



EXPERIENCE THE POWER OF  
*Yes!* WITH ACCESS

UNAUDITED FINANCIAL REPORT  
SIX MONTHS ENDED - SEPTEMBER 30, 2020

# Access Financial Services Limited

## Directors' Statement

The Board of Directors of Access Financial Services Limited is pleased to present the Consolidated Unaudited Financial Statements of the Group for the six months ended September 30, 2020.

## Overview

Access Financial Services Limited (AFS) recorded consolidated Net profit after tax of \$62 million for the six-month ended September 30, 2020, compared to \$280 million for similar period in 2019. The performance of the Group reflects the impact of COVID-19 over the past six months, however we continue to manage the effect as we work with our customers to resume economic activity.

Loan disbursements have shown improvement during the second quarter, as we executed successful "Back to School" campaigns in both Jamaica and Florida to digitally equip our customers' children for the new learning environment. The month of September 2020 also marks our 20th Anniversary, and we are proud to play our part in providing financial services to microentrepreneurs and individuals across Jamaica. To mark this milestone, we have launched the Access Yes! Education Scholarship Program which will make educational grants totaling \$800,000.00 available to our customers.

As at September 30, 2020, the Group's asset base stood at \$5.47 billion, reflecting an increase of 3% or \$159 million year over year. Cash and Cash Equivalents amounted to \$683 million as at the period end, reflecting higher than normal levels to manage our liquidity risk during the pandemic. Loans and advances now stand at \$3.9 billion, a reduction of 11% year over year based on the lower level of disbursements.

## HIGHLIGHTS

### OPERATING RESULTS (INCOME STATEMENT DATA):

	Unaudited 6 Months Ended Sept 30, 2020	Unaudited 6 Months Ended Sept 30, 2019 (restated)	Audited Year Ended 31 March, 2020	% Change Year over Year
Net Profit After Tax - J\$ millions	62	280	330	(78%)

### FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):

Loans & Advances - J\$ billions	3.89	4.38	4.47	(11%)
Total Asset - J\$ billions	5.47	5.31	5.96	3%
Stockholder's Equity - J\$ billions	2.27	2.14	2.17	6%

### PROFITABILITY:

Return on average Stockholder's Equity (RCE)	6%	25%	16%	(20%)
Earnings Per Stock unit (EPS) - J\$	\$0.22	\$1.02	\$1.20	(78%)
Efficiency Ratio	91%	74%	82%	16%
Efficiency Ratio (excluding Allowances for Credit Losses)	71%	58%	68%	13%

## Financial Performance

Net operating income for the six months ended September 30, 2020 amounted to \$887 million, a decrease of \$224 million or 20% compared to the corresponding period last year, however an increase of \$27 million or 6% over last quarter as customers increased their level of borrowings and we were successful in executing a number of delinquency management strategies to collect on outstanding bad debts. Net interest income and Net fee & commission income was lower year over year based on the reduction in disbursements for the period, however stable quarter over quarter.

Operating expenses for the six months period was \$805 million, compared to the amount of \$825 million in the prior year. Excluding the allowance for loan losses, operating expenses for the period decreased by \$13 million or 2% year over year, due to the implementation of measures to increase operational efficiency. Allowance for credit losses increased over the last quarter due to higher delinquency levels stemming from the impact of COVID-19, albeit slightly improved when compared to the prior year.

Net profit after tax for the six months period was \$62 million, representing a decline of 78% when compared to \$280 million recorded for the comparative period last year. This resulted in Earnings per share for the period of \$0.22 compared to \$1.02 for the prior year.

## Director's Statement

### Financial Position

Loans and advances for the Group as at the period end was \$3.9 billion. This reflects a reduction of 11% year over year and 13% since March 2020 due to the lower level of disbursements this year. We continue to monitor our delinquency levels which have improved quarter over quarter, as some customers have resumed meeting their loan commitments. We have also seen an improvement in the results from our collections strategies implemented during the quarter. Total assets as at September 30, 2020 was \$5.47 billion, compared to the restated amount of \$5.31 billion as at September 30, 2019.

Total liabilities increased by \$25 million or 1% year over year to \$3.19 billion as at September 30, 2020 and declined by \$356 million or 10% since June 30, 2020. During the quarter funds were used to settle the maturity of our J\$200 million Corporate Bond in August 2020 and US\$1 million Senior Secured Notes.

# Access Financial Services Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	Unaudited Sept 2020 \$'000	Unaudited Sept 2019 \$'000 (restated)	Audited March, 2020 \$'000
<b>Assets</b>			
Cash and cash equivalents	683,104	158,673	575,608
Financial investments	5,564	6,037	4,383
Other accounts receivables	42,133	59,789	64,030
Loans and advances	3,889,511	4,378,957	4,470,914
Property, plant and equipment	74,668	60,942	77,149
Intangible assets	478,982	481,989	457,553
Right use of assets	156,095	-	155,683
Deferred tax assets	137,722	152,354	107,407
Taxation recoverable	-	9,931	49,716
<b>Total Assets</b>	<b>5,467,780</b>	<b>5,308,670</b>	<b>5,962,443</b>
<b>LIABILITIES</b>			
Payables	330,361	449,513	405,007
Loan payable	2,689,287	2,719,958	3,225,245
Lease liability	172,957	-	161,268
Taxation payable	1,526	-	-
<b>Total Liabilities</b>	<b>3,194,131</b>	<b>3,169,471</b>	<b>3,791,520</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	96,051	96,051	96,051
Fair value reserve	3,551	4,023	2,370
Foreign exchange translation	107,619	15,734	53,897
Retained earnings	2,066,428	2,023,391	2,018,605
<b>Total Stockholders' Equity</b>	<b>2,273,649</b>	<b>2,139,199</b>	<b>2,170,923</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>5,467,780</b>	<b>5,308,670</b>	<b>5,962,443</b>

Approved for issue by the Board of Directors on October 29, 2020 and signed on its behalf by:



**Christopher Williams**

Chairman



**Marcus James**

Group Chief Executive Officer

# Access Financial Services Limited

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

	Unaudited 3 Months Ended Sept 2020 \$'000	Unaudited 3 Months Ended June 2020 \$'000	Unaudited 3 Months Ended Sept 2019 \$'000	Unaudited 6 Months Ended Sept 2020 \$'000	Unaudited 6 Months Ended Sept 2019 \$'000	Audited Year Ended March 2020 \$'000
<b>Operating Income</b>						
Interest income from loans	368,625	374,365	422,321	742,989	830,068	1,701,642
Interest income from securities	2,089	2,339	496	4,427	686	1,372
<b>Total Interest Income</b>	<b>370,713</b>	<b>376,704</b>	<b>422,817</b>	<b>747,416</b>	<b>803,754</b>	<b>1,703,014</b>
Interest expense	(65,388)	(70,195)	(57,985)	(135,583)	(103,204)	(253,585)
<b>Net Interest Income</b>	<b>305,325</b>	<b>306,509</b>	<b>364,832</b>	<b>611,833</b>	<b>727,550</b>	<b>1,449,429</b>
Net fees and commissions on loans	108,395	104,025	190,031	212,420	342,766	617,750
	<b>413,720</b>	<b>410,534</b>	<b>554,863</b>	<b>824,253</b>	<b>1,070,316</b>	<b>2,067,179</b>
<b>Other Operating Income</b>						
Money services fees and commission	230	110	481	340	980	1,787
Foreign exchanges gains / (losses)	(4,910)	(7,444)	42	(12,355)	2,320	(5,477)
Other income	48,125	27,097	17,033	75,223	37,493	91,199
	43,445	19,763	17,556	63,208	40,793	87,509
<b>Net Operating Income</b>	<b>457,165</b>	<b>430,296</b>	<b>572,419</b>	<b>887,460</b>	<b>1,111,109</b>	<b>2,154,688</b>
<b>Operating Expenses</b>						
Staff costs	179,232	168,411	173,475	347,644	339,720	725,444
Allowances for credit losses	111,333	66,986	105,317	178,319	184,720	297,048
Depreciation and amortization	33,135	26,245	8,169	59,380	16,233	118,120
Marketing expenses	11,832	10,264	16,844	22,095	34,378	66,975
Other operating expenses	88,395	109,272	143,432	195,664	249,841	551,576
	<b>423,927</b>	<b>381,178</b>	<b>447,237</b>	<b>805,103</b>	<b>824,892</b>	<b>1,759,163</b>
<b>Profit / (loss) before taxation</b>	<b>33,238</b>	<b>49,119</b>	<b>125,182</b>	<b>82,358</b>	<b>286,217</b>	<b>395,525</b>
Taxation	(4,696)	(16,114)	(10,584)	(20,810)	(6,586)	(65,778)
<b>PROFIT /(LOSS) FOR THE PERIOD / YEAR</b>	<b>28,542</b>	<b>33,005</b>	<b>114,598</b>	<b>61,548</b>	<b>279,631</b>	<b>329,747</b>
<b>OTHER COMPREHENSIVE INCOME</b> (items that may be reclassified to profit or loss)						
Unrealised gains / (losses) on investments at fair value through other comprehensive income	254	927	2,450	1,181	2,222	569
Foreign currency translation gains /(losses) on overseas subsidiary	17,830	35,891	26,093	53,721	39,573	77,736
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>46,626</b>	<b>69,823</b>	<b>143,141</b>	<b>125,686</b>	<b>321,426</b>	<b>408,052</b>
<b>EARNINGS PER STOCK UNIT – JMD cents</b>	<b>\$0.10</b>	<b>\$0.12</b>	<b>\$0.42</b>	<b>\$0.22</b>	<b>\$1.02</b>	<b>\$1.20</b>

# Access Financial Services Limited

## CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

	Share Capital \$'000	Fair Value Reserve \$'000	Translation Reserve \$'000	Retained Earnings \$'000	Total \$'000
--	----------------------------	---------------------------------	----------------------------------	--------------------------------	-----------------

Unaudited

<b>Balance as at March 31, 2019 as previously reported</b>	<b>96,051</b>	<b>1,801</b>	<b>(23,839)</b>	<b>1,823,368</b>	<b>1,897,381</b>
--	---------------	--------------	-----------------	------------------	------------------

### Total Comprehensive Income for the period:

Net profit	-	-	-	297,631	279,631
Other comprehensive income / (loss)	-	2,222	39,573	-	41,795

### Transaction with Owners:

Dividends paid	-	-	-	(79,608)	(79,608)
----------------	---	---	---	----------	----------

<b>Balance as at 30 September 2019</b>	<b>96,051</b>	<b>4,023</b>	<b>(15,734)</b>	<b>2,023,391</b>	<b>2,139,199</b>
--	---------------	--------------	-----------------	------------------	------------------

<b>Balance as at March 31, 2020, as previously reported</b>	<b>96,051</b>	<b>2,370</b>	<b>53,897</b>	<b>2,018,605</b>	<b>2,170,923</b>
---	---------------	--------------	---------------	------------------	------------------

### Total Comprehensive Income for the period:

Net profit	-	-	-	61,548	61,548
Other comprehensive income	-	1,181	53,722	-	54,903

### Transaction with Owners:

Dividends paid	-	-	-	(13,725)	(13,725)
----------------	---	---	---	----------	----------

<b>Balance as at 30 September 2020</b>	<b>96,051</b>	<b>3,551</b>	<b>107,619</b>	<b>2,066,428</b>	<b>2,273,649</b>
--	---------------	--------------	----------------	------------------	------------------

# Access Financial Services Limited

## CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT SEPTEMBER 30, 2020

	Unaudited 6 Months Ended Sept 2020 \$'000	Unaudited 6 Months Ended Sept 2019 \$'000	Audited Year Ended March 2020 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Net Profit for the year</b>	<b>61,548</b>	<b>279,631</b>	<b>329,747</b>
Items not affecting cash resources:			
Exchange gains on foreign balances	11,626	(2,320)	5,477
Depreciation and amortization	24,307	16,233	50,179
Depreciation of right right-of-use-asset	34,787	-	67,941
Increase in allowance for loan losses	68,748	-	210,245
Loan write-off	177,784	184,720	297,048
Interest income	(750,037)	(830,754)	(1,703,014)
Interest expense	126,841	103,204	235,887
Lease interest	8,678	-	17,698
Taxation	52,175	42,718	37,041
Deferred tax	(30,897)	(36,133)	28,737
Loss on disposal of property, plant and equipment	(24)	-	-
	<b>(214,464)</b>	<b>(242,701)</b>	<b>(423,014)</b>
<b>Changes in operating assets and liabilities</b>			
Loans and advances, net	375,051	(1,153,767)	(1,560,943)
Other accounts receivable	23,688	(12,842)	(31,474)
Loans payable, net	(547,847)	503,819	1,009,366
Accounts payable	(83,338)	61,163	25,219
	<b>(446,910)</b>	<b>(844,328)</b>	<b>(980,846)</b>
Interest received	740,257	824,345	1,697,596
Interest paid	(118,331)	(94,766)	(236,147)
Taxation paid	-	(63,054)	(99,492)
<b>Cash provided by operating activities</b>	<b>175,016</b>	<b>(177,803)</b>	<b>381,111</b>

	Unaudited 6 Months Ended Sept 2020 \$'000	Unaudited 6 Months Ended Sept 2019 \$'000	Audited Year Ended March 2020 \$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Acquisition of property, plant and Equipment and intangible assets	(19,263)	(12,030)	(38,058)
Proceeds form sale of property, plant and equipment	9	-	-
<b>Cash Flows from Investing Activities:</b>	<b>(19,254)</b>	<b>(12,030)</b>	<b>(38,058)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Lease payments	(36,391)	-	(80,008)
Dividends paid	(13,725)	(79,608)	(134,510)
<b>Cash Flows From Financing Activities:</b>	<b>(50,116)</b>	<b>(79,608)</b>	<b>(214,518)</b>
Net increase in cash and cash equivalents for the period / year	105,645	(269,441)	128,535
Effect of exchange rate fluctuations On cash and cash equivalents	1,850	16,299	35,258
Cash and cash equivalents at the Beginning of the year	575,608	411,815	411,815
<b>Cash and Cash Equivalents At End Of Period / Year</b>	<b>683,104</b>	<b>158,673</b>	<b>575,608</b>

# Access Financial Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

#### 1. Identification and Principal Activities

Access Financial Services Limited (the Company) is incorporated and domiciled in Jamaica and its registered office is situated at 41B Half-Way Tree Road, Kingston 5, Jamaica W.I. The Company is listed on the Junior Market of the Jamaica Stock Exchange.

The Company acquired a 100% shareholding in its subsidiary, Embassy Loans Inc., on December 15, 2018.

The Company and its subsidiary are collectively referred to as "the Group" in these financial statements.

The principal activity of the Group is retail lending to the micro enterprise sector for personal and business purposes. Funding is provided by financial institutions, government entities and non-governmental organizations. The Company also operates a money services division and offers bill payment services.

#### 2. Reporting Currencies

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the functional currency). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency. All financial information has been rounded to the nearest thousand.

#### 3. Statement of Compliance and Basis of Preparation

The condensed interim consolidated financial statements for the six months ended September 30, 2020 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the accounting policies as set out in Note 3 of the Audited Financial Statements for the year ended 31 March 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

##### New Standards effective and adopted in the current year

At the date of approval of these financial statements, certain new standards were in issue but had not yet come into effect. They were not adopted early and therefore have not been taken into account in preparing these financial statements. Those which are relevant to the Group are set out below:

Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The group is assessing the impact that the standard will have on its 2021 financial statements.

Amendments to References to Conceptual Framework in IFRS Standards is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting. The main change relates to how and when assets and liabilities are recognized and derecognized in the financial statements:

New 'bundle of rights' approach to assets will mean that an entity may recognize a right to use an asset rather than the asset itself.

A liability will be recognized if a company has no practical ability to avoid it. This may bring liabilities on-balance-sheet earlier than at present.

A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The group is assessing the impact that the amendments will have on its 2021 financial statements.

#### 4. Accounting Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the period then ended. Actual amounts could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### Allowance for impairment losses on loan receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management make judgments regarding indicators of impairment, that is, whether there are indicators to suggest they may be a measurable decrease in the estimated future cashflows from loan receivables for example, through unfavorable economic conditions and default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.



# Access Financial Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

#### Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The group applies a variety of methods in an effort to arrive at these estimates from which actual may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

#### 5. Significant Accounting Policies

##### Basis of Consolidation

The consolidated financial statements include the assets, liabilities, and results of operations of the Company and its subsidiaries presented as a single economic entity. Subsidiaries are all entities controlled by the Group. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Balances and transactions between companies within the Group, and any unrealized gains arising from those transactions, are eliminated in preparing the consolidated financial statements

##### Financial Assets

Financial assets include both debt and equity instruments.

##### Classification and measurement

Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL);

Classification of debt instruments is determined based on the business model under which the asset is held and the contractual cash flow characteristics of the instrument.

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase.

The Group's financial assets mainly comprise of loans and advances and are measured at amortized cost using the effective interest method.

##### Impairment

The group applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9. Financial assets migrate through three stages based on the change in credit risk since initial recognition.

The Group's allowance for credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. This impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months.

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

##### Financial liabilities

The adoption of IFRS 9 did not have a significant effect on the Group's accounting policies related to financial liabilities, as IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The Group's financial liabilities, comprising loans and accounts payable, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

##### Property, plant, equipment, and intangible assets:

Items of property, plant and equipment and intangible asset are stated at cost less accumulated depreciation and impairment losses.

##### Depreciation and Amortization:

Depreciation and amortization are recognized in the income statement on the straight-line basis, over the estimated useful lives of property, plant and equipment and intangible assets except for goodwill.

# Access Financial Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

#### Leases:

Policy applicable from April 1, 2019

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

#### Interest income and expense:

Interest income and expense are recognized in profit or loss for using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

The ‘gross carrying amount of a financial asset’ is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

#### Fee and commission income

Fee and commission income are recognized on the accrual basis when service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognized on completion of the underlying transaction.

#### 6. Dividend Declaration

After the quarter-ended on September 30, 2020, The Board of Directors of Access Financial Services Limited declared an interim dividend of \$0.08 per share with a record date of November 13, 2020 and a payment date of November 27, 2020.

#### 7. Earnings per Stock Unit

Access Financial Services Limited Earnings per stock unit “EPS” is computed by dividing the profit attributable to stockholders for the three months period ended September 30, 2020 of \$61,548,000 by the number of ordinary stock units in issue of 274,509,840 shares.

ACCESS!  
*Yes!*

EXPERIENCE THE POWER OF  
*Yes!* WITH ACCESS