

An aerial photograph of a city, likely Singapore, showing a dense urban landscape with numerous high-rise buildings and green spaces. A large, semi-transparent geometric overlay in shades of orange and red is positioned in the center-left. The overlay contains the year '2025' at the top, a horizontal yellow line, and the text 'Our commitment to sustainability' below it.

2025

Our  
commitment  
to sustaina-  
bility



## Our approach to sustainability

At First Finance, sustainability begins with people — families who deserve safe homes, financial security, and resilient communities. As Cambodia’s specialist affordable housing lender, our sustainability agenda is grounded in tangible impact: improving living conditions, enabling long-term asset building, and fostering inclusive

growth for low- and middle-income households. We are committed to integrating environmental, social, and governance (ESG) considerations into our strategy, operations, and risk management. This includes continuously enhancing policies, systems, and processes to reflect emerging risks, stakeholder expectations, and national development priorities, while aligning with international best practices. Strengthening our ESG reporting ensures transparency, comparability, and accountability for our partners, including development finance institutions and investors.

Our sustainability commitments are aligned with the United Nations Sustainable Development Goals (SDGs), with a particular focus on financial inclusion, sustainable housing, and community wellbeing. These commitments guide our product design, risk assessment, and impact measurement, enabling us to deliver measurable benefits to clients and communities.

The Sustainability Steering Committee, supported by clear governance and defined responsibilities, actively monitors ESG performance and emerging risks. During the year,

we further integrated environmental and social considerations into our credit and operational processes, including risk screening for new loans and annual monitoring of higher-value exposures. These measures strengthen portfolio resilience and ensure our lending supports positive social and environmental outcomes.

We provide quarterly ESG updates to the Board, covering performance metrics, client feedback, and social impact results. This structured oversight ensures that sustainability considerations are embedded in decision-making and that our operations remain transparent, accountable, and aligned with international investor expectations.

Looking forward, First Finance remains committed to deepening our impact, strengthening resilience, and delivering measurable value for our clients, communities, and development partners, while advancing inclusive, climate-resilient housing finance across Cambodia

**Mr. Say Sony**  
Chief Marketing Officer, Chairman of the Sustainability Steering Committee



In 2025, First Finance earned the Stakeholder-Verified Orange Seal, recognizing our commitment to gender equality and environmental sustainability. The Orange Seal, powered by IIX Values™, is an international rating that measures progress on gender equity and climate action—underscoring our ongoing focus on responsible, inclusive growth.

➔ find out more about orange seal: [www.orangemovement.global](http://www.orangemovement.global)

Orange Seal certification is valid for one year from the date of qualification. To retain certification, First Finance Plc must reassess its policies and practices against IIX Values annually to renew Orange Seal status and maintain the credibility of its gender and climate impact.



ESG+ SCORE  
**9.00**  
out of 10

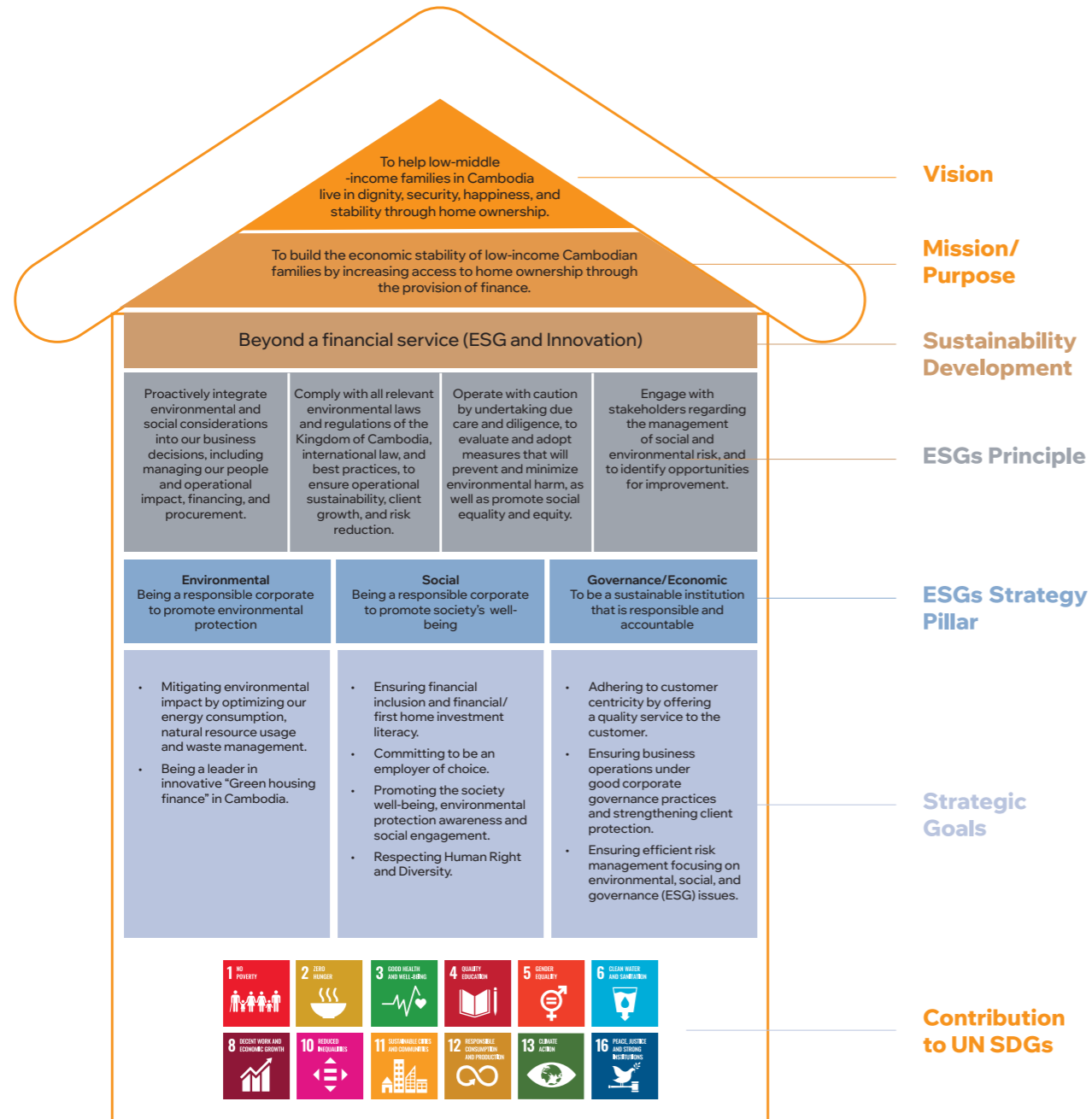
IMPACT SCORE  
**7.36**  
out of 10



VERIFICATION LEVEL\*  
★★★★★

\* The verification level represents the voices of the customers and reflects the extent to which customers agree with the company’s impact score.

# Sustainability Framework



## Customer Experience, Support and Community impact

We remain committed to delivering an exceptional experience for our clients while supporting the communities we serve in every way we can.

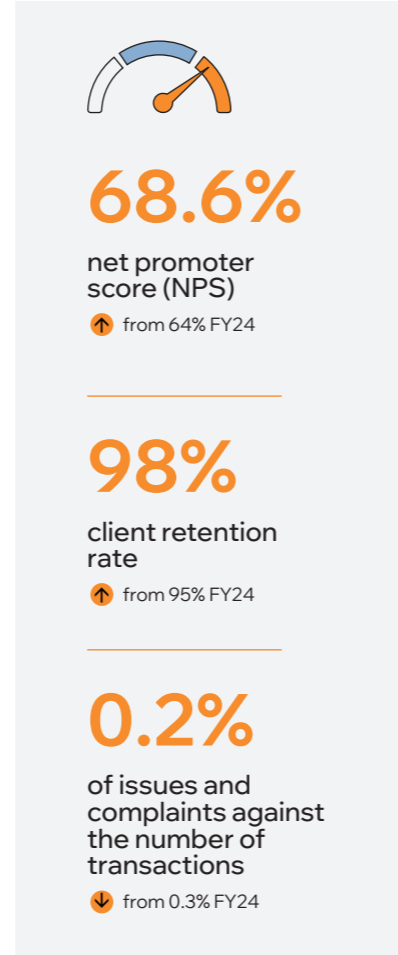


## Pursuing excellence in our customer experience

First Finance leverages insights from multiple sources to understand what is working well for our clients and to identify opportunities for improvement. We conduct customer experience surveys to capture feedback, monitor trends, and assess how clients engage with our products and services. Operational metrics—including complaints, disputes, turnaround times, helpfulness, competency, and Responsive and punctual—also provide valuable indicators of areas requiring attention. Together with the Net Promoter Score (NPS), an external measure of customer advocacy, these insights help us benchmark performance and drive continuous improvement.

We are prioritizing key client experiences and embedding a new approach to collecting direct feedback, aimed at providing a more complete and consistent understanding of client needs. This enables us to better focus on outcomes that matter most to our customers.

In addition, we have entered the third year of our Client Self-Perception Survey program, which provides deeper insights into housing finance needs. Early findings suggest that many clients may require multiple Home Improvement Loans to meet their housing goals, reflecting limited capacity to finance the full amount at once. These insights help us refine our product design and delivery to better serve our clients' evolving needs.



→ read more on Client Self-Perception Survey Report 2025 at [www.firstfinance.com.kh/reports](http://www.firstfinance.com.kh/reports)

## Financial Literacy Through AI Kids Podcast – “Meet with Oun Nance”

First Finance launched the AI-powered kids podcast series “Meet with Oun Nance” to promote financial literacy in an engaging and accessible way. Hosted by a friendly AI-generated character, the series covers key topics such as saving habits, responsible borrowing, and awareness of online scams.

In 2025, a total of 18 episodes were produced, each averaging around 1,000 views, demonstrating stronger engagement than traditional graphic content. The series has attracted both children and adults, extending financial literacy awareness across generations.

Through this initiative, First Finance continues to innovate in digital education, supporting informed financial decisions and sustainable homeownership.



## Strengthening financial capability for affordable homeownership

As Cambodia's specialist provider of affordable housing finance, First Finance continues to strengthen financial literacy among low- and middle-income households through accessible digital education. We deliver financial education content across our social media platforms, including Facebook and YouTube, to extend our reach and support informed financial decision-making.

In 2025, we enhanced our educational materials by integrating graphic design, comic-style storytelling, and AI-enabled short videos to make learning more engaging and easier to understand. These resources cover essential topics such as household money management, responsible borrowing, selecting licensed financial institutions, and staying vigilant against online scams.

All materials are hosted online, enabling users to download and revisit them at their convenience. 2025 marks the fourth consecutive year that First Finance has produced financial and property rights education content, reflecting our long-term commitment to empowering clients and the wider community.

We remain focused on expanding and enriching these resources to better serve the public and our clients. We firmly believe that financial literacy is a critical foundation for managing both household and business finances, particularly for families taking long-term housing loans. Ultimately, sustainable homeownership requires strong financial discipline, and we are committed to supporting our clients throughout this journey.



→ learn more about financial literacy in comic at [www.firstfinance.com.kh/financial-tip-in-comic](http://www.firstfinance.com.kh/financial-tip-in-comic)

→ Learn more about "meet with Oun Nance" at [www.facebook.com/FirstFinance/reels/](https://www.facebook.com/FirstFinance/reels/)

Enhance a joyful environment with

# HOME CONSTRUCTION LOAN

of First Finance

AMOUNT UP TO

**USD 100k**

FINANCE UP TO

**100%**

OF THE PROJECT COST

កម្ពុជា ហិរញ្ញវត្ថុ ធានាជូន  
Kmail: FirstFinancePlc

**CHOOSE PREFERRED HOUSE FOR BUDGET, CONSULT WITH FIRST FINANCE**

093 6666 35 | www.firstfinance.com.kh | firstfinance | FirstFinance Plc

First Finance does not require customers to pay any service fees prior to the disbursement of the loan. Every loan approval is conducted through a direct on-site evaluation by our staff.



## Offer support in any way we can

Ongoing cost-of-living pressures and border tensions between Cambodia and Thailand continued to place significant strain on many of our clients and the communities we serve during the year. As an institution committed to responsible and inclusive finance, First Finance remained steadfast in supporting affected households through a range of client assistance measures, including loan restructuring, interest waivers, and the provision of grace periods. In exceptional circumstances, and in alignment with the National Bank of Cambodia's appeal, the Company also approved loan write-offs for the families of fallen soldiers who lost their lives during the border conflict, ensuring that vulnerable households were not further burdened by financial obligations during times of profound hardship.

In parallel, First Finance initiated a series of humanitarian and community support programs as part of its broader social responsibility agenda. These initiatives included food assistance for refugees, the construction of a home for the family of a fallen soldier, and direct humanitarian aid to frontline soldiers. Collectively, these programs benefited more than 5,400 individuals, reinforcing First Finance's role not only as a housing finance provider, but also as a responsible corporate citizen committed to social stability and community resilience.

First Finance also recognizes and deeply appreciates the compassion and generosity of its employees, whose contributions of both time and financial resources made these initiatives possible. Reflecting the Company's strong culture of volunteerism and shared purpose, 10 employees participated in a blood donation program organized by the Cambodia Microfinance Association (CMA) and the Association of Banks in Cambodia (ABC), further demonstrating First Finance's commitment to community wellbeing and collective responsibility.

**Above and bottom:** Branch Manager in Kampong Speu and Kampot Province handing food to provincial authorities for distribution to refugees.

**5,400**

directly impacted beneficiaries

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**1,500**

hours volunteered by our people\*

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**108**

clients who are soldiers and refugees affected by the border conflict.

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**\$118K**

total amount waived in cash

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\*Convert staff's cash donation to staff's volunteerism hours (Total cash donation/average gross earning per hour)



## Engage and support our workforce

We are strengthening a culture of purpose, accountability, and continuous learning to engage our people, enhance customer experiences, and deliver on our strategy as Cambodia's specialist affordable housing finance provider.



## Fostering a safe, respectful, and people-centred workplace

First Finance is committed to providing a positive and supportive working environment where our people feel safe, respected, and valued. We take our responsibility for employee health, safety, and wellbeing seriously and continue to strengthen our policies and practices accordingly.

Given our door-to-door service model, traffic accidents are a key risk for field staff. To mitigate this, we have implemented comprehensive safety procedures, mandatory training, and monthly reminders to reinforce safe practices, as part of a broader framework to maintain a safe and inclusive workplace.

Our people-centred approach is guided by data and continuous monitoring. We conduct regular health, safety, and wellbeing assessments, including targeted reviews in higher-risk environments, to support early risk identification and preventative action.

Leadership plays a critical role in workplace safety. We continue to strengthen leadership capability, encouraging regular wellbeing conversations, open dialogue, and clear guidance on raising concerns, to foster a workplace where employees feel supported and able to perform at their best.

**Above:** Female staff dressed in traditional costumes in celebration of Khmer New Year.



At First Finance, the safety and wellbeing of our people come first. Through strong policies, continuous training, and supportive leadership, we are building a workplace where employees feel valued and empowered to perform at their best.



**Miss. Nget Sokun**  
Head of Human Resource

**1%** of staff have a disability

→ remained the same as in FY24

**0%** of fatality incident case

→ maintained zero cases since FY24

**3** cases resulted in lost time injuries

↓ from 7 cases in FY24



## Attracting talent and developing key pipelines

To deliver on our strategic objectives and sustain long-term growth, First Finance continues to prioritize the attraction, retention, and development of talent, with a particular focus on our frontline teams who are central to serving low- and middle-income Cambodians. We are committed to fostering a culture of continuous learning and development, enabling our people to build meaningful careers while ensuring First Finance remains an employer of choice in Cambodia's financial services sector. Our people strategy emphasizes personalized pathways for upskilling, reskilling, and career progression, strengthening our internal talent pipeline and differentiating the employee experience.

In 2025, with funding support from our long-term partner Norfund, we engaged an independent HR consultant to conduct a comprehensive Labor Audit and Human Resources Needs Assessment of First Finance Plc's HR management system. This review benchmarked our policies and practices against Cambodian labor law and relevant international standards, identified areas for improvement, and informed the development of a corrective action roadmap to enhance compliance, governance, and workforce management.

This initiative reinforces First Finance's capacity to attract, develop, and retain high-quality talent while strengthening a compliant, safe, and high-performing workplace. In doing so, it supports the long-term sustainability of the organization and advances our mission to expand access to inclusive and affordable housing finance for low- and middle-income households across Cambodia.

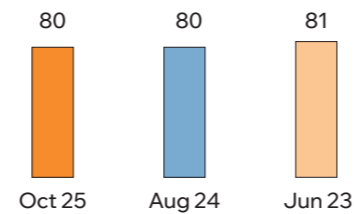
## Listening to our people

At First Finance, we continually seek to enhance our people's experience and empower our teams to deliver strong outcomes for customers, communities, and shareholders.

A key channel for capturing these insights is our annual staff engagement survey, which provides leaders with a clear view of organizational culture, employee experience, and the behaviors that drive performance and customer impact.

In our most recent survey, employee engagement reached 80%, maintaining the same level as in August 2024 and reflecting the positive momentum of our people-focused initiatives.

### People Engagement Index (%)



**53h** of training per staff this year  
↓ from 63h FY24

**23%** of vacancies this year filled internally  
↑ from 7% FY24

**8%** of female staff were promoted to a higher level.  
↑ from 7% FY24

## Climate strategy

We are committed to supporting Cambodia's transition to a net-zero economy by 2050. This involves managing the risks and opportunities of climate change, raising awareness among our clients, and advocating for an inclusive transition.

## Climate risk management and sustainable lending

Climate change presents growing physical and transition risks for First Finance and the communities we serve. Flooding, extreme heat, and severe weather events can affect housing assets and household resilience, particularly in rural and peri-urban areas where many of our clients live. At the same time, evolving sustainability expectations create opportunities to support more resilient and environmentally responsible housing solutions.

First Finance manages climate-related and environmental risks by strengthening portfolio resilience, embedding sustainability considerations into lending decisions, and improving operational efficiency. These actions support long-term asset quality, financial stability, and inclusive, climate-resilient growth across Cambodia.

Our lending activities are guided by a comprehensive ESG Framework, Environmental and Social Performance Management Policy, Environmental and Social Management System (ESMS), and credit policies. While our portfolio has limited direct environmental impact, approximately 76% of loans—including home improvement, home equity, land, and microbusiness loans—are classified as low environmental risk. Environmental risk assessments are conducted for all new loans, with annual monitoring for exposures exceeding USD 30,000.

In 2025, 29% of the total loan portfolio was re-evaluated to assess environmental and climate-related risks affecting clients' income sources and housing collateral, including whether income-generating activities could have adverse environmental impacts. The review found no material physical climate risks to client income or property. In parallel, First Finance continues to monitor internal energy consumption against established baselines to track progress toward its sustainability targets.

Through responsible lending and prudent risk management, First Finance reinforces its commitment to sustainable housing finance and resilient community development across Cambodia.

### Environmental Adverse Impact Resulting from loan utilization

Loan Purpose	# of loan	Environmental Impact of Lending
Home Loan (Home Construction)	1,801	A medium risk has been identified in relation to construction waste disposal, energy consumption, occupational working conditions, and personal injury hazards
Home Improvement Loan Home Equity Loan Land Loan Living Improvement Loan (Micro Business)	10,308	Low Risk

### Environmental Adverse Impact Resulting from source of income

Impact	# of loan	Risk Level
Environment	11	All defined as low risk
Environment and Health	5	All defined as low risk



## Managing our operational environmental impacts

First Finance continues to reduce its environmental footprint by integrating sustainable practices into core operations. To minimize emissions and waste, we have implemented systematic recycling of electronic waste, including 79 items such as UPS batteries, monitors, printers, and CPUs. In 2025, we also took a step toward greener mobility by adding our first electric vehicle (EV) to the corporate fleet, while maintaining a disciplined approach to limiting non-essential air travel.

Beyond our own operations, we promote environmental awareness among employees and clients. Through our digital platforms, we share educational content on household waste management and energy conservation. This outreach is reinforced by the distribution of 10,000 instructional stickers to clients and mandatory annual sustainability training for all staff, helping embed environmental responsibility across our network.

While total energy consumption has increased in line with rapid business growth between 2022 and 2025, we have maintained a strong focus on efficiency. Our energy intensity ratios have remained stable or improved, ensuring that energy use per client is optimized against established baselines.

➔ for more content related environment awareness content at [firstfinance.com.kh/resources-tips](https://firstfinance.com.kh/resources-tips)

## Energy consumption activities

Materials	Unit	2025	2024	2023
<b>Direct Energy Consumption</b>				
Gasoline	Litre	221,735	156,921	126,866
Diesel - Generator	Litre	0	0	0
<b>Purchase Energy Consumption</b>				
Purchase of electricity	Kwh	285,111	259,238	237,642
Purchase of water	m3	13,464	4,712	3,770
Purchase of Paper	Kg	2,825	1,687	3,312
<b>Indirect Energy Consumption</b>				
Bussiness Travel - Motobike	km	Not measured	Not measured	Not measured
Bussiness Travel - Car	km	Not measured	Not measured	Not measured
Bussiness Travel - Airline	km	0	0	1,088
Staff Commute to work	km	2,273,550	Not measured	Not measured

## GHG emission in total

Scope	Unit	2025	2024	2023
<b>Direct Energy Consumption (Scope 1)</b>				
Gasoline	tonne	387.00	274.00	221.00
Diesel - Generator	tonne	0	0	0
<b>Purchase Energy Consumption (Scope 2)</b>				
Purchase of electricity	tonne	165.45	150.24	137.91
Purchase of water	tonne	4.63	1.62	1.30
Purchase of Paper	tonne	2.60	1.55	3.04
<b>Indirect Energy Consumption (Scope 3)</b>				
Bussiness Travel - Motobike	tonne	Not measured	Not measured	Not measured
Bussiness Travel - Car	tonne	Not measured	Not measured	Not measured
Bussiness Travel - Airline	tonne	0	0	0.075
Commute to work	tonne	191	Not measured	Not measured
<b>Total Emission CO2e</b>		<b>750.69</b>	<b>427.41</b>	<b>363.25</b>

## GHG emission per client

Scope	Unit	2025	2024	2023
	#Client	11,847	9,245	6,578
<b>Direct Energy Consumption</b>				
Gasoline	tonne	0.0327	0.0296	0.0336
Diesel - Generator	tonne	0	0	0
<b>Purchase Energy Consumption</b>				
Purchase of electricity	tonne	0.0140	0.0163	0.0210
Purchase of water	tonne	0.0004	0.0002	0.0002
Purchase of Paper	tonne	0.0002	0.0002	0.0005
<b>Indirect Energy Consumption</b>				
Bussiness Travel - Motobike	tonne	Not measured	Not measured	Not measured
Bussiness Travel - Car	tonne	Not measured	Not measured	Not measured
Bussiness Travel - Airline	tonne	0	0	0
Commute to work	tonne	0.0161	Not measured	Not measured
<b>Total Emission CO2e per client<sup>1</sup></b>	<b>tonne</b>	<b>0.063</b>	<b>0.046</b>	<b>0.055</b>

1. Compared to 2024, the 2025 total GHG eCO<sub>2</sub> per client has increased. This rise occurs because we have expanded our calculation scope to include staff commutes to work.

# ESG performance

## Social aspect

Related UN SDGs	Measurement	2025 Performance
	<b>Ensuring Financial inclusion and financial/first home investment literacy</b>	<ul style="list-style-type: none"> <li>• 51.1% of client have income below \$300 per month</li> <li>• 90.9% are females</li> <li>• 74.3% are first-time homeowners</li> <li>• 50.6% have access to clean water and sanitation through home loan product.</li> <li>• 359 short tips and educational content on personal financial management and property rights posted on social media.</li> </ul>
	<b>Committing to being an employer of choice.</b>	<ul style="list-style-type: none"> <li>• Engagement index: 80%</li> <li>• Complaint of discriminatory labor, treatment or violence that leads to a lawsuit: 0</li> <li>• Retention rate: 65%</li> <li>• Internal fill rate: 26%</li> <li>• Average hours per Full-Time Equivalent (FTE) of training and development per staff=53.2 hours</li> </ul>
	Employment	
	Health and Safety	<ul style="list-style-type: none"> <li>• Fatalities:0</li> <li>• Lost time through injuries:3</li> <li>• Medical Treatment: 0</li> <li>• First Aid Case: 0</li> <li>• High-potential near miss: NA</li> </ul>
	<b>Promoting society well-being, environmental protection awareness and social engagement</b>	<ul style="list-style-type: none"> <li>• Projects: 8</li> <li>• Beneficiaries: 5,441 individual</li> <li>• Staff volunteerism<sup>1</sup>: 1,496 hours</li> </ul>
<b>Respect for Human Right and Diversity</b>	<ul style="list-style-type: none"> <li>• Women in management role:11%</li> <li>• Women at board level: 0%</li> <li>• New loan was assessed on child labor and forced labor against exclusion list: 100%</li> </ul>	

## Environmental aspect




Related UN SDGs	Measurement	2025 Performance
	<b>Climate Change<sup>2</sup></b> Direct energy consumption	<ul style="list-style-type: none"> <li>• Gasoline: 17.9L</li> </ul>
	Purchase energy consumption	<ul style="list-style-type: none"> <li>• Electricity: 22.6Kwh</li> <li>• Water: 0.93m3</li> <li>• Paper: 0.22Kg</li> </ul>
	Indirect energy consumption	<ul style="list-style-type: none"> <li>• Total Air travel: 0</li> <li>• Commute to work:192Km</li> </ul>

## Governance/Economic aspect

Related UN SDGs	Measurement	2025 Performance
	<b>Adhering to customer centricity by offering a quality service to the customer</b>	<ul style="list-style-type: none"> <li>• Client Satisfaction (NPS): 68.6%</li> <li>• Maintain issues and complaints against the number of transactions : 0.2%</li> <li>• Retention Rate=98.6%</li> </ul>
	<b>Ensuring business operations under good corporate governance practices and strengthening client protection</b>	<ul style="list-style-type: none"> <li>• No significant warning from regulator<sup>3</sup>:0</li> <li>• No significant non-compliance :0</li> <li>• Highest level of Client Protection recognition: Gold Certificate</li> <li>• High level of Tax compliance: Gold Certificate</li> </ul>

1. Convert staff's cash donation to staff's volunteerism hours (Total cash donation/average gross earning per hour)  
 2. Energy/material consumption to acquire/maintain one client. You will notice a different figure from the previous report, as this calculation method has been revised from an amount per staff member to an amount per client instead.  
 3. Significant means fines or accusations are imposed by NBC or other regulator

## Governance/Economic aspect

Related UN SDGs	Measurement	2025 Performance
  	<p>Policies are in place to support sustainability actions and business</p>	<p><b>Update:</b></p> <ul style="list-style-type: none"> <li>• ESG policy</li> <li>• Client Complaint Management Policy and procedure</li> </ul> <p><b>New Policy:</b></p> <ul style="list-style-type: none"> <li>• ESMS policy</li> <li>• Customer Service Policy</li> <li>• Procurement procedure</li> <li>• Third Party Selection Policy and Procedure</li> </ul>
	<p>Ensuring efficient risk management focusing on environmental, social, and governance (ESG) issues</p>	<ul style="list-style-type: none"> <li>• % of new loans were checked for social and environmental harm against an exclusion list: 100%</li> <li>• % of existing loans were reassessed to monitor how clients' income impacts social and environmental factors and to rate them based on their risk level: 29%</li> <li>• % of suppliers acknowledged the Supplier Code of Conduct, which addresses societal issues, labor, and human rights: 100%<sup>4</sup></li> </ul>

<sup>4</sup> The contract with the construction/decoration company included commitments on child labor, forced labor, and asbestos materials.



## Governance, culture and accountability

We aim to manage our business responsibly with a culture that requires us to do what is right to meet our customers and community expectations, and regulatory obligations.



## Commitment to ethical and responsible finance

In 2025, First Finance reinforced its leadership in ethical and responsible finance in Cambodia by achieving two important milestones: the renewal of its Gold Client Protection Certification and a strong debut in the inaugural Code of Conduct assessment.

On May 12, 2025, First Finance was awarded the Gold Client Protection Certification for the second consecutive term, earning an exceptional 99.1% score. The certification, granted by M-CRIL, followed a rigorous evaluation of First Finance’s compliance with globally accepted client protection standards, including the prevention of over-indebtedness, fair and transparent pricing, responsible product design and delivery, data privacy safeguards, effective grievance redressal, and ethical staff conduct. This recognition reflects the institution’s continued commitment to placing clients at the center of its operations and upholding high standards of integrity and transparency.

In parallel, First Finance achieved a “Very Good” score of 98.8% in the first-ever Code of Conduct assessment, positioning the institution among the early adopters of this national initiative endorsed by the National Bank of Cambodia (NBC), the Association of Banks in Cambodia (ABC), the Cambodia Microfinance Association (CMA), and Cerise+SPTF. The assessment, conducted by M-CRIL, evaluates institutions against Cambodia-specific standards focused on fair pricing, responsible product design, data privacy, grievance handling, ethical client treatment, good governance, and staff conduct.

Together, these achievements reaffirm First Finance’s deep commitment to ethical standards and responsible financial practices, establishing the institution as a benchmark for institutional conduct and client protection in Cambodia. As Cambodia’s only licensed specialist affordable housing finance provider, First Finance remains dedicated to building a sustainable and inclusive housing finance ecosystem while strengthening trust among clients, regulators, partners, and investors.



### First Finance Plc earns prestigious “gold” tax compliance certificate

First Finance Plc is proud to have been awarded the “Gold” Tax Compliance Certificate by the General Department of Taxation, with a validity period covering the 2025 and 2026 tax years.

This distinguished recognition reflects our unwavering commitment to transparent reporting, strict regulatory compliance, and the highest standards of corporate responsibility. It underscores our dedication to good governance and reinforces the trust placed in First Finance by regulators, partners, and stakeholders.

➔ learn more about Bank and Financial Institution code of conduct at [www.firstfinance.com.kh/code-of-conduct](http://www.firstfinance.com.kh/code-of-conduct)



➔ find out more about client protection principle at [www.m-cril.com](http://www.m-cril.com)

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Our risk management



## Our Risk management

At First Finance, risk management is a core pillar of our strategy and decision-making, underpinning the institution’s long-term sustainability and financial resilience. Beyond meeting regulatory requirements, our risk management framework supports disciplined growth by ensuring that risks arising from business activities are systematically identified, assessed, monitored, and mitigated. This structured approach enables First Finance to operate responsibly while embedding a strong risk culture across all levels of the organization.

### Objectives and Guiding Principles

Our risk management framework is designed to balance business opportunities with our defined risk appetite, supporting stable and sustainable growth. It is guided by the following key principles:

- **Integrated Risk Management:** Risks are managed both individually and on a portfolio-wide basis, ensuring a holistic view across all risk categories.
- **Independence and Oversight:** Risk monitoring and reporting are maintained independently from business units, reinforcing robust checks and balances.
- **Transparency and Accountability:** Business decisions are made with clear visibility of associated risks, ensuring informed decision-making and accountability.
- **Continuous Improvement:** We continually strengthen our risk management capabilities through regular training, system enhancements, and ongoing learning across the organization.

Through this disciplined and evolving framework, First Finance ensures that risk management remains a strategic enabler of responsible growth and stakeholder confidence.



Effective risk management supports our purpose of building a brighter future for all. Our embedded risk framework and strong risk culture empower our people to take informed risks that create positive outcomes for our customers and communities.



**Mr. Neang Sokhim**  
Chief Risk Officer

## Risk Categories and Management

First Finance identifies and manages five primary risk categories:

Risk Category	Definition & Management Approach
<b>Credit Risk</b>	Potential losses from counterparty default. Managed through product limits, portfolio diversification, and rigorous loan assessment processes.
<b>Financial Risk</b>	Includes Solvency (Capital Adequacy), Interest Rate, and Foreign Exchange risks. Monitored closely by the Finance Department and the Asset and Liability Committee (ALCO).
<b>Liquidity Risk</b>	The risk of failing to meet debt or liability obligations. We manage this via the Debt Service Ratio (DSR), maintaining a prudent limit of $>120\%$ .
<b>Operational Risk</b>	Potential losses from internal procedures, personnel, systems, or external events. Mitigated through the "dual control" (4-eyes) principle and regular Risk Control Self-Assessments (RCSA).
<b>Compliance Risk</b>	Risk of loss from violations of laws or internal policies. This is overseen by an independent Compliance Manager to ensure full adherence to regulatory standards

## Governance and Responsibility: The Three Lines of Defense

To ensure clear accountability, First Finance employs the "Three Lines of Defense" governance model:

Line of Defense	Key Functions / Departments	Primary Roles and Responsibilities
<b>First Line of Defense</b> (Business & Operations)	<ul style="list-style-type: none"> <li>• Credit &amp; Lending Operations</li> <li>• Branch Operations</li> <li>• Sales</li> <li>• Marketing</li> <li>• Customer Service</li> <li>• Treasury &amp; Finance Operations</li> <li>• IT Operations &amp; Digital Channels</li> <li>• Human Resources</li> <li>• Administration &amp; Facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Own and manage risks arising from day-to-day activities</li> <li>• Ensure adherence to policies, procedures, and internal controls</li> <li>• Perform customer due diligence and loan assessments</li> <li>• Monitor portfolio quality and early warning indicators</li> <li>• Safeguard assets and data integrity</li> <li>• Execute transactions accurately and ethically</li> <li>• Escalate issues and incidents in a timely manner</li> </ul>

<b>Second Line of Defense</b> (Risk Management & Compliance)	<ul style="list-style-type: none"> <li>• Risk Management Department</li> <li>• Compliance Function</li> <li>• Credit Risk Oversight</li> <li>• Enterprise Risk Management (ERM)</li> <li>• AML/CFT &amp; Sanctions Compliance</li> <li>• ESG &amp; Sustainability Risk</li> <li>• Legal Function</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and maintain risk management frameworks and policies</li> <li>• Define risk appetite and limits</li> <li>• Monitor adherence to regulatory and internal requirements</li> <li>• Conduct independent risk reviews and stress testing</li> <li>• Provide guidance and challenge to the First Line</li> <li>• Report risk exposures to senior management and the Board</li> <li>• Ensure compliance with laws, regulations, and donor/investor standards</li> </ul>
<b>Third Line of Defense</b> (Independent Assurance)	<ul style="list-style-type: none"> <li>• Internal Audit Department</li> </ul>	<ul style="list-style-type: none"> <li>• Provide independent assurance on the effectiveness of governance, risk management, and internal controls</li> <li>• Evaluate the adequacy of the Three Lines of Defense model</li> <li>• Conduct risk-based audits across all functions</li> <li>• Report audit findings directly to the Board Audit Committee</li> <li>• Follow up on management action plans and remediation progress</li> </ul>

### Board Risk Management Committee (BRMC)

The BRMC is a board-level committee established to assist the Board of Directors with risk oversight.

Key Responsibilities

- **Strategic Assistance:** Provides guidance to the Board on high-level risk management issues.
- **Strategy Oversight:** Works with the Chief Risk Officer (CRO) to establish long-range goals and risk management plans.
- **Policy Review:** Receives and acknowledges the Risk Management Policy after reviews by the Audit Committee.
- **Risk Reporting:** Receives reports from the Compliance Manager and CRO regarding key risks and issues.
- **Crisis Management:** Reviews the analysis of annual stress tests and makes decisions on risk appetite and limit settings based on those results.
- **Policy Amendments:** Recommends earlier reviews or amendments to the Risk Management Policy to the Board when necessary.



The long-term loan from First Finance has allowed us to enjoy affordable monthly payments while making our dream of homeownership a reality.

**Mrs. Hong SreyMao**  
Garment worker

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