



First Finance Social Financing Report

2023

First Finance Social Financing Framework Summary

As the first microfinance institution specializing in providing affordable housing loans in Cambodia, First Finance has made a significant impact on the lives of over 72,000 individuals through our long-term affordable housing loan offerings. We firmly believe that home ownership plays a crucial role in providing stability and security for individuals and families. It instills a sense of pride and accomplishment, allowing people to establish roots in a community and become an integral part of a neighborhood.

To raise funding to support the First Finance’s continuous efforts in bringing affordable mortgage and financing products to Cambodian families, it intends to enter multiple Social Loan and Social Bond transactions with lenders and/or bond investors respectively.

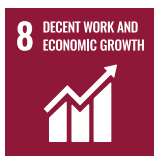
The Company has set up a Social Financing Framework (“the Framework”) to set the basis for the allocation and management of its Social Loan or Bond proceeds.

First Finance intends to allocate the amount equal to the net proceeds of the Social Loans or Bonds raised under the Framework exclusively to finance eligible loans in line with the eligibility criteria below. The proceeds will be applied towards new loans only in each case (i.e., the proceeds will not be applied to refinancing existing loans). For clarity, the proceeds will not be used to cover First Finance’s operational expenditure.

This social financing report covers the period from January 1, 2023 to December 31, 2023.

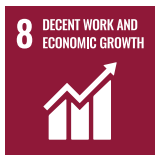
The table below provides a summary of First Finance Social Financing Framework.

| Component | Details |
|----------------|---|
| Use of proceed | <p>SDGs mapping</p> <p>Category 1: Affordable Housing</p> <p>The use of proceeds under this category will be for First Finance to lend to borrowers for construction, refurbishment, and purchase of affordable housing and residential land.</p> <p>This category will contribute to the following Sustainable Development Goals (“SDGs”):</p> <ul style="list-style-type: none"> • SDG 1 on No Poverty and specifically to Target 1.4 to ensure all have equal rights to economic resources, access to basic services, property ownership and finance • SDG 8 on Decent Work and Economic Growth and specifically to Target 8.10 to strengthen the capacity of domestic financial institutions to expand access to insurance and financial services for all • SDG 11 on Sustainable Cities and Communities and specifically to Target 11.1 for Safe and Affordable Housing. <p>The eligible loans for the category:</p> <ul style="list-style-type: none"> • Home Loan: A long-term financing solution for those who want to purchase a house or construct a new house on pre-owned land. • Home Improvement loan: A long-term financing solution for those who want to renovate or expand an existing home. • Residential Land Loan: A long-term financing solution for those who purchase land for home construction. |



Category 2: Socioeconomic Advancement and Empowerment

The use of proceeds under this category will be for First Finance to lend to borrowers to improve their quality of life at home and/or to pursue opportunities to improve their socioeconomic outcomes. This category will contribute to the following Sustainable Development Goals (“SDGs”):



- SDG 1 on No Poverty and specifically to Target 1.4 to ensure all have equal rights to economic resources, access to basic services, property ownership and finance
- SDG 8 on Decent Work and Economic Growth and specifically to Target 8.10 to strengthen the capacity of domestic financial institutions to expand access to insurance and financial services for all

Process for Social Asset Evaluation and Selection

- Loan evaluation and selection: Preselection of eligibility based on category-specific selection criteria
- Loan monitoring: Credit review will be done for all loans within 30 days after disbursement. For loans with amount greater than USD 30,000, a credit review will be conducted annually. Depending on the loan classification and credit record of the borrower, additional credit reviews may be conducted annually, semi-annually, or even monthly.
- Environmental & Social (E&S) management: First Finance endeavours to ensure and enhance E&S management practices in all its activities in accordance with its E&S Management Policy.

Management of Proceeds of Social Loan or Bond

- Confirm the outstanding amount from the proceeds of the Social Loan or Bond
- Track the total volume of eligible loans by category, i.e., new loans from portfolio growth during the last reporting period
- Allocate eligible loans to the Social Loan or Bond proportionate to the respective outstanding amount of the Social Loan or Bond
- Where applicable, remove loans which have ceased to meet the eligibility criteria
- Calculate the net allocated proceeds for the Social Loan or Bond

Reporting

First Finance commits to provide an annual Social Finance Report to the relevant financier(s) and share on First Finance website including i) allocation reporting and ii) impact reporting

External Review

- Pre-issuance review has been obtained in the form of a Second Party Opinion
- At its option, First Finance, on an annual basis, starting one year after the financial close of the Social Loan or Bond may commission an independent third-party assurance report on the tracking and allocation of the proceeds and/or the impact assessment of the Eligible Social Asset Portfolio in relation to this Framework.

Asset Portfolio allocation and impact reporting

SOCIAL ASSET PORTFOLIO

First Finance expanded its Social Asset Pool in the reporting period by adding \$USD52.9 million in eligible assets such as affordable housing and Socioeconomic Advancement and Empowerment. The funds were raised through strategic partnerships with esteemed lenders, including Cargill.

Notably, the portfolio dedicated to affordable housing expanded by an impressive 127.5%, while the sector of Socioeconomic Advancement and Empowerment experienced a substantial growth of 71.4%.

Moreover, First Finance extended Social Finance to a total of 4,927 families during the same reporting period, further demonstrating its commitment to making a positive impact on

ALLOCATION REPORT AS OF DECEMBER 31, 2023

| Portfolio Category | Number of client | Portfolio (\$USD Million) ¹ |
|--|------------------|--|
| Affordable Housing | | |
| Home Loan | 1,030 | 19.6 |
| Home Improvement | 3,613 | 37.8 |
| Residential Land Loan | 1,026 | 11.4 |
| Socioeconomic Advancement and Empowerment | | |
| Living Improvement Loan | 793 | 6.7 |
| Home Equity Loan | 508 | 2.9 |
| Total | | 78.2 |

IMPACT REPORT FOR THE PERIOD JANUARY 1, 2023 TO DECEMBER 31, 2023

First Finance defined the impact of Social Asset Portfolio based on following outreach criteria:

- Income – less than USD 300 per month; USD 300-700 per month; USD 700-1,000 per month; more than USD 1,000 per month
- Gender – male; female
- Home ownership – first-time homeowners; non-first-time homeowners
- Sources of Income – in informal employment including self-employment; in other forms of formal employment
- Geography-Rural; Urban
- Access to WASH

¹All amounts were rounded

| Portfolio Category | Number of client | Portfolio (\$USD Million) ¹ |
|--|------------------|--|
| Affordable Housing | | |
| Home Loan | 529 | 8.6 |
| Home Improvement | 3,170 | 33.3 |
| Residential Land Loan | 373 | 4.7 |
| Socioeconomic Advancement and Empowerment | | |
| Living Improvement Loan | 682 | 5.2 |
| Home Equity Loan | 205 | 1.1 |
| Total | | 52.9 |

SOCIAL FUNDING FROM CARGILL²

| Issuer/Lender | Issuance date | Due date | Amount (\$USD Million) ¹ |
|---------------|---------------|----------|-------------------------------------|
| Cargill | Dec 2022 | Dec 2029 | 7.3 |

| | |
|--|--------------------|
| Net Proceeds of Social Funding allocated to Social Asset Pool: | 100% |
| Percentage of eligible Social Asset Pool allocated: | 14% |
| Unallocated eligible Social Asset Pool: | \$USD 45.6 million |

IMPACT OF FIRST FINANCE SOCIAL FINANCING ASSET PORTFOLIO

Affordable Housing:

As of the reporting date, First Finance has made significant strides in its commitment to affordable housing. The affordable housing loan program enables low- and middle-income Cambodians to achieve a life of dignity, safety, security, and happiness by realizing their dream of becoming homeowners. This has a profound positive impact not only on the loan recipients but also on their family members, especially children, who gain access to improved living conditions, including clean water and sanitation.

In terms of the company's Social Financing portfolio, the affordable housing asset portfolio stands out, accounting for an impressive 88% of the total portfolio. This demonstrates First Finance's strong dedication to addressing the housing needs of the community and making a substantial social impact through their financing initiatives.

Socioeconomic Advancement and Empowerment

The proceeds in this category are dedicated to First Finance's mission of providing loans to borrowers, with the aim of improving their quality of life at home and facilitating opportunities for enhanced socioeconomic outcomes. At the reporting point, this category's portfolio represents 12% of the total portfolio.

¹All amounts were rounded

²The loan from Cargill are allocated solely to Affordable housing and Socioeconomic Advancement and Empowerment

Client by income source



Self employed

(Non-evidenced salaried employee, self-employed, unemployed, worker)



Salaries employed with regular income

(Civil servant, Police/Military, Evidenced salaried employee)

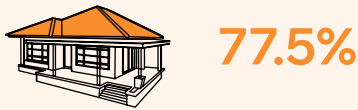
Client access to WASH^a



Women clients



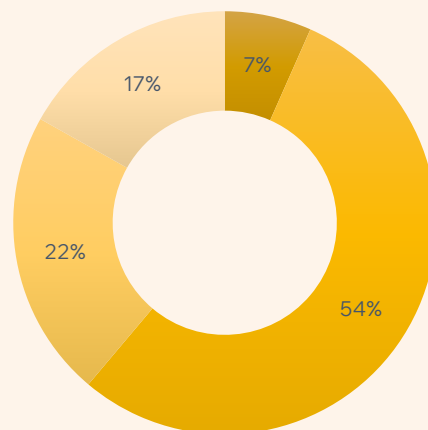
First-time homeowner clients



Client living in rural



Client by income level



- Below \$300 per month
- Between \$300-\$700
- Between \$700-\$1000
- Above \$1000

^a Access to WASH through home improvement loan

Disclaimer

Purpose of this report

This report is intended to provide relevant information and documents regarding the activities of First Finance's Social Financing Instruments as foreseen in its Social Financing Framework. No representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, or correctness of the information or opinions contained herein. All such representations and warranties, expressed or implied, are excluded to the extent permitted by law.

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No uniform criteria for classification

There are currently no uniform criteria nor a common market standard for the assessment and classification of financial services and financial products as affordable housing. This can lead to different parties assessing the sustainability of financial services and financial products differently.

Past performance not an indicator for future results

Past performance and simulations of past performance are not a reliable indicator and therefore do not predict future results.

