

CAMMA MICROFINANCE LIMITED

**Financial Statements
for the year ended 31 December 2024
and
Report of the Independent Auditors**

CAMMA Microfinance Limited

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Report of the Board of Directors

The Board of Directors (“the Directors”) has pleasure in submitting their report together with the audited financial statements of CAMMA Microfinance Limited (“the Company”) for the year ended 31 December 2024.

Principal activities

The principal activity of the Company is to provide micro-finance services to communities, small and medium enterprises, and farmers, especially women, in an efficient, sustainable and responsible manner.

Financial results

The financial results of the Company for the year ended 31 December 2024 were as follows:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Profit before income tax	312,043	1,270,328	350,366	1,440,004
Income tax expense	(68,508)	(278,896)	(76,972)	(316,355)
Net profit for the year	<u>243,535</u>	<u>991,432</u>	<u>273,394</u>	<u>1,123,649</u>

Share capital

There is no change in the shareholding structure during the financial year. Refer to Note 17 for details.

Dividends

At the reporting date, no dividend was declared or paid and the Directors do not recommend any dividend to be paid in respect of the year ended 31 December 2024.

Reserves and provisions

There were no material movements to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

Bad and doubtful loans

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad loans and making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

CAMMA Microfinance Limited

Bad and doubtful loans (continued)

At the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad loans, or the amount of allowance for doubtful loans in the financial statements of the Company, inadequate to any material extent.

Assets

Before the financial statements of the Company were prepared, the Directors took reasonable steps to ensure that any current assets, other than loans, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to amounts which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to the current assets in the financial statements of the Company misleading.

Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Company that has arisen since the end of the financial year other than in the ordinary course of its business operations.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

The Board of Directors

The members of the Board of Directors during the year and at the date of this report are:

Madam Dith Nita	Chairwoman
Mr. Khov Soviet	Director
Mrs. You Bory	Independent Director

Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Directors, materially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect materially the results of the operations of the Company for the current financial year in which this report is made.

CAMMA Microfinance Limited

Directors' interests

Information on shareholding of the Company and its directors as at 31 December 2024 is as follows:

	31 December 2024 % of ownership	31 December 2023 % of ownership
Madam Dith Nita	<u>48.44%</u>	<u>48.44%</u>

Other than disclosed above, the directors did not hold any shares in the Company or in any related companies.

Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company is a party with the objective of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Directors' responsibilities in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities ("CIFRS for SMEs"), or if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- control and direct the Company effectively in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors confirms that they have complied with the above requirements in preparing the financial statements.



CAMMA Microfinance Limited

Approval of the financial statements

We hereby approve the accompanying financial statements together with the notes thereto as set out on pages 8 to 48 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with CIFRS for SMEs.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors,



Madam Dith Nita
Chairwoman

Mr. Ly Chheang
Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

Date: 28 April 2025



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Report of the Independent Auditors

To the shareholders of CAMMA Microfinance Limited

Opinion

We have audited the financial statements of CAMMA Microfinance Limited ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 8 to 48 (hereafter referred as "the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Report of the Directors as set out on pages 1 to 4. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For **KPMG Cambodia Ltd**


Guek Teav
Partner



Phnom Penh, Kingdom of Cambodia

28 April 2025

CAMMA Microfinance Limited

Statement of financial position as at 31 December 2024

	Note	31 December 2024		31 December 2023	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
ASSETS					
Cash on hand	6	80,025	322,101	191,035	780,378
Balances with banks and financial institutions	7	159,908	643,630	41,687	170,291
Balances with the National Bank of Cambodia	8	378,239	1,522,412	371,164	1,516,205
Loans to customers	9	31,452,586	126,596,659	26,699,772	109,068,570
Other assets	10	99,204	399,296	105,241	429,909
Property and equipment	11	126,689	509,923	193,080	788,732
Intangible assets	12	92,522	372,401	76,793	313,699
Current income tax asset	16(C)	41,418	166,707	-	-
TOTAL ASSETS		<u>32,430,591</u>	<u>130,533,129</u>	<u>27,678,772</u>	<u>113,067,784</u>
LIABILITIES AND EQUITY					
Liabilities					
Current income tax liability	16(C)	-	-	12,599	51,467
Borrowings	13	22,923,760	92,268,134	18,213,997	74,404,178
Subordinated debt	14	600,579	2,417,330	900,986	3,680,528
Other liabilities	15	216,987	873,373	173,968	710,659
Deferred tax liabilities	16(D)	99,155	399,099	30,647	125,193
Total liabilities		<u>23,840,481</u>	<u>95,957,936</u>	<u>19,332,197</u>	<u>78,972,025</u>
Equity					
Share capital	17	7,343,000	29,372,000	7,343,000	29,372,000
Regulatory reserves	18	1,274,252	5,161,490	743,195	3,023,986
(Accumulated losses)/ retained earnings		(27,142)	(13,100)	260,380	1,132,972
Currency translation reserves		-	54,803	-	566,801
Total equity		<u>8,590,110</u>	<u>34,575,193</u>	<u>8,346,575</u>	<u>34,095,759</u>
TOTAL LIABILITIES AND EQUITY		<u>32,430,591</u>	<u>130,533,129</u>	<u>27,678,772</u>	<u>113,067,784</u>

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

CAMMA Microfinance Limited

Statement of comprehensive income for the year ended 31 December 2024

	Note	2024 US\$ KHR'000 (Note 5)	2023 US\$ KHR'000 (Note 5)
Interest income	19	4,431,629	18,041,162
Interest expense	20	(1,592,046)	(6,481,219)
Net interest income		2,839,583	11,559,943
Other operating income	21	155,660	633,692
Net operating income		2,995,243	12,193,635
Net impairment loss on financial assets	9	(40,127)	(163,357)
Personnel expenses	22	(1,832,074)	(7,458,373)
Depreciation and amortisation	23	(86,866)	(353,632)
Other operating expenses	24	(724,133)	(2,947,945)
Profit before income tax		312,043	1,270,328
Income tax expense	16(B)	(68,508)	(278,896)
Net profit for the year		243,535	991,432
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Currency translation differences		-	(511,998)
Total comprehensive income for the year		243,535	479,434

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

CAMMA Microfinance Limited

Statement of changes in equity for the year ended 31 December 2024

	Share capital		Regulatory reserves		(Accumulated losses)/ retained earnings		Currency translation reserves		Total	
	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000	US\$	KHR'000
		(Note 5)		(Note 5)		(Note 5)		(Note 5)		(Note 5)
At 1 January 2024	7,343,000	29,372,000	743,195	3,023,986	260,380	1,132,972	-	566,801	8,346,575	34,095,759
Transactions change directly in equity:										
Transferred from retained earnings to regulatory reserves (Note 18)	-	-	531,057	2,137,504	(531,057)	(2,137,504)	-	-	-	-
	-	-	531,057	2,137,504	(531,057)	(2,137,504)	-	-	-	-
Total comprehensive income:										
Net profit for the year	-	-	-	-	243,535	991,432	-	-	243,535	991,432
Other comprehensive income – currency translation difference	-	-	-	-	-	-	-	(511,998)	-	(511,998)
	-	-	-	-	243,535	991,432	-	(511,998)	243,535	479,434
At 31 December 2024	7,343,000	29,372,000	1,274,252	5,161,490	(27,142)	(13,100)	-	54,803	8,590,110	34,575,193

CAMMA Microfinance Limited

Statement of changes in equity (continued) for the year ended 31 December 2024

	Share capital		Regulatory reserves		Retained earnings		Currency translation reserves		Total	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January 2023	5,593,000	22,372,000	539,749	2,192,909	940,432	3,840,400	-	714,977	7,073,181	29,120,286
Transactions change directly in equity:										
Transferred from retained earnings to regulatory reserves (Note 18)	-	-	203,446	831,077	(203,446)	(831,077)	-	-	-	-
Transactions with the shareholders:										
Increase in share capital by:										
Transferred from subordinated debt (Note 17)	1,000,000	4,000,000	-	-	-	-	-	85,000	1,000,000	4,085,000
Transferred from retained earnings to share capital	750,000	3,000,000	-	-	(750,000)	(3,000,000)	-	-	-	-
	1,750,000	7,000,000	203,446	831,077	(953,446)	(3,831,077)	-	85,000	1,000,000	4,085,000
Total comprehensive income:										
Net profit for the year	-	-	-	-	273,394	1,123,649	-	-	273,394	1,123,649
Other comprehensive income – currency translation difference	-	-	-	-	-	-	-	(233,176)	-	(233,176)
	-	-	-	-	273,394	1,123,649	-	(233,176)	273,394	890,473
At 31 December 2023	7,343,000	29,372,000	743,195	3,023,986	260,380	1,132,972	-	566,801	8,346,575	34,095,759

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

CAMMA Microfinance Limited

Statement of cash flows for the year ended 31 December 2024

	Note	2024		2023	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash flows from operating activities					
Net profit for the year		243,535	991,432	273,394	1,123,649
<i>Adjustments for:</i>					
Net impairment loss on financial assets	9	40,127	163,357	30,842	126,761
Depreciation and amortisation	23	86,866	353,632	72,958	299,857
Interest income	19	(4,431,629)	(18,041,162)	(3,733,331)	(15,343,991)
Interest expense	20	1,592,046	6,481,219	1,223,250	5,027,558
Income tax expense	16(B)	68,508	278,896	76,972	316,355
Unrealised exchange losses		32,836	133,675	11,587	47,623
		(2,367,711)	(9,638,951)	(2,044,328)	(8,402,188)
<i>Changes in:</i>					
Loans to customers		(4,711,792)	(19,181,705)	(3,285,457)	(13,503,228)
Other assets		6,037	24,577	51,991	213,683
Statutory deposit		-	-	(87,500)	(359,625)
Other liabilities		43,019	175,130	18,902	77,687
Cash used in operations		(7,030,447)	(28,620,949)	(5,346,392)	(21,973,671)
Interest income received		4,350,480	17,710,804	3,615,503	14,859,718
Interest expense paid		(1,622,604)	(6,605,621)	(1,184,635)	(4,868,850)
Income tax paid		(54,017)	(219,903)	(110,692)	(454,944)
Net used in operating activities		(4,356,588)	(17,735,669)	(3,026,216)	(12,437,747)
Cash flows from investing activities					
Acquisition of property and equipment	11	(10,506)	(42,770)	(111,162)	(456,876)
Acquisition of intangible assets	12	(25,698)	(104,617)	(46,097)	(189,459)
Net cash used in investing activities		(36,204)	(147,387)	(157,259)	(646,335)
Cash flows from financing activities					
Proceeds from borrowings	13	29,264,205	119,134,579	19,311,385	79,369,792
Repayments of borrowings	13	(24,557,035)	(99,971,689)	(16,489,735)	(67,772,811)
Repayments of subordinated debt	14	(300,092)	(1,221,675)	(299,989)	(1,232,955)
Net cash generated from financing activities		4,407,078	17,941,215	2,521,661	10,364,026

CAMMA Microfinance Limited

Statement of cash flows (continued) for the year ended 31 December 2024

	Note	2024		2023	
		US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Net increase/(decrease) in cash and cash equivalents		14,286	58,159	(661,814)	(2,720,056)
Cash and cash equivalents at 1 January		236,736	967,066	898,550	3,699,330
Currency translation differences		-	(14,861)	-	(12,208)
Cash and cash equivalents at 31 December	6	<u>251,022</u>	<u>1,010,364</u>	<u>236,736</u>	<u>967,066</u>

Significant non-cash transactions:

The significant non-cash transactions are as follows:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Transferred from subordinated debt to share capital	-	-	1,000,000	4,000,000
Transferred from retained earnings to share capital	-	-	750,000	3,000,000

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

CAMMA Microfinance Limited

Notes to the financial statements for the year ended 31 December 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Reporting entity

CAMMA Microfinance Limited ("the Company") is a private limited Company incorporated in Cambodia and registered with the Ministry of Commerce ("MOC") under the Registration Number 00019512 dated 1 March 2018 (original Registration Number Co.0700 KH/2010 on 31 March 2010). On 29 July 2010, the Company obtained a permanent license from the National Bank of Cambodia ("the NBC") to operate as a micro-finance institution.

The Company's vision is to become a reliable microfinance institution that provides inclusive and innovative financial service to Cambodian and ensure benefit for clients, staffs, shareholders, and society as a whole.

The principal activity of the Company is to provide innovative and impactful financial service to communities, small and medium enterprises, and farmers, especially women, in an efficient, sustainable and responsible manner. There were no changes in the nature of these principal activities during the financial year.

The address of its registered office and principal place of business is located at No.101A, Street 289, Sangkat Boeng Kak I, Khan Toul Kouk, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2024, the Company had 214 employees (31 December 2023: 203 employees).

2. Basis of accounting

A. Statement of compliance

The financial statements have been prepared in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

The financial statements of the Company were authorised for issue by the Board of Directors on 28 April 2025.

Details of the Company's accounting policies are included in Note 28.

B. Basis of measurement

The financial statements have been prepared on a historical cost.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

3. Functional and presentation currency

The Company transacts its business and maintains its accounting records in two currencies, Khmer Riel ("KHR") and United States Dollars ("US\$"). Management has determined the US\$ to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

These financial statements are presented in US\$, which is the Company's functional currency. All amounts have been rounded to the nearest dollar or thousand riels, except when otherwise indicated.

4. Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2024 is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas:

- Note 28B(vii) – identification and measurement of impairment.

5. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars ("US\$") which is the Company's functional currency. The translations of United States Dollars amounts into Khmer Riel ("KHR") meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIFRS for SMEs Section 30, *Foreign Currency Translation*.

Assets and liabilities are translated at the closing rate as at the reporting date and share capital and other equity items are translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR using the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as "Currency translation reserves" in the other comprehensive income.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

5. Translation of United States Dollars into Khmer Riel (continued)

The Company uses the following exchange rates:

			Closing rate	Average rate
31 December 2024	US\$1	=	KHR 4,025	KHR 4,071
31 December 2023	US\$1	=	KHR 4,085	KHR 4,110

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

6. Cash on hand

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash on hand	<u>80,025</u>	<u>322,101</u>	<u>191,035</u>	<u>780,378</u>

For the purpose of preparing the statement of cash flows, cash and cash equivalents are comprise of the following:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Cash on hand	80,025	322,101	191,035	780,378
Balances with banks and financial institutions (Note 7)	159,908	643,630	41,687	170,291
Current account with NBC (Note 8)	<u>11,089</u>	<u>44,633</u>	<u>4,014</u>	<u>16,397</u>
	<u>251,022</u>	<u>1,010,364</u>	<u>236,736</u>	<u>967,066</u>

7. Balances with banks and financial institutions

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current accounts	13,151	52,933	15,683	64,065
Saving accounts	<u>146,757</u>	<u>590,697</u>	<u>26,004</u>	<u>106,226</u>
	<u>159,908</u>	<u>643,630</u>	<u>41,687</u>	<u>170,291</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

7. Balances with banks and financial institutions (continued)

Balances with banks and financial institutions are further analysed as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
A. By maturity:				
Within 1 month	<u>159,908</u>	<u>643,630</u>	<u>41,687</u>	<u>170,291</u>

B. By interest rate (per annum):

Annual interest rates applicable to balances with banks and financial institutions at the year end were as follows:

	31 December 2024	31 December 2023
Savings accounts	<u>0.05% to 1.33%</u>	<u>1.00% to 2.00%</u>

8. Balances with the National Bank of Cambodia

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current account (*)	11,089	44,633	4,014	16,397
Capital guarantee deposit (**)	<u>367,150</u>	<u>1,477,779</u>	<u>367,150</u>	<u>1,499,808</u>
	<u>378,239</u>	<u>1,522,412</u>	<u>371,164</u>	<u>1,516,205</u>

(*) This represents current account maintained with the National Bank of Cambodia which does not earn any interest (2023: NIL).

(**) Under NBC Prakas B7-01-136 dated 15 October 2001, micro-finance institutions are required to maintain a statutory deposit of 5% of registered capital with the NBC. This deposit is not available for use in the Company's day-to-day operations but is refundable when the Company voluntarily ceases to operate the business in Cambodia.

The capital guarantee deposit earns interest-bearing at 0.25%(2023: 0.75%) of the six-month period SIBOR rate for statutory deposit maintained in US\$.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

9. Loans to customers

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Individual loans	31,166,654	125,445,782	26,449,369	108,045,672
Group loans	271,144	1,091,355	238,722	975,179
Staff loans	397,369	1,599,410	342,883	1,400,679
	<u>31,835,167</u>	<u>128,136,547</u>	<u>27,030,974</u>	<u>110,421,530</u>
Accrued interest receivable	490,690	1,975,027	409,541	1,672,975
Unamortised loan processing fees	<u>(410,440)</u>	<u>(1,652,020)</u>	<u>(319,235)</u>	<u>(1,304,075)</u>
Total loans to customers – gross	31,915,417	128,459,554	27,121,280	110,790,430
Less: Impairment loss allowance	<u>(462,831)</u>	<u>(1,862,895)</u>	<u>(421,508)</u>	<u>(1,721,860)</u>
Total loans to customers – net	<u>31,452,586</u>	<u>126,596,659</u>	<u>26,699,772</u>	<u>109,068,570</u>

The movement in the impairment loss allowance during the year was as follows:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	421,508	1,721,860	390,013	1,605,684
Recognised in profit or loss	40,127	163,357	30,842	126,761
Loss on foreign exchange	1,196	4,869	653	2,684
Currency translation differences	<u>-</u>	<u>(27,191)</u>	<u>-</u>	<u>(13,269)</u>
At 31 December	<u>462,831</u>	<u>1,862,895</u>	<u>421,508</u>	<u>1,721,860</u>

The gross loans to customers are further analysed as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
A. By currency:				
US dollars	28,044,685	112,879,858	23,414,031	95,646,317
Khmer Riel	<u>3,870,732</u>	<u>15,579,696</u>	<u>3,707,249</u>	<u>15,144,113</u>
	<u>31,915,417</u>	<u>128,459,554</u>	<u>27,121,280</u>	<u>110,790,430</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

9. Loans to customers (continued)

The gross loans to customers are further analysed as follows: (continued)

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
B. By economic sector:				
Household/family	9,581,513	38,565,590	8,162,035	33,341,913
Services	5,789,696	23,303,526	5,930,158	24,224,695
Trading and commerce	4,326,815	17,415,430	3,414,844	13,949,638
Construction	2,095,058	8,432,608	2,401,288	9,809,261
Agriculture	2,014,067	8,106,620	1,502,293	6,136,867
Transportation	631,823	2,543,088	470,240	1,920,930
Others	7,476,445	30,092,692	5,240,422	21,407,126
	<u>31,915,417</u>	<u>128,459,554</u>	<u>27,121,280</u>	<u>110,790,430</u>
C. By residency status:				
Residents	<u>31,915,417</u>	<u>128,459,554</u>	<u>27,121,280</u>	<u>110,790,430</u>
D. By relationship:				
External customers	31,814,454	128,053,177	26,999,000	110,290,915
Related parties	100,963	406,377	122,280	499,515
	<u>31,915,417</u>	<u>128,459,554</u>	<u>27,121,280</u>	<u>110,790,430</u>
E. By exposure:				
Non-large exposure	<u>31,915,417</u>	<u>128,459,554</u>	<u>27,121,280</u>	<u>110,790,430</u>
F. By collateral:				
Secured	30,220,648	121,638,108	26,388,536	107,797,170
Unsecured	1,694,769	6,821,446	732,744	2,993,260
	<u>31,915,417</u>	<u>128,459,554</u>	<u>27,121,280</u>	<u>110,790,430</u>
G. By overdue:				
Loans of one year or less:				
< 15 days	123,439	496,842	114,969	469,648
15 days – 30 days	971	3,908	-	-
31 days – 60 days	-	-	1,016	4,150
61 days – 90 days	-	-	704	2,876
≥ 91 days	14,240	57,316	12,229	49,956
Sub-total (A)	<u>138,650</u>	<u>558,066</u>	<u>128,918</u>	<u>526,630</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

9. Loans to customers (continued)

The gross loans to customers are further analysed as follows: (continued)

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
G. By overdue: (continued)				
Loans of more than one year				
< 30 days	27,971,719	112,586,169	24,754,522	101,122,223
≥ 30 days – 89 days	1,815,029	7,305,492	736,929	3,010,355
≥ 90 days – 179 days	447,719	1,802,069	239,516	978,423
≥ 180 days – 359 days	492,067	1,980,570	461,989	1,887,225
More than 359 days	1,050,233	4,227,188	799,406	3,265,574
Sub-total (B)	31,776,767	127,901,488	26,992,362	110,263,800
Total (A+B)	31,915,417	128,459,554	27,121,280	110,790,430

H. By interest rate (per annum):

Annual interest rates applicable to loan to customers at the year end was as follows:

	31 December 2024	31 December 2023
Individual loans	6.50% - 18.00%	6.50% - 18.00%
Group loans	18.00%	18.00%
Staff loans	10.20% - 15.60%	10.20% - 15.60%

10. Other assets

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<i>Current:</i>				
Prepayments	46,910	188,813	46,273	189,025
Others	9,166	36,893	20,225	82,619
<i>Non-current:</i>				
Deposits	43,128	173,590	38,743	158,265
	99,204	399,296	105,241	429,909

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

11. Property and equipment

2024	Leasehold improvements US\$	Office equipment US\$	Computer and IT equipment US\$	Motor vehicles US\$	US\$	Total KHR'000 (Note 5)
Cost						
At 1 January	160,990	158,322	219,548	31,488	570,348	2,329,872
Additions	-	1,601	8,905	-	10,506	42,770
Currency translation differences	-	-	-	-	-	(34,705)
At 31 December	<u>160,990</u>	<u>159,923</u>	<u>228,453</u>	<u>31,488</u>	<u>580,854</u>	<u>2,337,937</u>
Less: Accumulated depreciation						
At 1 January	108,694	110,453	134,970	23,151	377,268	1,541,140
Depreciation for the year	19,038	21,289	33,642	2,928	76,897	313,048
Currency translation differences	-	-	-	-	-	(26,174)
At 31 December	<u>127,732</u>	<u>131,742</u>	<u>168,612</u>	<u>26,079</u>	<u>454,165</u>	<u>1,828,014</u>
Carrying amounts						
At 1 January	<u>52,296</u>	<u>47,869</u>	<u>84,578</u>	<u>8,337</u>	<u>193,080</u>	<u>788,732</u>
At 31 December	<u>33,258</u>	<u>28,181</u>	<u>59,841</u>	<u>5,409</u>	<u>126,689</u>	<u>509,923</u>

Included in the cost of property and equipment were items totalling US\$303,537 which were fully depreciated as at 31 December 2024 (31 December 2023: US\$276,616), but still in active use.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

11. Property and equipment (continued)

2023	Leasehold improvements US\$	Office equipment US\$	Computer and IT equipment US\$	Motor vehicles US\$	US\$	Total KHR'000 (Note 5)
Cost						
At 1 January	125,479	139,435	167,124	27,148	459,186	1,890,469
Additions	35,511	18,887	52,424	4,340	111,162	456,876
Currency translation differences	-	-	-	-	-	(17,473)
At 31 December	<u>160,990</u>	<u>158,322</u>	<u>219,548</u>	<u>31,488</u>	<u>570,348</u>	<u>2,329,872</u>
Less: Accumulated depreciation						
At 1 January	90,760	86,377	112,015	20,741	309,893	1,275,829
Depreciation for the year	17,934	24,076	22,955	2,410	67,375	276,911
Currency translation differences	-	-	-	-	-	(11,600)
At 31 December	<u>108,694</u>	<u>110,453</u>	<u>134,970</u>	<u>23,151</u>	<u>377,268</u>	<u>1,541,140</u>
Carrying amounts						
At 1 January	<u>34,719</u>	<u>53,058</u>	<u>55,109</u>	<u>6,407</u>	<u>149,293</u>	<u>614,640</u>
At 31 December	<u>52,296</u>	<u>47,869</u>	<u>84,578</u>	<u>8,337</u>	<u>193,080</u>	<u>788,732</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

12. Intangible assets

2024	Computer software US\$	Work in progress US\$	Total US\$	KHR'000 (Note 5)
Cost				
At 1 January	114,236	24,025	138,261	564,796
Additions	25,698	-	25,698	104,617
Transferred	24,025	(24,025)	-	-
Currency translation differences	-	-	-	(9,478)
At 31 December	163,959	-	163,959	659,935
Less: Accumulated amortisation				
At 1 January	61,468	-	61,468	251,097
Amortisation for the year	9,969	-	9,969	40,584
Currency translation differences	-	-	-	(4,147)
At 31 December	71,437	-	71,437	287,534
Carrying amounts				
At 1 January	52,768	24,025	76,793	313,699
At 31 December	92,522	-	92,522	372,401
2023				
Cost				
At 1 January	92,164	-	92,164	379,439
Additions	22,072	24,025	46,097	189,459
Currency translation differences	-	-	-	(4,102)
At 31 December	114,236	24,025	138,261	564,796
Less: Accumulated amortisation				
At 1 January	55,885	-	55,885	230,079
Amortisation for the year	5,583	-	5,583	22,946
Currency translation differences	-	-	-	(1,928)
At 31 December	61,468	-	61,468	251,097
Carrying amounts				
At 1 January	36,279	-	36,279	149,360
At 31 December	52,768	24,025	76,793	313,699

Included in the cost of intangible were items totalling US\$52,680 which were fully depreciated as at 31 December 2024(31 December 2023: US\$52,680) but still in active use.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

13. Borrowings

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<i>Current portion:</i>				
Corporates	2,333,535	9,392,478	4,878,238	19,927,602
Individuals	12,361,418	49,754,707	6,865,670	28,046,262
	<u>14,694,953</u>	<u>59,147,185</u>	<u>11,743,908</u>	<u>47,973,864</u>
<i>Non-current portion:</i>				
Corporates	5,420,161	21,816,148	4,325,279	17,668,765
Individuals	2,669,621	10,745,225	1,975,542	8,070,089
	<u>8,089,782</u>	<u>32,561,373</u>	<u>6,300,821</u>	<u>25,738,854</u>
Total gross borrowings	22,784,735	91,708,558	18,044,729	73,712,718
Add: Accrued interest payable	139,025	559,576	169,268	691,460
	<u>22,923,760</u>	<u>92,268,134</u>	<u>18,213,997</u>	<u>74,404,178</u>

Reconciliation of movements of liabilities to cash flows arising from financing activities and operating activities:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Gross borrowings				
At 1 January	18,044,729	73,712,718	15,211,492	62,625,713
Cash flows from financing activities				
Proceeds from borrowings	29,264,205	119,134,579	19,311,385	79,369,792
Repayment of borrowings	(24,557,035)	(99,971,689)	(16,489,735)	(67,772,811)
Loss on foreign exchange rate	32,836	133,675	11,587	47,623
Currency translation differences	-	(1,300,725)	-	(557,599)
At 31 December	<u>22,784,735</u>	<u>91,708,558</u>	<u>18,044,729</u>	<u>73,712,718</u>
Accrual Interest payable				
At 1 January	169,268	691,460	129,585	533,501
Interest expense	1,533,850	6,244,303	1,106,166	4,546,342
Interest paid	(1,564,093)	(6,367,423)	(1,066,483)	(4,383,245)
Currency translation differences	-	(8,764)	-	(5,138)
At 31 December	<u>139,025</u>	<u>559,576</u>	<u>169,268</u>	<u>691,460</u>
	<u>22,923,760</u>	<u>92,268,134</u>	<u>18,213,997</u>	<u>74,404,178</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

13. Borrowings (continued)

The balance of the borrowings is further analysed as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
A. By maturity:				
Within 1 month	1,216,843	4,897,793	1,069,287	4,368,037
2 to 3 months	2,503,657	10,077,219	2,730,331	11,153,402
4 to 12 months	11,590,794	46,652,946	5,284,130	21,585,671
1 to 5 years	7,586,005	30,533,670	8,880,854	36,278,289
Over 5 years	26,461	106,506	249,395	1,018,779
	<u>22,923,760</u>	<u>92,268,134</u>	<u>18,213,997</u>	<u>74,404,178</u>
B. By currency:				
Khmer Riel	2,251,072	9,060,565	2,165,100	8,844,434
US Dollars	20,672,688	83,207,569	16,048,897	65,559,744
	<u>22,923,760</u>	<u>92,268,134</u>	<u>18,213,997</u>	<u>74,404,178</u>
C. By relationship:				
Related parties	4,149,226	16,700,635	3,960,947	16,180,468
Non-related parties	18,774,534	75,567,499	14,253,050	58,223,710
	<u>22,923,760</u>	<u>92,268,134</u>	<u>18,213,997</u>	<u>74,404,178</u>
D. By interest rate (per annum):				

Annual interest rates applicable to borrowings were as follows:

	31 December 2024	31 December 2023
Khmer Riel	2.00% - 10.00%	2.00% - 10.00%
US Dollars	<u>2.00% - 10.00%</u>	<u>2.00% - 10.00%</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

14. Subordinated debt

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Subordinated debt	<u>600,579</u>	<u>2,417,330</u>	<u>900,986</u>	<u>3,680,528</u>

Reconciliation of movements of subordinated debt to cash flows arising from financing activities and operating activities:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Gross subordinated debt				
At 1 January	900,034	3,676,639	2,200,023	9,057,495
Cash flows from financing activities				
Repayments of subordinated debt	(300,092)	(1,221,675)	(299,989)	(1,232,955)
Transfer to share capital	-	-	(1,000,000)	(4,000,000)
Currency translation differences	<u>-</u>	<u>(40,197)</u>	<u>-</u>	<u>(147,901)</u>
At 31 December	<u>599,942</u>	<u>2,414,767</u>	<u>900,034</u>	<u>3,676,639</u>
Accrual Interest payable				
At 1 January	952	3,889	2,020	8,316
Cash flows from operating activities				
Interest expense	58,196	236,916	117,084	481,215
Interest paid	(58,511)	(238,198)	(118,152)	(485,605)
Currency translation differences	<u>-</u>	<u>(44)</u>	<u>-</u>	<u>(37)</u>
At 31 December	<u>637</u>	<u>2,563</u>	<u>952</u>	<u>3,889</u>
	<u>600,579</u>	<u>2,417,330</u>	<u>900,986</u>	<u>3,680,528</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

15. Other liabilities

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Prepayment from customers	160,557	646,242	127,560	521,083
Withholding tax payable	22,621	91,050	16,376	66,896
Accrued and other payable	21,314	85,789	7,505	30,658
Seniority indemnity	7,655	30,811	8,330	34,028
Accrued bonus	2,164	8,710	4,257	17,390
Others	2,676	10,771	9,940	40,604
	<u>216,987</u>	<u>873,373</u>	<u>173,968</u>	<u>710,659</u>

16. Income tax

A. Applicable tax rates

In accordance with Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the tax on income at the rate of 20% of taxable income or the minimum tax at 1% of annual turnover, whichever is higher.

According to Prakas 638 issued on 4 July 2017, an entity is eligible to be exempted from payment of minimum tax if it maintained proper accounting records and obtained approval from the General Department of Taxation ("GDT").

The Company has obtained the proper accounting record and gold status certificate from the GDT on 5 September 2022 and 8 September 2022 respectively. It is exempted from payment of minimum tax for tax years 2023 and 2024. The exemption was subsequently renewed following the award of proper accounting records and gold status certificate on 30 May 2024 and 31 May 2024 respectively, ensuring continued minimum tax exemption for the tax years 2025 and 2026.

B. Income tax expense

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Current tax expense	-	-	47,518	195,299
Deferred tax expense	68,508	278,896	29,454	121,056
	<u>68,508</u>	<u>278,896</u>	<u>76,972</u>	<u>316,355</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

16. Income tax (continued)

B. Income tax expense (continued)

The reconciliation of income tax expense computed at the statutory tax rate of 20% to the income tax expense shown in profit or loss is as follows:

	2024			2023		
	%	US\$	KHR'000 (Note 5)	%	US\$	KHR'000 (Note 5)
Profit before income tax		312,043	1,270,328		350,366	1,440,004
Income tax using statutory rate at 20%	20	62,409	254,067	20	70,073	288,000
Non-deductible expenses	2	6,099	24,829	2	6,899	28,355
Income tax expense	22	68,508	278,896	22	76,972	316,355

The calculation of taxable income is subject to the final review and approval of the tax authorities.

C. Current income tax (asset)/liability

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	12,599	51,467	75,773	311,957
Recognised in profit or loss	-	-	47,518	195,299
Income tax paid	(54,017)	(219,903)	(110,692)	(454,944)
Currency translation differences	-	1,729	-	(845)
At 31 December	(41,418)	(166,707)	12,599	51,467

D. Deferred tax liabilities, net

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Deferred tax assets	91,628	368,802	66,171	270,308
Deferred tax liabilities	(190,783)	(767,901)	(96,818)	(395,501)
Deferred tax liabilities, net	(99,155)	(399,099)	(30,647)	(125,193)

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

16. Income tax (continued)

D. Deferred tax liabilities, net (continued)

Deferred tax assets/(liabilities) are attributable to the following:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Unamortised loan processing fee	82,088	330,404	63,847	260,815
Unused tax losses	5,309	21,369	-	-
Property and equipment	3,172	12,767	(87)	(355)
Operating lease rental at straight line basis	924	3,719	658	2,687
Seniority provision	135	543	1,666	6,806
Unamortised borrowing processing fee	(3,339)	(13,439)	(4,410)	(18,015)
Impairment loss allowance	(187,444)	(754,462)	(92,321)	(377,131)
	<u>(99,155)</u>	<u>(399,099)</u>	<u>(30,647)</u>	<u>(125,193)</u>

Movement of net deferred tax liabilities is as follows:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	(30,647)	(125,193)	(1,193)	(4,912)
Recognised in profit or loss	(68,508)	(278,896)	(29,454)	(121,056)
Currency translation differences	-	4,990	-	775
At 31 December	<u>(99,155)</u>	<u>(399,099)</u>	<u>(30,647)</u>	<u>(125,193)</u>

17. Share capital

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Registered, issued and fully paid up share capital of 7,343,000 share at US\$1 per share	<u>7,343,000</u>	<u>29,372,000</u>	<u>7,343,000</u>	<u>29,372,000</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

17. Share capital (continued)

The Company's shareholders and their respective interest are as follows:

	31 December 2024/2023		
	% of Ownership	Number of shares	Amount US\$
Madam Ou San	51.56%	3,786,229	3,786,229
Madam Dith Nita	48.44%	3,556,771	3,556,771
	<u>100.00%</u>	<u>7,343,000</u>	<u>7,343,000</u>
Equivalent in KHR'000 (Note 5)			<u>29,372,000</u>

The movement of share capital is as follows:

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January	7,343,000	29,372,000	5,593,000	22,372,000
Transferred from subordinated debt	-	-	1,000,000	4,000,000
Transferred from retained earnings	-	-	750,000	3,000,000
At 31 December	<u>7,343,000</u>	<u>29,372,000</u>	<u>7,343,000</u>	<u>29,372,000</u>

There was no change in shareholders and shareholding structure of the Company during the financial year.

18. Regulatory reserves

Regulatory reserves represented the variance of provision between loans impairment in accordance with CIFRS for SMEs and regulatory provision in accordance with National Bank of Cambodia.

As at 31 December 2024, the Company transferred from retained earnings to regulatory reserves of US\$531,057 as result from allowance on loans to customers per NBC and per CIFRS for SMEs (2023: US\$203,446).

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

18. Regulatory reserves (continued)

	Total US\$
31 December 2024	
Allowance per NBC	1,737,083
Allowance per CIFRS for SMEs	(462,831)
Regulatory reserves (A)	<u>1,274,252</u>
31 December 2023	
Allowance per NBC	1,164,703
Allowance per CIFRS for SMEs	(421,508)
Regulatory reserves (B)	<u>743,195</u>
Transfer from retained earnings to regulatory reserves (A) – (B)	<u>531,057</u>
KHR'000 (Note 5)	<u>2,137,504</u>

19. Interest income

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Loans to customers	4,425,957	18,018,071	3,728,483	15,324,065
Balances with the National Bank of Cambodia	4,872	19,834	3,870	15,906
Balances with banks and financial institutions	<u>800</u>	<u>3,257</u>	<u>978</u>	<u>4,020</u>
	<u>4,431,629</u>	<u>18,041,162</u>	<u>3,733,331</u>	<u>15,343,991</u>

20. Interest expense

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
<i>Short – term:</i>				
Borrowings	923,043	3,757,708	671,978	2,761,830
<i>Long – term:</i>				
Borrowings	610,807	2,486,595	434,188	1,784,513
Subordinated debt	<u>58,196</u>	<u>236,916</u>	<u>117,084</u>	<u>481,215</u>
	<u>1,592,046</u>	<u>6,481,219</u>	<u>1,223,250</u>	<u>5,027,558</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

21. Other operating income

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Penalty fees	131,889	536,921	116,646	479,415
Unrealised foreign exchange gain – net	24,358	99,161	13,264	54,515
Realised foreign exchange loss – net	(587)	(2,390)	(2,408)	(9,897)
	<u>155,660</u>	<u>633,692</u>	<u>127,502</u>	<u>524,033</u>

22. Personnel expenses

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Salaries	1,494,683	6,084,854	1,309,387	5,381,581
Bonuses	130,766	532,348	107,154	440,403
Contribution to national security funds	110,007	447,838	82,824	340,407
Training	26,003	105,858	17,133	70,416
Others	70,615	287,475	50,499	207,551
	<u>1,832,074</u>	<u>7,458,373</u>	<u>1,566,997</u>	<u>6,440,358</u>

23. Depreciation and amortisation

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Depreciation on property and equipment (Note 11)	76,897	313,048	67,375	276,911
Amortisation of intangible assets (Note 12)	9,969	40,584	5,583	22,946
	<u>86,866</u>	<u>353,632</u>	<u>72,958</u>	<u>299,857</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

24. Other operating expenses

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Rental	214,416	872,888	193,243	794,229
Travelling and vehicle expenses	108,578	442,021	86,030	353,584
Fees and taxes	72,571	295,437	62,211	255,687
Office supplies and equipment	36,720	149,487	46,772	192,233
Security	51,208	208,468	43,430	178,497
Advertising	49,265	200,558	27,393	112,585
Professional fees	48,066	195,677	28,643	117,723
Utilities	44,826	182,487	38,494	158,210
Repairs and maintenance	37,504	152,679	29,792	122,445
Communication	23,935	97,439	18,525	76,138
Printing and copying	1,792	7,295	1,813	7,451
Other	35,252	143,509	40,074	164,704
	<u>724,133</u>	<u>2,947,945</u>	<u>616,420</u>	<u>2,533,486</u>

25. Related parties

A. Identity of related parties

The related parties of, and their relationship with the Company are as follows:

Relationship	Related party
Shareholders:	Refer to Note 17.
Madam Ou San Madam Dith Nita	
Key management personnel	All directors of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members).

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

25. Related parties (continued)

B. Transactions with related parties

	2024		2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Shareholder's closed family member				
Interest expense	<u>385,713</u>	<u>1,570,237</u>	<u>417,009</u>	<u>1,713,907</u>
Key management personnel (from unit managers up)				
Interest income	10,374	41,755	10,722	44,067
Key remuneration	<u>404,710</u>	<u>1,647,574</u>	<u>389,759</u>	<u>1,601,909</u>

C. Balances with related parties

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Shareholder's closed family member				
Borrowings	4,138,019	16,655,526	3,960,947	16,180,468
Subordinated debt	599,942	2,414,767	900,034	3,676,639
Accrued interest payable	<u>11,844</u>	<u>47,673</u>	<u>14,758</u>	<u>60,286</u>
Key management personnel (from unit managers up)				
Loan to staffs	100,560	404,755	121,761	497,394
Accrued interest receivable	<u>403</u>	<u>1,622</u>	<u>519</u>	<u>2,120</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

26. Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments measured at amortised cost.

31 December 2024	Amortised cost US\$	Less impairment US\$	Total carrying amounts US\$	KHR'000 (Note 5)
Financial assets				
Cash on hand	80,025	-	80,025	322,101
Balances with banks and financial institutions	159,908	-	159,908	643,630
Balances with the National Bank of Cambodia	378,239	-	378,239	1,522,412
Loans to customers	31,915,417	(462,831)	31,452,586	126,596,659
Other assets (*)	43,128	-	43,128	173,590
Total financial assets	<u>32,576,717</u>	<u>(462,831)</u>	<u>32,113,886</u>	<u>129,258,392</u>
Financial liabilities				
Borrowings	22,923,760	-	22,923,760	92,268,134
Subordinated debt	600,579	-	600,579	2,417,330
Other liabilities (**)	23,990	-	23,990	96,560
Total financial liabilities	<u>23,548,329</u>	<u>-</u>	<u>23,548,329</u>	<u>94,782,024</u>

(*) Other assets only consist of security deposits refundable in cash, and other's receivables which excluded the prepayment.

(**) Other liabilities do not include taxes payables which are not considered financial liabilities.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

26. Classification of financial assets and financial liabilities (continued)

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments measured at amortised cost. (continued)

	Amortised cost US\$	Less impairment US\$	Total carrying amounts	
31 December 2023			US\$	KHR'000 (Note 5)
Financial assets				
Cash on hand	191,035	-	191,035	780,378
Balances with banks and financial institutions	41,687	-	41,687	170,291
Balances with the National Bank of Cambodia	371,164	-	371,164	1,516,205
Loans to customers	27,121,280	(421,508)	26,699,772	109,068,570
Other assets (*)	38,743	-	38,743	158,265
Total financial assets	<u>27,763,909</u>	<u>(421,508)</u>	<u>27,342,401</u>	<u>111,693,709</u>
Financial liabilities				
Borrowings	18,213,997	-	18,213,997	74,404,178
Subordinated debt	900,986	-	900,986	3,680,528
Other liabilities (**)	17,445	-	17,445	71,262
Total financial liabilities	<u>19,132,428</u>	<u>-</u>	<u>19,132,428</u>	<u>78,155,968</u>

27. Commitments and contingencies

A. Lease commitments

The Company has commitments for the lease of its Head office and branch offices under an operating lease arrangement, with future minimum lease amounts due as follows:

	31 December 2024		31 December 2023	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
Within 1 year	171,463	690,140	190,644	778,781
1 to 5 years	283,767	1,142,164	423,465	1,729,855
	<u>455,230</u>	<u>1,832,304</u>	<u>614,109</u>	<u>2,508,636</u>

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

27. Commitments and contingencies (continued)

B. Taxation contingencies

On 1 June 2023, the General Department of Taxation (“GDT”) issued a Notification on the comprehensive tax audit for the period from 1 January 2021 to 31 December 2022. Up to the date of this report, the tax audit is still in progress.

The Company assesses its tax obligations based on applicable tax laws and regulations as of the reporting date. Given the evolving nature of tax legislation, certain tax treatments may necessitate judgment and interpretation. Management exercises judgment in establishing the Company’s tax positions and continually monitors regulatory developments. While the Company strives to comply with current tax requirements, interpretations of tax regulations may vary. Any adjustments resulting from regulatory reviews, once conducted and finalised, will be reflected into the financial statements as appropriate.

28. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise indicated.

A. Foreign currency transactions

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the rates of exchange ruling at that date. Non-monetary items that are measured in terms of historical cost in other currency are translated using the exchange rates as at the respective dates of the initial transactions. Foreign currency differences are generally recognised in profit or loss.

B. Financial instruments

(i). Recognition

The Company initially recognises a financial asset or a financial liability when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii). Classification

The Company classifies its financial assets and liabilities as basic financial instruments in accordance with Section 11 *Basic Financial Instruments*.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

B. Financial instruments (continued)

(iii). Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or settled, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv). Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v). Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi). Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

B. Financial instruments (continued)

(vi). *Fair value measurement (continued)*

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii). *Identification and measurement of impairment*

Objective evidence of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets that are measured at cost or amortised cost. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

B. Financial instruments (continued)

(vii). *Identification and measurement of impairment (continued)*

Individual and collective assessment

All individually significant assets are individually assessed for impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment, and found to be individually impaired, and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the management.

A collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

The collective allowance for groups of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience.

In assessing the collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Measurement

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

B. Financial instruments (continued)

(vii). Identification and measurement of impairment (continued)

Reversal of impairment and write offs

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the entity shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account.

The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The entity shall recognise the amount of the reversal in profit or loss immediately.

The Company writes off a loan, either partially or in full, and any related allowance for impairment losses, when the management determines that there is no realistic prospect of recovery.

C. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost using the effective interest method in the statement of financial position.

D. Balances with banks and financial institutions

Balances with banks and financial institutions are carried at amortised cost using the effective interest method in the statement of financial position.

E. Capital guarantee

Capital guarantee deposit maintained with the National Bank of Cambodia ("NBC") in compliance with the Law on Banking and Financial Institutions ("LBFI") and are determined by defined percentages of minimum share capital as required by the NBC. This deposit is not available to finance the Company's day-to-day operations hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

Capital guarantee deposit is carried at amortised cost using the effective interest method in the statement of financial position.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

F. Loans to customers

Loans to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

G. Other assets

Other assets are carried at amortised cost using the effective interest method in the statement of financial position.

H. Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Where an item of property and equipment comprises major components having different useful lives, the components are accounted for as separate items of property and equipment.

Depreciation of property and equipment is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets as follows:

	Useful life
Leasehold improvements	4 years
Office equipment	4 years
Computer and IT equipment	4 years
Motor vehicles	4 years

Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss on the date of retirement or disposal.

Fully depreciated items of property and equipment are retained in the financial statements until disposed of or written-off.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

I. Intangible assets

Intangible assets comprise of computer software is measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible asset is amortised at the rate based on the mutual contract agreement for definite useful life and 10% per annum for indefinite useful life using the straight-line method.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

J. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (other than deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

K. Borrowings, subordinated debts and other liabilities

Borrowings, subordinated debts and other liabilities are carried at amortised cost using the effective interest method in the statement of financial position.

L. Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

M. Employee benefits

(i). *Short – term employee benefits*

Short – term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii). *Long – term employee benefits*

The Company's net obligation in respect of long – term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods, including seniority payment. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

N. Share capital

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

O. Regulatory reserves

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with CIFRS for SMEs and regulatory provision in accordance with National Bank of Cambodia's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 Sor Ror Chor Nor dated 16 February 2018 on Credit Risk Classification and Provision on Impairment for Banks and Financial Institutions.

Based on these NBC Guidelines, all loans to customers are classified according to the repayment capacity of the counterparty and the number of days past due is taken into account as follows:

Classification	Number of days past due	Allowance
Short-term loans (less than or equal one year):		
Normal/standard	<15 days	1%
Special mention	15 days – 30 days	3%
Substandard	31 days – 60 days	20%
Doubtful	61 days – 90 days	50%
Loss	≥ 91 days	100%

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

O. Regulatory reserves (continued)

Classification	Number of days past due	Allowance
Long-term loans (more than one year):		
Normal/standard	<30 days	1%
Special mention	≥ 30 days – 89 days	3%
Substandard	≥ 90 days – 179 days	20%
Doubtful	≥ 180 days – 359 days	50%
Loss	More than 359 days	100%

In accordance with the Prakas, the entity shall compare the provision calculated in accordance with above requirements and the Company's record which is under CIFRS for SMEs:

- (i) If the regulatory provision is lower, the entity records the provision calculated in accordance with CIFRS for SMEs; and
- (ii) If the regulatory provision is higher, the entity records the provision calculated in accordance with CIFRS for SMEs and transfer the difference from retained earnings into regulatory reserve in equity accounts.

The regulatory reserves are not an item to be included in the calculation of the Company's net worth. On 5 February 2025, the NBC issued a notification letter to all Company and financial institutions requiring that the regulatory provision in accordance with the NBC shall be calculated based on the gross carrying amount (including accrued interest receivables), multiplied by the provision rates for each loan and advance classification. This requirement applies to the financial year ended 31 December 2024.

According to the NBC's Prakas No. B7.024.001 Sar. Ror. Chor. dated 29 August 2024 on Credit Restructuring, bank and financial institutions are allowed to restructure their loans to customers and apply specific conditions including:

- (i) The institution may restructure facilities up to two times without changing their initial classification and without the need for additional provisions.
- (ii) A credit rating upgrade is permitted after three consecutive months of on-time principal and/or interest payments. The institution can then restore its credit rating from one level to another by adhering to the overdue day credit policy. The upgrade must comply with the conditions set forth in the Prakas.

The Prakas allows bank and financial institutions to restructure their loans to customers without incurring additional provisions effective until the end of December 2025. The company is adopting the requirements in this Prakas in preparing these financial statements for the year ended 31 December 2024.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

P. Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Q. Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

R. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

S. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

(i). *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii). *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

CAMMA Microfinance Limited

Notes to the financial statements (continued) for the year ended 31 December 2024

28. Significant accounting policies (continued)

T. Accounting standards issued but not yet effective

In February 2025, the International Accounting Standards Board (IASB) issued the Third Edition of the IFRS for SMEs Accounting Standard, which will be simultaneously adopted as CIFRS for SMEs. This standard becomes effective for annual reporting periods beginning on or after 1 January 2027. While early adoption is permitted, the Company has opted to implement the new standard from its mandatory effective date. This revised edition introduces significant amendments across multiple accounting areas, aiming to better align the IFRS for SMEs with updates to IFRS accounting standards. Key changes include modifications to financial statement presentation, revenue recognition, financial instruments, consolidation, leases, and other reporting areas. As of the financial statement date, management is assessing the potential impact of these changes on the Company's financial statements, including any necessary adjustments to accounting policies, disclosures, and financial reporting processes.