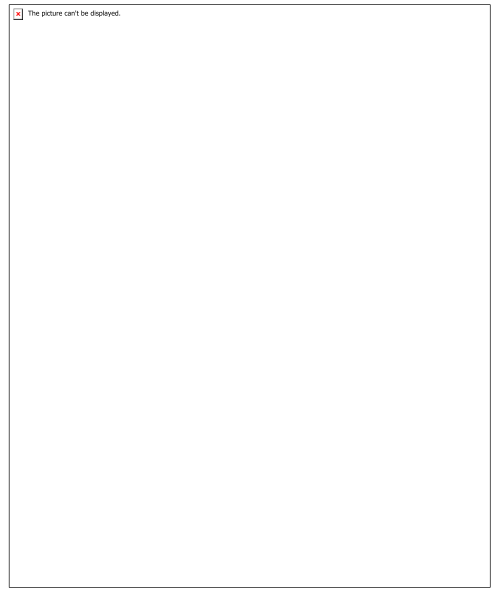
We actively address environmental risks within our credit portfolio and intentionally direct capital toward eco-friendly economic sectors.

1. **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.
2. **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.
3. **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.

4. Social Standards (S)

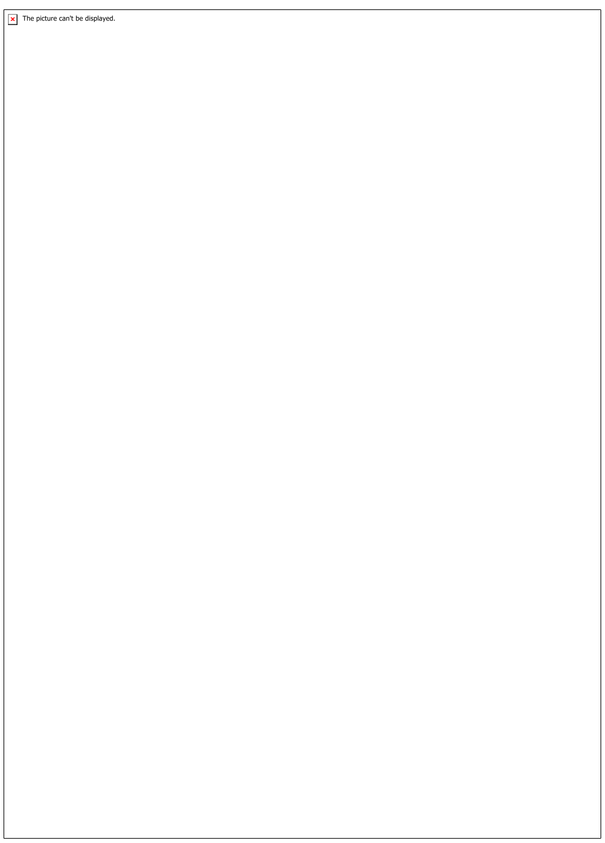
Advancing financial inclusion, gender equality, and client protection.

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.



1. **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.
2. **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.
3. **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)



Upholding absolute transparency, ethics, and professional integrity.

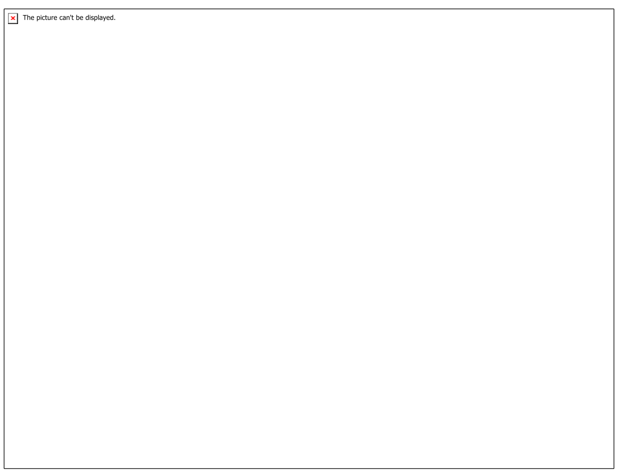
Sound corporate governance establishes the institutional trust required to successfully manage over $1 million in active credit portfolios.

1. **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.
2. **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.
3. **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.
4. **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.

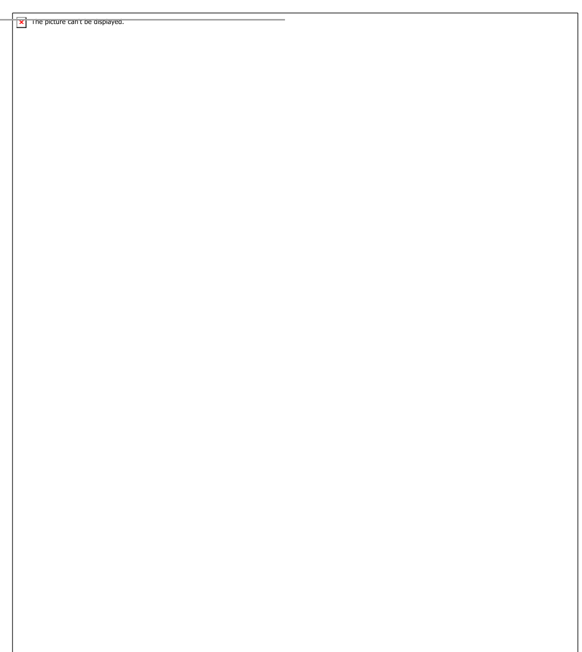
Our Pledge to You

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.

4-3-CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT 2023

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 2023, as we expanded our footprint, we remained committed to our three pillars: **Community Empowerment**, **Ethical Operations**, and **Social Inclusion**. We view our growth into new provinces as an opportunity to foster resilience in more Cambodian communities.



2. 2023 Key CSR Initiatives

A. Promoting Financial Literacy
With our client base growing to **1,425 borrowers**, we intensified our efforts to ensure financial health at the grassroots level.

1. **Educational Outreach:** Our credit officers continued to provide deep-dive orientations on debt management and interest transparency, specifically for our new clients in Takeo and Kampong Speu.
2. **Impact:** By focusing on "Quality over Quantity," we helped our clients navigate their business expansions without falling into the trap of over-indebtedness.

B. Community Support & Philanthropy
In 2023, we expanded our reach of giving to coincide with our new branch locations:
1. **Educational Support:** We donated school furniture, stationery, and supplies to several rural primary schools near our new operating areas to support local students.
2. **Social Solidarity:** We provided essential food packages and support materials to low-income families and the elderly during the Pchum Ben and Khmer New Year seasons.

C. Fair and Ethical Employment
Our commitment to our workforce grew alongside our institution:
1. **Job Creation:** Our staff increased to **78 members**, prioritizing the recruitment of local talent from the provinces where we opened new branches.
2. **Professional Development:** We conducted advanced training sessions focused on "Client Protection Principles" to ensure our growing team maintains the highest ethical standards.

3. Social Impact Metrics 2023
1. **Direct Beneficiaries:** 1,425 households now have access to safe, regulated, and transparent credit.
2. **Gender Focus: 55%** of our loans were directed toward women entrepreneurs, empowering them as primary income earners.
3. **Geographic Expansion:** Over **90%** of our activities are concentrated in rural areas, directly fueling the local economy.

4. Upholding Business Ethics
In 2023, we reinforced our **Code of Conduct** to match our larger scale:
1. **Transparency:** We ensured that all new branch operations adhered to our "No Hidden Fees" policy, with all contracts clearly explained in Khmer.
2. **Client Protection:** We maintained a strict monitoring system to ensure that all interactions between credit officers and clients were professional, respectful, and ethical.

5. Future CSR Roadmap
For 2024, C.K.L.S Finance Plc. plans to:

1. Formalize a comprehensive **ESG (Environmental, Social, and Governance)** framework.
2. Introduce **Micro-Insurance** features to protect clients against Death and Permanent Disability.
3. Launch "Green Loan" products to support environmentally friendly business practices.

Report Prepared by:
The Management Team
C.K.L.S Finance Plc.
Date: 31 December 2023

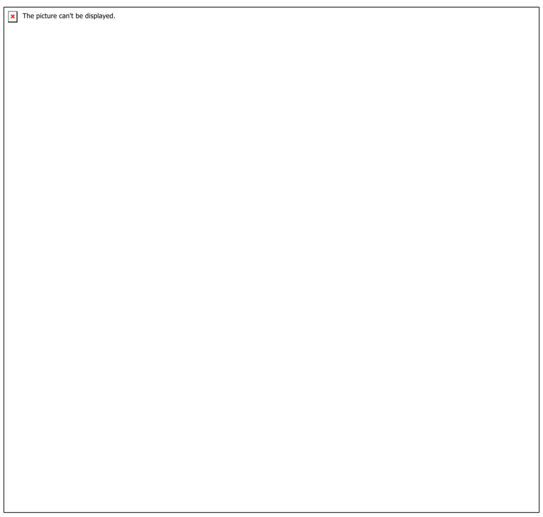
4-4-Promoting Gender Equality

1. Strategic Focus: Women as Drivers of Growth In 2023, C.K.L.S Finance Plc. recognized that women's economic participation is not just a social goal, but a key driver of our institution's high repayment rates and portfolio quality.

As we expanded our branch network, our mission remained clear: to empower women to become local business leaders.

2. Expanding Financial Access

The expansion into rural provinces allowed us to reach a significantly higher number of women who were previously excluded from the formal financial system.

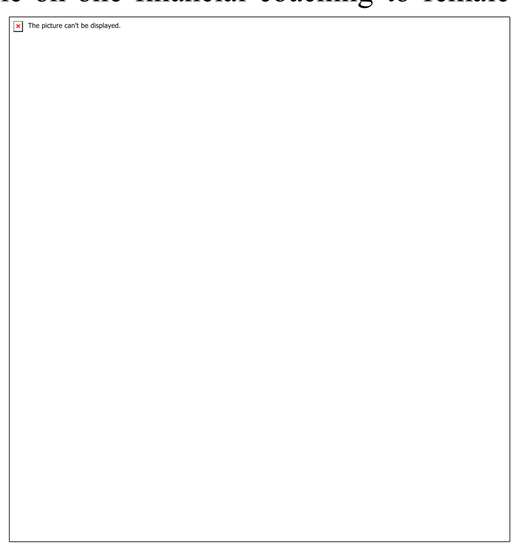


1. **Increased Representation:** In 2023, the percentage of female borrowers rose to **55%** of our **1,425 active clients**.
2. **Loan Distribution:** We disbursed over **KHR 3.8 billion** in loans directly to women-led households, supporting industries such as small-scale tailoring, poultry farming, and grocery retail.
3. **Collateral Flexibility:** Understanding that women in rural areas often have less access to land titles, we refined our credit assessment to be more inclusive of women's informal income streams.

3. Financial Literacy and Capacity Building

Empowerment goes beyond credit. In 2023, we launched a series of "Community Financial Health" workshops:

1. **Tailored Training:** Our Credit Officers provided one-on-one financial coaching to female borrowers, focusing on cash flow management and the importance of separating business expenses from household spending.
2. **Digital Readiness:** We began introducing our female clients to basic digital banking concepts to prepare them for future mobile-based financial services.

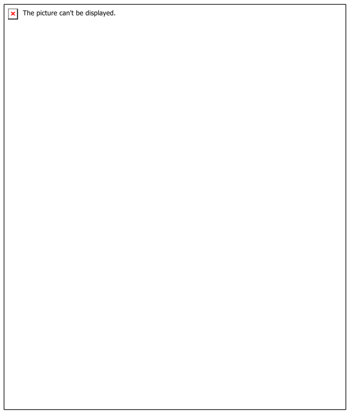


4. Internal Gender Diversity and Leadership

C.K.L.S Finance Plc. continues to lead by example within the microfinance industry:

1. **Workforce Balance:** By the end of 2023, women made up **40% of our total staff (78 members)**.

2. **Management Pathways:** We initiated a "Leadership Development Program" for high-performing female staff, aiming to increase the number of women in branch management and department head roles.



5. C.K.L.S'S Client: Scaling a Vision

Client Spotlight 2023 "Mrs. Sopheap," a resident of Takeo province, utilized a 2023 expansion loan to grow her small home-based bamboo weaving business. With the capital, she purchased materials in bulk and hired two other women from her village to help meet the demand. Her journey shows how one woman's access to credit can create employment for others in the community.

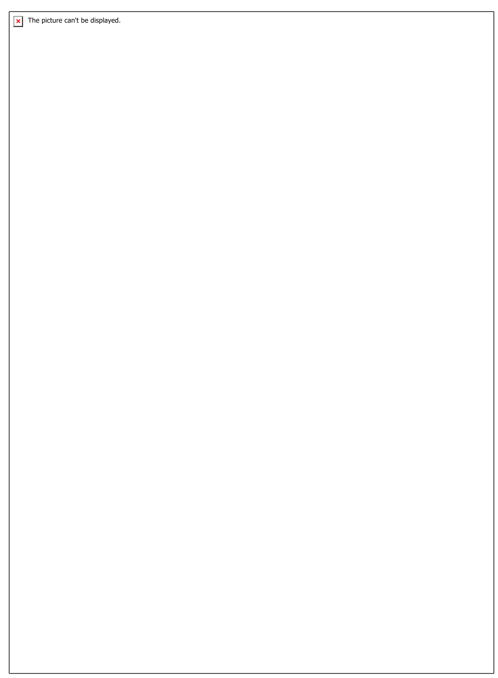
6. Impact and Accountability

1. **Repayment Excellence:** Our data for 2023 confirms that the "Women's Portfolio" maintained a **PAR ≥ 30 days of less than 2%**, outperforming the general market average. This reinforces the fact that women are reliable and responsible financial partners.
2. **Social ROI:** For every dollar loaned to a female entrepreneur in 2023, we observed a direct positive impact on household education spending and local job creation.

Report Prepared by:
The Management Team
C.K.L.S Finance Plc.
Date: 31 December 2023

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

1. Scaling Social Impact



In 2023, C.K.L.S Finance Plc. transitioned from a local lender to a regional partner. Our social mission focused on rural job creation and poverty alleviation through increased financial access.

1. **Expanded Reach:** We increased our active borrower base from 842 to **1,425 clients**, a **69% increase** in social reach.
2. **Geographic Inclusion:** By opening branch offices in **Takeo and Kampong Speu**, we provided capital to remote areas where traditional banking services are often limited.

2. Development of E&S Products

During 2023, we began refining our product list to specifically target environmental and social improvements:

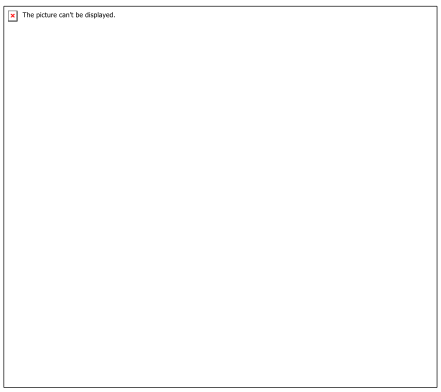
1. **Agricultural Improvement Loans:** Provided to farmers for high-quality seeds and efficient tools, helping them adapt to changing climate conditions and improve crop resilience.
2. **SME Expansion Credit:** Specifically aimed at small businesses that employ local community members, thereby reducing rural-to-urban migration.

3. Promoting Gender Equality

Women remain the primary focus of our social strategy.

1. **Female Entrepreneurship:** Approximately **55%** of our loans in 2023 were granted to women-led households and businesses.
2. **Financial Literacy:** We conducted informal "Financial Health" sessions for our female clients in Takeo to help them manage business cash flow and family savings effectively.

4. Environmental Protection Standards



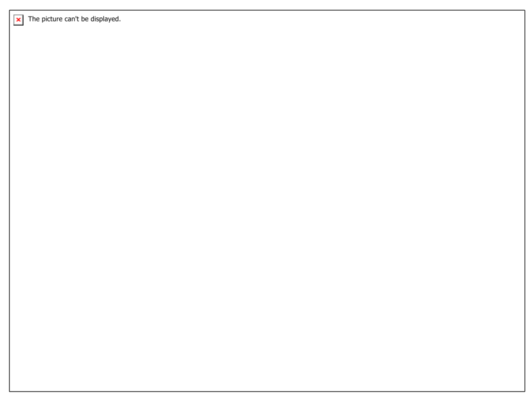
As our loan portfolio doubled to **KHR 7.08 Billion**, our responsibility to protect the environment also grew:

1. **E&S Risk Screening:** We formalized our Environmental and Social Risk Screening process. Every loan application is now checked against a "Negative List" to ensure C.K.L.S does not fund activities that contribute to deforestation or pollution.
2. **Digital Footprint:** We began investing in digital document management to reduce the high volume of physical paper used in loan processing across our three branches.

5. C.K.L.S'S Client: The Story of 2023

The impact of our 2023 expansion is seen in the entrepreneurs who grew with us.

Case Study: The Kampong Speu Success A client in Kampong Speu used a 2023 business loan to transition her small home-based sewing business into a small workshop. By hiring three local neighbors, she not only increased her own income but provided stable jobs for her community. This exemplifies our goal of **"Growth through Community Empowerment."**



6. Governance and Transparency

1. **Consumer Protection:** We maintained a 100% resolution rate for client inquiries and ensured that all interest rates and fees were communicated with absolute clarity.
2. **Audited Trust:** Our E&S commitments are backed by the financial transparency of our audited reports by **Kreston Cambodia**, ensuring that our stakeholders can trust our growth and our mission.

Report Prepared by:
The Management Team
C.K.L.S Finance Plc.
Date: 31 December 2023

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

Our clients: Who We Serve

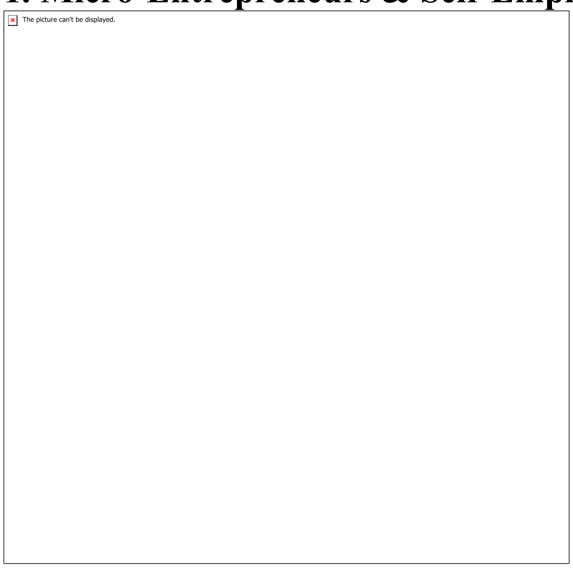
At C.K.L.S Finance Plc, our clients are at the heart of everything we do. We don't just see individuals seeking credit; we see partners building futures, families elevating their living standards, and entrepreneurs driving Cambodia's economic growth.

Guided by our roots as a community-focused organization, we specialize in providing accessible, rapid, and highly reliable financial solutions to underserved and unbanked populations in both rural and urban areas.

Our Primary Client Segments

We design our financial products to meet the unique needs of diverse borrowers across Cambodia:

1. Micro-Entrepreneurs & Self-Employed Individuals

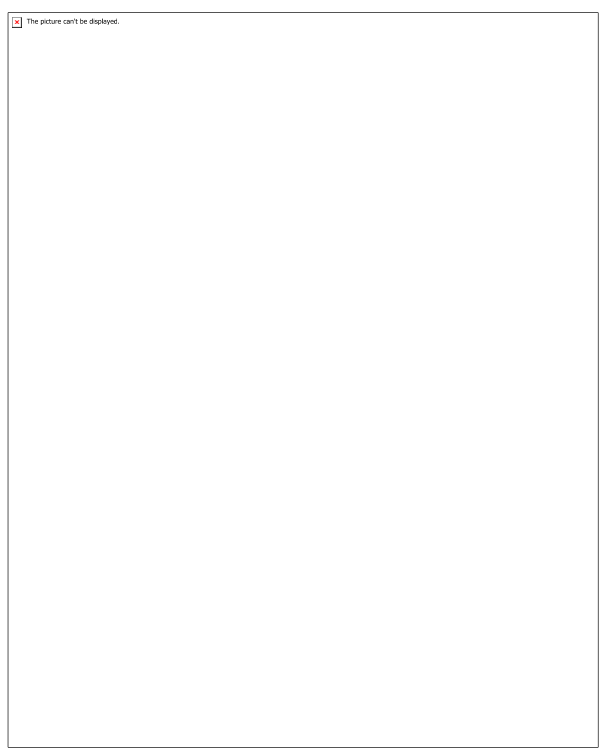


From village grocery shop owners and market vendors to local artisans and tailors, we provide the micro-capital necessary to purchase inventory, manage seasonal cash flows, and expand small businesses.

2. Small and Medium Enterprises (SMEs)

We support growing local businesses, family-owned operations, and agricultural processors with larger working capital and asset-acquisition loans, helping them scale up operations and create jobs within their communities.

3. Low-to-Middle Income Households



We provide supportive credit solutions to individuals looking to improve their living standards—whether through financing home renovations, investing in family education, or managing essential medical and personal needs.

4. Women Entrepreneurs

Empowering women-led businesses is a core pillar of our financial inclusion strategy. We actively provide credit to female entrepreneurs, enabling them to gain financial independence and drive household stability.

Why Clients Choose C.K.L.S Finance Plc

We build long-term relationships based on trust, transparency, and mutual respect. Our clients choose us because of our distinct approach to lending:

1. **Responsible and Fair Lending:** Using our rigorous **5Cs and 4Rs credit frameworks**, we ensure that we only provide loans that our clients can comfortably afford to repay, protecting them from the risks of over-indebtedness.
2. **Automatic Peace of Mind (Micro-Insurance):** We understand that life can be unpredictable. To protect our clients' families, our loans come with **automatic micro-insurance coverage** for death and permanent disability. In a time of crisis, this ensures that the family is not burdened with remaining debt.
3. **Fast and Efficient Service:** We respect our clients' time. Our streamlined approval processes ensure that business owners get access to funds rapidly and effectively when opportunities arise.
4. **Empathetic Partnership:** Our highly trained credit agents operate as financial advisors, helping clients understand cash flow, manage risks, and grow their businesses sustainably.

Our Client Commitment: "Your growth is our success. At C.K.L.S Finance Plc, we are proud to stand beside you as a reliable financial partner, committed to lifting your living standard every step of the way."

5-FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT AUDITORS

5-1-Report of the Board of Directors

1. CORPORATE PROFILE & HISTORY

C.K.L.S Finance Plc. is a Public Limited Company incorporated in the Kingdom of Cambodia (Registration No. 2000100564), licensed by the National Bank of Cambodia as a Rural Credit Institution.

1. **2021-2022:** Establishment and foundation phase.
2. **2023:** Expansion phase with network and staff growth.

2. LEADERSHIP STATEMENTS

1. **Chairman's Statement:** "Our journey from 2022 to 2023 reflects our resilience. We have grown our shareholder equity to **KHR 1.68 Billion** while significantly increasing our Regulatory Reserves to ensure long-term stability."
2. **CEO's Report:** "We achieved a record **141% Operational Self-Sufficiency** in 2023. By optimizing our workforce and maintaining a low **PAR of 32.19 %**, we have proven that efficiency is the key to sustainable micro-finance."

3. FINANCIAL PERFORMANCE COMPARISON

(All figures in KHR'000 unless otherwise stated)

Financial Indicators	**2023**	**2022**
Total Assets	7,348,570	3,351,799
Total Liabilities	6,167,028	2,458,559
Shareholder Equity	1,181,542	893,240
Share Capital	350,000	350,000
Retained Earnings	601,787	543,240
Regulatory Reserve	222,015	-
Net Interest Income	1,151,621	645,707
Profit for the Year	286,557	191,969
Return on Asset (ROA)	5.36%	5.73%
Return on Equity (ROE)	27.62%	22.03%

4. BUSINESS OPERATIONS & HUMAN RESOURCES

Operational Data	**2023**	**2022**
Branch Offices	3	1
Total Staff	**78**	**60**
Credit Officers	45	30

Operational Data	2023	2022
Active Borrowers	1,425	842
Loan Outstanding	7,089,683	3,155,487
Operational Self-Sufficiency	123%	118%
PAR ≥ 30 days (%)	32.19 %	24.11%

5. PRODUCTS, SERVICES & ETHICS

1. **Products:** Micro-Business, SME, Agricultural, and Personal Loans.
2. **Ethics:** Zero tolerance for corruption, transparent pricing, and professional code of conduct.
3. **Training:** Continuous development for staff in credit risk (5Cs & 4Rs) and customer protection.

6. SUSTAINABLE GROWTH & ESG

1. **Environmental & Social:** Transitioning to digital (paperless) operations and supporting eco-friendly businesses.
2. **Client Protection:** Strict adherence to fair treatment and data privacy.
3. **Gender Equality:** Prioritizing women entrepreneurs (over 50% of the portfolio) and women in leadership.
4. **CSR:** Promoting financial literacy and community support in rural Cambodia.

5-2-Statement of Financial Position

For the Financial Year Ended 31 December 2023

Dear Shareholders, Partners, and Valued Clients,

On behalf of the Board of Directors and executive leadership of **C.K.L.S Finance Plc.**, we are pleased to present our audited Statement of Financial Position for the financial year ended 31 December 2023.

The past year has been characterized by strategic resilience, healthy portfolio expansion, and an unwavering commitment to prudent financial governance. Guided by our strict credit analysis frameworks and corporate risk management strategies, C.K.L.S Finance Plc has achieved steady balance sheet growth, solidifying our foundation to better serve Cambodia's micro, small, and medium enterprise (MSME) sectors.

Financial Performance Highlights

Our balance sheet reflects a strong upward trajectory across all major segments compared to the previous financial year:

1. Robust Asset Expansion

1. **Total Assets** grew by **15.37%**, rising to **KHR 4,115,440,000** in 2023 from KHR 3,567,174,000 in 2022.
2. **Loans to Customers** remains our primary engine of growth, expanding to **KHR 3,843,525,000** (up from KHR 3,372,551,000 in 2022). This underscores our active deployment of capital to fuel community livelihoods and businesses.
3. **Liquidity Management:** We maintained strong cash reserves and capital placements with the National Bank of Cambodia (NBC) and banking partners totaling **KHR 126,658,000** to ensure absolute operational stability and immediate liquidity.

2. Diversified & Responsible Liabilities

1. **Total Liabilities** stood at **KHR 2,941,638,000**, which is well-managed and balanced against our asset expansion. This includes healthy backing from related parties and strategic borrowings to fund our ongoing credit programs.

3. Accelerated Equity & Institutional Strength

1. **Total Equity** surged by **31.41%**, reaching **KHR 1,173,802,000** in 2023 compared to KHR 893,240,000 in 2022.
2. **Retained Earnings** grew significantly to **KHR 601,787,000**, proving the strong profitability and operational efficiency of the institution.
3. **Regulatory Reserves** were systematically allocated at **KHR 222,015,000**, ensuring strict alignment with the regulatory expectations of the National Bank of Cambodia.

Financial Position Summary Table

(Figures are expressed in Thousands of Khmer Riel - KHR'000)

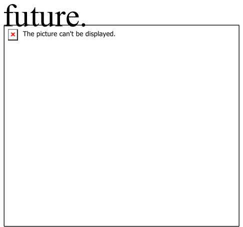
Balance Sheet Item	FY 2023 (KHR'000)	FY 2022 (KHR'000)	YoY Change (%)
Total Assets	**4,115,440**	**3,567,174**	**+15.37%**
— Cash & Placements (NBC/Banks)	*126,658*	*83,223*	*+52.19%*
— Loans to Customers	*3,843,525*	*3,372,551*	*+13.97%*
Total Liabilities	**2,941,638**	**2,673,934**	**+10.01%**
Total Equity	**1,173,802**	**893,240**	**+31.41%**
— Share Capital	*350,000*	*350,000*	*Stable*
— Retained Earnings	*601,787*	*543,240*	*+10.78%*

Looking Forward with Confidence

Our audited figures demonstrate that C.K.L.S Finance Plc is not only growing, but growing *safely*. The significant boost in our total equity and regulatory reserves provides us with a formidable cushion against market risks, allowing us to venture into new green financing spaces, build robust internal staff training, and expand our automatic micro-insurance safety nets for our loan clients.

We extend our deepest gratitude to the National Bank of Cambodia for their ongoing regulatory guidance, to our six equal shareholders for their vision, and most importantly, to our clients who trust us as their long-term financial partner. Together, we continue to build a financially secure and sustainable future.

Sincerely,



Executive Management Team
C.K.L.S Finance Plc.

Note: The complete, audited financial statements and accompanying notes are available for institutional verification upon request at our head office.

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

For the Financial Year Ended 31 December 2023

Dear Shareholders, Partners, and Valued Clients,

On behalf of the Board of Directors and the management team of **C.K.L.S Finance Plc.**, we are proud to share our audited Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2023.

The past financial year marks an extraordinary milestone in our institution's history. Through the meticulous execution of our core credit operations and disciplined management frameworks, C.K.L.S Finance Plc has achieved monumental growth in core interest income and net profitability, reinforcing our position as a sustainable and high-performing microfinance institution in Cambodia.

Financial Performance Highlights

Our operational results for 2023 demonstrate phenomenal progress in revenue generation and risk management:

1. Exceptional Core Revenue Growth

1. **Interest Income** experienced a massive surge of **443.30%**, climbing to **KHR 2,604,403,000** in 2023 from KHR 479,365,000 in 2022. This exponential growth reflects our successful expansion of credit delivery to micro, small, and medium enterprises.
2. **Net Interest Income** reached **KHR 2,057,339,000**—up from KHR 69,010,000 in 2022. This proves that our core lending operations have become highly efficient and profitable, easily outpacing our interest expenses.

2. Strategic Operational & Human Capital Investments

1. **Employee Expenses** stood at **KHR 1,090,149,000**, as we expanded our workforce and accelerated our rigorous internal and external training initiatives to build peak institutional capacity.
2. **General and Administrative Expenses** were kept well-managed at **KHR 499,513,000**, reflecting sound budgetary control across our expanding corporate activities.

3. Prudent Risk Management & Healthier Portfolio

1. **Allowance for Impairment Losses** decreased significantly by **37.58%** to **KHR 231,274,000** (down from KHR 370,515,000 in 2022). This drastic reduction highlights the ultimate success of embedding our **5Cs and 4Rs credit frameworks**, leading to higher credit quality and significantly lower credit default risks.

4. Impressive Profitability Gains

1. **Profit Before Taxes** grew to **KHR 328,697,000** (up from KHR 282,885,000 in 2022).
2. **Net Profit for the Year** rose by **49.27%** to reach **KHR 286,557,000** compared to KHR 191,969,000 in the previous year, highlighting our capability to deliver strong financial returns while honoring our corporate responsibilities.

Financial Performance Summary Table

(Figures are expressed in Thousands of Khmer Riel - KHR'000)

Income Statement Item	FY 2023 (KHR'000)	FY 2022 (KHR'000)	YoY Change (%)
Interest Income	**2,604,403**	**479,365**	**+443.30%**
Interest Expense	*(547,064)*	*(410,355)*	*+33.31%*
Net Interest Income	**2,057,339**	**69,010**	**+2,881.22%**
Allowance for Impairment Losses	*(231,274)*	*(370,515)*	*-37.58% (Improved)*
Profit Before Taxes	**328,697**	**282,885**	**+16.20%**
Net Profit for the Year	**286,557**	**191,969**	**+49.27%**
Total Comprehensive Income	**286,557**	**191,969**	**+49.27%**

A Solid Foundation for the Future

These stellar results validate our business model and our dedication to transforming local livelihoods. By translating our revenues into robust net profits, C.K.L.S Finance Plc ensures it has the financial power to continuously reinvest in green lending strategies, expand our automatic micro-insurance coverage, and enhance our community credit services.

We express our deepest appreciation to our clients for their loyalty, our staff for their dedication to operational excellence, and our shareholders for their continuous governance support. C.K.L.S Finance Plc remains your premier, highly reliable partner for sustainable growth.

Sincerely,

Executive Management Team

C.K.L.S Finance Plc.

Note: The complete, audited financial statements and accompanying notes are available for institutional verification upon request at our head office.

5-4-Statement of Changes in Equity

For the Financial Year Ended 31 December 2023

Dear Shareholders, Partners, and Valued Clients,

On behalf of the Board of Directors and the management team of **C.K.L.S Finance Plc.**, we are pleased to present our audited Statement of Changes in Equity for the financial year ended 31 December 2023.

An institution's equity profile is a primary indicator of its long-term health, stability, and risk-absorption capacity. Over the course of 2023, C.K.L.S Finance Plc has significantly reinforced its internal capital structures. This growth demonstrates our capability to generate sustainable net profits and strategically allocate reserves, ensuring we exceed regulatory benchmarks while safeguarding our stakeholders' long-term interests.

Key Equity Evolution Highlights

Our equity structure evolved with remarkable strength through the following developments during the financial year:

1. Robust Expansion of Total Equity
   1. **Total Equity** grew by **31.41%**, rising strongly to **KHR 1,173,802,000** at the end of 2023 from KHR 893,240,000 at the end of 2022. This substantial increase provides a massive capital cushion to support our growing micro-insurance features and green credit portfolios.
2. High Retained Earnings Growth & Profit Retention
   1. Fueled by an exceptional operational year, our **Profit for the Year** reached **KHR 286,557,000** (up from KHR 191,969,000 in 2022).
   2. After satisfying mandatory regulatory reallocations and minimal adjustments, our **Retained Earnings** balance successfully climbed to **KHR 601,787,000** (up from KHR 543,240,000 in 2022). This continuous accumulation highlights the compounding profitability and commercial viability of the institution.
3. Prudent Creation of Regulatory Reserves
   1. In strict alignment with the compliance mandates of the National Bank of Cambodia (NBC), we executed a structural **transfer of KHR 222,015,000** from our retained earnings into a newly established **Regulatory Reserve**. This specific fund acts as an isolated shield to absorb potential credit risks and ensure ultimate institutional liquidity.
4. Stable and Committed Share Capital
   1. Our **Share Capital** remained perfectly stable at **KHR 350,000,000**, fully backed by our structure of six equal shareholders (16.66% equity stake per shareholder), reflecting consistent, long-term commitment from our founding members.

Statement of Changes in Equity Summary Table
(Figures are expressed in Thousands of Khmer Riel - KHR'000)

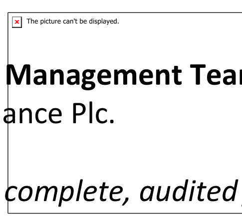
Equity Component	Share Capital (KHR'000)	Regulatory Reserve (KHR'000)	Retained Earnings (KHR'000)	Total Equity (KHR'000)
Balance as of 01 January 2022	**350,000**	**-**	**499,488**	**849,488**
Net Profit for FY 2022	-	-	191,969	191,969
Adjustments	-	-	(148,217)	(148,217)
Balance as of 31	**350,000**	**-**	**543,240**	**893,240**

Equity Component	Share Capital (KHR'000)	Regulatory Reserve (KHR'000)	Retained Earnings (KHR'000)	Total Equity (KHR'000)
December 2022				
Net Profit for FY 2023	**-**	**-**	**286,557**	**286,557**
Transfer to Regulatory Reserve	-	222,015	(222,015)	-
Adjustments	-	-	(5,995)	(5,995)
Balance as of 31 December 2023	**350,000**	**222,015**	**601,787**	**1,173,802**

Driving Responsible Growth Into the Future

The transformation of our equity ledger in 2023 is a profound vote of confidence in our financial management strategy. By reallocating a significant portion of our earnings directly into a dedicated regulatory reserve, C.K.L.S Finance Plc proves to our clients, our communities, and the Central Bank that we prioritize safety, compliance, and institutional integrity above all else.

We look forward to leveraging this enhanced capital strength to scale our operations, invest in our credit agents' technical capabilities, and continue lifting the living standards of micro and small business owners throughout Cambodia.



Sincerely,
Executive Management Team
C.K.L.S Finance Plc.

Note: The complete, audited financial statements and accompanying notes are available for institutional verification upon request at our head office.

5-5-Statement of Cash Flows

For the Financial Year Ended 31 December 2023

Dear Shareholders, Partners, and Valued Clients,

On behalf of the Board of Directors and the management team of **C.K.L.S Finance Plc.**, we are pleased to present our audited Statement of Cash Flows for the financial year ended 31 December 2023.

A transparent analysis of cash flow is essential to understanding an institution's operational health, liquidity strength, and capability to meet its financial obligations. Throughout 2023, C.K.L.S Finance Plc navigated its cash resources with strategic precision—aggressively deploying capital into community loans while simultaneously improving our net cash position, ensuring absolute stability and liquidity.

Operational Cash Flow and Liquidity Highlights

Our cash management strategy for 2023 reflects active growth and sound structural positioning:

1. High Quality Core Operating Profit

1. Before accounting for working capital changes, our **Operating Profit stood at KHR 578,650,000**, anchored by a robust pre-tax profit of KHR 328,697,000. This confirms that our day-to-day business operations remain highly profitable and generate exceptional cash-earning potential.

2. Strategic Capital Deployment into Customer Loans

1. Driven by our mission to elevate community living standards, we injected a net amount of **KHR 701,904,000 directly into new Loans to Customers** during 2023.
2. Because we prioritized fueling credit growth, our net cash used in operating activities stood at KHR 257,733,000. This represents a monumental improvement from 2022 (where KHR 4,735,224,000 was deployed), showing that our portfolio is cycling back cash much more efficiently.

3. Investment in Institutional Infrastructure

1. We utilized **KHR 51,421,000 for the acquisition of property and equipment**, ensuring our operations, branch facilities, and technical infrastructure are fully optimized to support our staff and clients.

4. Strong Financial Backing & Positive Cash Growth

1. Our growth was firmly supported by our financing activities, generating a **net inflow of KHR 330,928,000**, driven by reliable commitments from related parties and strategic borrowings.
2. As a result of this balanced management, C.K.L.S Finance Plc achieved a **positive net change in cash and cash equivalents of KHR 21,774,000** for the year, completely reversing the major cash deficits seen in 2022.
3. Our total **Cash and Cash Equivalents at the end of the year increased to KHR 99,523,000** (up from KHR 83,744,000 in 2022), consisting of healthy cash on hand and secure deposits with banking partners.

Statement of Cash Flows Summary Table

(Figures are expressed in Thousands of Khmer Riel - KHR'000)

Cash Flow Component	**FY2023 (KHR'000)**	**FY2022 (KHR'000)**
Operating Profit Before Working Capital Changes	**578,650**	**660,858**
Net Cash Flow Used in Operating Activities (Loan Deployment)	*(257,733)*	*(4,735,224)*

Cash Flow Component	FY2023 (KHR'000)	FY2022 (KHR'000)
Net Cash Flow Used in Investing Activities (Equipment)	*(51,421)*	*(44,214)*
Net Cash Generated from Financing Activities (Funding)	*330,928*	*621,853*
Net Changes in Cash and Cash Equivalents	**21,774**	**(4,157,585)**
Cash and Cash Equivalents at 01 January	**83,744**	**290,839**
Cash and Cash Equivalents at 31 December	**99,523**	**83,744**

Reinsurance of Institutional Liquidity

Our cash positions at the end of the year are fully reconciled and held securely across immediate, highly liquid accounts to support daily operational demands:

1. **Cash on Hand:** KHR 13,016,000
2. **Deposits and Placements with Banks:** KHR 86,507,000
3. **Total Available Liquidity: KHR 99,523,000**

Moving Forward with Financial Integrity

The 2023 Cash Flow Statement proves that C.K.L.S Finance Plc has achieved an ideal operational balance. We are successfully managing the quick recovery of capital while keeping enough liquid cash on reserve to protect our automatic micro-insurance clients and handle daily transactions smoothly.

We remain deeply grateful to our customers for their timely repayments, our institutional partners for their financial support, and our shareholders for their governance. C.K.L.S Finance Plc will continue to manage its liquid resources with the highest transparency and discipline to foster economic development across Cambodia.

Sincerely,

Executive Management Team
C.K.L.S Finance Plc.

Note: The complete, audited financial statements, including the technical notes on prior-year adjustments, are available for institutional verification upon request at our head office.

5-6-Report of the Independent Auditors

The picture can't be displayed.

For the Financial Year Ended 31 December 2023

Dear Shareholders, Partners, and Valued Clients,

In alignment with our corporate commitment to the highest standards of financial transparency, corporate governance, and regulatory compliance, the management of **C.K.L.S Finance Plc.** is pleased to share the summary of our Independent Auditor's Report for the financial year ended 31 December 2023.

Our financial statements have been independently audited by **Kreston Cambodia (Cam Accounting & Tax Service Co., Ltd.)**, a fully licensed Certified Public Accountants and Auditors firm, an active member of KICPAA, and an authorized auditor by the National Bank of Cambodia (NBC).

1. Audit Opinion: Qualified Opinion

The independent auditors have issued a **Qualified Opinion** on the financial statements of C.K.L.S Finance Plc for the year ended 31 December 2023.

Auditor's Statement: > *"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 2023, 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 the Qualified Opinion

The qualification is a technical carry-over relating strictly to historical data validation from the prior year. Specifically, because of the transition and the impact of qualification matters on the retained earnings balance as of 31 December 2022, it was difficult for the auditors to definitively ascertain if any opening adjustments were required for the opening balance of retained earnings as of 01 January 2023 (amounting to KHR 543,240,000).

The audit was conducted in full compliance with **Cambodian International Standards on Auditing ("CISA")**, confirming that the audit evidence obtained was completely sufficient and appropriate to provide a clear basis for this opinion.

2. Responsibilities and Governance Framework

The report clearly defines the separation of corporate responsibilities to ensure absolute integrity in our reporting systems:

1. **Responsibilities of Directors:** The management and directors of C.K.L.S Finance Plc hold sole responsibility for preparing and ensuring the financial statements present a true and fair view in accordance with **CIFRS for SMEs** and **NBC guidelines**. Management maintains rigorous internal controls to safeguard financial reporting against material misstatements, whether due to fraud or error, and ensures the continuous assessment of the company as a going concern.
2. **Responsibilities of Auditors:** The objectives of Kreston Cambodia were to obtain reasonable assurance that the financial statements as a whole are free from material misstatement and to issue an objective report. The auditors exercised professional judgment, maintained professional skepticism, assessed internal control environments relevant to the audit, and verified the appropriateness of accounting policies used by management.

3. Institutional Stability & Ethical Commitment

Our auditors have confirmed our full independence and adherence to the strict ethical requirements relevant to auditing financial statements in the Kingdom of Cambodia. Furthermore, the audit report verified that there are no material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue seamlessly as a going concern.

A Note from C.K.L.S Finance Plc Management

We highly value the thorough and rigorous process conducted by Kreston Cambodia. The clean, fair presentation of our 2023 financial position, operational profits, and cash flows underscores the tremendous operational success we achieved in 2023.

By identifying and addressing historical entry classifications, our management team has established an unshakeable, highly transparent accounting baseline moving forward. C.K.L.S Finance Plc will continue to work closely with our external auditors and the National Bank of Cambodia to maintain peak governance, protect our shareholders' equity, and responsibly serve our borrowers across Cambodia.

Sincerely,

Executive Management Team

C.K.L.S Finance Plc.

1. **Auditor Firm:** Kreston Cambodia (Cam Accounting & Tax Service Co., Ltd.)
2. **Signing Partner:** Keat Heng, CPA, ACCA (Audit Partner)
3. **Date of Report:** 28 June 2024
4. **Head Office Archive:** *The complete, unabridged copy of the Independent Auditor's Report, including all comprehensive financial notes (pages 6 to 32), is securely archived and available for official inspection at our head office.*