ACCESS 20th ANNIVERSARY

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UNAUDITED FINANCIAL REPORT
PERIOD ENDED - DECEMBER 31, 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 nine months ended December 31, 2020.

Overview

Access Financial Services Limited (AFS) recorded consolidated Net profit after tax of $128 million for the nine months ended December 31, 2020, compared to $369 million for similar period in 2019. The performance of the Group reflects the impact of COVID-19 over the past nine months as loan disbursements have declined year over year due to the reduction in economic activity.

Nevertheless, we continue to support our customers in meeting their financial need with special loan offers and through the *Access Yes! Education Scholarship Program* which was launched in recognition of our 20th Anniversary. We awarded 20 scholarships to children of our customers, who has shown academic excellence and assumed leadership roles in their schools.

As at December 31, 2020, the Group's asset base stood at $5.49 billion, reflecting a decrease of $57 million or 1% year over year. Cash and Cash Equivalents amount of $555 million as at the period end, as we maintain additional cash to manage our liquidity risk during the pandemic. Loans and advances now stand at $4.05 billion, a reduction of 12% year over year based on the lower level of disbursements.

HIGHLIGHTS	Unaudited 9 Months Ended Dec 31, 2020	Unaudited 9 Months Ended Dec 31, 2019 *(restated)*	Audited Year Ended 31 March, 2020	% Change Year over Year
OPERATING RESULTS (INCOME STATEMENT DATA):				
Net Profit After Tax - J$ millions	128	369	330	(65%)
FINANCIAL POSITION & STRENGTH (BALANCE SHEET DATA):				
Loans & Advances - J$ billions	4.05	4.59	4.47	(12%)
Total Asset - J$ billions	5.49	5.54	5.96	(1%)
Stockholder's Equity - J$ billions	2.32	2.19	2.17	6%
PROFITABILITY:				
Return on average Stockholder's Equity (ROE)	8%	21%	16%	(13%)
Earnings Per Stock unit (EPS) - J$	$0.47	$1.34	$1.20	(65%)
Efficiency Ratio	87%	76%	82%	11%
Efficiency Ratio (excluding Allowances for Credit Losses)	65%	58%	68%	8%

Financial Performance

Net operating income for the nine months ended December 31, 2020 amounted to $1.35 billion, a decrease of $345 million or 20% compared to the corresponding period last year. Net interest income and Net fee & commission income was lower based on the reduction in disbursements for the period as a result of COVID-19.

Operating expenses for the nine months period was $1.17 billion, compared to the amount of $1.28 billion in the prior year. Excluding the allowance for loan losses, operating expenses for the period decreased by $95million or 10% year over year, as we implemented measures to improve our operational efficiency. Despite higher delinquency levels in selected segments of the economy due to the impact of COIVD-19, Allowance for credit losses decreased year over year by $18 million or 6% due to improved delinquency management.

Net profit after tax for the nine months period was $128 million, representing a decline of 65% when compared to the amount of $369 million for the similar period last year. This resulted in Earnings per share for the period of $0.47 compared to $1.34 for the prior year.

Director's Statement

Financial Position

Total assets as at December 31, 2020 was $5.49 billion, compared to the restated amount of $5.54 billion as at December 31, 2019. Loans and advances for the Group as at the period end was $4.05 billion. This reflects a reduction of 12% year over year, and 10% since the March 2020 due to the lower level of disbursements. We continue to experience higher disbursements levels each quarter since the onset of the pandemic, as consumer confidence returns and economic activity resumes.

Total liabilities decreased by $188 million or 6% year over year to $3.17 billion as at December 31, 2020, as a result of the reduction in Loans Payable as at the period end.

Access Financial Services Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Unaudited December 2020 $'000	Unaudited December 2019 $'000 *(restated)*	Audited March, 2020 $'000
Assets			
Cash and cash equivalents	554,590	195,070	575,608
Financial investments	5,415	6,212	4,383
Other accounts receivables	40,898	68,131	64,030
Loans and advances	4,045,820	4,594,987	4,470,914
Property, plant and equipment	70,622	59,780	77,149
Intangible assets	472,785	455,326	457,553
Right use of assets	138,884	-	155,683
Deferred tax assets	157,027	152,354	107,407
Taxation recoverable	-	11,491	49,716
Total Assets	**5,486,041**	**5,543,351**	**5,962,443**
LIABILITIES			
Payables	319,696	262,034	405,007
Loan payable	2,646,696	3,092,973	3,225,245
Lease liability	152,427	-	161,268
Taxation payable	48,234	-	-
Total Liabilities	**3,167,053**	**3,355,007**	**3,791,520**
SHAREHOLDERS' EQUITY			
Share capital	96,051	96,051	96,051
Fair value reserve	3,402	4,198	2,370
Foreign exchange translation	108,766	3,283	53,897
Retained earnings	2,110,769	2,084,811	2,018,605
Total Stockholders' Equity	**2,318,988**	**2,188,343**	**2,170,923**
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**5,486,041**	**5,543,351**	**5,962,443**

Approved for issue by the Board of Directors on February 4, 2021 and signed on its behalf by:

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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 NINE MONTHS ENDED DECEMBER 31, 2020

	Unaudited 3 Months Ended December 2020 $'000	Unaudited 3 Months Ended September 2020 $'000	Unaudited 3 Months Ended December 2019 $'000	Unaudited 9 Months Ended December 2020 $'000	Unaudited 9 Months Ended December 2019 $'000	Audited Year Ended March 2020 $'000
Operating Income						
Interest income from loans	386,847	368,625	444,270	1,129,837	1,274,337	1,701,642
Interest income from securities	995	2,089	213	5,423	899	1,372
Total Interest Income	**387,843**	**370,713**	**444,483**	**1,135,260**	**1,275,236**	**1,703,014**
Interest expense	(60,294)	(65,388)	(63,853)	(195,877)	(167,057)	(253,585)
Net Interest Income	**327,549**	**305,325**	**380,630**	**939,383**	**1,108,179**	**1,449,429**
Net fees and commissions on loans	108,434	108,395	180,426	320,854	523,192	617,750
	435,983	**413,720**	**561,056**	**1,260,237**	**1,631,371**	**2,067,179**
Other Operating Income						
Money services fees and commission	349	230	517	689	1,497	1,787
Foreign exchanges gains / (losses)	(654)	(4,910)	304	(13,009)	2,624	(5,477)
Other income	23,997	48,125	18,926	99,220	56,419	91,199
	23,692	43,445	18,926	86,900	60,540	87,509
Net Operating Income	**459,675**	**457,165**	**580,803**	**1,347,136**	**1,691,911**	**2,154,688**
Operating Expenses						
Staff costs	151,264	179,232	182,467	498,908	522,187	725,444
Allowances for credit losses	111,250	111,333	122,872	289,570	307,592	297,048
Depreciation and amortization	30,894	33,135	22,408	90,274	38,640	118,120
Marketing expenses	8,334	11,832	20,134	30,429	54,512	66,975
Other operating expenses	64,231	88,395	111,482	261,898	361,324	551,576
	365,973	**423,927**	**459,363**	**1,171,078**	**1,284,255**	**1,759,163**
Profit / (loss) before taxation	**93,702**	**33,238**	**121,440**	**176,058**	**407,656**	**395,525**
Taxation	(27,398)	(4,696)	(32,568)	(48,208)	(39,154)	(65,778)
PROFIT /(LOSS) FOR THE PERIOD / YEAR	**66,304**	**28,542**	**88,872**	**127,850**	**368,502**	**329,747**
OTHER COMPREHENSIVE INCOME (items that may be reclassified to profit or loss)						
Unrealised gains / (losses) on investments at fair value through other comprehensive income	**(149)**	**254**	**175**	**1,032**	**2,397**	**569**
Foreign currency translation gains /(losses) on overseas subsidiary	1,148	17,830	(12,451)	54,869	27,122	77,736
TOTAL COMPREHENSIVE INCOME	**67,303**	**46,626**	**76,596**	**183,751**	**398,021**	**408,052**
EARNINGS PER STOCK UNIT – JMD cents	**$0.24**	**$0.10**	**$0.32**	**$0.47**	**$1.34**	**$1.20**

Access Financial Services Limited

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

	Share Capital $'000	Fair Value Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Total $'000
Unaudited					
Balance as at March 31, 2019 as previously reported	**96,051**	**1,801**	**(23,839)**	**1,823,368**	**1,897,381**
Total Comprehensive Income for the period:					
Net profit	-	-	-	368,502	368,502
Other comprehensive income / (loss)	-	2,397	27,122	-	29,519
Transaction with Owners:					
Dividends paid	-	-	-	(107,059)	(107,059)
Balance as at 31 December 2019	**96,051**	**4,198**	**3,283**	**2,084,811**	**2,188,343**
Balance as at March 31, 2020, as previously reported	**96,051**	**2,370**	**53,897**	**2,018,605**	**2,170,923**
Total Comprehensive Income for the period:					
Net profit	-	-	-	127,850	127,850
Other comprehensive income	-	1,032	54,869	-	55,901
Transaction with Owners:					
Dividends paid	-	-	-	(35,686)	(35,686)
Balance as at 31 December 2020	**96,051**	**3,402**	**108,766**	**2,110,769**	**2,318,988**

Access Financial Services Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT DECEMBER 31, 2020

	Unaudited 9 Months Ended December 2020 $'000	Unaudited 9 Months Ended December 2019 $'000	Audited Year Ended March 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Profit for the year	**127,850**	**368,502**	**329,747**
Items not affecting cash resources:			
Exchange gains on foreign balances	13,009	(2,624)	5,477
Depreciation and amortization	36,793	38,640	50,179
Depreciation of right right-of-use-asset	53,481	-	67,941
Loss on disposal of property, plant and equipment	(372)	-	-
Increase in allowance for loan losses	289,570	307,592	297,048
Loan write-off	64,360	-	210,245
Interest income	(1,135,260)	(1,275,236)	(1,703,014)
Interest expense	183,214	167,057	235,887
Lease interest	12,663	-	17,698
Taxation	82,524	75,287	37,041
Deferred tax	(34,316)	(36,133)	28,737
	(306,484)	**(356,915)**	**(423,014)**
Changes in operating assets and liabilities			
Loans and advances, net	121,163	(1,491,617)	(1,560,943)
Other accounts receivable	20,239	(24,093)	(31,474)
Loans payable, net	(416,897)	876,834	1,009,366
Accounts payable	(274,932)	(130,381)	25,219
	(856,910)	**(1,126,172)**	**(980,846)**
Interest received	1,125,826	1,271,735	1,697,596
Interest paid	(176,008)	(154,662)	(236,147)
Taxation paid	-	(99,568)	(99,492)
Cash provided by operating activities	**92,909**	**(108,667)**	**381,111**

	Unaudited 9 Months Ended December2020 $'000	Unaudited 9 Months Ended December 2019 $'000	Audited Year Ended March 2020 $'000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and Equipment and intangible assets	(37,396)	(15,806)	(38,058)
Cash Flows from Investing Activities:	**(37,396)**	**(15,806)**	**(38,058)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Lease payments	(61,451)	-	(80,008)
Dividends paid	(35,686)	(107,059)	(134,510)
Cash Flows From Financing Activities:	**(97,137)**	**(107,059)**	**(214,518)**
Net increase in cash and cash equivalents for the period / year	(41,624)	(231,532)	128,535
Effect of exchange rate fluctuations On cash and cash equivalents	20,606	14,787	35,258
Cash and cash equivalents at the Beginning of the year	575,608	411,815	411,815
Cash and Cash Equivalents At End Of Period / Year	**554,590**	**195,070**	**575,608**

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.

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.

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 December 31, 2020, The Board of Directors of Access Financial Services Limited declared an interim dividend of $0.10 per share with a record date of February 19, 2021 and a payment date of March 5, 2021.

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 nine months period ended December 31, 2020 of $127,850,000 by the number of ordinary stock units in issue of 274,509,840 shares.